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Delivering IT services in Brazil

Michael J. Solender, The Business Journals

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But providing products and services to Brazilian-based companies can be fraught with peril for the uninitiated. Bureaucratic government red tape, ineffective legal and regulatory frameworks, and uneven market reforms have all led to frustrations in operating successfully inside of Brazil.

So, companies looking to do business in the region must bring their "A Team," leave cookie-cutter approaches behind, and prepare presentations and documentation in Portuguese.

Unique IT Infrastructure

In describing Brazil's IT infrastructure, Almir Fernandes, FairCom Brazil director of South American Operations, says Brazil has been demanding more and more computerized solutions because it has a robust private sector with growing demand for IT services while it also has a strong public sector that primarily focuses on serving the lowest income households.

"Companies such as Petrobras, Banco do Brasil (the country's public national bank) and large public fund management are among the largest buyers — and strategic for all IT vendors," said Fernandes.

Mobile and telecommunication companies also became an important segment since the late '90s, with privatization of such operations. Heavy investments have been made by multinational companies such as PTI, Telefonica Spain, among others, he said.

Fernandes goes on to say that the financial sector in Brazil is structured with large banks that cover national territory, resulting in distributed operations. IT is not only needed in these operations, but are critical for feasibility purposes.

As an example, Fernandes said, the largest private bank in Brazil has more than 25,000 ATMs to manage.

"Strong regulation laws with constant changes create a very complex environment for companies to keep up-to-date, demanding a large investment in IT to lower the impact in doing such changes," he said.

Finally, Brazil also has an important ecosystem of internal ISVs, as a result of decades of entrepreneurship of in-house developers and spin-offs of solutions that were most of the time born inside large corporations.

"All of this together makes Brazil a quite unique market from the IT perspective," he said.

Marcelo Sant'Anna, CEO of Advus Corporation, a business and technology consulting and development firm based in New York City, said there are a few mistakes that International IT companies usually make in Brazil. Here's his list:

Localization – Vendors must speak the language, which is Portuguese

"Companies assume that Brazilians speak or will accept software, documentation and presentations in English, or sometimes, even worse, in Spanish," said Sant'Anna.

"Unfortunately, that's not true. Maybe Type A customers will fit this profile as a way to quickly adopt a bleeding edge solution that will give them an edge, but if one wants to scale there (and it is a BIG country) the company for sure still needs to invest money, time and energy on the basic localization of their products and associated materials."

Downplaying regulatory environment is a mistake

Providing service and support in Brazil mandates that companies understand and are prepared to manage through deep and dense red tape, which is ubiquitous, according to Sant'Anna.

“Everywhere you go in Brazil [you’ll find] very idiosyncratic business rules that makes cookie-cutter approach useless,” said Sant’Anna. “Many software companies believe that the one-size fits all approach is the key to success, but the hard reality is that custom development is a reality that you have to sleep with.”

Not properly allocating capital and resources on R&D and operations will only make all those sales and marketing dollars fly out of the window without payback, he said.

Send top talent

Brazilian companies experience great frustrations when they finally buy a solution from a foreign company only to realize they are left in the woods with a mediocre services and support personnel, according to Sant’Anna.

Failing to provide consistent services, especially when specific problems arise that are due to the nature of the new territory, is a critical mistake and one that can be avoided by making sure top talent is assigned to the job.

Know the rules of relationships

A final note for closing the IT deal in Brazil comes from Evaldo Horn de Oliveira, FairCom’s business development director who addresses the criticality of cultural aspects and the importance of personal networking.

“Usually large companies don’t purchase solutions from vendors without having some sort of pre-established relationship,” said de Oliveira. “Brazilian customers are also very suspicious about unknown technologies, especially those without an established presence and history in Brazil.”

He said this is a result of the way that multinational IT companies have worked in the Brazilian market in the past, establishing sales operations that lasted only a couple of years and closing them due to change in investment priorities. This built mistrust in the market and skepticism to unknown or new companies.

Selling to public sector is also very difficult for beginners due to the complex purchase process that demands deep knowledge of the rules, he said.
