

# **BNDES: The Financial Support for IT and Innovation Projects**

**December 2010**



# Demand Drivers for IT in Brazil



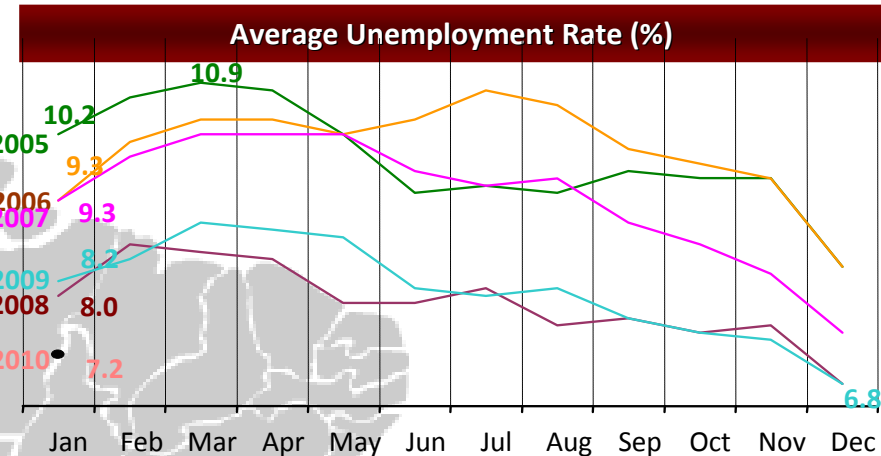
- **Domestic demand is supporting growth:** increasing employment rates and salaries; reducing social inequalities
- A resilient and lean **corporate sector** together with a strong and **healthy local financial industry**
- **Investments:** Ongoing public policies to reduce the digital divide and foster **broadband** penetration are being designed or implemented:
  - National Broadband Plan
  - UCA (Brazil's One Laptop per Child)
  - Connected Pc Program
  - Diffusion of the Brazilian Digital TV System

World Cup

Olympic Games

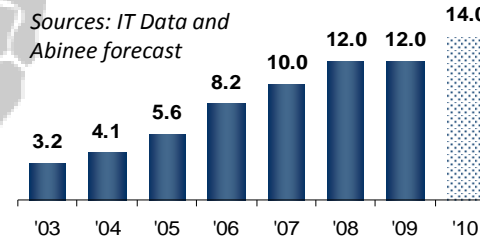


Unemployment rate decreased from 10.2% in Jan'05 to 7.2% in Jan'10



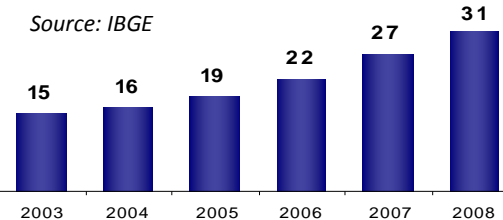
Source: IBGE

Microcomputer Sales (million units)



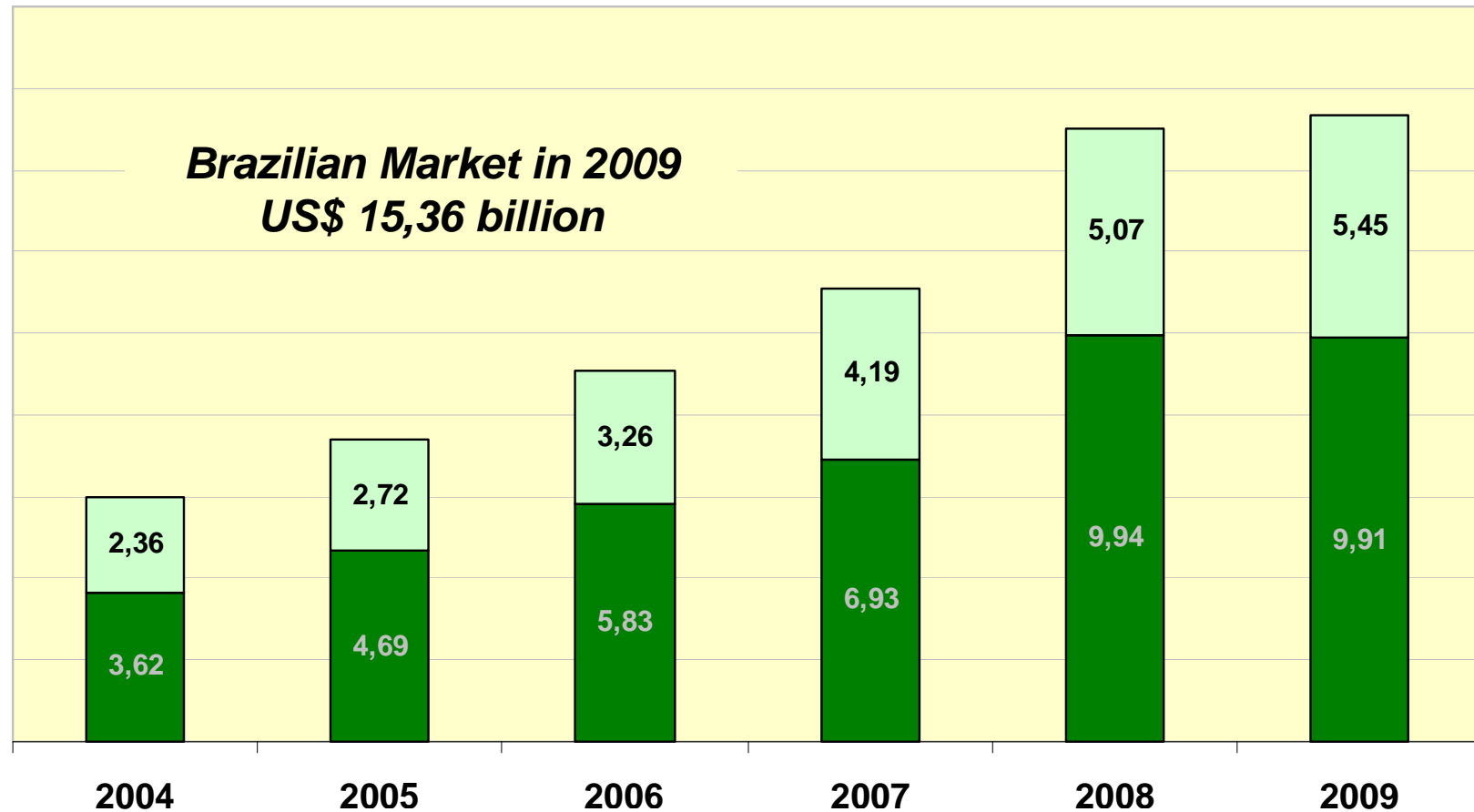
Sources: IT Data and Abinee forecast

% of Households with Microcomputers



Source: IBGE

## Brazilian Software Market (US\$ Billion)



Source: ABES

■ Services

□ Product/Software

## Expanding Industry Borders: Software Product and Services

### Objectives

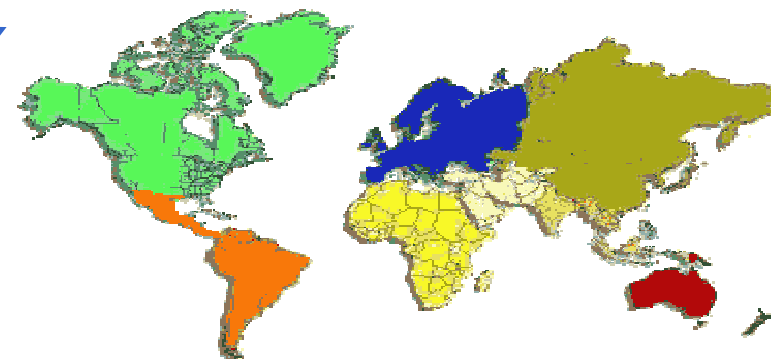
1) Promote the growth of IT companies through easy access to capital  
*(special credit rules)*

2) Encourage the improvement of management, quality, marketing and certification of products and processes related to software  
*(support for the business plan as a whole)*

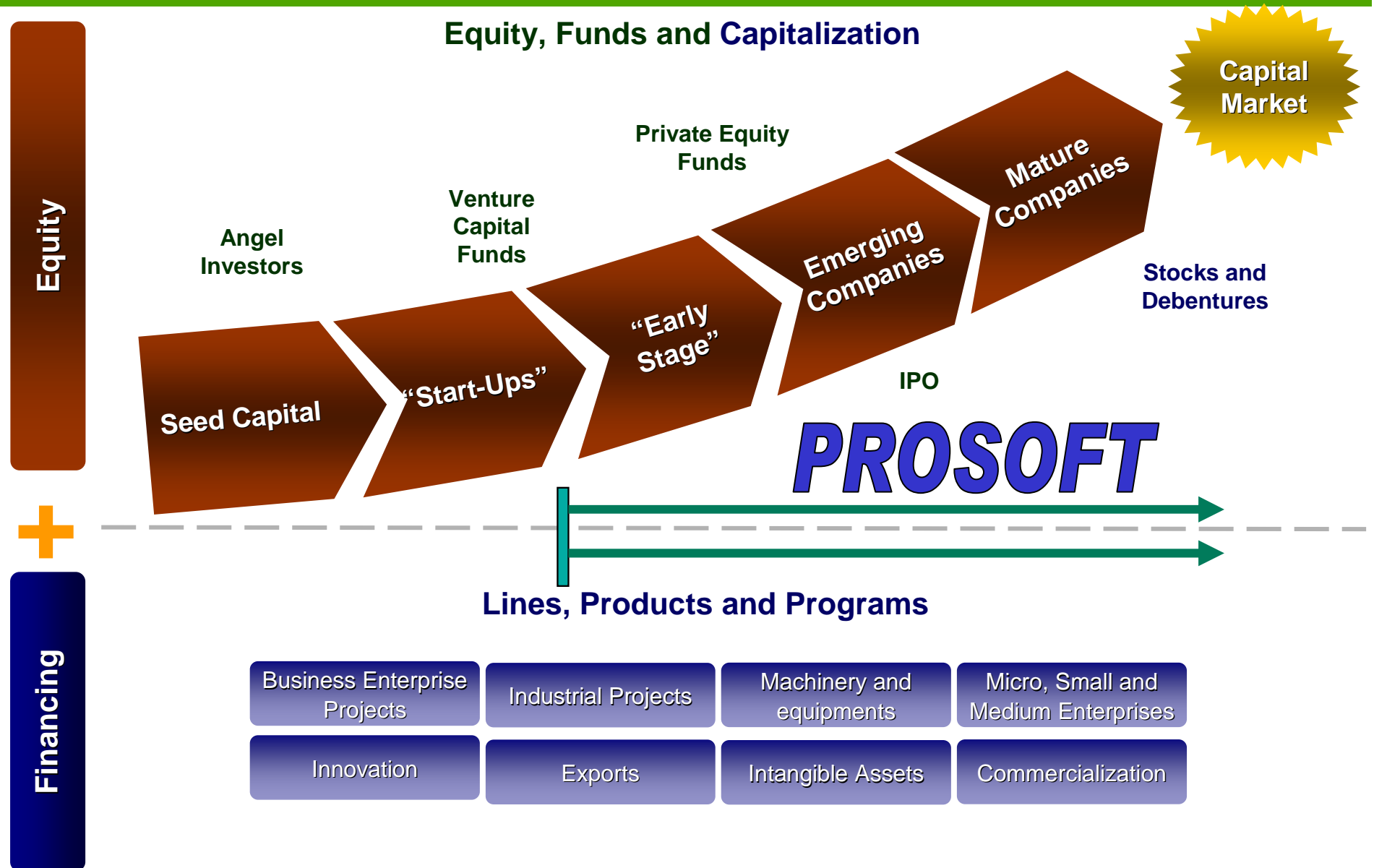
3) Attract software and service multinationals to enrich Brazil's exports  
*(new products, captive centers, off-shoring, BPO, etc.)*



Increase participation of Brazilian IT companies in the domestic and international markets



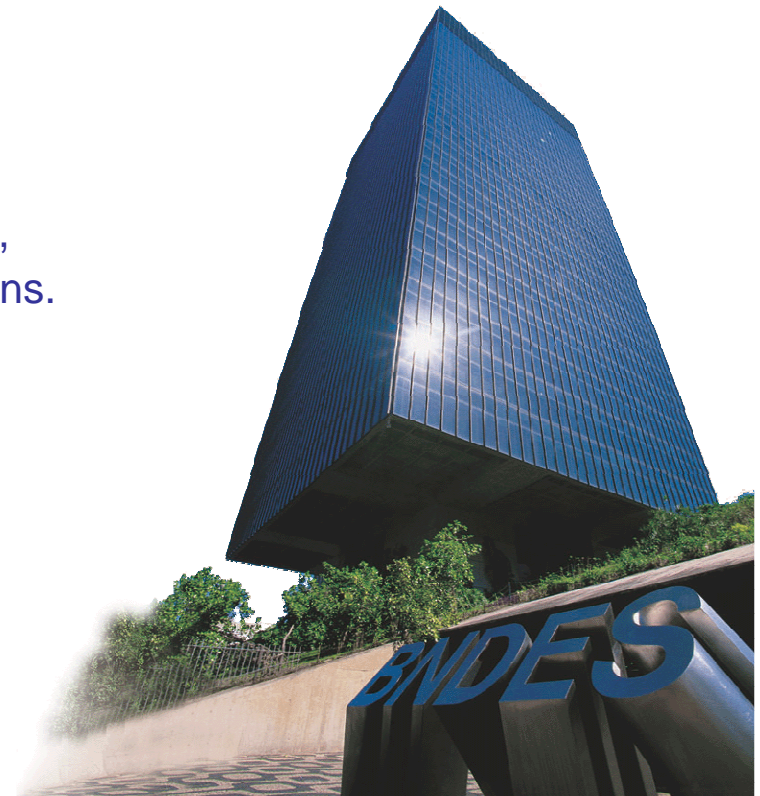
# Combining Tools: Financing + Equity



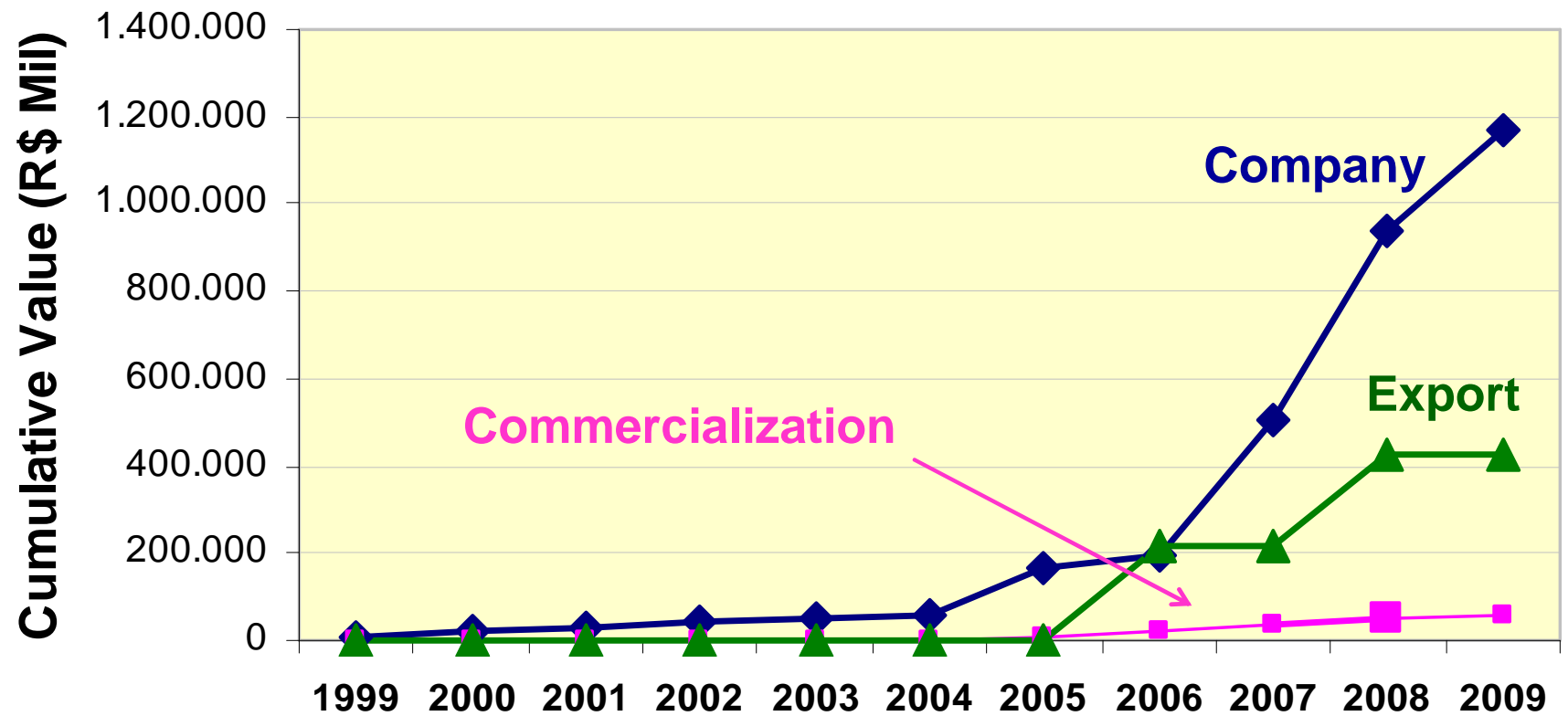
# Credit



- **PROSOFT-Company**  
Support for investments and business plans of software companies and suppliers of IT services.
- **PROSOFT-Commercialization**  
Financing for the acquisition, in the internal market, of software and related services developed in Brazil, exclusively through Accredited Financial Institutions.
- **PROSOFT-Export**  
Financing for software or IT services export (pre-shipment or post-shipment)



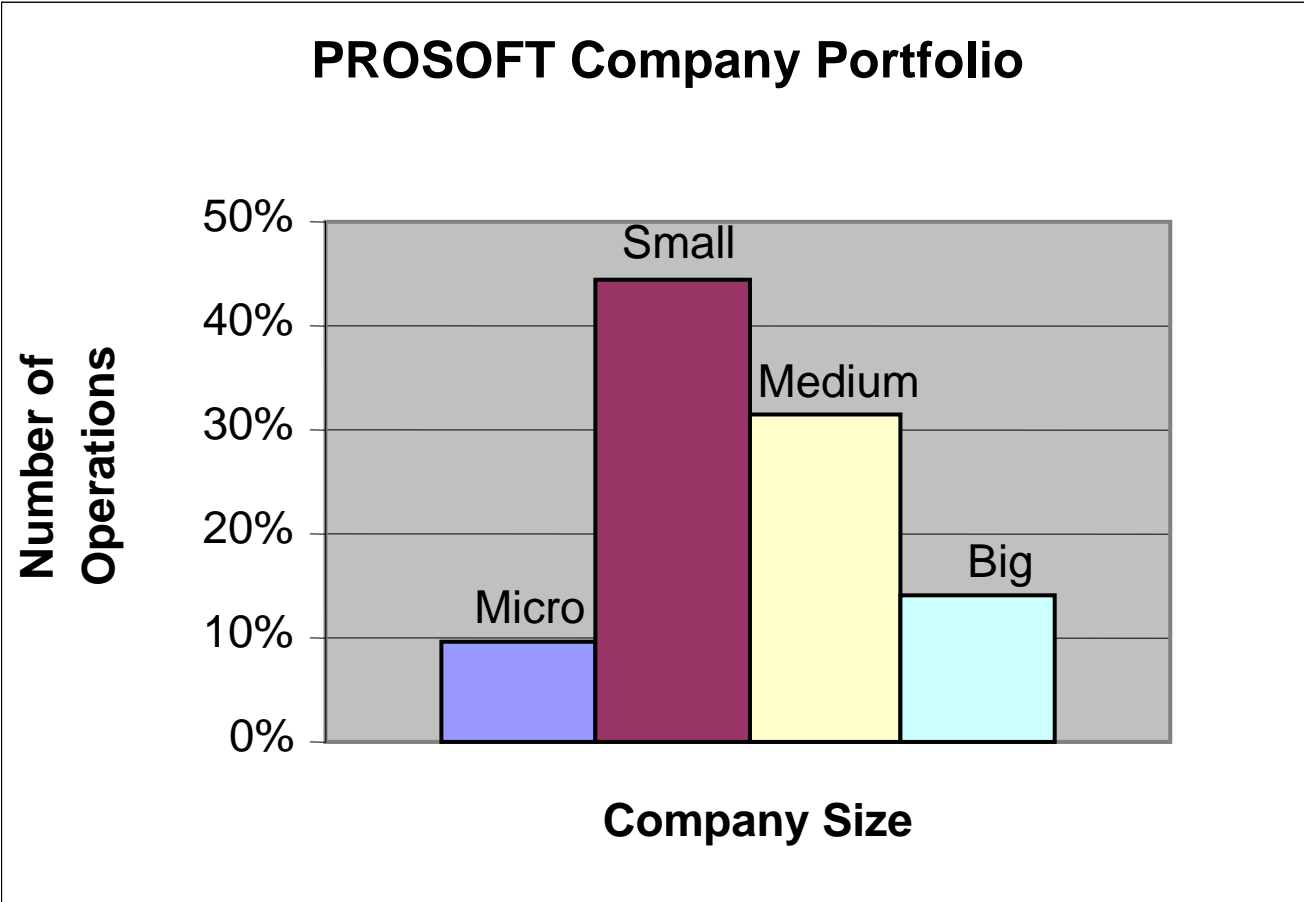
### PROSOFT Contracts



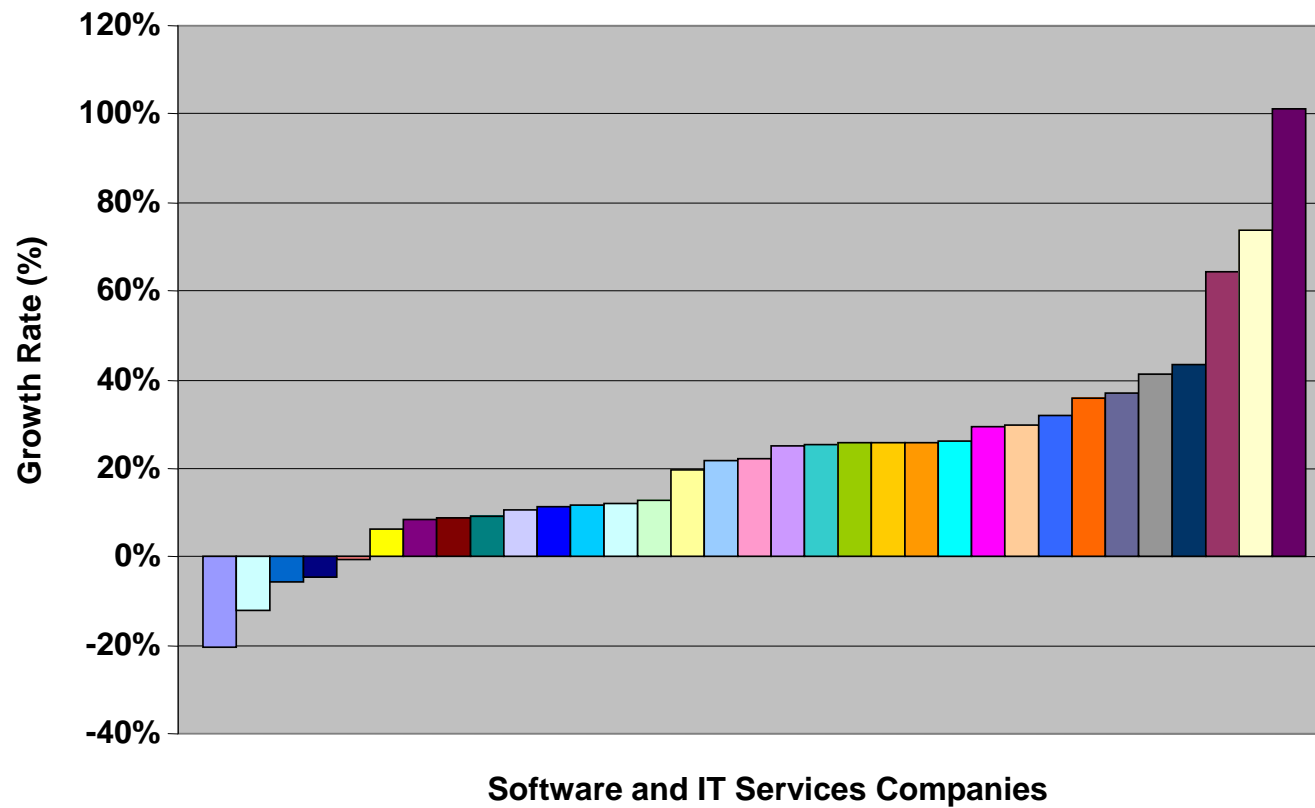


## BNDES Operations with *Software Sector* June 2010

	Operations	R\$ thous.
PROSOFT-Company		2.087.492
Approved + Contracted		1.613.420
Pledges in different stages in BNDES		474.072
PROSOFT-Commercialization (contracted)		73.449
PROSOFT-Export (contracted)		426.218
<b>Total PROSOFT Portfolio</b>	<b>293</b>	<b>2.587.492</b>
BNDES Credit Card	8.752	165.447
<b>TOTAL</b>	<b>9.045</b>	<b>2.752.606</b>



**Growth Rate (comparing revenues in PROSOFT year and last balance sheet available)**



# Direct and Indirect Equity Participation



# Direct Equity: SMBs in Innovation Sectors

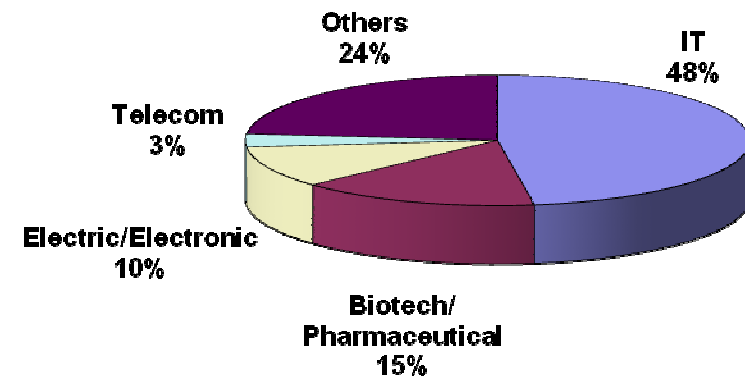


- Strong record for investing in SMBs in innovation sectors since 1989;
- Most SMBs remain non-listed

## Currently Invested Companies

	Number of Companies	Invested Capital (in US\$ million)
IT	7	251.1
Biotech /Pharmaceutical	6	81.0
Electric /Electronic	9	54.0
Telecom	3	17.2
Others	2	123.6
Total	27	527.0

## Sectorial Distribution



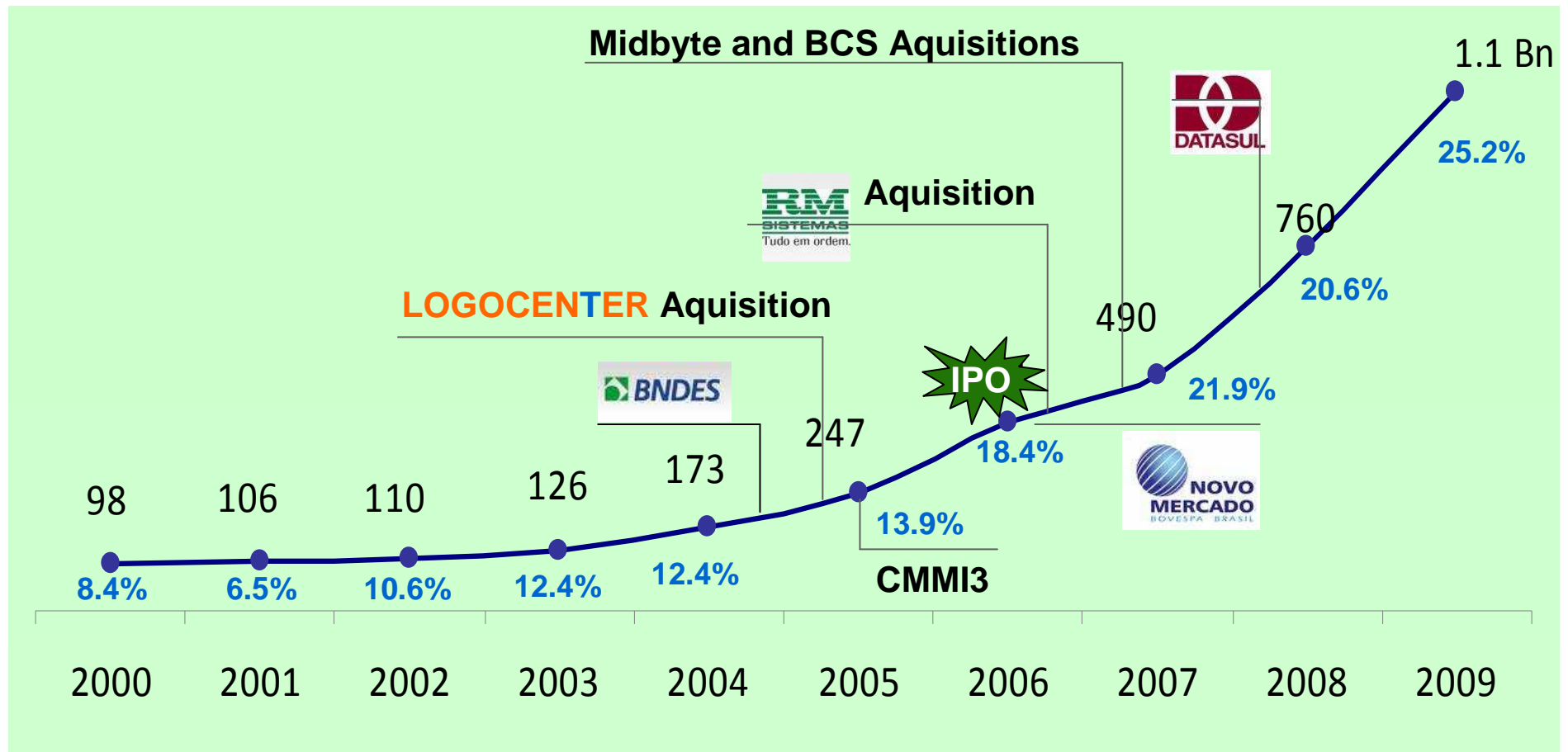
# Several companies have BNDES as shareholder through BNDESPAR



**ORBISAT**

**Goal => Increase the number of Equity Investments**

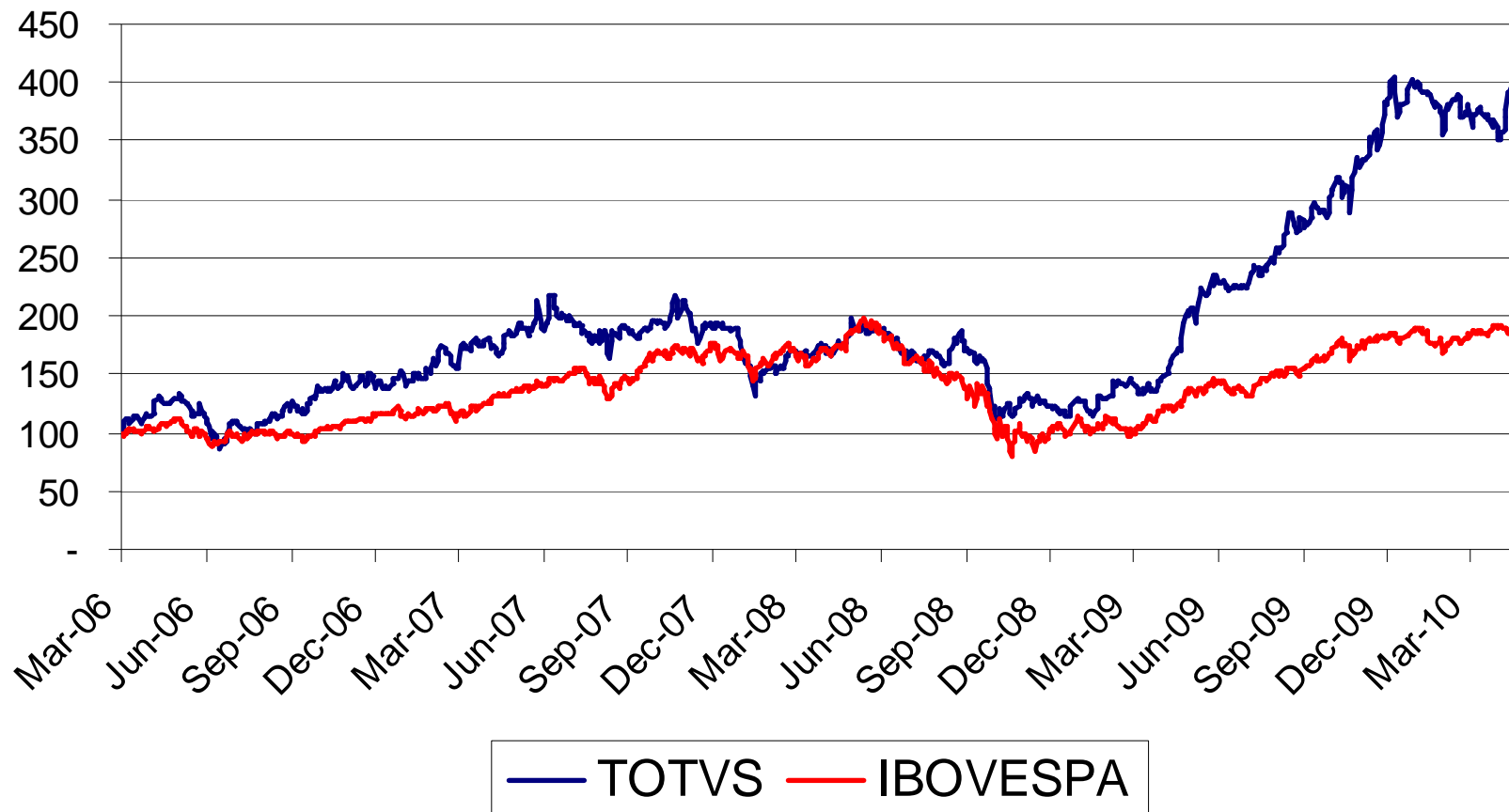
## Gross Revenue (R\$ million) and EBITDA Margin (%)



# Totvs Stock Performance



- Market Capitalization: US\$ 2.1 Billions;
- Outperformed BOVESPA Index by 124% in the period.





- ✓ Multiply possibilities for private companies in the capitalization process
- ✓ Same objectives as its direct stakes (corporate governance; support to strategic sectors; foster Brazilian capital markets)
- ✓ Promote private equity and venture capital activity in Brazil
- ✓ Share risk with other institutional investors



**BNDES**

*Brazilian  
development bank*

**Thank you!**

**Brazilian Development Bank - BNDES  
Industrial Area  
Information Technology Department  
kauss@bndes.gov.br**