

Industry Knowledge

INDUSTRY AND BUSINESS KNOWLEDGE

Information technology plays a major role in all productive sectors in Brazil, and there is an increasing awareness of its essential role in achieving real economic gains for the economy. This explains why the country can put itself forward as a global strategic player in the IT-BPO industry.

Brazilian companies in the sector have created a very strong industry over the years (as we have seen in the previous chapters). They have accumulated knowledge through decades of experience, they have innovated to achieve excellent results in various business and governmental areas, and they have grown in step with increased domestic demand.

FINANCIAL SEGMENT STANDS OUT

The financial area is one of the best examples of this strength. Having faced through the difficult years of hyper-inflation and constant rule-changes in the 1970s and 1980s, Brazilian professionals have developed an unmatched agility and innovative capacity. The Brazilian Payment System (SPB) is amongst the most sophisticated, efficient and reliable in the world. Brazil is one of the few countries in which inter-banking fund transfers can be made electronically in real time. The country provides technological solutions that are benchmarks in banking automation, internet banking, operations via mobile phone, ATMs, serving Brazilian giants such as Itaú/Unibanco, Bradesco, Banco do Brasil and Caixa Econômica Federal, as well as international banks, such as ABN/Amro/Real, Santander, HSBC and Citi leaders amongst more than 100 banks in operation.

The most recent far-reaching project involving banking operations was launched in 2009: authorized direct debit (DDA), a system that will allow all payments to be received electronically by the banks that serve individuals and corporations. To illustrate the impact of this change, monthly school bills, purchases, mortgages and car loans, amongst others, leave a paper trail of around 2 billion printed banking slips per year. Besides saving paper and postage, DDA will offer benefits in terms of speed and security. The implementation of the system once again confirms Brazil's position as a pioneer and a global reference point in business-related technology solutions for the financial services sector.

Brazil's Stock Market and Commodities Exchange (BM&F Bovespa) is a leader in Latin American equity and derivatives, and an international financial center trading shares,

commodities and other financial instruments. BM&F Bovespa is recognized for its IT-supported operational excellence.

Brazil has a sound and dynamic payment system. Electronic payments have been made in the country for over 50 years, supported by innovative IT companies. In 2009, according to the Brazilian Credit Card and Services Association (Abecs), there were 565 million cards on the market, including credit, debit, and private label cards. That year around 667 million transactions were performed, 15% more than in the previous year.

The companies that make up the financial system, such as banks, private pension, insurance, finance and brokerage firms, account for around 20% of the total spent on IT in Brazil, according to IDC. In 2008 the segment was responsible for 42.8% of the total investment in servers (including mainframes) and 29.3% of the investment in data storage.

MANUFACTURING, RETAIL AND SERVICES

The manufacturing segment accounts for the greatest volume of IT investments in Brazil due in part to its competitiveness. Companies, especially in the chemical, base metal and pharmaceutical sectors, are intense users of integrated Enterprise Resource Planning (ERP), Business Intelligence (BI), Supply Chain Management (SCM) and Research and Development (R&D) systems. It is not unusual for organizations to be challenged by the need for new product or process innovations, enabled by technological solutions developed in short timeframes.

The Brazilian retail sector, with its large companies, poses similarly large challenges for IT-BPO companies and professionals. Giants such as Pão de Açúcar and B2W (which includes Americanas and Submarino) invest massively in technology in order to expand their businesses, especially in Customer Relationship Management (CRM), e-commerce and, more recently, radio-frequency identification (RFID), a system that helps monitor the transport of goods carrying intelligent labels from the pallets in the plants to their arrival in the supermarkets.

ELECTRONIC GOVERNMENT

Information technology-based public services are on the rise in Brazil. Best practices are being promoted throughout the most diverse areas - health, education, public safety, and finance, amongst others and in the three spheres of the government federal, state and municipal. Communications with society are increasingly done via computers. A law approved in May 2009,

for example, requires that government agencies report all their revenue and spending on the internet, consolidating a practice that had already been in use by some agencies.

At the end of 2007, IDC carried out a survey amongst 156 companies in the government sector to identify IT investment trends for the following years. The main challenges for all spheres are extending and improving their existing infrastructure. The government's priorities also include improving the service provided to citizens and streamlining internal processes. The implementation of ERP systems can answer these needs directly, offering more integration, efficiency in processes, cost reduction and increased transparency in operations. In response to this demand, several IT-BPO companies operating in Brazil are offering ERPs with management modules developed for the public sector.

Some Brazilian e-government case studies are internationally recognized successes. Electronic voting was used for the first time in the municipal elections of 1996. In the most recent municipal elections, held in 2008, in which mayors and city councilors were elected, electronic ballot boxes were available to the entire electorate. The numbers involved are impressive and show how complex the operation was in terms of information technology: 5,563 cities, 371,874 electoral sections, and over 110 million voters. Almost all the votes were counted before midnight on the same day of the election.

Another example that adds to Brazil's credibility is its tax return system, which is almost exclusively internet-based.

It is also worth to highlight the Brazilian Federal Government's Electronic Procurement System (ComprasNet), considered by the Inter-American Development Bank (IADB) to be a reference point in the procurement of goods and standard services for the public administration, providing an intuitive and secure application.