



■ ■ ETHANOL

Brazil makes strides in 2G race

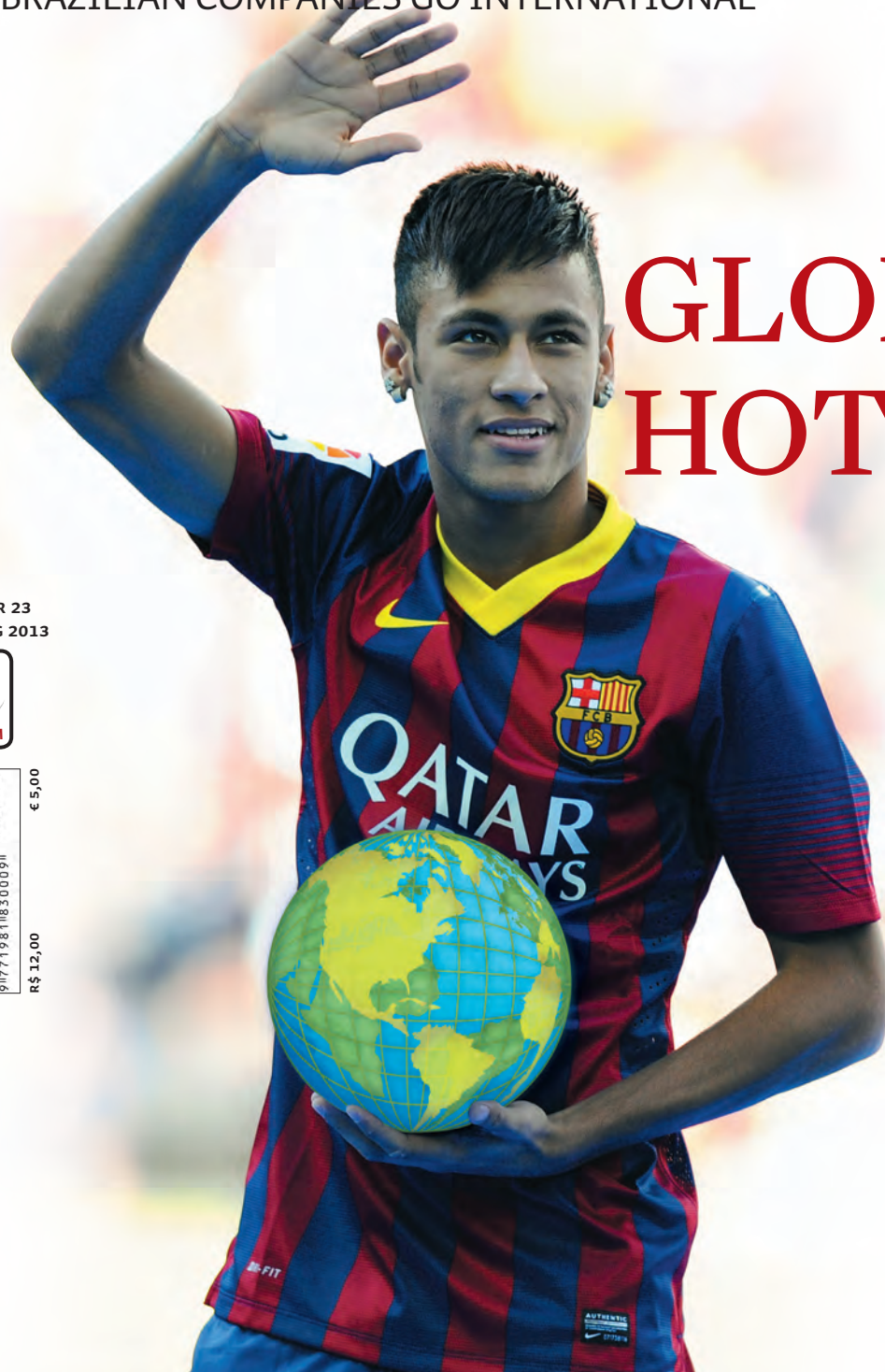
■ ■ DIGITAL ECONOMY

Youngsters create games and applications for the world

■ ■ INNOVATION

São Paulo company tops Bill Gates in global ranking

BRAZILIAN COMPANIES GO INTERNATIONAL



GLOBAL HOTSHOT

The duo
Barcelona-
Neymar
gears up to
create a new
worldwide
idol

YEAR V
NUMBER 23
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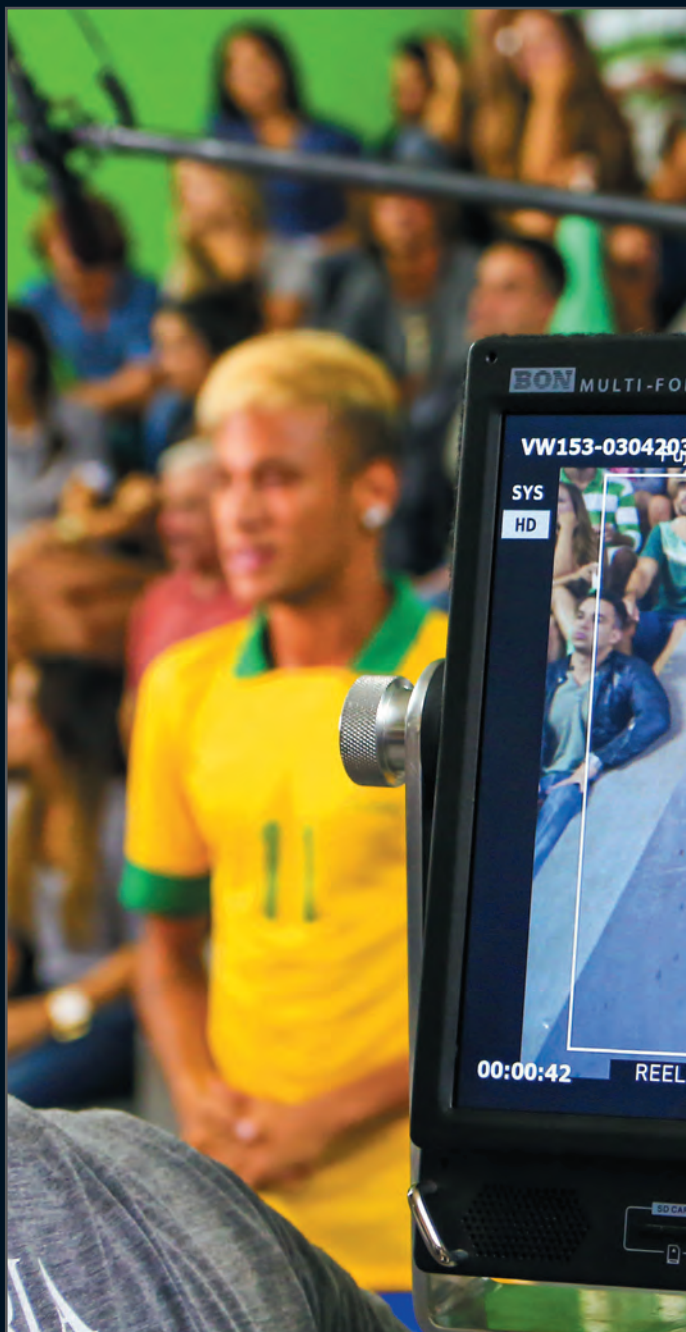
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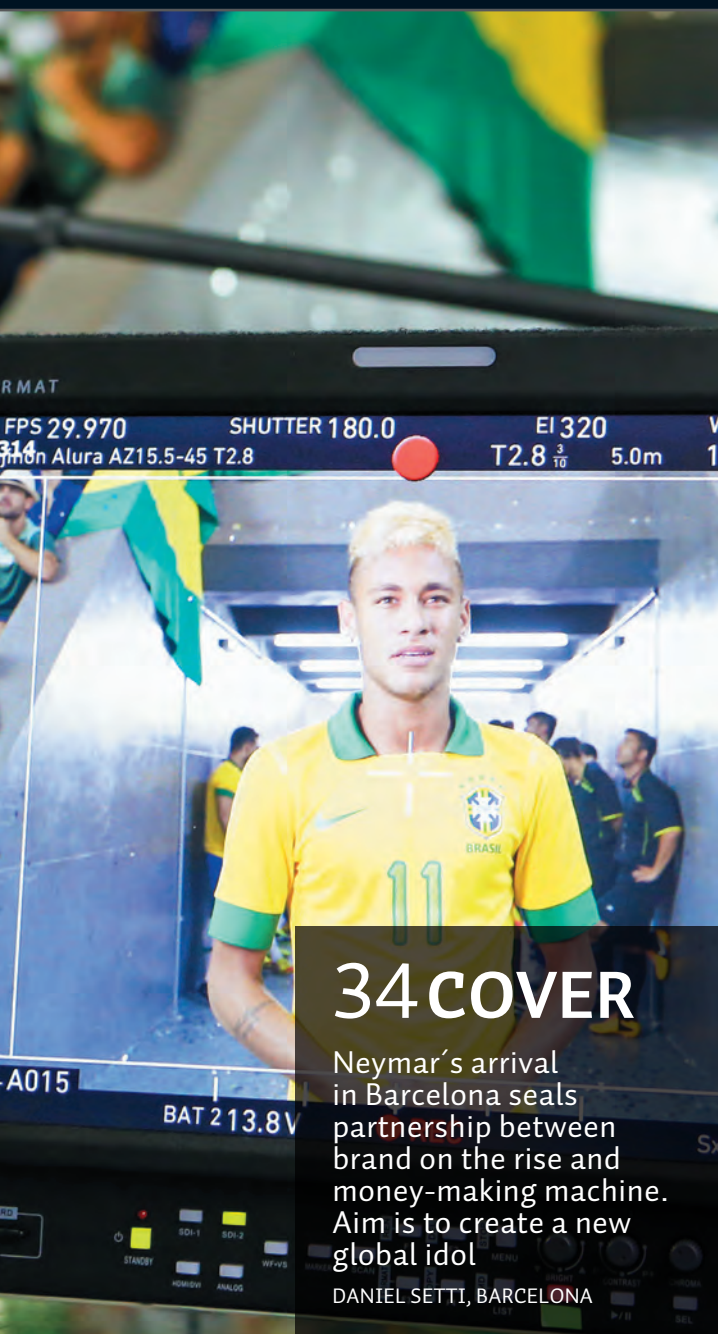
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The soccer world at his feet

Fanatical fans aside, who doesn't love to see a hotshot like Neymar? The boy from Santos' Vila Belmiro stadium is thrilling European fans while making truckloads of cash for FC Barcelona, the Spanish soccer power that finally managed to get him to leave Santos. In this edition's lead story, our reporter Daniel Setti, now one of Barcelona's own, reveals how the Catalan club's marketing machine, one of the most powerful in the soccer industry, plans to make Neymar a product consumed worldwide. Daniel, by the way, is the brother of our collaborator Adriana Setti, who also lives in Barcelona and has written an article on young Brazilian entrepreneurs creating successful digital games and applications all over the world.

But Brazilian innovation doesn't just boil down to the digital economy. The reporter Suzana Camargo shines a light on the growth and prosperity of companies excelling in international rankings thanks to their capacity to create new products and processes. This is the example of our small friend Enalta, a producer of agricultural automation equipment in São Carlos (São Paulo countryside), and the heavyweight player Braskem, the creator of 'green plastic' (made from sugarcane). Dario Palhares reveals how the rookie GranBio is contesting an international race to be first mover in the production of second-generation ethanol pulp. And our colleague Cezar Faccioli, in Rio, tells the stories of two other companies — a government company, Petrobras, and a private-sector player, HRT — who are both betting their chips on discovering oil in the pre-salt layers on the other side of the Atlantic, the African side (don't forget that South America and Africa were once a single continent and share similar geological structures on both sides of the ocean).

After work, rest. For those traveling the world to promote the internationalization of the Brazilian economy, this edition features an itinerary of things to do when in Munich, the sumptuous capital city of Bavaria, in Southern Germany. Between one beer and another at the city's countless biergartens, Munich offers its visitors parks, 19th century palaces and icons of modern German technology such as BMW's factory in Munich. Bon voyage and boa leitura.

Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL



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INTERNATIONAL BUSINESS AND ECONOMICS

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Brazilian actress Alice Braga drew the attention of passers by one very hot Tuesday in summer as she sat at the window of the famous Varela Vareleta bar in the corner of Scalabrini Ortiz and Paraguay avenue in the Palermo Viejo district of Buenos Aires. She was surrounded by cameras and a small camera team filming a scene showing a meeting of the leading couple in *Latitudes*, a new film by director Felipe Braga which will be released in August. *Latitudes* is set in eight places and recounts the love story of Olivia, an independent, successful fashion producer, and José, a photographer played by Daniel de Oliveira. The story arises and develops without any roots, in hotels, airport lounges, railroad stations and ordinary locations in some of the world's most beautiful cities (including Lisbon, Istanbul,

Alice in multimedialand

1

Paris and London). Buenos Aires is the couple's seventh stop and the film springs a surprise on the viewer when a previously unknown third character suddenly appears. The film is being publicized in a new way that gives viewers the chance to access the story in different formats. Latitudes will not only be presented as a full-length feature film but also in eight parts on the Internet on a free channel created exclusively in partnership with Google. An extended television version will also be shown on the TNT cable TV network throughout Latin America. Director Felipe Braga says the film makes a contribution to the discussion on the place of cinema today. "What does cinema mean against such a changing backdrop of production and audience behavior?" he asked. "Online culture imposes new forms of producing and consuming music, journalism...", he added. "How do these new models convey fiction? This is the question we raised and Latitudes is our answer." The film also marks the debut of Alice Braga and Daniel de Oliveira as associate producers and Losbragas Produções in the making of feature films. The company was founded in 2011 and invests in innovative content that follows the original formats and scripts always with the involvement of the creative agents (actors, directors, writers etc.) in the executive production (*Flavia Carbonari, Buenos Aires*).

Rice and Beans

Camil Alimentos S.A., from Itaqui (RS), moved into Argentina after buying the rice producer; La Loma, in the province of Entre Ríos, in a deal announced in August. Camil is the largest processor of rice and beans in Brazil, and first embarked on its internationalization expansion program in 2007. The company has operations in Uruguay, Chile and Peru, and has now added La Loma. The Argentine company is known for producing and exporting organic rice to countries that include the United States, Canada, Italy and neighboring countries in South America. Camil management has stated that the company will maintain the existing operations at La Loma in international markets.

2

United against hunger

Brazilian initiatives to combat hunger and household insecurity – such as the Program to Acquire Food from Family Agriculture (PAA) – have drawn the attention of the government of Ghana which sent a delegation to get to know it at first hand at the end of July. The delegation visited the National Supply Company (Conab), and the Rede Terra cooperative member of the PAA in the town of Cristalina in Goiás state. The cooperative produces 25 types of vegetables: tomato, pumpkin and lettuce, amongst others. The head of the delegation, Food and Agriculture Clemente Kofi Humado minister, said Ghana was interested in establishing an interchange of experiences with Brazil's Foreign Affairs and Agrarian Development ministries in the area of agricultural policy, food supply and security.

1 Alice Braga in Buenos Aires: filming in transit

2 Camil: rice harvesting in Uruguay

After the Americas, Africa

With affiliates in several Latin American markets, the reseller of corporate technological solutions; Software.com is already working to widen its horizons in terms of international expansion: this, as stated by CEO Rodrigo Villar, with «a foot» in Africa, from the head of a company that has already acquired web domains in countries of interest. “Our presence on this continent will begin with affiliates in Mozambique and Angola”, said the CEO. Based in São Paulo, Software.com currently has offices in Mexico, Argentina and Colombia. Villar’s plans comprise of inaugurating, as early as this year, another two branch offices in Latin America: Chile and Peru. Expectation is that overseas markets will account for 35% of the company’s total revenue of US\$12 million, derived from its vast portfolio of more than 140,000 technological solutions, from support systems to statistics and graphic design software, and analysis of social networks. The search for new markets, says Villar, requires, among other precautions, a rigorous translation of the services offered. “Just as we do not feel comfortable accessing software ‘translated into Brazilian Portuguese - which calls a cookie a ‘ficheiro’, for example -, we cannot expect an Argentinean or Mexican to feel at home accessing software translated into Catalan Spanish”.

Brazilian festival in Frankfurt, Germany...

Brazil is the guest of honor at the International Book Fair in Frankfurt 2013, the most important such event in the world, and which will be held between October 9 and 13 this year. The aim of Brazil’s participation has already been determined: to show the world the diversity of our literary production and promote business ties. The prominence in Frankfurt confirms the level of interest in the publishing market in relation to the internationalization of national books. There will be 164 publishers in the Brazilian pavilion this year — the largest gathering ever. The book fair is expected to receive approximately 50,000 visitors in its 2,500m² of exhibition space. “We do not like to make predictions, but we believe business should grow”, stated the president of the Brazilian Book Chamber (CBL), Karine Pansa. “This has been the case year after year after Frankfurt”.

The increased presence of exhibitors and support for publishers to sell authors’ rights underscores this expectation, said Karine. The international visibility feeds foreign public interest about national authors, particularly for works of fiction, according to the National Library Foundation (FBN). The FBN will present around 180 titles translated into other languages within the scope of its Program to Support the Translation and Publication of Brazilian authors abroad. Seventy writers will take part in 150 panels and roundtable discussions. New exponents of Brazilian literature will also be there, such as: Férrez, Andrea del Fuego and Daniel Galera, together with renowned authors like João Ubaldo Ribeiro, Nélida Piñon and Paulo Coelho. Another front for business development is the *Brazilian Publishers* project, which supports the internationalization of national books, and is the result of a partnership between the CBL and the Brazilian Agency to Promote Export and investment (ApexBrasil). This project will take 53 publishers to Frankfurt in 2013, twenty more than in 2012. Brazil will be honored at the event for the second time (the first was in 1994). The pavilion, which was designed by Daniela Thomas and Felipe Tassara, aims to display a panorama of literature and national culture. (Denise Turco)

1





1 The Brazilian Pavilion: a tribute in 2013

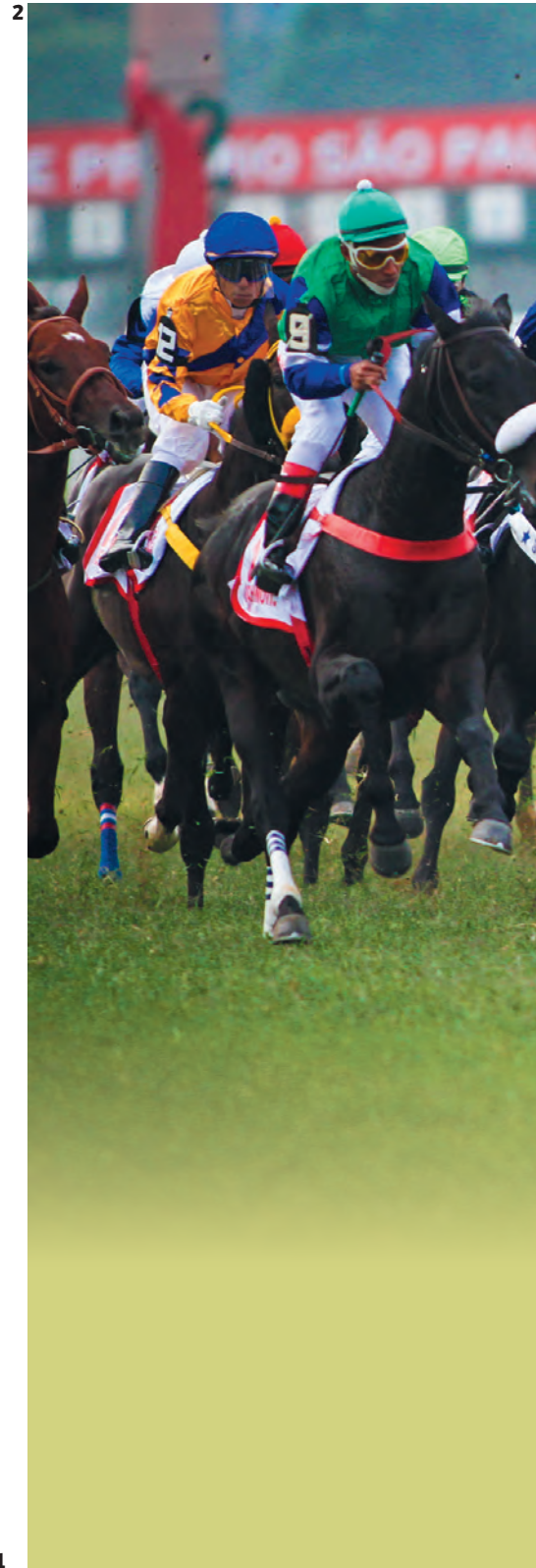
2 FLIP in Paraty: the twin festival in England

...and in Suffolk, England

A few days before Frankfurt (October 4 to 6) Brazilian authors and musicians will be celebrated in the English countryside — more precisely in Snape Maltings, Suffolk. An old beer malt factory will host FlipSide, a twin festival to FLIP, the acclaimed International Literary Festival in Paraty (the English publisher, Liz Calder, who has had a soft spot for Brazil since she lived here in the sixties, and created FLIP ten years ago, is also a driving force behind FlipSide). The festival will open with a concert by the *The Boys from Ipanema*, in a tribute to Tom and Vinicius, with José Miguel Wisnik, Paula Morelenbaum and Arthur Nestrovski. Over the three-day event, a series of roundtables will bring together writers, translators, critics and journalists from Brazil and Great Britain for readings and debates — Milton Hatoum from the Amazon and Ian McEwan from England will co-chair one of the most popularly awaited discussions. *Caipirinhas*, *Capoeira* and *Feijoada* will also be served at the event, adding a truly Brazilian flavor.

Urban(o), and soon to be international

Coinciding with the initiation of the internationalization program of online travel agent; Hotel Urbano, came the announcement of a capital injection of US\$20 million in August from a North American venture capital fund, Insight Venture Partners (which also led the two previous capital Investments, of undisclosed amounts, in the same company). The internationalization program reached a decisive stage last May, when, after almost a year of negotiations, Hotel Urbano acquired the domain hotelurbano.com from the Carlyle Fund (owner of the giant CVC in Brazil). Now the proud owner of a global web domain, Hotel Urbano expects to launch operations in Argentina and Colombia this year, and forecasts it will invest R\$80 million in international expansion through to 2015. "Our plan is to have a presence in the main Latin American markets by the middle of 2015, and to establish ourselves in Europe in 2016», stated João Ricardo Mendes, who gave up his degree course in Law to, together with his brother; José Eduardo, a graduate in Business Management, to dedicate himself to online travel agency operations (before founding Hotel Urbano they launched the e-store Apetrexo.com in 2006, before selling it in 2010). The internationalization program should add to the company's expansion process at a spectacular pace: which has only been operational for three years - as it was founded in January of 2011 - and this year Hotel Urbano has already posted revenues of approximately R\$500 million (compared with R\$280 million in 2012). Based in Rio de Janeiro, the company currently has around four hundred employees, and two branches in shopping centers, as well as its e-commerce operation. The two brothers and founders - João Ricardo, 32, and José Eduardo, 30, are still majority partners.



1 João Ricardo:
venture capital
injection

2 São Paulo
Jockey Club:
capital
injection



Betting on the bets

The São Paulo Jockey Club has lost much of its former glamour for some time and been bogged down in financial difficulties. It now aims to restore those better days with the help of heavyweights from the racing world. These are CODERE, the Spanish multinational which is active in the gaming and gambling sector and is upgrading racetracks in countries such as Mexico, Uruguay and Panama, and the American Churchill Downs group which organizes the Kentucky Derby, the most famous event on the international horseracing circuit. These groups have formed a partnership with the Bandeirantes Group – one of Brazil's largest media groups – and announced an investment of R\$ 20 million to upgrade and restore the São Paulo racetrack. The agreement foresees, amongst other things, the installation of a system which will broadcast São Paulo Jockey Club races in different parts of the world and allow simultaneous betting through the Internet and by phone. It also includes new technologies and programming for the TV Jockey channel that will become a part of the Bandeirantes Group.

Empowering Women

The IFC, the World Bank Group's division for investing in the private sector in emerging markets, agreed to finance US\$470 million to Itaú Unibanco to lend to small and medium-sized enterprises (SME) with at least 51% of their control in the hands of women. The funds extended by the World Bank to Itaú Unibanco directly support the program: Banking on Women. Created specifically for entrepreneurs, the IFC has already invested more than US\$165 million in countries in Eastern Europe, Africa and Asia. Companies currently run exclusively by women represent 22% of Itaú's small business loan portfolio. At the beginning of the year, the Brazilian bank formalized a partnership called Web (Women Entrepreneurship Banking) with the Inter-American Development Bank (IDB), the aim of which is to study the creation of credit policies, products and services specifically for female entrepreneurs in Brazil.

1



A place in the sun on American beaches

A record number of 19 Brazilian beachwear brands took part at the end of July in the latest Miami SwimShow, the beachwear trade fair held for more than three decades in Miami. Three of these brands - Poko Pano, VixSwimwear and Cia. Maritima - had shown their creations a few days earlier at the Mercedes-Benz Fashion Week, also held in Miami. This international marketing international has brought good results. "There was great interest from buyers and good results for the 19 brands," said Valdemar Iodice, president of ABEST, the Brazilian Stylists Association that organized the trip in partnership with ApexBrasil. Iodice said business by Brazilian beachwear designers has been growing in the US although he gave no supporting figures. "This is the sector's main international market and Miami is the entry point to winning new groups in American and Latin American cities," he said. Miami is not the only stage for Abest initiatives in the US. It will take 18 Brazilian beachwear brands to events in Las Vegas and Huntington Beach, California, in August.

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1 Model in Miami: bikinis for American women

The value of saying no

Besides meeting the obvious mercadological requirements – such as the availability of products or services and ensuring they are suitable for the local market – business leaders interested in expanding their business to the American market should also learn to say “no”. This is the advice of Carlos Mariaca, president of the Brazilian-American Chamber of Commerce of Florida (BACCF). “It is a thousand times better for an American to know right from the beginning what a company can or cannot do than reach a deal and afterwards find out that it cannot deliver what had been arranged,” he said. Those who want to sell in the US also need to be consistent throughout their company’s operating areas, such as price, delivery and quality, Mariaca added. “The American does a lot of long-term planning and for this reason likes this consistency.” Mariaca, who is an American and Brazilian citizen, has the credentials to make these recommendations. The BACCF which he runs is based in Miami and will carry out the ninth seminar it has organized on How to Enter the American Market at the end of September. (Information at <http://www.brazilchamber.org/>)



New generation in five years

The aircraft shown on this page still has to make its maiden flight — as it is a digital conception of the Embraer E175 E2, one of the second-generation models of the Brazilian company's family of commercial passenger jets, which was first announced at the last Paris Air Show held in Le Bourget, France. According to Embraer management, the new aircraft are more economical in terms of fuel consumption than the first-generation by up to two digits, thanks to the innovative technology of the Pratt & Whitney jet engines, a new wing, and improvements to the electronics systems already installed onboard. The renewed fleet will be offered in three different versions from 2018. The E175 E2 is the smallest, for up to 88 passengers, with an additional row of seats compared with the existing model. The E190 E2 still has 106 seats, the same as the current E190. And the big brother, the E195 E2, will have three

additional rows of seats compared with the first generation model, and thus will be able to carry up to 132 passengers. The E195 E2 is Embraer's answer to the challenge presented by its Canadian competitor, Bombardier, which plans to put its new CSeries line into operation next year, with seating for up to 150 passengers (and that uses the same P & W engines as the E2). However, the inaugural flight of the CSeries prototype has already been delayed three times since the end of last year. Embraer estimates investment in its new family of aircraft will reach US\$1.7 billion. The initial Market response was positive: and the E2 received more than 300 firm orders and letters of intent. The first airline to use the new jets will be the American regional carrier; SkyWest, which placed a firm order for one hundred planes, and announced its intention to confirm an option for another one hundred aircraft.

Brazilian Drones in the USA

Adriano Kancelkis, CEO of AGX – which manufactures UAVs (Unmanned Aerial Vehicles), based in São Carlos (a municipality in São Paulo state), has already visited candidate cities in six American states where the first of the company's international affiliates may be located: Indiana, Michigan, Massachusetts, Georgia, Illinois and New York. The final decision as to where the company's North American operation will be based is expected to be made by October. Mr. Kancelkis intends to focus specifically on the agricultural market in the US. The new operation, which will include a team of Brazilian employees, will require an investment of US\$1.5 million for both the production and commercialization of the drones, as they are more commonly known in English. AGX has already initiated the process to the license flights of its UAVs from the FAA (the US government entity that regulates civil aviation in the United States). The company's international business is unlikely to be restricted to this market alone: "We have received delegations from countries such as the United States, Australia, India and China, interested in finding out more about our technology in the production of unmanned aircraft and aerial image processing", said Mr. Kancelkis.

1 New generation E-Jet: cheaper

2 AGX robot-plane: next stop America!



The Cachaça is ours

Recognition of cachaça as a genuine Brazilian product by the North American government is still relatively recent, but we may well be already seeing the first results of this move: according to date from the Ministry of Economic Development, Industry and Foreign Trade, in the first semester of this year Brazil earned US\$8.3 million from exporting items in the group 'Cachaça, Rum and Other Alcohol Distillates' (in which it is difficult not to note the predominance of the traditional 'sugarcane spirit'). This figure is 14% higher than the US\$7.3 million registered in the first half of 2012. Formalized by the Alcohol and Tobacco Tax and Trade Bureau

- the entity responsible for the commercialization of alcoholic beverages and tobacco in the United States, recognition of cachaça as a genuine Brazilian product was officially made last April, and could well bolster the existing opportunity for the sale of this product overseas: national distilleries currently export less than 1% of their total production capacity, of more than 1 billion liters a year. In addition, in return for this recognition, the Brazilian government guaranteed the denominations 'Bourbon whisky' and 'Tennessee whisky' exclusively to beverages made by North American producers.

Accountants as fiscal



More Brazilian IT

Thirty Brazilian software producers - which aim to have a direct presence in the US - are taking part on a special edition of the Inter-Com - Internationalization and Competiveness Program that Apex-Brasil has been running with the Fundação Dom Cabral business school since 2011. (The program has been customized in this case for the IT industry in partnership with Softex - Association for the Promotion of Excellence in Brazilian Software.) This event was launched in July and will initially identify how mature and able to go international the companies are and work with them on the skills needed for this process. The second stage will be held in the





Two problems at the center of global concern, money laundering and the financing of terrorism, became targets of some of the strictest legislation in Brazil with the sanctioning of Law 2.683 last year, which has already been officially backed by at least one professional group. The Federal Accounting Council in Brazil approved a resolution regulating the procedures that accountants should adhere to regarding this legislation. As stipulated in the Law, not only accounting professionals, but also service providers in areas such as auditing, advisors and consultancies should inform the Council for Financial Activities Control (COAF), about any suspicious movements detected in their clients' activities, either related to potential money laundering, or any possible ties with terrorists. According to estimates made from international studies with which COAF works, money laundering alone accounts for between 0.5% and 1.5% of global GDP.

1 Leblon cachaça in NY: recognition at last

2 Brazilian franchise in Havana: on the rise

for Americans

US and will include classes and workshops with local specialists in going international, marketing and management. Inter-Com is planning a new version of the Inter-Com event by 2015 at which at least 20 of the program participants will already have their own operations on the American market. These will include giants like Totvs and other Brazilian IT companies such as Módulo, Apdata, STA Holding, RedDrummer and FiberWorks. With this new initiative, ApexBrasil and Softex will continue with their timetable to bring about investments of R\$ 13.6 million in trade promotion initiatives by August 2014.



Paradise for franchises

Scheduled to be held at the end of September in Rio de Janeiro, the latest Rio Franchising Business fair will take place with Brazil ranked number three in the world in terms of the number of franchised brands, according to estimates from the World Franchise Council, behind China and the United States. As far as the number of stores is concerned, Brazil is ranked sixth. According to ABF statistics - the Brazilian Franchising Association - there are already more than 110 Brazilian franchises overseas, spread out through at least fifty countries, from Giraffas fast food to Via Uno shoe stores. One of the newest members in this group is SuperSAN, a company that controls interior air quality, which has more than forty stores nationwide in Brazil. "In September, we will start up operations in Angola, our first foreign franchise", said Daniel Gamez, director of expansion at SuperSan. In Brazil, according to the ABF, more than 2.4 million franchised operations already exist - comprised of approximately 105,000 points of sale. The combined revenue of these operations last year reached R\$103 billion (approximately 2.3% of national GDP). Revenue in this sector is expected to grow by around 14% in year-over-year terms in 2013.



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Young Brazilians making their mark in the frenetic global economy involving applications for smartphones and tablets

ADRIANA SETTI, BARCELONA

In April 2012, when Instagram was sold to Facebook for a billion dollars, the application for sharing photos, enhanced via filters (i.e. Photoshop), had 31 million users and only 18 months of operations. Invented by the Brazilian Mike Krieger in partnership with the American Kevin Systrom (the better known of the two), the tool currently has 130 million active users, who have already published 16 billion images via their smartphones and tablets. The Instagram saga is the most successful Brazilian adventure in this extremely promising

In five years, Apple App Store celebrates 50 billion downloads

niche of the digital economy – but it isn't the only one. Developed by Talis Gomes (from Minas Gerais), the Easy Taxi application has 1.5 million users in 22 Brazilian cities and 20 international cities. In the field of videogames, the clearest facet of the so-called app economy (the economy involving applications for mobile phones and tablets), Brazil

is also well represented. Designed by Saulo Camarotti and Guilherme Mazzaro (both from Brasília), from the company Behold Studios, the RPG (role playing) game *Knights of Pen and Paper* has already been “exported” to 90 countries and is one of the most downloaded games at Apple App Store and Google Play stores (for the Android system) in the US and Germany, with 500,000 downloads.

According to a study ordered last year by TechNet, an organization featuring the CEOs of US high-tech companies, between 2007 (year of the iPhone launch by Apple) and 2012, the app economy created 500,000 jobs in the US. Opened in July 2008 with 500 available titles, in May 2013 the Apple App Store celebrated the landmark of 50 billion downloads. The figure corresponds to 73% of a business volume that, as per research by AppNation (annual applications industry conference), is valued at US\$72bn and should reach the mark of US\$151bn in 2017 (Google Play accounts for the other 27%).

“We have major creativity and talents in the Brazilian scenario and,



SCHIETTI FOTOGRAFIA

roduction

Camarotti and
Mazzaro
(in front), from
Behold Studios,
in Brasília:
own HQ after
creating App
Store sales
champion



while we still trail the US market, we are a market on the rise”, says the journalist Mariana Castro, curator of the Short Stories Live event. Organized by F451, a digital media company based in São Paulo, the event takes place on 7 September in São Paulo, and features some of the most successful professionals from the Brazilian app economy, including some who have already made their mark on the international scene. Brazil is the world’s sixth fastest growing economy in terms of benefits generated via the Apple App Store, growing at a pace of 83% p.a., trailing Japan, Russia, China, Taiwan and Thailand (the numbers feature in an analysis recently published by Distimo, a Dutch company studying the applications market). “The players currently excelling in the global games market are startups from the independent production scene, the so-called indies”, says Castro, who is also editorial director of the sites Gizmodo (technology) and Kotaku (videogames).

The massive videogames market has received further impetus from the popularization of smartphones, tablets and games via Facebook. To meet the labor demand created by growing national production, several university courses were created in the last five years – e.g. the Digital Games Technology course offered by São Paulo’s PUC University. In addition to university programs, specialized centers have also flourished, including Nave (Advanced Education Nucleus), developed by the phone company Oi in partnership with the State Education Departments of Rio de Janeiro and Pernambuco, whose curricula include videogame programming.

Also with an eye to this growing market, at the end of July the Brazilian Association of Digital Game De-



Universities create courses for digital economy

velopers (Abragames) and the Brazilian Pro-Export and Investment Agency (ApexBrasil) announced the creation of the Brazilian Game Developers (BGD) program to promote

games created by Brazilian studios abroad and implement strategic planning to guide the sector in its path towards internationalization. The BGD program currently features

the participation of 13 companies from the segments of entertainment, education, training and simulation.

The initiative is a shot in the arm for a country where those investing



Students from Nave, in Rio de Janeiro: CVs featuring electronic games

the most downloaded (at US\$2.99) on the Apple App Store and Google Play in the US and Germany, as well as #1 in Brazil. Camarotti (27) studied Computing at the University of Brasília, while Mazzaro (28) has a degree in Systems Analysis and Development. They have just moved their company, Behold Studios (in which they are partners), to a ground-level and underground office block at the entrance of Península Norte, a quiet residential district almost completely flanked by Lake Paranoá. In tougher times, when they couldn't afford their own headquarters, they used the nearest facilities and network available. The highly successful *Knights* game, for example, was partly developed in the Wi-Fi area of the Livraria Cultura bookstore at the Shopping Iguatemi do Lago Norte mall, located close to their new HQ.

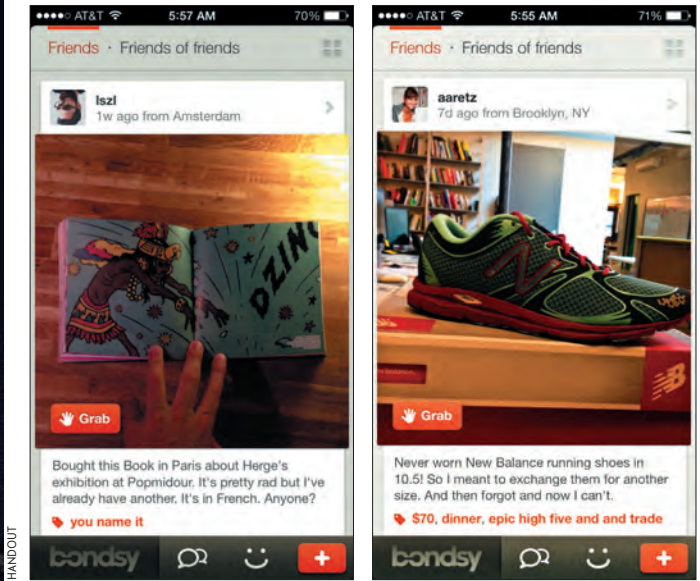
But the initial tough times were rewarded. Their *Knights* game has just been launched on the Steam site, the leading platform in online games for PC, Mac, Linux Box and Smart TV. "Our team always enjoyed playing RPG, so we decided to make a game compatible with our level of refinement, using the extreme level of self-criticism that we always apply to our work", says Guilherme. "The main challenge isn't just facing the competition, but sharpening up the team to

develop a well-executed and innovative project for the adequate platform, because not everything that works for tablets and smartphones works for PCs, and vice-versa".

in applications development still suffer, like any entrepreneur, from Brazil's high tax burden and massive red tape, as well as obstacles such as difficulties accessing technology. Ferocious global competition is another factor. The catalog of the Apple App Store alone features 850,000 applications for iPhones, iPads and iPods, in 23 categories including videogames, newspapers, magazines, travel, health and fitness tools, etc...

A global success, game was created in Brasília bookstore with wi-fi

It is thus praiseworthy indeed that Saulo Camarotti and Guilherme Mazzaro, the award-winning indies from Brasília, have made their RPG game *Knights of Pen and Paper* one of



The success of *Knights of Pen and Paper* gave credibility to the studio (now a team boasting Guilherme and Saulo plus another five developers with backgrounds ranging from arts to specific qualifications in design and digital games) and helped make possible the Chroma Squad, a tactical game with Japanese super heroes that is about to be launched. To raise money, Saulo Camarotti enlisted the project in Kickstarter, a crowdfunding platform focused on games, arts, design, cinema and technology. They requested US\$55k from the “community”, and as of the closing of this edition they had raised US\$68k from 2,840 contributors, exceeding their expectations.

But videogames don’t sum up the international digital businesses developed by Brazilians. Alongside videogames, service applications are also fertile ground for entrepreneurial creativity. Created by the advertising agent Diego Zambrano (from Rio, age not revealed), the Bondsy app is a good example of this. Since its launch, in May, the free tool for buying and exchanging objects online has been acclaimed by the critics in specialized columns of The New York Times newspaper and

Forbes magazine (which has already described Zambrano as “a Brazilian with a lumberjack beard”, owing to the fact that he hasn’t touched a razorblade since 2009). In 2007, when he was art director of the advertising agency F/Nazca Saatchi & Saatchi, in São Paulo, he received a proposal to work in the US. Before making the move, he decided to sell his belongings and created a page on Flickr (photo-sharing site) di-

Ad agent’s app is considered a social network of ‘stuff’

vulging his furniture, books, games and decorative objects to his friends, who bought almost everything.

The experience gave him the idea of creating a more adequate tool for people wanting to sell or swap things with friends, instead of complete strangers. And this was how Bondsy app was created, a type of social network for things and objects, described by the US press as the eBay of the Instagram era. “My

own personal need was the springboard for the idea, but it was only after observing and studying this space for years that I realized I had to invent a platform fully dedicated to this niche”, says Diego. After stints at the advertising agencies R/GA and Ogilvy, in New York, where he worked as creative director of the Swedish furniture giant Ikea, he decided to resign in August 2011 to dedicate himself 24/7 (quite literally) to Bondsy (he spoke to PIB at 4am in New York, where he works alongside another three professionals, a director of operations and two engineers). “One of the best qualities of an entrepreneur is being crazy enough to believe his idea will be successful, and I’m crazy enough”, he says.

Bondsy works like this: the user publishes the photo of the product (in general, a used product) up for sale, describes its “story”, indicates the form of payment and shares it with his/her friends. Bids are made via the application and the currency is yours to choose: from money to a hug, including dinners and juice



LEO NEVES



1 Zambrano, of the Bondsy app, social network for selling used products: growing in New York

2 and 3 Products on sale at Bondsy: help from large investors

4 Tallis Gomes, from Easy Taxi: 50,000 cabdrivers and 1.5 million users in Brazil and globally

5 Path on Easy Taxi screen: US\$40mn to get the business off the ground

glasses. The genius simplicity of the project led it to be selected by TechStars, the largest startup incubator (or accelerator) in New York. Zambrano also received a helping hand from heavyweight investors, including Joshua Kushner (27), founder of risk capital company Thrive Capital and the social games network Vostu (which has 40 million users in Brazil) and one of the main investors behind Instagram (Kushner entered the project as an advisor). “I was lucky to find investors who believe and share the same view for solving problems”, recognizes Zambrano. According to him, success cases like Bondsy are still hard to find in Brazil due to a lack of focus on innovation. “Most startups being developed in Brazil are remakes of products that already exist abroad, which reduces media and public interest”, he says.

That isn’t the case of Tallis Gomes (Minas Gerais, 26), founder and CEO of Easy Taxi, who heads up an international team of 300 employees. Launched in 2012, the application already has 50k registered taxi drivers and 1.5 million registered users in 22 Brazilian cities and another 20 worldwide – including Bogotá, Lima, Buenos Aires, Santi-

ago do Chile, Caracas, Mexico City, Seoul, Bangkok (capital of Thailand), Kuala Lumpur (capital of Malaysia) and the Nigerian metropolis Lagos. The idea came to him during a long wait for a taxi upon leaving an event in Rio. “My aim was to make a difference in society and monetize the idea”, recalls Tallis, using the jargon of the digital economy, which means making an idea profitable. Before becoming a businessman, Tallis

Taxi search already operates in 22 cities in Brazil and 20 abroad

worked in the marketing divisions of companies such as Unilever and Orbitom. “There is still a lot of room to do business in service-dedicated applications, which is something that is only just getting off the ground”.

To continue the project, he received two large cash injections from investors: R\$10mn from Rocket Internet in October 2012 and R\$30mn from the Latin America Internet Holding (LIH) fund in June 2013.

The latter investment attracted the attention of the British newspaper Financial Times, which reported on the emerging market-focused strategy of Gomes, while his main competitors (Hailo and GetTaxi) focus on large cities such as London and New York. In addition to capital injections, the application charges taxi drivers R\$2 per ride. For registered cabdrivers (whose driving licenses and background are evaluated by

Easy Taxi before being approved), the small fee charged is reverted into a 30-40% increase in customers, without having to depend on taxi stands and middlemen.

Tallis, just like Diego Zambrano and our friends over at Behold Studios, still hasn’t made a fortune from his inventions. “Our focus now is to create the best possible product and grow our community in Brazil and worldwide”, says Tallis. “Monetization will happen at the right time”. Mike Krieger, from Instagram and now an intimate friend of Facebook creator Mark Zuckerberg, at Menlo Park in California, is there to show he may be right.

Pre-salt African style

Petrobras and newcomer HRT are pinning their hopes on deepwater oil exploration on the other side of the Atlantic

CEZAR FACCIOLI, RIO DE JANEIRO

The German geographer and meteorologist Alfred Lothar Wegener (1880-1930) was the target of sarcasm, criticism and even insults when he published his book *The Origin of the Continents and Oceans* in 1915. The work put forward a revolutionary idea: the existence for around 300 million years of a single compact land mass which, as the centuries passed, drifted across the globe until it formed the current shape of the world map (see box on page 32). This theory, which only gained academic and scientific support in the second half of last century, attracted the interest of the Brazilian oil industry and has been reinforced over the last decade with the discovery of enormous pre-salt reserves off the Brazilian coast. As Wegener believed that South America and Africa were once part of a single land mass,

business leaders and executives from the sector began ask themselves: “Why not try and find oil in waters that are equally deep on the other side of the Atlantic?” This was the challenge, synonymous with large investments and return rates, as well as equally high risks, that inspired Brazil’s state-owned oil giant Petrobras and newcomer HRT from Rio de Janeiro.

“There are also pre-salt reserves

**Petrobras is
focusing on the west
coast of Africa**

in Africa,” said Armando Guedes Coelho, a former CEO of Petrobras at a time when it was undergoing a strong expansion in production

(1988-89). He is currently head of the Energy Business Council of the Rio de Janeiro State Federation of Industries (Firjan). Coelho believes the geological parallels between South America and Africa are underlying factors in setting the strategies for oil exploration. “The growing production in equatorial Africa is also encouraging exploration in the Amazon.”

Petrobras has been present in Africa for a long time. Its operations



DIVULGAÇÃO PETROBRAS



on the continent began in the former Portuguese colony of Angola in 1979, followed by setting up operations in Nigeria in 1998. Its bets on this market have risen since the turn of the century and between 2004 and 2011, it arrived in Tanzania, Libya, Namibia, Benin and Gabon in that order. It invested US\$ 2.4 billion in the seven countries between 2008 and last year and has reserved another US\$ 2.89 billion until 2017 in its new Business and Management Plan. “The focus is on projects on the west coast [Africa’s pre-salt region],” Petrobras informed **PIB** in

a note. “The region has geological similarities with the east coast of Brazil and gives Petrobras the op-

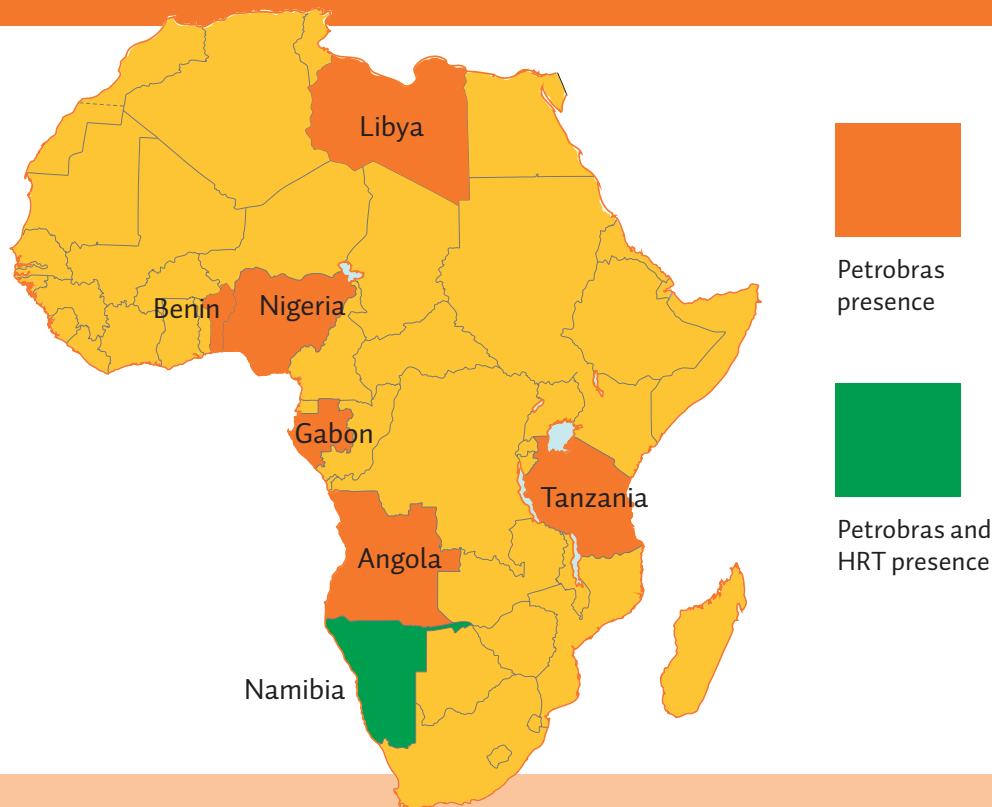
To concentrate on the pre-salt layer, it gave up some good investments

portunity to use all the knowledge it has acquired over the decades in the country.”

After deciding to concentrate

on the exploration and production in the pre-salt layer in Brazil, Petrobras started a program in 2012 to sell off some assets held abroad. The package, which should amount to around US\$ 14.8 billion by 2016, included winding up a number of subsidiaries. Fifteen subsidiaries have ended their activities to date and another 38 should do so by 2015, according to CEO Maria das Graças Foster in a letter attached to reports sent to sharehol-

OCEAN CROSSING



ders at the beginning of this month. This belt tightening led Petrobras to leave six of the 23 countries where it was operating. However, the African countries were spared and remain untouched. To prioritize its African activities, Petrobras took care not only to raise cash but also to seek a strategic partner to proceed with the plan.

Two months ago, Petrobras signed a joint venture with BTG Pactual. This group belongs to banker André Esteves – a partner of Eike Batista’s EGX and has a stake of 27.7% in Sete Brasil, which manufactures exploration probes for deep waters. It paid US\$ 1.525 billion for 50% of Petrobras Oil & Gas BV which is responsible for the overseas operations. Petrobras is facing difficulties in paying for the cost of exploring the Brazilian reserves in

very deep waters and had no choice but to give up some valuable assets to continue operating in the African pre-salt area. “Petrobras pulled out of some good investments in African

HRT’s market value has shrunk by 90% over the last three years

blocks and brought in partners, all because it needs to concentrate its resources on the Brazilian pre-salt reserves,” Coelho added.

It is in these same waters Petrobras has been exploring that its new partner, HRT, is looking for salvation. When the company made its stock market debut in

2010, a year of euphoria in trading sessions and throughout the country, it was strong enough to raise R\$ 2.6 billion. However, since then HRT – which was founded by a group of veteran technicians from the oil sector – has seen its market capitalization plunge and it has lost 90% of the value at the time it was listed (R\$ 5.7 billion). The warning light suddenly flashed at the start of the year when its investments in the River Solimões Basin, where it also operates, were unsuccessful.

The share price actually reacted at the beginning of May when the company issued a market announcement saying it had agreed to buy 60% of the Polvo Field in the Campos basin, along with a drilling pla-

PETROBRAS and HRT indicators in Africa



Countries where it operates	Angola, Nigeria Tanzania, Libya, Namibia, Benin and Gabon	Country where it operates	Namibia
Investments - 2008-2012 (US\$ million)	2,400	Investments in 2012 (US\$ million)	40
Investments - 2013-2017* (US\$ million)	2,890	Investments in 2013* (US\$ million)	150
Proven reserves** (million barrels of oil equivalent)	168.9	Drillings carried out	2 (Wingat-1 and Murombe-1)
Average daily production*** ('000 barrels)	52	Next drilling	Moosehead-1

*projection; **on 31/12/2012; ***monthly average in 2012
Source: companies.

tform and probe from BP Energy do Brasil for US\$ 135 million. The enthusiasm evaporated a few days later with the announcement of a new failure, this time the Wingat-1 well off the coast of Namibia. By then the CEO, Márcio Rocha Mello, had already resigned from the company he had created under pressure from the American hedge fund Discovery, a shareholder in HRT. However, the company's African strategy was upheld under the new management, led by Milton Franke, a member of the founding team who was a former Petrobras employee, like his predecessor.

HRT's attention – and that of its investors – then returned to the Murombe-1 well in the Walvis Basin, 15 kilometers west of the Wingat-1. Drilling began on July 1 and went down 5,729 meters below the seabed

depth of 1,390 meters and obtained the same results as the first attempt: nothing. The next bet is the Moosehead-1 well, 197 kilometers to the southeast of the port of Lüderitz and

After two failures in Namibia, newcomer may only have one more chance

100 kilometers to the northeast of the Kudu gas field. This well has estimated reserves of 37 million cubic meters. The results will be known at the end of September.

“We are moving to the Orange Basin to drill for our third well and, in doing so, will be testing a giant structure where the target reser-

voirs are equivalent to the prospects for the sub-salt layer in the Santos Basin which are regarded as similar. We are starting work on this well with the same optimism that led us

to project these three exploratory wells,” CEO Franke said in a statement.

This confidence is not remotely shared by the market. Analysts from banks and brokerages regard Moosehead-1 as HRT's last chance. The company is aware that it needs to use all its current firepower and has begun to cut costs and sell off assets. Of the 600 workforce at the height of the euphoria – including female dancers hired to please the former CEO who was a samba fan – the axe, which has already started its work,



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will only spare 150 jobs by the end of the year. At the same time, it has put up for sale four probes and two subsidiaries - Integrated Petroleum Expertise (IPEX), which specializes in chemical analysis, and Air Amazônia, de Manaus, the owner of 14 helicopters and four planes.

To this list of offers, Carlos Thadeu de Freitas Gomes, a former director of public debt with the Central Bank and ex-member of the Petrobras board of directors, would add another valuable “asset” the company has given up. This is the founder, Márcio Rocha Mello, whom

Freitas regards as HRT’s “biggest asset”. The two got to know each other at Petrobras, when Freitas was CFO at the beginning of the 1990s and Mello won accolades for his work as a geologist specializing in oil over 24 years. However, their professional experience has been frustrated

PANGEIA, THE BEGINING OF EVERYTHING

BRAZIL’S ESTIMATED pre-salt oil reserves of 70 billion to 100 billion barrels lie in a rocky formation located below a salt layer in the depths of the seabed. Similar geological formations off the African coast have fueled expectations of equally abundant deposits on the other side of the Atlantic, which explains the interest of Petrobras, BTG Pactual and HRT in the region. Recent surveys carried out by Japanese have also identified more common points between the two sides of the ocean, reinforcing the theory of the German geologist

Alfred Lothar Wegener that a single continent arose 300 million years ago called Pangeia.

One hundred million years later, an enormous land mass that gave origin to all the continents, split into two large blocks, Laurasia and Gondwana. About 140 million years later, the slow separation process between the two tectonic plates that formed Gondwana began. This led to the creation of the shapes of South America and Africa, between which the Atlantic Ocean was formed.

The process that gave origin to

what which is now the second-largest water “reservoir” in the world was equally slow and gradual. In the first stages, a number of shallow seas and semi-swamp areas, some of salt and brackish water, formed in which algae and micro organisms called phytoplankton and zooplanktons proliferated. These forms of life were continually deposited on the seabed in the form of sediments and mixed with other sediments, sand and enormous salt layers, due to the evaporation of the water on the shallow seas. These micro organisms were buried



DIVULGAÇÃO/PEPETROBRAS

1 Coelho: “There are also pre-salt reserves in Africa”

2 Platform in the Campos Basin: similar to the coast of Africa

3 Wegener: the continents shifted

If anyone still has any doubts over Alfred Wegener’s theory on the shifting continents, they should withdraw them. The American newsletter Energy Trends Report, one of the most respected publications in the sector, confirms the bets by Petrobras, one of the world’s leading deep water oil producers, and HRT on the west coast of the Atlantic. In a recent report on the offshore regions, it described West Africa, Brazil and the Gulf of Mexico as pillars of the “golden triangle” responsible for 47% of the 52 global discoveries in deep waters. The only drawback it mentioned was that the conditions are more challenging (and expensive) in this environment. For example, hiring a probe to operate in depths of more than 2,100 meters costs a minimum of US\$ 500,000 a day, i.e. 20% to 40% more than for equipment in shallow waters.

The Energy Trends Report said that with the price of Brent oil [European market benchmark] at around US\$ 100 and production platforms capable of raising 200,000 or more barrels a day, the business

was still attractive and explained the great demand for long-range equipment. It added that the use rates of platforms in deep waters in 2013 was around 90%, with the greatest use in Brazil, followed by the North Sea, West Africa and the Gulf of Mexico.

African countries are currently responsible for 7% of world oil production and they have good prospects in this high risk market. Some of the main bets of the African and foreign investors are centered on the deep waters of the Gulf of Guinea, the emerging areas of East Africa as an oil producer and recent discoveries of natural gas off the coasts of Mozambique and Tanzania. If the good winds continue to blow, Africa could gain estimated investments of US\$ 150 billion in the coming decade in infrastructure, exploration, prospecting equipment, gas pipelines, deep water port constructions and natural gas liquefaction plants.

by the unsuccessful investments in the Amazon and off the coast of Namibia. It is all part of the job or, perhaps, the sector. “Risk is an inherent part of this activity. There is no direct, linear correlation between the number of drillings and the discovery ratio,” Freitas told **PIB**.

under great pressure and, with the oxygenation reduced, degraded over millions of years and turned into petroleum.

The combination of the oil fields located between the states of Rio de Janeiro and São Paulo (Bem-te-vi, Carioca, Guará, Parati, Tupi, Iara, Caramba e Azulão ou Ogun) became known as the “Pre-Salt Cluster”. From then on, the generic term “Pre-Salt” began to be used for any discovery in reservoirs under the salt layers in Brazil’s sedimentary basins. Similar

occurrences can be found in the Basins of Ceará (Aptiano Superior), Sergipe-Alagoas, Camamu, Jequitinhonha, Cumuruxatiba and Espírito Santo. Similar forms have also been identified off the western coast of Africa, the area around the Falkland Islands, Japan, and the Caspian Sea and in the United States, in the Gulf of Mexico region. The great difference between the latter is that the salt is allocthonous (coming from other regions), while Brazilian and African oil is autochthonous (formed in these regions).

DIVULGAÇÃO



3

Neymar the All-Conquering

In planned fashion, Barcelona's newest addition has become, while still in Brazil, an international marketing phenomenon and a money-making machine

DANIEL SETTI, BARCELONA

Barcelona has just wiped the floor with Santos Futebol Clube 8 - 0, on a Friday at the start of August. Receiving more attention than all his teammates, the thin, small athlete, wearing a black cap – until a few weeks ago the big star of the Brazilian team – was exercising the pulling power of a mega star for the first time at the European club, his new home, as he listened to questions in various languages from reporters from all over the world. Amid the battalion of journalists camped at the exit of the changing rooms of the Camp Nou – the historical stadium of Barcelona and a must visit for all football fans passing through the capital city of Catalunya – Neymar told PIB how it feels to wear the coveted blue and red uniform: “I’ve been given the chance to make my dream come true”.





Charisma: 56,000 fans
welcomed Neymar
to Camp Nou



Four hours before meeting the press, the surrounding areas of the Camp Nou were already filled to the brim. Waves of fans of all ages and origins (from Russians to Australians, Norwegians to Brazilians, as well as Spaniards) were walking towards the stands wearing the new Barcelona soccer shirts with the name “Neymar Jr.”, adopted by the leading goal scorer at Santos since 2011 (and of the Brazilian national team since the Confederations Cup). The magnetism of the hotshot player is also driving a commercial success at the stores of the stadium and the surrounding areas. At the Nike megastore at the Camp Nou (the second Nike store in revenues worldwide, trailing only the HQ in New York), fans-tourists lined up at the sales counter dedicated to printing

the names of players on the jackets. Even costing 99.95 Euros (with the player’s name) or 85 Euros (without the name), the shirts were sold in the thousands. Nike management won’t confirm the numbers, but at

Barcelona made 340mn in 2012 from TV, sponsorships and merchandising

the equally disputed Nike store on Passeig de Gràcia, major avenue in downtown Barcelona, 40-50 Neymar shirts are sold a day.

At the informal sales stands next to the Camp Nou, PIB witnessed a small “market” victory of Neymar

over his most prestigious rival in the new team, the Argentine superstar Lionel Messi: at one of them, 20-25 copies of the unauthorized versions of the uniform were sold for 50 Euros before the dispute — similar numbers to those achieved by Messi, currently the biggest Barcelona idol, elected four times by Fifa the world’s greatest player. It would be a tie, if it weren’t for the fact that the number 11 shirt of Neymar costs 85 Euros, versus 45 Euros for the number 10 shirt of Messi (*read more on page 40*).

The 2013/14 European sporting season is only just starting, but the frenzy and adulation surrounding Neymar since his Barcelona debut



Shirt 11:
official and
informal
success

are a preview of what to expect: the Neymar “brand” is starting to be explored on a global scale, selling products and services to a global audience keen to consume the attributes of youth, talent and success tied to his public persona. Two powerful image promotion machines are now joining forces to cement this business plan: Neymar himself, who when still at Santos had already proved to be a marketing phenomenon and a money-making machine for himself and Santos; and Barcelona, a global example of efficient management of a sporting franchise, which aims to transform the name of Neymar into a global brand and boost his potential to create riches, as it has already done with other soccer players.

On Neymar’s side, a team of market professionals is looking after his

IMPRESSIVE NUMBERS

INDICATORS OF Barça and its latest reinforcement

	Barcelona	Neymar
Revenues* (millions of Euros)	450.7	15.9
Main sponsors	21 Nike, Qatar Airways, Estrella (brewer), La Caixa (bank) and Audi.	12 Volkswagen, Nike, Santander, Claro, Ambev and Unilever.
Market value (millions of Euros)	444**	57
Achievements	2 World Championships, 4 Champions League Titles, 4 European Super Cups, 4 UEFA League Titles, 22 Spanish League Titles, 26 Spanish Cups and 10 Spanish Super Cups.	1 Libertadores da América, 1 Recopa, Sul-Americana, 1 Brazilian Cup and 3 São Paulo Championships, with Santos; 1 Confederations Cup (elected the player of the tournament), 2 Super Classics of the Americas and a silver medal at the London Olympics, representing Brazil.
Facebook followers (millions)	43.9	12.8
Twitter followers (millions)	4.9	7.9

* The revenue of the club was calculated in 2012 and the revenue of the player between the second half of 2012 and the first half of 2013.

** The number comes from a study by Brand Finance PLC, which ranks the Spanish club behind Bayern Munich and Manchester United in ‘brand value’.

Sources: Brand Finance, Forbes and Futbol Club Barcelona.

career and image, alongside his father and businessman, Neymar da Silva Santos. They are responsible for making him a unique case, in recent history: a Brazilian player who didn't succumb early to the multi-million dollar temptations of Europe, and achieved international fame, on and off the pitch, whilst still playing in Brazil. On the side of Barcelona, a French executive, Laurent Colette, heads up a team of 65 people forming the financial backbone of the

principal attraction of the international presentations by Barcelona in the pre-season. He starred as the new Barcelona golden boy in trips to countries with little football tradition, like Israel, to where the superstars traveled to divulge the brand and fill the club's coffers. The world had the chance to see Neymar and Messi, their heads duly covered with yarmulkes, in the photos promoting the tour. In Thailand, another country without much football tradition,

next to the trio Messi-Xavi-Iniesta, both on banners that pop-up when you access the club's site and in ads on the sides of buses in Barcelona. Thus we can see the first few steps in globally exploring the image of the club's new number 11 shirt. And the next steps? They are tightly kept strategic secrets. "Our offices don't give interviews", said José Miguel Terés, head of the Catalan club's international press agency. "Especially when the topic is marketing, when



Catalan giant. Of the 450.7 million Euros in club revenues in 2012 (approximately four times the revenue of the Brazilian team Corinthians in 2012), 183.7 million Euros came from television broadcasting rights and 156.3 million Euros from sponsorships and merchandising. Overall, these 340 million Euros correspond to 75% of total revenue.

"More than a club" is the slogan of Barcelona. And the machine wasted no time in testing the power of its newest asset. Neymar was the

the stars of the club received all the limelight. Thanks to Barcelona, Neymar is now visiting territories where he was relatively unknown (before his move, his name was better known in South America and Europe).

The Barcelona strategy also involves creating a swathe of products stamped with the image of Neymar, available at both authorized stores and in the informal market; he also appears prominently, as if he was already part of the team for a long time,

you are dealing with major products [players] and face competition from other big players, it's impossible."

Upon being sold by Santos for 57 million Euros, in May, Neymar became the 8th most expensive soccer signing in history (Cristiano Ronaldo, sold in 2009 for 94 million Euros from Manchester United to Real Madrid, heads the ranking). In July, with the deal between Napoli and Paris Saint-Germain for the Uruguay player Edinson Cavani, Neymar fell to 9th, but is still, aged

21, the youngest in this top 10. Also, according to studies by the Brazilian consultancy firm Pluri, the mere fact that Neymar was sold to Barcelona added over 10 million Euros to his market value.

More than paying a small fortune for the biggest football revelation since Messi (already considered one of the all-time greats), Barcelona bought a player already schooled in the numerous roles that a sporting idol needs to perform today, divided

the plunge into the modern, well-structured European soccer scene (always a watershed in the careers of superstars), the striker groomed at Santos' Vila Belmiro stadium was already receiving rave reviews in the business world.

The most striking achievement was his 8th place ranking in the latest update of the US Forbes magazine on the world's best paid players, headed by the recently retired David Beckham. Having earned USD20.5

pre-Barcelona Neymar was already competitive with Beckham, Messi, etc in number of sponsors. He currently has 12 (Volkswagen, Red Bull, Panasonic, Santander, Nike, Lupo, Ambev, Heliar, Claro, Tenys-Pé Bael, Unilever, Mentos), his own clothes line and other products of the soccer player, NJR, created by



between on-field performance, dealing with business commitments and an increasingly less private life. Achieving this balance was always problematic for young superstars catapulted from a generally poor childhood to fame and fortune overnight – Pelé, today a profitable businessman, but forced to learn on his own throughout his career (*read more on page 44*) would certainly agree with that. But Neymar is from a better-equipped generation to handle stardom. Even before taking

million since mid-2012, Neymar became the first sportsman, playing in Brazil, to make the top 10. And he was also the youngest of the 100 sportsmen listed by Forbes featuring other sports, led by the golfer Tiger Woods (US\$78.1 million), where he ranks 68th.

Of this annual fortune entering the bank account of the young prodigy born in Mogi das Cruzes (São Paulo), only half corresponded to his salary at Santos. The rest came from advertising. This is because the

the advertising agency Loducca at the end of last year. The bridge between Neymar and all these brands is being or has been administered by companies such as 9ine, the sports marketing agency of ex-soccer player Ronaldo Nazário de Lima, the “Phenomenon”, and IMX Talent, a partnership between the EBX Group, of Eike Batista, with IMG Worldwide.

Now, with the new soccer shirt, exponentially greater TV exposure and an annual salary of 7 mil-

lion Euros, invites from sponsors should increase (even if the player, super-exposed, has already signaled a decline in the portfolio), or at least stimulate even better contracts. This was signaled (already in May 2013, before his move to Spain was finalized) by research by the British magazine specialized in sports marketing, Sports Pro. For two straight years, the magazine identified Neymar as the athlete with the biggest commercial value in the world. “He is preparing to become the main star of the 2014 World Cup, in Brazil, and still could be involved in a move to a major European club”, analyzed the then chief-editor of the magazine, David Cushnan. “His superstar status makes him a magnet for brands in an emerging market in the world.

He is everything a company wants.”

The fact that he achieved, whilst still in Brazil, so much status and this balanced ratio between salary and advertising revenues helps explain the success case that was Neymar’s decision to stay at Santos. Despite years of being lured by European clubs, he didn’t need to stamp his passport to get rich like a few players in the world can do, gather a legion of virtual fans (7.9 million followers on Twitter, 12.9 million on Facebook), generate millions for Santos, the club that discovered him (in television rights and sponsors) and become an ultra-powerful brand that everyone wants to be associated with, from the Brazilian Soccer Confederation (CBF) to the President of Brazil, and Ronaldo. It

is a clear “before and after” in the Brazilian soccer market.

Having spent the last three years managing the image of the prodigy, Eduardo Musa assesses the mission accomplished so far. “I think the plan has worked really well”, he rejoices. “I am sure it was an excellent contribution to the Brazilian sports market, as it proves it is possible to use the image of the athlete so that he can make money without having to move, at any cost, to a stronger market in financial terms.” A researcher of numbers and figures of the big Brazilian clubs, the sports consultant Amir Somoggi took an interest in the case and produced the study *O Negócio Neymar (The Neymar Business)* to assess his impact on the financial performance of

NEYMAR X MESSI

SOCCER IS the world’s most popular sport, but it has yet to conquer all the continents equally. The recent tours by Barcelona to the Middle East and Southeast Asia, with Neymar already onboard, give an idea of where it is still possible to win over new fans (and consumers): in Asia, heavily populated and ever richer. The official site of the club, whose main version is in English, already features translations in Japanese, Mandarin Chinese, Arab and Indonesian.

The Brazilian superstar, whose internationalization soared thanks to the Confederations Cup, shares with Argentina’s Lionel Messi the lead in this offensive. “Messi has charisma, but not the same media appeal”, reckons the consultant Amir Somoggi. “Neymar will be a hit with kids from Asia.” A born pop

star, a heavy user of social networks such as Instagram, he also fits the importance that the club attributes to the Internet (18 million Facebook followers). “Barcelona paid cheap for what it got in return”, concludes Somoggi.

The São Paulo journalist, blogger and professor of sports marketing, Erich Beting, has a similar opinion. “Messi and Cristiano Ronaldo were the only two faces of this new generation of marketing superstars. Now, with the arrival of Neymar to Barcelona, he is on the same level”, says Beting. “It is a different path to that taken by Ronaldo, who before becoming a major Barcelona hotshot [between 1996 and 1997] was already an important part of the Brazilian national team and had good contracts because of this. In the opinion of Beting, Neymar could

grow globally playing for Barcelona, more than for the Brazilian national team. “Ever since Ronaldo, the main change has been the importance of clubs in forming players’ global image”.

Amir Somoggi notes another strategic advantage of Neymar in relation to Messi, wisely and discreetly observed by Barcelona before being bought: the fact that he is sponsored by Nike, the club’s brand partner. The contract with Nike, signed in 2006 and valid until 2018, foresees the passthrough of 150 million Euros in the period. Messi is the golden boy of rival brand Adidas. “They realized that this is very limiting; Barcelona makes a lot of money with Messi, but the brand makes much more”, says Somoggi. “It’s much better for Neymar to be with Nike than Adidas.”

Such a promising backdrop, how-

Santos since 2009, a year before he became a star, until the end of 2012. The conclusion is that it really paid off for Santos to insist on hanging on to him.

If, on rejecting the first international bids, the club turned down the millions of Euros that a deal would have provided, Santos brought in, in the long term, R\$100 million in new revenues from sponsorship, TV and tickets. From sponsors alone, in 2012, Santos made R\$50.3 million, only less than Corinthians (R\$64.6 million), which has Brazil's second biggest fan base (15.56%, as per the same study), whilst Santos has only the 8th biggest fan base (2.94%).

Santos also pocketed a (low) share for the sale of the player's rights: R\$22.9 million, excluding the

percentages of Terceira Estrela Investimentos S.A. (Teisa), controlled by businessmen linked to the club's Management Committee, and DIS, the sports arm of Grupo Sonda. The heads of Santos also agreed on a series of “bonuses and deals” in the long term with Barcelona, including two friendlies – one in Spain and the other in Brazil. After the Camp Nou thrashing in August, Santos immediately abandoned the “revenge match” and asked for the amount in money, which Barcelona promptly rejected.

“It shows that putting down everything in ink is worthwhile: you can sell the player and make money or keep him and earn more revenues”, explained Somoggi to PIB. “Keeping the idol is the essence of

the business. It works to pay someone with potential for 10 years to await the return”. The consultant sees the Corinthians-Ronaldo partnership as groundbreaking in this sense, although Ronaldo was already a star when he joined the club. “The arrival of Ronaldo proved the theory that the idol boosts the club's domestic demand”, he says.

Mauricio de Barros, director of the *Placar* magazine, believes the career of Neymar has been very well handled so far, both by his father and businessman, Neymar da Silva Santos, and by (the now demoralized) Santos. “The main contribution of



ever, doesn't guarantee the success of Neymar. “He will have to adapt to a new role, know that the number 1 player is Leo [Messi]; he already has this mentality”, says Albert Masnou, subeditor of Catalan sports journal *Sport*. And he warns: we need to see how these competing stars will get along over the years. When he wants to be the number 1, it could be a problem. “It didn't work for Eto'o and Henry” [hotshots who had “dressing room” problems due to the spotlight on Messi], says Masnou. “The coach will have the job of managing egos.”

But depending on the first few words of Neymar, this will not be an obstacle. “Messi is an idol, a genius”, said Neymar, diplomatically, to PIB. “I am happy to be able to play alongside him and I hope we can both be very happy here.”

AGENCE FRANCE PRESSE

Santos was to hang on to him for as long as possible; he was meant to have left 2 years ago”, says Barros. “The value of what Santos gained in terms of results and exposure is a bit intangible. It renewed its fan base massively, won titles, boosted its image and will reap the rewards in the future.” The journalist notes that Kaká, Robinho and Ronaldinho moved abroad very quickly, while Neymar (21) played for a number of years in Brazil and linked his image to Santos. “Holding on to him was an excellent decision”.

Director of marketing at the club in 2002-07 and founder of Prime Sports, the sports marketing agency that works with Barcelona players such as Cesc Fàbregas and Lionel Messi himself, the Catalan native Esteve Calzada sees Neymar as the world’s best in terms of image and commercial potential. “He’s got it all: a rebellious nature, key to attracting youngsters, he shows compassion by collaborating in Unicef campaigns and playing in charity matches and he is simple and natural, which makes him come off as friendly”, wrote Calzada in the Madrid newspaper *Marca* on 5 June. Calzada’s conclusion comes from the study published in his book *Show me the money! – Cómo con-*



WINNING MOVE NOMADIC SOCCER PLAYERS

BRAZIL HAS become a place for training and “distributing” soccer players not just to the rich and prestigious teams of Western Europe, such as FC Barcelona, but also to less illustrious (but still rich) leagues in Russia, China, Japan and Arab nations. In recent years, more and more Brazilian soccer players in search of fame and fortune abroad are traveling to these far away countries, bypassing Portugal and Spain, the traditional gateways, with their easier-to-learn languages and similar cultures.

Playing for Brazilian soccer teams is also now seen as a noble pastime for players from neighboring South American countries. These changes in the profile of migratory flows linked to the globalization of soccer were perceived in studies in Brazil and Europe by Brazilian researcher Vera Botelho. With a Ph.D. in Social Anthropology, Vera (from Minas Gerais) lives in Denmark and works with research groups and networks studying the matter at the Universities of Copenhagen and Lisbon.



Camp Nou:
new home of
the Brazilian
star

seguir dinero através del marketing deportivo, in which Neymar beats Messi, Cristiano Ronaldo and England's Wayne Rooney (Manchester United) based on a series of criteria, including soccer talent, physical attributes and "simplicity".

This personal charisma is also responsible for the success of the initial marketing actions prepared for Neymar in Cataluña even before his debut. On 3 June, a crowd of 56,500 people turned out at Camp Nou for his official presentation, the second largest public in Barcelona history. No mean feat, considering that the record holder, Sweden's Zlatan Ibrahimovic, who attracted 60,000, already had a long career with stints at other big European clubs.

As far as Barcelona is concerned, Neymar is one of the key drivers of a necessary recycling for the 2013-14 season. "Nêymar", as the Spanish press usually calls him, needs to work as a sumptuous calling card of a "New Barcelona". After four years completely dominating the global soccer scene (2008-12), a period in which it was trained by the revolu-

She noted that, for some time now, we have been seeing more transfers of players from Argentina, Peru, Colombia, Paraguay and Chile to Brazil than to Spain, the country that used to attract the most players from Spanish-speaking South American nations.

Brazil has over 4,000 "soccer players" trying to make their mark abroad and remains the world's biggest exporter of soccer players. But, Vera notes, it's also the country with the biggest rise in the number of

players imported from other countries. In other words, it is no longer a peripheral player of the globalized soccer industry, but instead a magnet luring players to play in Brazil. But in both cases, for both Brazilians playing in Europe (East or West) or South Americans playing in Brazil, such a move is just a stepping stone in their career plan. The big prize is still to play for the big, rich teams from Western Europe, especially Germany and England.

tionary Catalan coach Pep Guardiola, the team had a less impressive 2012-13 with his successor Tito Vilanova, who was recently replaced, due to poor health, by the Argentine Gerardo “Tata” Martino – although the team did still win the Spanish League title with impressive stats.

The main memory of many fans last year was the significance of the

two thrashings suffered at the hands of Bayern Munich in the semifinal of the Champions League: 5-0 in Germany, 3-0 in Spain. Strong, rich and modern, the German giant became the main threat to Barcelona for the title of the world’s best team. Rounding out the perils, its coach will now be Guardiola himself – who tried to bring Neymar with him to

Bavaria. “Yes, it’s a reconstruction phase, of wanting to be #1 again”, says Albert Masnou, sub-editor of the Catalan sport journal Sport. “But it is not a complete reconstruction, but instead the insertion of a key component”. “Messi and Iniesta are still here”.

Erich Beting, a São Paulo journalist and creator of the *Máquina*

ETERNAL PELE

NEYMAR IS undoubtedly, at the age of 21, the latest superstar of advertising and marketing. The doubt is if the young Barcelona star will maintain all this prestige until around 2065. Will he, aged 70, remain on the radar screen of large advertisers and event promoters? Will his face remain known and recognizable worldwide? A difficult, but not impossible task – at least not for Pelé.

Set to turn 73, the King has just been hired by the US company Subway as its “global ambassador” of its healthy fast food menu. The “representatives” of the company, where he is the only foreigner, features the ex-swimmer Michael Phelps, holder of a record number of Olympic gold medals, and another four US sporting idols, all aged 23-33. “He is the best soccer player of all time, the athlete of the 20th century, famous worldwide and adding more relevance to the brand as a sportsman who also took care of his health, with a balanced diet and exercises”, declared a Subway representative to PIB, via its press agency.

Most customers of Subway, which has 39,700 restaurants in 102 countries, have never seen Pelé in action. No surprise there, since

the world’s most famous number 10 shirt hung up his boosts almost 36 years ago. His image, however, seems eternal and resistant to verbal gaffes. At the end of the 1970s, in full-blown military dictatorship times, Pelé said that Brazilians didn’t

know how to vote. And recently, he called on the protesters who took to the streets of Brazil’s main cities to forget the protests and support the Brazilian national team in the Confederation Cup. He heard the wrath of the population, yet remains as



1 Transition:
from king to
“ambassador”

2 Case:
“remote”
golden boy

do Esporte portal, a blogger on the UOL webpage and a professor of sports marketing, calls attention to another point that could boost the media and market power of Neymar: the presence of the ex-Santos player will trigger a “re-Brazilianization” of Barcelona. Ever since, 20 years ago, Romário left PSV Eindhoven to join the Catalan team, Barcelona has

boasted four Brazilian idols, considered “legends” by the club’s own site: Romario (1993-1995), Ronaldo (1996-1997), Rivaldo (1997-2002) and Ronaldinho Gaúcho (2003-2008). And each of the four players was elected the best player in the world during their time at the Camp Nou. And what about Neymar? Will the 34th Brazilian in the history of

Futbol Club Barcelona achieve and surpass his genius predecessors? In the business world, everything indicates he already has an advantage. On the pitch, his goals will be the answer.

popular as ever.

“The values that he has and that he conveys conquer all this. The people understand that Pelé, like every human being, sometimes makes mistakes, and even praise his courage for speaking about controversial issues”, comments Francisco Carvalho, CEO of the corporate communication agency Burson Marsteller Brasil, linked to the British conglomerate WPP. “What matters, above all else, is that he never lost his way, he always behaved like a good citizen”. “To boot, in addition to keeping himself in good shape and showing an amazing resistance to Father Time, he is the biggest idol in the history of the most popular sport in Brazil and the world.”

The success of Pele is also down to his professionalism in self-promotion – an example that Neymar is trying to follow. The ex-striker of Santos, Cosmos and Brasil has, for years, received the support of marketing companies (Legends 10, from New York, is his current marketing company) and dominates all the secrets of the business. So much so that he usually

refers to himself in the third person when discussing the valuable brand represented by his nickname. “He likes to sell his image, and is very skilful”, notes Carvalho. “For example, he has very precise timing when it comes to exposure. He never goes over the top.”

Ever since he became a success at Santos, in 1957, Pelé already participated in countless national and

international advertising campaigns. He defended the colors of the now deceased Brazilian Coffee Institute (IBC) in the 1960s, and helped sell the products of credit cards, soft drinks, drugstore chains and fuel stations, clothes stores, medicines (including male erection problems), toys, batteries, mattresses, motorcycles, food, etc... Involuntarily, he became the source of study


2 into Brazilian advertising by “starring” in an ad from afar, if you like.

The ad in question was part of a campaign launched by Gillette in 1966, on the eve of the World Cup in England. Several Brazilian national team stars were presented to the public praising the razor-blade. The biggest star in the team didn’t accept the money and was left out. He was substituted by José Ozores, known as Pepe Gordo, a mix of bodyguard, agent and partner of Pele. In the text of the ad, he recounted that he hit the nail on the head by giving the “famous guy” a dozen Gillette razorblades. “He has already used the 10 razorblades and is asking me to get my hands on some more”, said Pepe.



Cane bagasse
on the rise:
“waste” goes
“high tech”

UNICA/TADEU TESSEL



2G, the right bet

Brazil takes its place in the technological race for second generation cellulosic alcohol

DARIO PALHARES

The rivals have entered the final stage. In the coming months the world will know the first groups of contestants in the race for the commercial production of second generation ethanol (2G) from a pulp base, i.e. bagasse, corn stalks, leaves, straw, grasses, wood chips and even urban waste. Two competitors have already crossed the finishing line. One is the Italian company Renewables, of the Mossi & Ghisolfi group, which began distilling alcohol in Crescentino, Piedmont, last December from giant cane, (*arundo donax*) a weed similar to elephant grass, and a cocktail of other “green waste”. The other is the American company INEOS Bio which has a production plant on the Florida coast that has also been working since last month to turn vegetable waste into alcohol. (See table on page 51.) Following them



UNICA/ARDEU FESSEL

with an eye on the third place on the pedestal are seven other companies with plans to be up and running by the middle of next year, including a Brazilian company, GranBio. Its bets are concentrated on straw and sugar cane bagasse which are currently only used as fuel for electrical energy generation in Brazil.

“Our first plant will come into operation at São Miguel dos Campos, in Alagoas state, at the beginning of 2014,” said economist Alan Hiltner, executive vice-president and new business director. The production line will have annual capacity of 82,000 liters and operate in an integrated way with a first generation plant of businessman Carlos Lyra, a namesake of one of the best known Bossa Nova stars. It will be the first of a package. “We foresee another eight or 10 units in the coming eight years in places still to be decided.”

The best prepared representative for this technological race from the southern hemisphere was created only two years ago by the Gradin family which is an industrial heavyweight in the state of Bahia. The

family broke with the controllers of the Odebrecht Group, where it had been one of the main shareholders, in 2010. When the brothers Bernardo and Miguel Gradin found themselves no longer part of the command of Braskem and Odebrecht Óleo e Gás, they decided to take advantage of their great experience in the chemicals sector in their own

CTC wants to sell second generation plants in Brazil and abroad

interest. Last year, they announced an investment of R\$ 350 million in the Alagoas plant. They promptly received the backing of Brazil's development bank, the BNDES, which not only released R\$ 300 million for the project several months ago but also paid R\$ 600 million to acquire 15% of the company's capital through its investment arm, BNDESPar. The brothers want to use this financial firepower to boost annual pro-

duction of 2G ethanol to one billion liters by the end of the decade and are even dreaming of exporting part.

GranBio's movements are being followed closely by another six important players in the sector. Petrobras, Shell, Cosan and Odebrecht intend investing in the same area while the Danish firm Novozymes, which produces industrial enzymes,

has plans to supply the candidates with tailor-made input. (See box on page 52.) Meanwhile, the Sugar Cane Technology Center (CTC), the largest research center of its kind in the world, is thinking big. Its goal

is to sell complete packages for the production of cellulosic ethanol – in Reais and other currencies (see further on).

There is no shortage of resources for these and other interested parties. The Brazilian Industrial Development Agency (ABDI), part of the Ministry of Development, Industry and Foreign Trade (MDIC), says the creation of the of the Joint BNDES-Finep Plan to Support the

PEDESTAL WITHIN BRAZIL'S REACH

THE GLOBAL race for production of cellulosic pulp on a commercial scale

COMPANIES	LOCATION OF PLANT(S)	BASIC INPUT MATERIALS	INSTALLED CAPACITY (million gallons a year)	FORESEEN START-UP OF COMMERCIAL OPERATION
Beta Renewables (Italy)	Italy (Crescentino, Piedmont)	Giant cane (arundo donax), wheat and rice straw, wood, corn straw and leaves	19	Became operational in December 2012
INEOS Bio (US)	US (Vero Beach, Florida)	Plant waste	8	Became operational in July 2013
Fiberight (US)	US (Blairstown, Iowa)	Solid and plant waste	6	2013/2014
Abengoa (Spain)	US (Hugoton, Kansas)	Corn waste amongst others	25	2014
BlueFire (US)	US (Fulton, Mississippi)	Forest waste and wood shavings	19	2014
Sugar Cane Technology Center - CTC (Brazil)	Brazil (São Manuel, São Paulo)	Sugar cane bagasse and straw	3	2014
Enerkem (Canada)	Canada (Edmonton, Alberta)	Solid non-recyclable and non-compost waste	10	2014
Fulcrum (US)	US (McCarran, Nevada)	Solid waste	10	2014
GranBio (Brazil)	Brazil (São Miguel dos Campos, Alagoas)	Sugar cane bagasse and straw	21.6	2014
POET-DSM (US-Holland)	US (Emmetsburg, Iowa)	Corn cob	20	2014
Raízen (Brazil-Holland-England)	Brazil (Piracicaba, São Paulo)	Sugar cane bagasse and straw	10.5	End of 2014
Mascoma (US)	US (Kinross, Michigan)	Wood pulp and chips	20	2014/2015
Petrobras (Brazil)	NA	Sugar cane bagasse	NA	2015
ZeaChem (US)	US (Boardman, Oregon)	Wood and wheat waste	25	2015
Inbicon (Denmark)	Denmark (Maabjerg) and US (Spiritwood, North Dakota)	Wheat straw	20 (Denmark) and 10 (US)	2015 (US) and 2016 (Denmark)

Sources: "Cellulosic Biofuels – Industry Progress Report 2012-2013" and company sites



FOTO: DIVULGAÇÃO GRAN BIO

1

OPTIONS TO CANE

BAGASSE AND sugar cane straw are riding high with the arrival of cellulosic ethanol in Brazil. However, the pioneering company GranBio does not rule out using other plant species to produce 2G in the medium and long term. This flexibility is guaranteed by the partnership with the Italian firm Chemtex and Beta Renewables, both controlled by the Mossi & Ghisolfi Group. They have licensed the Proesa technology that can process any kind of biomass to the Brazilian company. “Our technology is agnostic and can be used with rice straw, hay, cane bagasse, eucalyptus etc. We carried out tests and saw that cane was currently the most viable but this could change in the coming years,” said Alan Hiltner, executive vice-president and new business director.

If and when the winds change

direction, the other producers do not run the risk of being left behind. For example, Embrapa Agroenergia has been developing a broad program to improve the 2G production process since last year. Most of its team is involved in researching raw material sources, e.g. biomass pre-treatment methods and enzymatic hydrolysis, fermentation, waste destination and sugar cane. The menu includes grasses such as panicum, braquiara and elephant grass, as well as sweet sorghum biomass, sorghum biomass and eucalyptus waste.

“All these species have great energetic potential. However, the commercial viability of their transformation into alcohol involves other factors, such as productivity, the harvest period, supply and, above all, prices,” said chemical engineer Cristina Machado. She is head of

research at the project which has brought some surprising results in the company’s laboratories in Brasília. “Sorghum and grass biomass outperform those from wood and cane bagasse. However, sugar cane has a tremendous advantage as it already has an industrial complex to process it.”

Sorghum is related to corn and is winning space with its sweet version as a complementary crop in the plantations. It grows quickly and appears in the field literally during the cane inter-harvest period which runs from December to March. Its use in ethanol production is expanding and an unprecedented breakthrough was made in 2011 when the Cerradinho plant at Catanduva (SP) distilled 1.4 million liters of fuel from a crop of around 1,200 hectares.



1 GranBio's experimental station in Alagoas: plant "orgies"

2 Homework: cane with more fiber and less sweetness from four countries

3 Sorghum plantation, in Minas Gerais

Industrial Technological Innovation of the Sugar Energy and Agricultural Chemical Sector (PAISS) has greatly increased the joint portfolio to finance second generation alcohol projects. This amount has rocketed by around 2,042% from R\$ 70 million to over R\$ 1.5 billion. "Therefore, it is no coincidence that the estimate for local production of 2G ethanol for 2014 has advanced from zero to 170 million liters, overtaking the Europe and only behind American expectations," said Mauro Borges Lemos, president of the ABDI.

The PAISS has chosen 42 busi-

2

With an eye on this great opportunity, Monsanto launched a big publicity campaign at the start of this year – in partnership with Novozymes and Case IH, an agricultural equipment manufacturer – for a hybrid specially for the crop. The project involved the setting up of five exhibition areas in São Paulo and Goiás, each covering 20 hectares. The aim of the initiative is to show interested parties that average alcohol production can be raised by the cereal from around 1,200 to 1,500 liters per hectare to 2,500 liters. "A number of plants are following this route," said Alfred Szwarc, manager of emissions and technology of Unica. "It is still at the experimental stage but the crops are showing interesting results. Besides obtaining 7,000 liters of ethanol from the cane extracted

per hectare, some producers are obtaining from 2,000 to 3,000 extra liters with sweet sorghum."

It is not by chance that the Sugar Cane Technology Center (CTC) has been preparing a research and development program for the species for the beginning of 2014. As with the Monsanto campaign, the

goal is to present producers with the dashing "newcomer" which it foresees will be quickly "promoted" to the second generation of alcohol. "Sorghum biomass actually has a great chance of being used in the production of cellulosic ethanol," claimed Robson Freitas, director of new business at CTC.

3



ANDRÉ CAIXETA



THE LINE GROWS

BESIDES GRANBIO and CTC, there are three other candidates to produce cellulosic ethanol in Brazil: Odebrecht, Raízen and Petrobras. However, these three are still in the analysis stage, examining the figures and scenarios. Odebrecht Agroindustrial is the domestic leader in producing electrical energy from a biomass base and is one of the main producers of conventional ethanol. It is pinning its hopes on partnerships to introduce the 2G into its menu of options. It has chosen two Finish companies – VTT, a specialist in bio-refineries, and Metso, a producer of capital goods – along with a Danish company Inbicon, which aims to have two cellulosic alcohol plants in operation by 2016, one in Denmark and the other in North Dakota.

Brazil's Cosan and the Anglo-Dutch Shell are both partners in Raízen, the largest first generation ethanol producer in Brazil, and well

ahead of the group from Bahia. The company's executives made a lot of effort to convince its board of directors to authorize an investment of R\$ 200 million in a second generation plant, with annual capacity of 40 million liters, at the Costa Pinto plant in Piracicaba (SP). One of the strongest arguments is its enormous "in-house" know how in the area, as the Raízen joint venture controls the American company Codelis, which is developing enzymes for biofuels. Raízen is a shareholder in the Canadian company Iogen which is a world benchmark in the sector. It has been producing cellulosic alcohol from grass and cereal straw since 2005 at a pilot plant in Ottawa that currently has a capacity of one million gallons a year.

"We are working to meet a great challenge: to build this plant and get it running by the end of 2014. I am sure it will be a great step for the sugar energy sector," Antônio

Alberto Stuch, executive director of Raízen, told the Pro Cana Brasil portal at the latest Ethanol Summit, held in São Paulo on June 27 and 28.

Petrobras has the greatest weight in terms of the group that aspires to second generation alcohol production. However, its position remains an enigma. It began researching cellulosic alcohol in 2004 and even announced at the end of the last decade that it would start production for 2012. It complied with the promise but only partly and directed 80,000 liters of the high tech fuel – distilled in the US by its partner KL Energy Corporation, from Wyoming – to a single filling station in Barra da Tijuca in Rio de Janeiro. The rest went to fill a fleet of 40 vans used to carry participants at the Rio 2012 international conference. The new goal is to put 2G in the BR filling station chain in 2015.

Novozymes, which is aware of



1 Brazilian know how: CTC's pilot plant in Piracicaba

2 Leap forward: the new ethanol boosts productivity per hectare by 45%

3 Rehearsal: "sampling" 2G at the BR filling chain during Rio 2012

ness plans to date, valued at R\$ 3.1 billion, through a bidding program – including the companies' counterparty. As the projects leave the drawing board, the gain in productivity of around 45% brought about by the new technology will allow estimated demand for ethanol by the end of the decade of around 73 billion liters a year to be met with less effort and land. The ABDI says 56 latest generation plants integrated to the traditional plants (an investment of R\$ 140 billion) would be enough

2

UNICA/TADEU FESSEL

the activities of Odebrecht, Raízen, Petrobras and even the pioneer company GranBio, and originally foresaw starting up production by the end of 2013, has decided to reduce the pace of its projects in Brazil. The Danish company holds 47% of the world market of industrial enzymes, and publically announced in May of last year the construction of at least another two industrial plants in Brazil aimed 100% at "cocktails" for the production of second generation alcohol. However, its executive vice president of business development, Thomas Videbaek, said this June that the works of the "new plant" (no longer two) would have to wait for enough demand to justify the investment. In the meantime, the supply of specific input for cellulosic ethanol will be responsibility of the unit set up at Araucária (PR), in the metropolitan region of Curitiba. "There has not been any big change in Novozymes's plan. It is only being postponed," said a sector source.

3



PETROBRÁS

THE ETHANOL AMBASSADOR

BEFORE HE even assumed the position of Minister of Agriculture on January 1, 2003, agronomist Roberto Rodrigues had agreed an action plan with the president-elect, Luiz Inácio Lula da Silva, which went well beyond Brazil's farmland and borders. The idea was to expand sugar cane internationally. Not only had the biofuel – that the new government intended transforming into a global commodity – been developed in Brazil in the 1970s but it wanted to involve everything associated with it, including plants, machinery, farming and industrial technology, cars and flex engines. It was, at the end of the day, an ambitious project to add value to Brazil's exports on a grand scale.

"President Lula was convinced that our domination of agro-energy technologies – biodiesel, ethanol and bio-electricity – represented a big geopolitical advantage for Brazil. Anybody can produce food but agro-energy involves know-how, availability of land, plants and sunshine the whole year round and forms a package we had," said the former minister who is now coordinator of the Agribusiness Center of the Fundação Getulio Vargas business school (GV Agro). "This geopolitical advantage would extend across the tropics – Latin America, sub-Saharan Africa and the poorest area of Asia, including Indonesia, from where the cane originated. All this area, with the potential to offset CO₂ gas emissions by replacing imports of fossil fuels by biofuels, would gain new weight on the world map."

The political advantage shown by Brazil which wanted to become

a world benchmark in the ethanol area aroused the interest of large foreign groups. A number of giants from the sector – such as Abengoa, BP, Bunge, Shell and Dreyfuss – have raised their banners in local projects over the last decade to produce alcohol from cane. Meanwhile, Lula and Rodrigues were traveling around the world to turn the dream into reality. As the much desired American market was closed at that time to Brazilian ethanol, the minister concentrated his efforts on Japan. His plan foresaw the construction of plants in the Philippines, Thailand, Malaysia and Indonesia with Japanese capital and Brazilian technology.

"I thought Japan would be a piece of cake as it had everything to make things work out," he recalled. "However, after great insistence on my behalf, the Japanese agricultural

minister told me: 'we are not going to swap our dependence on oil, where we have various suppliers, for dependence on Brazil where there is sometimes a shortage of ethanol'."

Rodrigues stayed in Brasília until July 2006. During his time as minister, for which he is still highly regarded, agribusiness related to alcohol changed level. Suffice to say that the domestic consumption of the biofuel, boosted by flex autos that run on ethanol and gasoline, expanded by 248.8% between 2003 and the end of the last decade, jumping from 4.3 billion to 15 billion liters year. As for his obsession with taking ethanol international, Rodrigues planted a seed that began to sprout the following year when he left the ministry. On March 9, 2007, President Lula and his American counterpart, George W. Bush, met in São Paulo and announced the formation of a

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strategic alliance between the two governments to encourage biofuel production in poorer nations. "This is not just an economic partnership. It is a partnership that will bring access to energy and help create income in many of the world's poorest countries," Lula claimed.

Africa, Central America and the Caribbean ended up being included in the initiative. Once the range was defined, a competition for the choice of the company responsible for the viability studies was carried out. The winner was the Fundação Getulio Vargas business school. This meant that Roberto Rodrigues, who took charge of its Agribusiness Center at the end of 2006, was back in the fight for ethanol without borders. "The international financial crisis upset things, of course, this bi-national plan but we managed to carry on," he said.

GV Agro preliminary analytical work covered around 15 nations, including the Dominican Republic, Guatemala, Honduras, El Salvador, Angola and Mozambique. The first stood out among the Central American group for a number of reasons including the existence since 2008 of a regulatory system for the addition of biofuel to gasoline. "The Dominican project that involves bioenergy and ethanol is already in the second stage and should be completed in 2014. If things work out, it will enter into operation in four or five years," he said.

In Africa, Rodrigues is betting on Mozambique. In this project – that relies on the resources from a fund set up by the governments of Brazil, Japan and Mozambique – led GV Agro to develop a program for the

"Nacala Corridor" in the north of the country. This program was inspired by the Pró-Cerrado program that has brought big gains in agricultural productivity in the Brazilian states of Goiás and Mato Grosso since the 1970s. "The Pró-Savana program takes into account the big similarities between the Brazilian Midwest region and the range of land limited to the west by the Nacala Port on the Indian Ocean. Our proposal for the region includes a strong agricultural project and an ethanol plant," said the former minister.

Ten years after becoming agricultural minister, this polite 71-year-old from Cordeirópolis in upstate São Paulo, continues to defend the export of all the know-how that Brazil has accumulated in the biofuel area. He believes he is convincing people. Proof of this is that the Sugar Cane Technology Center (CTC), in the town of Piracicaba, is carrying out orders – from clients abroad, including – second generation alcohol plants (see main article) and the Petrobras intention to distil first generation ethanol in Mozambique. The raw material would be the molasses produced by the Companhia de Sena sugar company, controlled by Petrobras in partnership with Usina Guarani, in the town of Marromeu, in the Sofala province. "The expectation is that we will finish the regulatory part of the operation by December of this year. In 2013, we set up a distillery and began the ethanol production in 2014," said Miguel Macedo, president of Petrobras Biocombustíveis, at the Brazil and Africa Conference: Option for Sustainable Development held in Maputo in November last year.

to meet the goal of 138 plants that would operate exclusively with the 1G technology. A rough estimate would be a saving of 82 plants, 328 million tons of cane and 4.7 million hectares of planted area. "Ethanol has been produced in the same way for 500 years. Brazil is now in a position to become the Saudi Arabia of second generation alcohol," was Hiltner's enthusiastic prediction.

The local producers' desire to become biofuel sheiks will start being tested in September when GranBio harvests its first crop from an area of 50 hectares in the Tabuleiros region, around 60 kilometers to the south of Maceió. The plantation is initially only working with conventional kinds of cane, from which only the straw will be used. The big step forward will occur in 2015, with the commercial planting of Cana Vertix, or energy cane seedlings, developed at the São Miguel dos Campos Experimental Station over the last two years. This was done by "marrying" commercial types of plants with the ancestral species that are more fibrous, prospected from germplasm banks in Brazil, Barbados, Costa Rica and the US. The varieties were planted in the town of Murici (AL), in the Serra do Ouro region which is good for flowering and, therefore, the most varied crossings. "We gave total sexual liberty in Alagoas to cane plants from the four corners of the world," Hiltner joked.

The energy-cane is tall and with a thin stalk and exceeds its more "modern cousins" in a number of ways. It has greater resistance to pests, has a working life cycle that is three times longer, can be collected any time of the year and has no problems with less fertile soils, so it does not compete with food produc-

tion. It also has great productivity of 200 tons per hectare, 135% higher than the average for conventional types. “Vertex is like the canes from centuries ago and is poor in sugar. What differentiates it and makes it special is its ability to generate four times more biomass, from which we extract the ethanol,” said GranBio’s vice president.

Developing a hybrid obviously gave the company’s technicians a lot of work. However, the project only became credible after a long analysis of the feeding habits of a minuscule and feared member of the animal kingdom, the isopteran, better known as the termite. This voracious insect has an enzyme in its stomach that breaks down the pulp molecules at the right point, transforming them into glucose – six atoms of carbon, 12 of hydrogen and other six of oxygen – from which it feeds itself. Under the GranBio method, the “digestion” is carried out



by an enzyme developed with the help of the Danish company Novozymes. The same principle was used to extract hemicelluloses from the cane molecule of another sugar, xylose (C₅H₁₀O₅). “The pulp alcohol production process is identical from then on to that of a common plant,” Hiltner stressed. “The detail is that three years ago, the ‘breakdown’ of the pulp through the enzymatic hydrolysis was not economically viable.”

The destination of the Gradin brothers’ 2G biofuel is already fixed. A large part will be sold to the Northeast, a region that has gone from being the largest sugar cane transformation center in the world in the 16th and 17th centuries to an “importer” of biofuel from other Brazilian states. The foreign market is also in mind, particularly the US, where the price of cellulosic ethanol is around 50% higher than the common version. It is worth noting that the large American consumers do not have as much freedom for

choice as the Environmental Protection Agency (EPA) made it compulsory for the new alcohol to be used in the US energy matrix. Domestic consumption will have to rise from 530,000 liters this year to 60.5 billion in 2022. “The European Union is also carrying out initiatives to encourage the use of cellulosic ethanol,” said Hiltner.

Like GranBio, the Sugar Cane Technology Center (CTC) is counting down to the takeoff of 2G biofuel. Seven years after beginning studies with biomasses for the production of the “future alcohol”, the Center’s technicians foresee the entry into operation of its exhibition plant in June 2014, in a semi-industrial way. It will be integrated to the São Manuel plant in the eponymous town in upstate São Paulo. The plant will have capacity of three million liters a year – 20 times higher than the pilot plant installed at the end of the last decade at the CTC headquarters, in Piracicaba (SP). However, it should only start functioning fully around



DIVULGAÇÃO



1 Conventional production plant: synergy with the new technique

2 GranBio's Hiltner: Brazil could become the Saudi Arabia of 2G

3 Lemos from ABDI: local production will be higher than that of Europe

years,” Freitas said. “I have no doubt that the second generation ethanol will be cheaper than first. That is because it will get a ‘ride’ on the entire infrastructure of the sector and still bring about an increase of 40% to 50% in alcohol production per hectare.”

The arrival of a new and modern domestic industrial infrastructure in the biofuel area will ensure the CTC has a visiting card for an ambitious step in the medium term. The aim is to follow the path opened last decade by Professor Roberto Rodrigues, who was the agriculture minister from 2003 to 2006, and go international with 2G ethanol based on sugar cane technology. (See Box on page 56.) “The focus is to sell in Brazil and meet the needs of the productivity of national sugar energy industry first of all. However, we want also to look at the external market in the second stage,” Hiltner added.

2017. As the Center has been providing services to the cane plantations since 1969, it received special attention from the PAISS, BNDES and Finep. A decision was made in January that it would receive R\$ 227 million, equivalent to 11.3% of the total foreseen for the program to the middle of the year.

“We are investing R\$ 80 million in the construction of a new plant. The resources have been invested since 2007 and, combined with the operating spending, should come to R\$ 130 to R\$ 140 million,” said Robson Freitas, the new business director.

However, the second generation ethanol production is not the main aim of the project. The idea is that the exhibition plant, as its name would suggest, will be a kind of industrial showroom for the sale of 2G plants to first generation producers. It was created in partnership with Andritz, an Austrian manufacturer of capital goods, and the package consists of 11 pieces of equipment,

including a creation by two people of a rotating valve used to introduce biomass into the pre-treatment reactor. “We will offer turnkey solutions completely integrated to conventional plants,” said Freitas. “After the initial contacts, we will visit those interested, analyze their conditions, needs and goals and then develop tailor-made projects.”

After the technicians have finished the “fine tuning” of the machines in São Manuel, that should occur from the end of 2015, the product will start being offered to the target public of 100 to 200 of the larger traditional plants. If everything goes according to plan, the first orders will be delivered at the end of the decade when the second generation alcohol will be in a position to measure up to the common version. “The enzymes that are currently responsible for 40% of the 2G production costs have plunged in the last eight years from between R\$ 70 and R\$ 80 a kilo to R\$ 7. If this continues, the prices will become attractive in four or five

3



DIVULGAÇÃO

Create to compete

Despite low local investment in R&D, large and small Brazilian companies are making their mark abroad thanks to originality

SUZANA CAMARGO

The heavy accent leaves no doubts: the electrical engineer Cleber Manzoni is from the interior of São Paulo. Those listening to the calm, simple way that the 40-year old businessman speaks could hardly imagine he owns one of the 50 most innovative companies in the world, as per a ranking compiled by the famous US magazine Fast Company this year. Much less that he left behind a certain William Henry Gates III – that’s right, the multibillionaire Bill Gates, founder and owner of Microsoft, one of the biggest corporate legends of recent decades.

Created and still run today by Manzoni, Enalta, based in São Carlos (São Paulo) ranked 43rd, five positions ahead of the Seattle giant. The company is focused on agricultural automation, a fertile segment for business service creativity. “We identified a series of problems in the sector. We thus realized that we were faced with a great opportunity”, recalls the engineer.

The producer of fleet tracking, control and management software, among other things, is doing really well. Its absolute numbers are, of course, still light years behind the creator of the Windows operational system. But in relative terms, the performance is stunning. Between 1999, when it was created, and 2012, the company’s revenues grew 1,100% – from R\$1mn to R\$12mn.

Enalta, based in São Carlos, surpassed Microsoft in the Fast Company ranking

Revenues are fueled by the never-ending launch of products, many of which are already regularly crossing the frontiers towards neighboring countries.

For Fast Company, what really matters, however, are not performance indicators strictly speaking. The publication mainly takes into

account the impact caused by well-conceived products and services, in the respective sectors of operation and in society as a whole (*see ranking*). This is the case of Enalta, dedicated to a segment seriously focused on gaining productivity, and of three other Brazilian companies listed by the magazine among the big boys in South America: Netshoes, a huge success in online sales of sporting goods; Tecsis, which produces blades for wind-powered turbines; and GranBio, which is about to become one of the world’s first producers of ethanol pulp (*see report on page 48*).

All four companies are unquestionably innovative, but not just for pulling rabbits out of their hats. Steve Jobs, for example, caused massive ripples with his Smartphone, but he didn’t settle for that. The founder of Apple (13th in the Fast Company ranking) knew perfectly well that, in a short space of time,





Rural automation:
responsible
for the success
of Enalta

sor Silvana Pereira, a specialist in Organizational Innovation and founder of the Innovation Forum of Fundação Getúlio Vargas (FGV), in São Paulo, the secret to taking things to the next level is precisely in anticipating market trends. First movers seize the advantage. But the movement is always a risky one. “In addition to managing the business as usual, i.e. the daily run-of-the-mill operations, organizations need people thinking about the future”, she says. “But this in turn assumes that the company has at its disposal vast human and financial resources to run daily operations and plan the future”.

More often than not, most companies are swamped by the daily operation and unable to invest in new things. This is to be expected, since it is really difficult to think, and invest, in something that will not bring an immediate return. “The immediateness of the daily operation gives a false illusion of safety”,

his competitors would start producing similar products. He sought to quickly develop new consumption dreams for the *i-Generation*, and met, to perfection, the first of the “14 commandments” of 200 Brazilian businessmen interviewed by the recent Global Innovation Barometer survey (compiled by General Electric - GE). In other words: “Understanding clients and anticipating market progress” (see page 61).

Netshoes will say a big amen to that. Created at the end of the last century, the company initially opted for conventional retailing activities, setting up a chain of 10 stores in São Paulo. Its flight would have been a short one if, shortly after, it hadn’t boldly betted on the Internet. It surfed the growth and popularization of e-commerce in Brazil and became a success case in the area.

Its growth rates are exponential, as its revenues multiplied forty-fold (yes, that’s right, 40) in the last five years, ending 2012 with around R\$1.2bn. Its stunning success in Brazil gave Netshoes the confidence to

expand: the virtual store now sells sporting goods in Argentina and Mexico. Specialists believe it will be one of the pioneers of Brazilian e-commerce on the stock market.

In the assessment of Profes-

ON THE CREST OF THE WAVE

THE WORLD’S most innovative companies*

- 1 Nike (US)
- 2 Amazon (US)
- 3 Square (US)
- 4 Splunk (US)
- 5 Fab US)
- 6 Uber (US)
- 7 Sproxil (US)
- 8 Pinterest (US)
- 9 Safaricom (Kenya)
- 10 Target (US)
- 11 Google (US)
- 12 Airbnb (US)
- 13 Apple (US)
- 14 Coca-Cola (US)
- 15 Pig Newton (US)
- 43 Enalta (Brazil)

THE SOUTH-AMERICAN RANKING

- 1 Enalta (Brazil)
- 2 MercadoLibra (Argentina)
- 3 Prosperitas Capital Partners (Uruguay)
- 4 GranBio (Brazil)
- 5 Authenware (Argentina)
- 6 Tectis (Brazil)
- 7 Netshoes (Brazil)
- 8 Kaszek Ventures (Argentina)
- 9 Inetsat (Uruguay)
- 10 Fuerza Bruta (Argentina)

*The vast majority operate in the digital media and internet sector
Source: Fast Company – The World’s Most Innovative Companies 2013



FOTOS: MATHIAS GRAHER

warns Silvana.

Holder of no less than 650 deposited patents in Brazil and abroad, Braskem, the petrochemical arm of the Odebrecht group, gained international prominence in the area by launching, at the end of the last decade, a sugarcane ethanol-based polyethylene. The “green plastic” is made at a unit at the Petrochemical Complex of Triunfo, in Rio Grande do Sul, with capacity for 200,000 tonnes per year –equivalent to 25% of the global market for this raw material, used in the packaging industry. Around 85% of production is exported, mostly to Europe and the US. “It was a global landmark, making Brazil the largest producer of biopolymers in the world”, says Luis Cassinelli, director of innovation at Braskem. “Today, the ‘green plastic’ is present in hundreds of products, in several countries”.

A sector giant, the company is following to the letter of the law the recipe for success of Professor Silvana, from the FGV. In other words, it has vast resources and thinkers focused on the future. Last year, its area of Innovation and Technology consumed R\$188mn of the organization’s budget. The division has teams in Brazil, the US and Europe working alongside two Centers of

Technology and Innovation – one at Triunfo, another in Pittsburgh, in Pennsylvania. It also has 24 laboratories and eight pilot-plants spread across Brazil and the US.

Overall, 330 specialists are focused on a portfolio of 242 projects. The team is highly productive. Last year alone, 26 professionals deposited patents. They all received trophies in recognition of their creativity. “Innovation is in the DNA of Braskem and is part of its operating strategy. Our aim is to meet the

27% of Braskem employees have PhD or Master’s degree

needs of clients and propose new, value-accretive solutions”, says Cassinelli.

Despite the slightly patriotic tone, the comments correspond to the facts. The subsidiary of the Odebrecht group is gearing up to seek products capable of surprising. At the end of the day, 14% of its headcount have a PhD and another 13% have a Master’s degree. “Qualified labor is vital to innovation”, notes

Ricardo Jabace, head of the financing area of the Brazilian Innovation Agency (Finep). “Asian countries were able to change their history via education”, notes Professor Silvana.

Every businessman knows that recruiting creative and qualified personnel is a tough task. And perhaps even more difficult is hanging on to these hotshots. Frequently, high salaries and generous benefits aren’t enough as talented, intelligent professionals like to be highly involved and excited with what they’re doing.

To let their imagination and creation flourish, a lighter organizational environment is needed. The heads of departments need to create internal spaces and forums to stimulate debate, interaction and communication. “The organization needs a fertile environment for people to express themselves and create. And this arises from an intention, i.e. a leadership”, analyzes professor Silvana, from FGV. “The organization should be free, with no restrictions, with fewer hierarchies and bureaucracies”.

It should also be open to external ideas and knowledge, an attitude that is a million miles away from the



2

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| 1 The Triunfo Complex: Braskem's think-tank | 2 "Green plastic": 100% Brazilian technology |
|--|---|

model followed by the majority. At many companies, for example, there is strong prejudice against the academic universe. "Those who know, do; those who don't, teach", so goes the old conservative saying, explaining Brazil's low investment in R&D (as a % of its GDP). On average, Brazil channels around 1% of GDP to R&D, versus 3.4% in Japan, 2.8% for Germany, 2.7% in the US and 1.5% in China. And with a fundamental difference: 66% of domestic volume is financed by the State and the rest by the private sector, in contrast to most other countries.

Braskem, once again, is an exception to the rule. Despite a loss of R\$738mn last year, there were still sufficient resources for its PhD, Master's and post-graduates to plough ahead with their projects. And the company is constantly partnering up with universities and research centers. One of the biggest partnerships was finalized in 2010 with the National Bioscience Laboratory (LNBio) in Campinas (São Paulo). "We developed research in processes, using biotechnology. And we expect them to open up new horizons, broadening the range of our renewable products", reveals Cassinelli.

It was precisely in the academic

milieu, in fact, that Enalta was created in 1999. During his university course, Cleber Manzoni worked on scientific initiation in the area of agricultural machinery instrumentation at Embrapa (Brazilian Agribusiness Research Company) – a global reference in good sector ideas. So there was strong demand in Cat-

anduva for agricultural automation. The expertise acquired in his scientific studies helped Cleber understand producers' needs. "I spoke to Embrapa to see if we could adapt some technologies for the sugarcane sector. Mechanization was on the rise and I knew that the next step would be machine automation", he recalls.

To consummate the know-how transfer process, they had to open a company: Enalta, whose main product is a software that, via sensors and GPS, helps monitor seed planting, crop spraying, irrigation and harvesting. Its revenue doubles, on average, every year. In 2011 it was R\$5.5mn, then R\$12mn in the following year. Growth is expected to be less this year, with revenues totaling R\$15.6mn.

Strong demand for rural automation systems has so far created, believe it or not, challenges for the company. Manzoni had to invest in sales and post-sales services to handle everything. He thus turned to the BNDES (Brazil's Development Bank), which bought 49% of Enalta shares via Criatec (the BNDES' Seed Capital Investment Fund).

With capital now in its coffers, Enalta continues to put nearly all its chips on R&D. Of its 92 employees, 25 are exclusively dedicated to R&D, a sector where resources certainly aren't in short supply. Each year, the company's creative area receives 20-25% of gross revenue and its work is already recognized abroad. Exports to Peru and Colombia currently account for 10-12% of total revenue and this percentage share is set to grow. "For a Brazilian company to be competitive on the international scene, it needs to have the same innovation investment standards as international competitors", notes

HOW TO TAKE THINGS TO THE NEXT LEVEL

MAIN SKILLS of innovative companies*

- Understand clients and anticipate market moves
- Attract and retain innovative people
- Develop new technologies
- Identify and work in collaboration with the best partners
- Create an environment and culture that lead to innovation
- Manage and assume risks
- Invest in long-term innovative projects
- Allocate a specific budget for innovative activities
- Challenge current practices and ways of doing things
- Store data inside and outside the company
- Create an innovation model with a structured corporate process
- Detect innovations with low potential straight away
- Create new business models
- Attract investors to finance innovative programs

*Essential virtues for innovation, in the opinion of 200 Brazilian businessmen
Source: GE Global Innovation Barometer



1
ENEIDA SERRANO



2

Ricardo Jabace, head of Finep.

The Brazilian government has made moves in recent years to boost domestic research and development of technologies. One example is the Science without Borders program, launched in July 2001, which aims

to grant up to 101k international study grants to students of graduate and post-graduate courses. On the domestic front, development initiatives involve everyone from micro-companies to large groups. Created in 2007, Ciatec (a funding source

also tapped by Enalta) distributed around R\$80mn to small businesses with a creative profile. The Joint BNDES-Finep Support Plan for Industrial Technological Innovation in Sugar-Energy and Sugar-Chemical Sectors (Paiss) was created in 2011

CAMBRIDGE UNIVERSITY HERE

THE MAIN gateway of companies at Campinas State University (Unicamp), the Inova Innovation Agency is responsible for the areas of intellectual property, transfer of technologies and management of Unicamp's Science and Technology Center. Since 2011, Inova has been a partner of Cambridge Enterprise, which performs the same role for the famous University of Cambridge in the UK. "We are organizing several projects for the exchange of experiences and information", says Vanessa Sensato, communication manager at Inova. The British researchers, says Vanessa, organized

seminars, workshops and visits to Unicamp and the Brazilians visited Cambridge. "It is a source of inspiration for innovative, successful ideas".

The English are developing projects and research for major international brands such as Rolls Royce, Unilever and Hitachi. They also have professors fully sponsored by companies such as Shell, Tata, Disney and Dyson. Next year, the agency plans to submit a study on innovation management bottlenecks at Brazilian universities to the Brazilian government. Of course, the British are also eyeing Brazil's private sector. "We want to attract more

Brazilian companies to discover the technologies developed at Cambridge", reveals Jefferson Manhaes, innovation manager of the United Kingdom Trade and Investment (UKTI) Brasil.

Despite their shorter track record, Brazilian universities are also important sources of innovation. It was thanks to the research of two professors from the USP (São Paulo University) campus in Ribeirão Preto (São Paulo), for example, that the company *Pele Nova Biotecnologia* developed products for regeneration of human tissues. After 16 years of extensive research and clinical stud-



HANDOUT NETSHOES

1 Manzoni: “We only grow with new products”

2 Netshoes closed stores and took off

3 University of Cambridge: eyes on Brazil

chunk of its budget and resources to support entrepreneurial companies. “The more innovative the development, the greater the risk. So the government has to help mitigate companies’ risk and support innovation”, says Luis Cassinelli, Braskem director.

Our old infamous friend the “Brazil Cost” is another obstacle to corporate creativity. To give you a rough idea of government red tape delays, companies trying to register a patent at the National Intellectual Property Institute (INPI) wait, on average, 6-8 years – a delay that, according to INPI, should fall to 48 months by 2015. In the US, the analysis for obtaining a patent takes half the time: 3-5 years.

“In terms of the patents awarded to Unicamp by INPI last year, some that were deposited in 2000 and 2001, surpassing the 10-year analysis period”, reveals Vanessa Sensato, communications manager at the Inova Innovation agency, part of the university. “Deposited, but not

authorized, patents may be licensed, but since they don’t bear the INPI approval seal they represent more risk to the company planning to invest to take it to the market.” It’s another factor discouraging companies from licensing academic technologies.

Creativity is fundamental in internationalization. There are some large (but still very few) Brazilian names like WEG, Embraer, Embrapa and Braskem showing that there’s no going back on this route. Our little friend Enalta continues to plough the same route. “Our sales are soaring due to the new technologies we put on the market. We don’t grow with already launched products, just with new ones”, reveals Cleber Manzoni, the engineer from São Paulo’s countryside who left Bill Gates in the dust. “Each year, on average, over 50% of our revenues come from a new product launched abroad in the previous year.” Steve Jobs gives a big amen to this strategy.

and has set aside R\$1.5bn to finance second-generation ethanol projects.

Things have got better, no doubt, but there’s still a lot to do. In fact, only 35% of the businessmen interviewed by the GE Barometer believe the government allocates a decent

ies, the company launched Regederm, made from active ingredients found in latex, a typically Brazilian raw material. The medication is used for treating and healing skin wounds. Recently, the national lab closed a partnership with US company Valeant, which is now making the product.

Renowned businessman Ozires Silva, founder of Embraer, is behind the investment for developing this new product. He believes Brazil still needs to be bolder when taking business risks. “It is a contradiction in terms that we have the world’s largest biodiversity and yet we import raw material to produce medical drugs”, he says.

3



The way ahead with technology

The good use of technology is crucial to increase the competitiveness of companies - regardless of their size - and Brazil

ANTONIO GIL *

For a long time, the use of Information and Communication Technology (ICT) in companies was regarded as a differential that was restricted to organizations that were extremely complex to manage and operate. Nowadays, ICT is emerging as the main engine of growth

to respond in their decision making, obtain greater visibility, predictability and certainty in their transactions and integrate their processes. Other advantages include raising the analytical capacity of the information. This is one of the most important assets a company can have at a time when 2.5 quintillion bytes are created every day. We are living in the era of Big Data.

Brazil is the world's 4th-largest ICT market after the US, China and Japan

and innovation for companies and is as linked to their expansion as the mechanization of production systems was the leading force in the Industrial Revolution.

Using technology well is the factor that brings about the greatest transformations inside an organization – regardless of its size. Companies that use ICT are faster

Brazil is the fourth-largest ICT market in the world, behind the United States, China and Japan. It is a power in this sector and has outstanding multinationals, such as BRQ, CI&T, Itaútec, Tivit, Totvs and Stefanini, amongst others. In terms of the sector's expansion, only China, which increased by 11.7% in 2012, beat Brazil's growth rate of around 10%. Brazil exported about US\$ 2.5 billion in 2012, 10% more than in 2011. The software segment jumped by 24.5% in the same period, a figure that highlights the Brazilian

technological market's growing maturity. ICT accounts for 7% of GDP and has been gaining increasingly greater weight as a direct result of the pursuit of efficiency gains in all areas of the economy.





Companies that exploit technological resources gain higher productivity and become more competitive. The Symantec Global 2013 Survey of Small and Medium-Sized Businesses - IT Confidence Index

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showed that 81% of companies confirmed that the strategic use of technology to boost business was efficient - or extremely efficient — in increasing their market share.

Likewise, a survey this year of Small and Medium-sized Enterprises (SMEs) by Oxford Economics commissioned by SAP showed that SMEs worldwide are adopting new technologies to confront the international competition and raise their efficiency. The study carried out with 2,100 executives of SMEs in 21 countries – including Brazil – also showed that more than half of those interviewed were forming more partnerships with suppliers abroad. Almost two-thirds of them strongly believed that technology helped longevity and sustainable growth and they highlighted cloud computing and social networks as important facilitators.

The SME segment deserves special attention in itself. Bearing in mind the contribution these small companies make to economies, governments throughout the world are creating incentives to allow SMEs to start using technology. For example, the Canadian government's *Business Development Bank* created a fund in 2011 to support the adoption of ICT by providing loans of up to US\$ 50,000 to SMEs which aim to invest in hardware, software and consultancy services. The governments of Hong Kong, Japan and Thailand have made management and efficiency tools based on ICT available to the SMEs, with particular emphasis on cloud data storage solutions.

The Brazilian federal government recently launched its accelerated Growth Program for Small and Medium-sized Companies (PAC-PME), which aims to create solutions for the continuous and rapid

growth of the SMEs and increase their long-term competitiveness. This will be achieved by providing them with six resources: Education, Growth Capital, Digital Presence, Competitiveness, SME Show Room and Investors. This is an extraordinary initiative but where is ICT among these elements?

However, there is a fundamental step to be taken before micro, small and mid-sized companies implement ICT: entrenching in the management culture the need for the entrepreneur to extract the resources ICT offers to the maximum. Brazil has been making great steps forward in this sense through excellent initiatives.

Sebraetec, for example, is an initiative created by the agency that

What price will small and mid-sized companies pay for not using ICT?

looks after small companies (Sebrae). It allows companies in the industrial, commercial, services and agricultural sectors to have access to existing technologies on the market and provides subsidies for the costs of technological consultation.

The Inovativa program of the Ministry of Development, Industry and Foreign Trade – MDIC offers benefits, such as coaching and networking with specialists from various areas, opportunities to present the business to large investors and access to specialist content.

The Start-Up Brasil initiative of the Ministry of Science, Technology and Innovation – MCTI helps start-up technology-based companies by providing guidance from their conception to insertion in the market-

place. They receive management guidelines on how to become investment targets from accelerators and expand the potential of their growth and competitiveness.

Cloud computing is absolutely essential in terms of increasing companies' competitiveness. Not only does it bring a significant reduction in spending on servers, maintenance, licenses, electrical energy, specialist labor and internal infrastructure, amongst other costs, but it also gives organizations infinite mobility (another essential requirement) to access their applications. This means companies' resources can be available anywhere in the world – a fundamental step in expanding their share of the global market.

The benefits which ICT brings to companies also include improvements in the internal controls of operations, client attendance and the quality of the service. By using technologies, organizations can also close gaps in their productivity. Moreover, against a globalized backdrop in which organizations are making their processes more international, it is essential to make sure that Brazil is one of the main destinations of this world trend.

When we expand the view of society in relation to the importance of technology, showing that it operates in an encompassing manner and brings improvements in all social dimensions, we will have a country with a level that is completely different from the present. Nowadays, with so many benefits provided by technology, the question we should be asking is: what is the price of not using Information and Communication Technology in companies and other areas of society?

Global Ambition

How technology helps small and medium-sized enterprises venture outside their home countries



A large number of small and medium-sized enterprises (SMEs*) from a number of countries are beginning to plan their strategies on a global level and regard technology as an important ally in the process of expanding their activities beyond their national borders. This is the conclusion of a survey which the technology multinational SAP commissioned from Oxford Economics. The survey, which was released at the beginning of August, consulted 2,100 executives from SMEs in 21 countries, including Brazil and other Brics nations, as well as Germany, Australia, France, the United States, Indonesia, Italy, Mexico and Poland, amongst others. According to the study, technology can help smaller

companies enter markets that had previously been off-limits. However, the use of technological tools has even greater room for expansion. Take Brazil, for example. Sandra Vaz, the SAP vice-president of sales for ecosystems and channels in Southern Latin America, estimates that only 20% of the companies for which the adoption of management software is recommended - those with an annual turnover of more than R\$ 1 million - use this kind of solution.

She believes software to manage internal processes and customer relations could help SMEs win clients and maintain loyalty as the expansion of *e-commerce* now allows clients to change their minds at the very moment of buying with a sim-

ple click of the mouse on their computer or smartphone screen. "The development of technologies, such as cloud computing, has helped create solutions that are suitable for this size of company," Sandra said. Some of the main findings of the survey are presented below:

Brazilian SMEs are increasing their global focus: almost 28% generate revenues from the domestic market alone, a ratio that should decline to 20% within three years. This means that 72% are currently placing their products and services abroad in some way

Expanding the supply of their products and services is currently the main concern of 48% of Brazilian SMEs, with 34% of these giving priority to global expansion

- In Brazil, 12% of SMEs already carry out business in six or more countries, a number that should rise to 24% within three years. This ratio comes to 15% at international level and should jump to 35% within three years.
- The creation of a culture of innovation is regarded as a leading priority in the process of global positioning and was raised by 39% of the Brazilian SMEs interviewed. (This ratio falls to 34% for the average of the countries analyzed.)
- A fall of 30% in the number of companies carrying out business only in their own countries within three years is expected among the 21 markets which

were surveyed. At the same time, the number of those which obtain over 40% of their revenues from abroad should expand by 66%.

- Almost 40% at world level referred to the formation of strategic alliances and partnerships as a challenge to be faced by those that want to position themselves on the global market.
- Cloud computing technology among the Latin American SMEs should increase by 22% within three years while mobile technologies are set to expand by around 47%. Currently 47% of these companies use some form of business management solution.

*Companies with annual revenues of between US\$ 20 million and US\$ 750 million

An algorithm that is worth gold

The recipe created by a former university student led Devex to supply mine management systems to giant companies like Vale and Anglo American

ANTONIO CARLOS SANTOMAURO

Brazil has been a large exporter of minerals since the 18th century. Firstly, by the Portuguese colonizers who shipped tons of gold to Europe and more recently by powerful domestic companies, such as Vale which runs its operations on a global scale. Now Brazil has another young up-and-coming star rising behind Vale and other sector giants which is supplying state-of-the-art technology and innovation and assuming an increasingly international dimension: Devex, a company specializing in developing softwares and IT systems to manage and optimize specific mining activities.

The company was founded in Belo Horizonte where its head office is still located. It currently has an office in Chile, is setting up another in Mexico and has an executive on standby to start in Australia.

Its products, which monitor processes in operations related to the extraction of a wide variety of minerals, such as iron ore, phosphate, copper, gold, nickel, niobium, bauxite etc, are used in these markets as well as countries like Angola, New Caledonia and Brazil.

Devex's portfolio of interna-

The company has 85% of the Brazilian market and is growing by over 20% a year

tional clients includes some of the world's largest companies in the sector, such as Anglo American, AngloGold Ashanti, Kinross, Yamana and Fresnillo PLC. The list of companies that use its products on the domestic Brazilian market also includes large concerns like Vale,



CSN, Companhia Siderúrgica de Tubarão and Votorantim. "We have around 85% of the market share in Brazil and business is growing constantly at annual rates of over 20%," said CEO Guilherme Bastos Alvarenga.

Expanding is the company's obsession. The transition from a micro to a small company (turnover of R\$ 2.4 million according to the criteria of Brazil's development bank, the BNDES) occurred in 2003 and it then gained medium-sized status four years later (R\$ 16 million turnover). The forecast for the current year is R\$ 60 million, of which 20% should be generated abroad. Al-



Front line:
operating the
SmartMine
system in a
mine in Latin
America

THINKSTOCK

varenga intends multiplying these figures much more aggressively by the end of the decade. “The goal is to raise the share of the international market to 80% within five years when we want to be 10 times bigger than we are at the moment.”

One of the main contributors to this expansion is a product the company claims is a “global innovation”. It is a system that allows all the processes within a mine to be managed integrally and not only the fleets, the segment which Devex had previously concentrated on. This breakthrough product also ensures control over the operating safety of pipes, sensors and other equipment, and even the workers and their tasks.

The product was unveiled at the end of last year and this latest gener-

ation “big brother” has special versions for underground and open cast mines – called SmartMine UG and Extreme, respectively. The launch is

Attendance team works 24 hours a day, seven days a week

being carried out for the first time in a mine in Mexico and negotiations are underway with two other clients.

Devex’s name is a shortened version of the term “development expertise” and the company set off on its upward course in 1997 when Alvarenga was working at the Casa de

Pedra iron ore mine that belonged to CSN. He was also studying for a master’s degree in Automation Engineering at the Federal University of

Minas Gerais (UFMG).

In his academic work, he had developed an algorithm – a sequence of computerized instructions, including mathematical models – that was capable of optimizing the logistics process

in mines and was compatible with the software used to control the daily operations of the fleet. The system used until then had only managed this logistic but had not optimized it.

With an eye on the potential of developing the program, Alvarenga acquired its rights from CSN, added

Small but outstanding

YOU DON'T NEED TO BE BIG TO GO INTERNATIONAL

his algorithm and set up the business in combination with two university colleagues. Its first client was CSN. The company initially also operated in other technology areas but started dedicating itself exclusively to mining in 2002. "It was the right decision as this market has grown enormously," Alvarenga said.

Devex took advantage of the sector's expansion and attracted the

simulation of mining environments.

He would not reveal the size of the investment made by Fir but said it was crucial in the company's international expansion process. It set up its first office abroad that same year in Chile where there are now 25 staff. The following step was to open an advance post in Mexico several months later. The office is based in Guadalajara and identi-

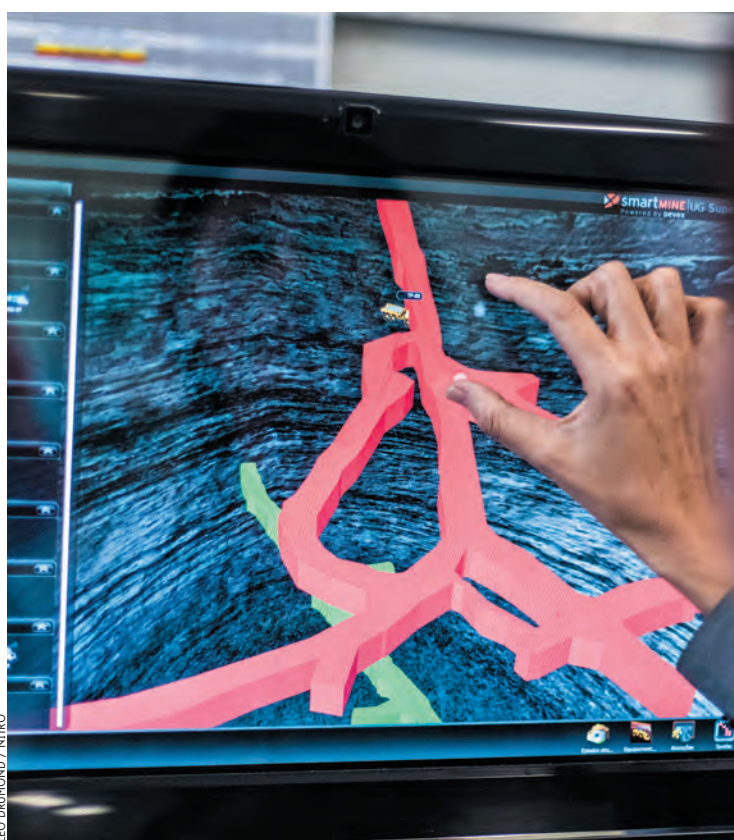
in countries such as India, Russia, Uzbekistan and Ukraine, and nominated a representative in Iran this year. It will now carry out similar negotiations for markets such as Peru, Argentina, Colombia and New Caledonia.

The internal sales team is split and focuses on four specific regions: Africa; North America and Europe; Latin America; Asia and Pacific; and



GETTY IMAGES/ISTOCKPHOTO/ SERHIY ZAVALNUK

LEO DRUMOND / NITRO



attention of Fir Capital, a venture capital company which invested in the enterprise in 2009. Alvarenga thought the new partner would allow Devex to grow organically as well as through acquisitions but the first course has prevailed. The company has only made one acquisition since then: in 2011, it bought the Brazilian company MineInside that develops systems for the virtual

fies and explores opportunities not only in Mexico but also in Central America. Its profile will be similar to the Chilean operations, with the sales team backed up by a structure dedicated to supporting clients' activities.

Devex is also expanding its team of representatives. It formed a partnership last year with a Canadian company to sell its products

Brazil and South America. These teams have the freedom to operate individually or with the support of the international offices and the representatives abroad. The team members are looking with interest at a group of around 200 mining companies, most of them located abroad.

To get even closer to these and other potential clients, Devex takes

1 Open cast: mine abroad monitored with Devex know how

2 At the touch of a finger: SmartMine system screen in control room

3 Alvarenga: goal is to expand revenues ten times by 2018

part in some of the main sector events in Brazil and abroad. These include MINExpo, which is held every four years in Las Vegas, and Exposibram, which takes place every two years in Belo Horizonte. "It was at a trade fair that we started a relationship with our second international client, from Chile. At that time, we were opening our office there," Alvarenga recalled. "The

but also to ensure that we maintain close relationships with existing clients," he said.

The VIP treatment is based on an attendance structure that provides permanent support – 24 hours a day, seven days a week – and products and services tailor-made to the client's needs. Devex also has a remote registration of possible er-

"global innovation" that may be the brand's outstanding differential. "We may be the only global supplier today with a tool that can manage all the processes in the mine," Alvarenga pointed out.

There is no shortage of business for the company, in Brazil and abroad. The mines in Brazil using automated fleet systems – still



first buyer appeared thanks to a South African representative and resulted in our technology being used in a mine operated by Russian in Angola."

Devex's sales activities and merchandology are centralized on a marketing and sales department which has a specific area for the international market. "This division is very focused on developing new business

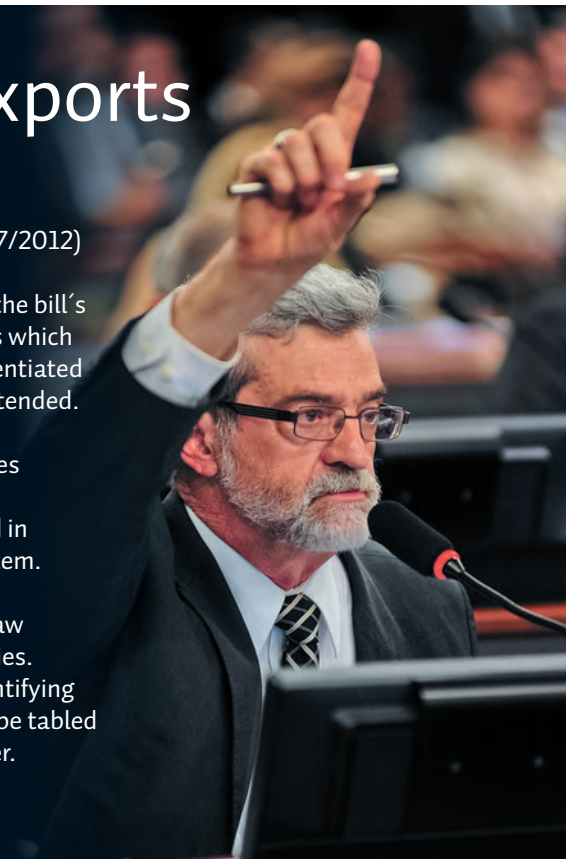
errors that could occur in the systems installed in the mines. The clients' own description forms the basic information on which the support and maintenance teams act.

The company's "brain" is located in a research and development center in Belo Horizonte where around 40 of its 230 employees work. It was this group that was responsible for the conception and birth of this

Devex's main product – do not amount to 40%. The ratio is even smaller abroad, amounting to less than 25%. "The percentage is higher in Brazil simply because of our presence," said Alvarenga who knows the exact path to follow to conquer the world. "Mining is a globalized activity. The sector's suppliers will also need to have an international presence."

Fewer taxes, more exports

A committee of the Brazilian Congress is examining a bill (237/2012) that would alter the current law on small and medium-sized enterprises. Or rather, it aims to “perfect” it, in the words of the bill’s sponsor, Pedro Eugênio. He believes that the fiscal incentives which are currently concentrated on the “Simples” system, a differentiated tax model covering micro and small companies, should be extended. However, the bill would also force the governments to carry out specific tenders for these companies and touches on issues related to foreign trade. For example, including the services sector in the list of items where the exports can be accounted in the way that favors companies enrolled in the “Simples” system. (The current law only encourages exports of products.) Eugênio acknowledges this and says that just changing the law will not bring about more exports for small Brazilian companies. “This also depends on Items such as training and help in identifying opportunities,” he said. The Congressman expects his bill to be tabled for a vote on the House of Representatives agenda by October.



BRIZZA CAVALCANTE

Virtual international manager

InTrade software is free and allows small and mid-sized companies to manage their international transactions, beginning with their skills, or lack of them, in foreign trade and passes through different stages of negotiations - such as calculating prices, packaging data, the choice of transport and even the specific transactions in the operating stage. One example is contracting insurance and customs consultants. The software was created by InTradeBook, a company from Santa Catarina state. The software is available on the site <http://www.intradebook.com/>. It also provides the documentation needed for international business in five languages: Portuguese, English, Spanish, French and German. It is currently only suitable for foreign trade in products but this will be expanded to the services sector. “We intend launching a version for services this year,” said Alfredo Kleper Lavor, In TradeBook’s founder and director.

He says InTrade is used by around 4,500 companies from 26 countries. However, the decision to make it freely available from last March could raise the number of users to 20,000 by the end of this year. This larger public should consolidate the business model that is now being projected for the product: inserting advertising from those interested in communicating with small and medium-sized companies involved in foreign trade. The change in the In TradeBook business model has been accompanied by an expansion of its support network as it is still a small company itself: It was chosen to be integrated to the award-winning incubator from Santa Catarina, MIDI Tecnológico, in the virtual category this August. In April, it was included in the list of the 20 members of the first training program for startups by the small business support agency Sebrae in Santa Catarina.

1 Congressman Pedro Eugênio: calling for more benefits from the "Simples" tax system

2 Moslem woman entrepreneur: ahead of Brazilian women

Little guys on the trading floor

A stock exchange that will give small and mid-sized companies access to capital is set to start operations in Brazil in 2014. Well, this is the timescale announced by ATS Brasil which made a formal application to set up the new exchange to the Brazilian Securities and Exchange Commission, the CVM, in June. ATS Brasil was founded to operate in this new stock market

and its shareholders include NYSE Euronext which controls the stock exchanges in cities such as New York, Amsterdam and Paris, amongst others. However, the main shareholder, ATG - Americas Trading Company, a company that provides solutions for electronic trading - is based in Rio de Janeiro and has offices in the United States, Mexico, Chile, Colombia, Peru and Argentina.

To highlight its interest in smaller companies, ATS Brasil also announced its backing for the Accelerated Growth Program for Small and Mid-sized Companies (PAC-PME) in the same month it applied for the creation of the new stock market. Its partner in Europe, NYSE Euronext, already has a stock market focused on small and mid-sized companies known as the NYSE Alternext.

A hard life for women

Brazil is ranked only 14th among 17 countries with different social and economic conditions when it comes to encouraging women entrepreneurs. This was the conclusion of a study published in June by the multinational IT company Dell. The United States led the ranking and Brazil was even behind some predominantly Moslem countries where women are traditionally more subject to controls. To measure the favorable and unfavorable conditions for women's entrepreneurship, the Dell study grouped three kinds of variables: entrepreneurial environment, business ecosystem and the aspirations of the entrepreneurs. As well as presenting the results, the study made some considerations. For example, it linked entrepreneurship to education - with the exception of Japan where this index came to 63% - in the lowest-placed countries in the survey where only a small percentage of the women entrepreneurs had access to high level education. These include Brazil (12%), Uganda (7%) and Morocco (2%). Another finding was that a relatively low GDP does not necessarily hold back the success of women entrepreneurs. Countries like Mexico - fifth in the ranking - appear in much higher positions than others with similar or even better economic conditions (such as Brazil). The study says this suggests that improving access to resources and providing a business-friendly environment is more important than economic development.

THE BEST COUNTRIES FOR WOMEN ENTREPRENEURS

- | | |
|---------------------------|----------------------|
| >> 1 United States | >> 10 Russia |
| >> 2 Australia | >> 11 Turkey |
| >> 3 Germany | >> 12 Japan |
| >> 4 France | >> 13 Morocco |
| >> 5 Mexico | >> 14 Brazil |
| >> 6 UK | >> 15 Egypt |
| >> 7 South Africa | >> 16 India |
| >> 8 China | >> 17 Uganda |
| >> 9 Malaysia | |

Source: Dell (complete Information from study available at dell.com/women)

SHUTTERSTOCK



Globe-Trotter

EXECUTIVE TRAVEL

Marco
Rezende



DESTINATION

Last train to Havana!

CUBA IS taking short but inevitable steps to becoming a mini-China in the Caribbean, with the formula “make money and don’t dispute party power”. ApexBrasil, Brazil’s Pro-Export and Investment Agency, has one of its seven international offices in Havana and many Brazilian companies are already doing good business thanks to Cuba’s growing economic opening. What was lacking before (direct flights between Brazil and Cuba) isn’t anymore. After an 8-year gap, in July the airline Cubana de Aviación inaugurated a weekly São Paulo-Havana flight, leaving at 2:50am on Thursdays. In its first phase in Brazil, from 1993 to 2005, Cubana used old (Soviet-made) Iliushin 62 aircraft. You could still smoke on board and it was commonplace to see the pilot leaving the cockpit during the flight to smoke cigars with friends flying executive class. Now, flights are run with modern Iliushin 96-300s, 262-passenger, four-engine aircraft. These are new, safe planes, but there are less than 24 of them flying worldwide: Russian airlines themselves prefer to buy Airbus or Boeing planes.

3



FILIPPO



TRANSFER

Say goodbye to crowds

IF YOU are the owner of the company where you work, this note could interest you. The Milestone Hotel, located next to Kensington Palace (home of Kate and William) in London and considered the best small hotel in England last year by the Conde Nast Traveler magazine, offers the possibility of a transfer more typical of royalty than the executive world. Upon arriving on the Heathrow Express train at Paddington central station, the guest reserving the service (at the cost of US\$1,275) is received by a butler and a carriage driven by two horses – this is how he arrives at the hotel for the check-in. A simple but equally exotic version (and with more adrenalin) of London transfer is offered by the Virgin Atlantic airline: from Heathrow Airport to your hotel on the back of a Yamaha 1300cc motorbike, with a helmet equipped with communication with the pilot, protective clothing (even a blanket on cold days) and room for hand-luggage. It costs the equivalent of US\$125, but is free for executive class flyers.

1 The Milestone, London: Bentley or carriage?

2 Virgin Atlantic: from executive class to motorbike

3 Freeport, Lisbon (or nearly): cheap shopping

1 2
DIVULGAÇÃO REDCARNATIONHOTELS



SHOPPING

Portuguese business

IF YOU have some time on your hands after work in Lisbon, but you're low on cash, a good place to buy cheap clothes and presents is the mega shopping mall Freeport, the largest outlet in Europe, in Alcochete. It is located on the other side of the Vasco da Gama Bridge, on the South bank of the Tejo River. Don't be expecting to see luxury brands, but the almost 150 stores boast the main sporting brands and good clothes stores. Freeport was opened almost nine years ago, almost went belly-up in 2007, but was reborn upon being bought by US investment giant The Carlyle Group. The outlet boasts almost 24 restaurants, though none worthy of note.



RANKING

Hey, Floripa!

THE US travel magazine Conde Nast Traveler asked its readers to signal the world's most and least "friendly" cities. Over 46,000 people responded, based on their personal travel experience. The world's least welcoming city, according to the survey, is Newa-

rk – that urban sprawl squeezed onto the other bank of the Hudson River, in front of Manhattan, famous mainly for being home to the second major international airport in the region of New York. And at the top of the list, as the world's most welcoming and friendliest city, we have the ultra-Brazilian city of Florianópolis. THE COMPLETE list, with comments, of the 20 most and the 20 least welcoming cities is on the site of CNN: edition.cnn.com/2013/08/07/travel/unfriendly-cities/index.html.

1 SANTUR

CITIES

Los Angeles makes progress

PERHAPS THERE is nothing as new or grandiose in the kaleidoscopic city since J. Paul Getty gave Los Angeles the fabulous J. Paul Getty museum (1997) and the Walt Disney Concert Hall was opened (2003). The first novelty is the ultra-new terminal of Los Angeles International Airport (LAX in aeronautical jargon), the so-called Great Hall. In addition to almost 150 departure gates and the inevitable and irresistible shopping mall, it has great architecture, lots of natural light and good restaurants, including a sushi bar serving fresh fish that arrive several times a day from Tokyo. The other novelty in Los Angeles is the contemporary art museum The Broad, expected to open in 2014. The white building (created by the New York design and architecture office Diller Scofidio + Renfro) looks like an enormous beehive floating in space. It will receive the art collection of the philanthopists Eli and Edythe Broad, who in order to leave the legacy to the new museum donated US\$2bn to the city of Los Angeles and 2,000 works of art by contemporary artists such as Lichtenstein, Koons and Basquiat.



2 DIVULGAÇÃO THE BROAD ART FOUNDATION

AIRFARES

So, what's the best time to buy?

EVERYONE LIKES to pay the lowest price possible when buying an airfare, but how do you find the best price when the same flight features dozens, even hundreds of prices depending on how early you buy, the time of the year, day of the week and even down to the very hour when you buy? There is no research on the matter in Brazil, but some recent studies in the US (Brazilian airfare dynamics follow the US model) show that it's not a good idea to buy at the last minute or too soon. A survey by the Kayak travel site revealed that the best fares are found 21 and 34 days in advance for domestic and international flights, respectively. According to research by another site, CheapAir.com (using algorithms, it analyzed 590 million purchases), on average the best price is found 49 days before the flight. Researchers from the University of Texas proved what everyone knows: weekends are good to find promotional airfare prices.

HOTELS

Discreet charm in the Emirates

STAYING AT the Burj Khalifa, the hotel in the shape of a tapering icicle and the architectural icon of Dubai, guarantees a spectacular view of the city but, obviously, not of the hotel itself. The recently unveiled The Oberoi Hotel, which also boasts a commercial center and an office tower, offers an equally spectacular view of the Dubai skyline and, to boot, of the mythical Burj Khalifa. The Oberoi apartments are glass-lined, from floor to ceiling, and their ambience could be defined as "contemporary luxury", a mixture of attention to detail and unassuming elegance.

1 Floripa:
world's
friendliest city

2 Los Angeles:
new museum,
new landmark

3 VisionAir PodPal
portable luggage:
hands free

TECHNOLOGY

A nice little suitcase

FOUNDED JUST 12 months ago, the US luggage company VisionAir has innovated with its Pod Pal, a suitcase so small that it qualifies as hand-luggage. It is light and resistant (made from polycarbonate), with 4 mini-wheels that turn in all directions (useful when turning around in the aircraft corridor to avoid bumping into all the seats). Although expensive (US\$480 in the US), it has an exclusive attraction: a dock station for all tablet models, including iPad. (www.visionair-luggage.com/hardside.html)



DIVULGAÇÃO VISIONAIRLUGGAGE

Globe-Trotter

EXPRESS TOURISM

MUNICH

by Cristiano Zen

Brazilian business consultant Cristiano Zen comes from Santa Catarina state and has lived in Munich, Germany's southern metropolis, since 2002. After working for the BMW Group, Cristiano opened his own financial consultancy to serve Brazilian clients interested in investment opportunities in Europe (www.loyalpartners.eu). He admires the quality of life in the state of Bavaria, where Munich is the capital. The city offer quality tourism and highly original cultural experiences at prices that are very reasonable. In this article, Cristiano suggests an itinerary:

GERMAN NATIONAL TOURIST BOARD

1



3

FILIP



1 Party in Marienplatz: the heart of the city

2 Viktualienmarkt: beer and market in the center

3 Eisbach: surfing in fresh (and icy) water

2

If you only have a few hours...

HAVE YOU always thought that *la dolce vita* was only for Italians and had nothing to do with the German spirit? If so, I invite you to take a short walk from the Marienplatz — where the town hall is located and the heart of Munich — to the Viktualienmarkt, a market with European specialties. There you will have the pleasure of trying out Bavaria's greatest institution: the open-air *biertgarten*, surrounded by large ancient chestnut trees, wooden tables and benches, beer glasses holding 500 ml and a genuine devotion to the pleasure of eating, drinking and

enjoyment. You will understand why even the Italians love Munich's *dolce vita* and regard the place as an "Italian" city more to the north.

AFTER THE first beer at the Viktualienmarkt, walk through the old city, preferably via Orlandostrasse. When you arrive at Maximiliansstrasse, check out the stores and windows of what is regarded as Germany's most expensive, sophisticated shopping area. Keep going north and you will shortly be in Odeonsplatz in front of the Residenz, the seat of the former Bavarian

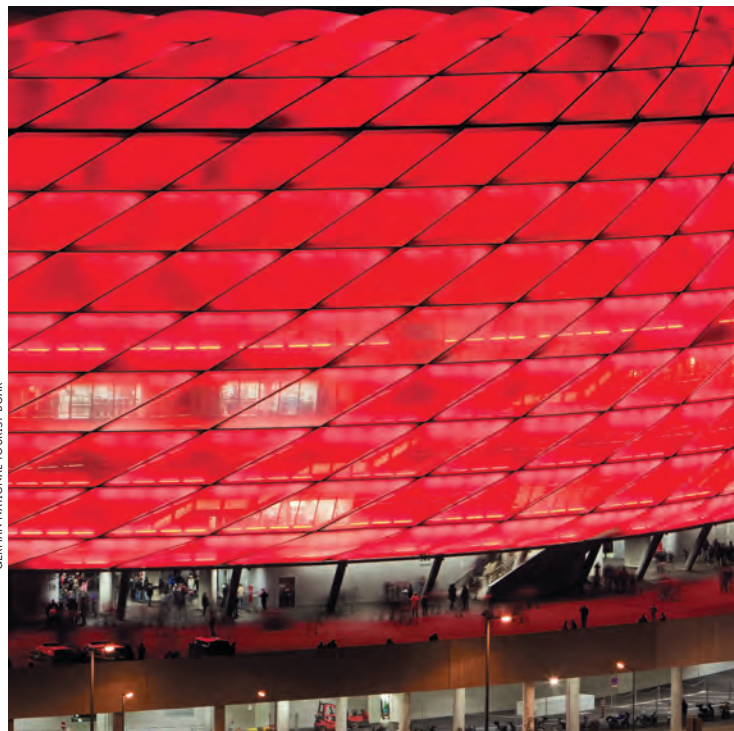
monarchy, with its marvelous patio. This palace was where the kings of Bavaria lived until the beginning of the 20th century. When you cross the patio's beautiful garden, ask how to get to the Englischer Garten (English Garden) and don't forget to have a look at the surfers (!) risking the icy Eisbach stream. The world's largest urban park presents something unique: lots of surfers invading a city hundreds of kilometers from the sea to catch a wave in a really cold water channel, some carrying their boards on old bicycles. They even do this in December and January at below zero temperature. This is German discipline.

If you have a whole day...

MY RECOMMENDATION if you have a whole day is to follow the previous route but go at a slower pace. After admiring the German surfers, enter the Englischer Garten and head towards another postcard view of the city, the Chinesischer Turm biergarten. As you move north, turn west (left) and look for the Milchhaeusl, the little milk house. This is a kiosk-bar that sells organic Bavarian products and is located next to the main entrance to the park. Huge numbers of tourists, students and cyclists come here on sunny days. When you reach the Chinesischer Turm, do what the Germans do: have a chat and have a beer in a *mass* — a glass that holds a liter. I suggest ordering an *obazda* as the starter: a mixture of cheeses served with Bavarian bread — *bretz* — radish, onion and gherkin. By the way, did you know that a centuries-old tradition allows you to take your own food to a *biergarten* and only pay for the beer?

THE NEXT stop should be Schwabing, the city's most bohemian district. Walk to Leopoldstrasse, the main avenue which is bustling and cosmopolitan. You will see the Odeonsplatz again, through the Siegestor column (Victory Tower), at the far south of the street. I suggest you take a taxi from here to the Nymphenburg Castle. Ask the driver to go via the Petuelring (one of a number of ring roads) so you can appreciate the Olympiapark where the Olympic Games were held in 1972. This area includes hockey, swimming and multi-sport stadiums as well as the Olympic Stadium, the home of Bayern Munich until it moved to the Allianz Arena in 2006. The Olympic Park was built 41 years ago and continues in full use. Another Bavarian icon can be seen in front: the headquarters of BMW, with its museum and the BMW Welt exhibition center.

ON ARRIVAL at the Nymphenburg Castle, visit the garden at the back and get to know something about the curious history of the Bavarian monarchy and King Ludwig (mad, according to many people). Take a tram back. Not only will you save money but you will see the city the way the local people do. At the end of this rather ambitious tour, your dinner choice will depend on the time of year. On a spring or summer day, head for the nearest *biergarten* (check out the list). In autumn or winter, I recommend a visit to the Kaisergarten (Kaisergartenstrasse 34), five minutes by taxi from the Odeonsplatz. You can try out Bavarian food prepared in a contemporary and delicate way.





DIVULGAÇÃO MUSEU BRANDHORST

1



DIVULGAÇÃO DALLMAYR

3



GERMAN NATIONAL TOURIST BOARD

4



5

If you have a whole weekend...

MUNICH IS not exactly a small city and, if you have more time to absorb its unique character, I suggest you take a Sightseeing Bus tour on the second day, that goes around different districts and picturesque streets. After that, take time to explore in more detail the center streets and their lively commerce, fueled by the highest purchasing power in Germany. You will also have the chance to see the inventiveness of the Germans and their obsession with high quality manufacturing. Visit Glockenbachviertel, a district with lots of cafés, small businesses and alternative life style, filled with craftsmen, intellectuals and creative professionals. Get to know Sendlingerstrasse and its little streets that cross back and forth, with genuine Bavarian buildings. In Sendlingerstrasse 62, visit Asam Kirche, a small church and a genuine baroque pearl ornamented in gold. Behind Marienplatz, visit the Manufaktur store where the goods are manufactured by traditional methods, and the neighboring Dallmayr Cafe, an incredible emporium.

TIME TO think of another restaurant? I suggest Sankt Emmeramsmühle which many people regard as the most charming *biergarten* in Munich. It is about 15 minutes by car from Marianplatz in the far north of the Englischer Garten. If you still have time, I suggest a walk to the museums (Pinakotheken) behind the main Munich University. There are three large ones and the Brandhorst Museum that houses a private collection of art from the 20th and 21st centuries, highlighted by works by Cy Twombly and Andy Warhol. Finally, some tips for those who can plan their stay and have the energy to get to know the place:

:: DON'T forget that the city has the world's biggest popular party, the Oktoberfest: a fantastic experience when experienced with local people. (Don't underestimate this part.)

:: WATCH Bayern Munich play in the ultramodern Allianz Arena (with the illuminated tire). It is really unforgettable for football lovers. I believe Bayern will dominate European football in the coming five years.

:: DON'T bother with a car and hire a bike instead. Few cities in the world with more than one million inhabitants can offer you as much safety and convenience to explore everywhere on two wheels. Forget your prejudices: millionaires, doctors and artists go everywhere by bike, share tables in the *biertens*, lie on the grass in the park and swim in the river. Munich is very democratic.

1 Brandhorst Museum: art from the 20th and 21st centuries

2 Chinesischer Turm: biergarten in the English Garden

3 Dallmayr Café: emporium and fine foods

4 Nymphenburg: summer palace of the kings of Bavaria

5 Allianz Arena: the home of Bayern Munich

The enigma on the other side of the world

PATRÍCIA CASTRO ROBERT *

Selling to more than one billion Chinese is the dream of business-people all over the world, including Brazilians. As the government is going all out to encourage consumption and society is eager to try out new lifestyles, the country is reinventing itself. The new generations are travelling a lot, are entrepreneurial and driven by making money. They want to take advantage of life as much as any other citizen of the world and have access to consumer goods.

When the Chinese want to splash out, they do so without restraint. In Shanghai — where I live and work in consultancy and market intelligence — you can see a BMW convertible painted with leopard skin spots and pink wheels or executives showing off 10 Moët & Chandon *jeroboams* at the table, each containing three liters of champagne. Obviously, this is not typical. Many Chinese know other cultures and are keen on expanding their consumption range in a less ostentatious way. This change can be seen in stores and markets. When I arrived here five years ago, I had some difficulty in finding cheeses, cream and even bread in the baker's store. It was a delight to discover a steak house in Shanghai!

Few supermarkets had imported goods on their shelves. Nowadays, small local grocery stores full of foreign products spring up every month as do cafés and fast food

places. The Brazilian items include jewelry, shoes, coffee, chocolate and even açaí fruit. I have seen initiatives by BR Foods and other meatpackers, Miolo wine and the coffee brands by companies that take part in Shanghai's big food fair (SIAL). Brazilian products gain room every year. This strikes me as an excellent way to obtain market share. However, for every Brazilian product that wins room, two have quickly given up the race because they were not adequately prepared and ran out of breath. This has occurred in the shoe sector, for example, with companies that wanted to compete in China with Prada level brands but without differentiating the market, thinking of their positioning or even about client acceptance.

I recommend companies that want to try their luck in China to make a great effort in researching and understanding the country before jumping in. You should not just define the Chinese market by demography. The big four cities - Shanghai, Peking, Shenzhen and Guangzhou - are not the only ones that merit attention. Large brands are increasing their presence in smaller places, previously dismissed,



PERSONAL COLLECTION

sed, highlighting the opportunities for expansion and diversification on the local markets.

You have to understand the competition as there is likely to be a product similar to yours. Last but by no means least, take into account the fact that relations with the government are extremely important and can have a big impact on an enterprise's success.

Many foreigners have also learned they need a reliable Chinese employee to speed up processes, such as the release of a cargo in a port or find out the decision maker at government level or among partners, avoiding wasting time and effort. Finding a local staffer who understand the culture and can defend the company's interests is becoming more difficult and expensive and this person can end up being poached by a rival offering better conditions. However, it is worth taking advantage of the unique moment China is experiencing. Those who arrive well prepared can gain a lot from this historic change.

*

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