

The two years of 2008

2008 HAS BEHAVED LIKE THE SHIP HIRED BY POSITIVO INFORMÁTICA: HÉLIO ROTENBERG, CHAIRMAN OF POSITIVO, PURCHASED COMPONENTS IN ASIA IN JULY AND AUGUST 2008, TO SUPPLY HIS PLANT AND DELIVER THE 600 THOUSAND COMPUTERS WHICH, HE CALCULATED, BRAZILIANS WOULD BUY IN THE LAST THREE MONTHS OF 2008, ESPECIALLY DURING CHRISTMAS TIME. WHO CHECKS AN INTACT SHIP AT THE DOCK HAS THE IMPRESSION THAT IT MADE A QUIET JOURNEY, AND WHO CHECKS THE TOTAL FIGURES OF THE WHOLE YEAR HAS THE IMPRESSION THAT, IN DECEMBER 31, THE YEAR 2008 WAS ENDING INTACT.

IN 2008, THE 219 COMPANIES EVALUATED BY THE ANUÁRIO INFORMÁTICA HOJE TEAM WERE ABLE TO INCREASE THEIR NET REVENUES IN REAIS IN 8.19% (TOTAL OF R\$ 45.95 BILLION). IN DOLLARS, NET REVENUE HAS INCREASED 16.24% IN A TOTAL OF US\$ 25.36 BILLION. BRAZILIAN GNP, ON THE OTHER HAND, HAS GROWN 5.1%. WHEN HÉLIO MADE HIS PURCHASES IN ASIA, DOLLAR WAS WORTH R\$ 1.60, LEHMAN BROTHERS WAS THE FOURTH LARGEST NORTH AMERICAN INVESTMENT BANK AND HÉLIO WAS BETTING ON THE LAST QUARTER OF 2008.

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hen the ship arrived in Brazil, dollar was already worth R\$ 2.40 and Lehman Brothers was broken. Hélio and his directors made their calculations: the ship had about R\$ 100 million in surplus components which Positivo would no longer be able to sell until December 31.

All executives in the industry had read about the crisis in the newspapers and in January 2008 almost all of them had heard about Nouriel Roubini who, a professor of economics of the University of New York, in September 2006 has described how the crisis would develop: several investors were buying insurance of funds specialized in financial problems (the hedge funds), many funds were supporting such insurances with securities issued by American banks, but many American banks were issuing mortgages to customers unable to pay the mortgage if the least thing in their lives would go wrong. If the least thing in their lives would go wrong, said Roubini, the American mortgage sector would crash, and with it, many things in the international financial system would crash. American journalists called Roubini Doctor Doom.

In March 2008, who knew Roubini's prophecy should have done something. "But everything around us was going so well," tells Tadeu Fucci, chairman of Cimcorp. "It seemed that nothing would happen so shortly in Brazil." In Positivo, says

Hélio, no one saw any reason to make anything very different from what was already being done. "Christmas of 2007 was great." Hélio made what all Brazilian executives of the IT sector and others made: he bet on 2008 plans, according to which Positivo Informática should grow at least 30%.

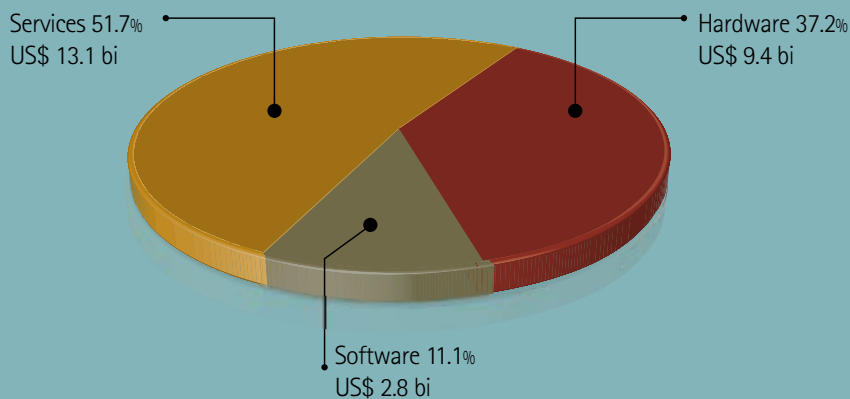
Almost all IT product and service providers did almost the same things. Their customers needed to grow as much as they had grown in 2007, or more, and so they needed urgently to purchase systems. So, until September 2008, suppliers have created new services and, in the search for customers of the economic sector with whom they were not familiar, they hired and trained more people and opened offices in Brazilian cities and abroad.

Customers would buy and were in a hurry; suppliers would rush to assemble and activate systems.

In Positivo, from September to November, Hélio and his directors re-planned the company "every day". Even so, Brazil had changed so much that Positivo, in spite of selling 600 thousand computers in the last quarter of 2008, had sold only 400 thousand. "We thought that sales of the last quarter of 2008 would grow 25% as compared to previous quarter," says Hélio Rotenberg, "but they have dropped 10%." The problem was to guess how much consumers would buy and how much com-

The Market in 2008

US\$ 25,3 billion (net income)



petitors would charge. Such information was critical to plan production lines and to establish prices. Due to competitors, Hélio was forced to sell part of those 400 thousand computers with losses.

Who sold for companies, or the corporate consumer, had also to review prices and costs. Within each company, the IT director (CIO) was required to reduce costing expenses and they complied with the order: they dismissed part of IT people, reviewed preventive and corrective maintenance routines, and required discounts from suppliers. "The CIO made a violent pressure to decrease prices," says Alberto Lemos Araújo Filho, chairman of Bull Latin America. "The magic figure was 20%."

In spite of the crisis, companies evaluated by Anuário Informática Hoje have closed 2008 well and are still doing good in 2009. Where were these companies different? Why were they so successful in 2008?

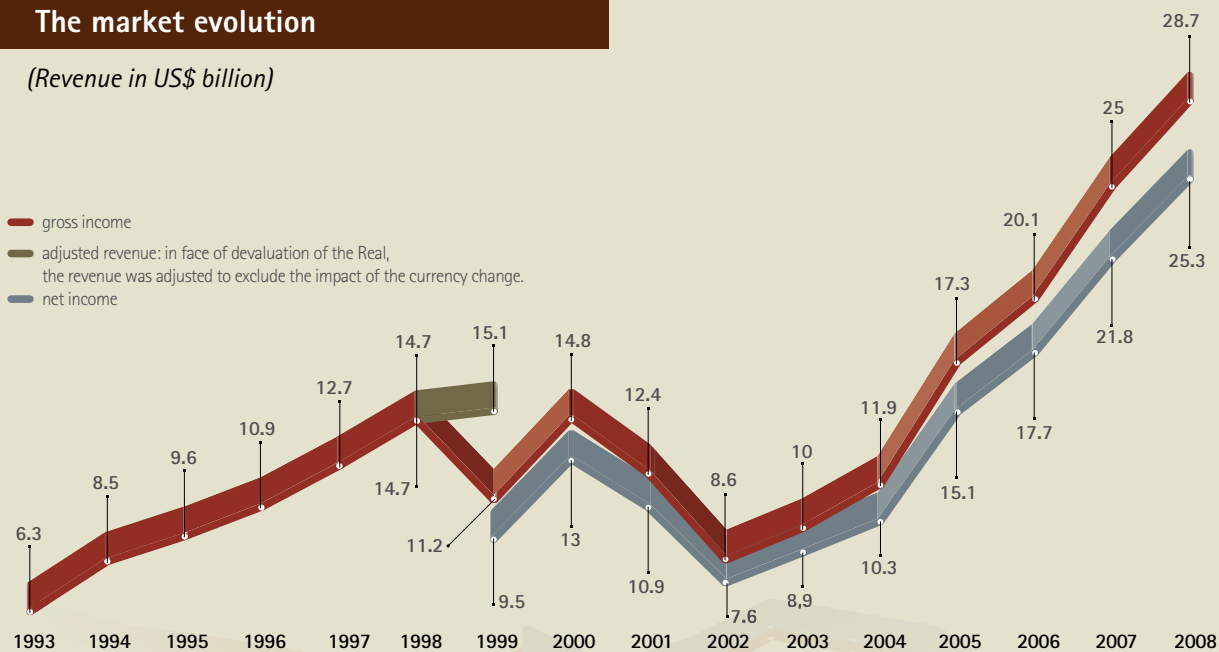
As soon as the crisis gave its first signs in the USA, these companies spent more time with the hiring and training of professionals. Almost all executives had the same idea: organize teams specialized in economic sectors (finance, telecommunications, industry, distribution and retail, government) in a way that they could take care of more cities in more countries.

More complete service menus, specialization in economy sectors, striving for lower prices, searching for professionals with talent to serve, stricter analyses of return on investment, payment of monthly rents, projects divided in shorter stages, cooperate management – everything, says Alberto Lemos, came to stay. So, in the next crisis, everything shall be different? Hélio Rotenberg believes that, in the next crisis, he and his Positive colleague will make more or less the same mistakes. In Positivo, Hélio has changed just one thing. Now, he purchases all types of insurance policies against major variations in financial market conditions – including against major variations in the dollar price.

But Hélio is busy with a new motherboard plant and with the training of the 800 employees he hired until July 2009. He is busy with the new generation of ultra-thin notebooks with the new Microsoft Windows 7 he will sell in Christmas of 2009. Hélio is also taking care of the cash and of Positivo's management, but he recognizes in himself an intense optimism, and due to this optimism he will stop giving credit to the next Nouriel Roubini. He will purchase Asian components, will hire a ship and, again, will be surprised with world changes. "I am a businessman," says Hélio, "but before all I am a human being."

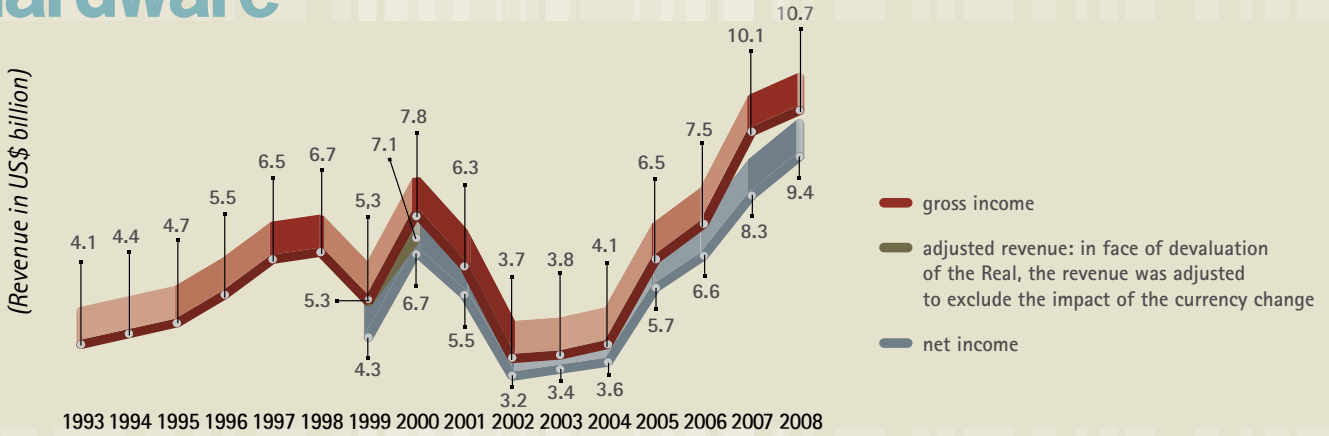
The market evolution

(Revenue in US\$ billion)

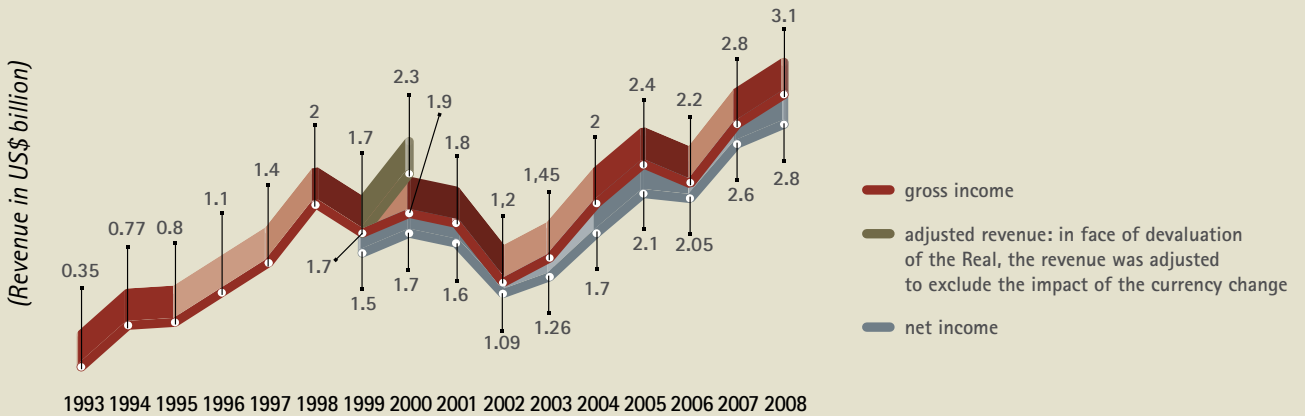


Market Increase

hardware



software



services

