Embassy of Brazil
Survey to Finnish high-tech companies

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taloustutkimus oy
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Introduction
Introduction

Purpose and methodology

• The purpose of the survey was to find Finnish High Tech SME’s that are interested in co-operating with Brazilian investors or companies. Form of co-operation can for instance be joint venture, strategic alliance, ownership, merger or distribution of goods or services. Sample was acquired by Taloustutkimus Oy and sample quality check was carried out by Taloustutkimus Oy.

• The survey was carried out by using a combination of desk research and online survey. This report contains the results for the online survey. (The desk research was conducted and reported in fall 2012.) The questions in this online survey were designed in co-operation with Embassy of Brazil and Taloustutkimus Oy and the interviews were targeted via email to top management and owners of High Tech SME’s.

• Sample for the survey was formed according to OECD classification of potential high-technology industries in NACE Rev. 2 classification system. As some of the high-technology industries are not included in NACE Rev. 2 classifications as such, we also contacted representatives of these industries (such as life science and cleantech) and asked them to send the survey link to companies in their industry. Our direct invitations were sent in batches to 1631 companies. In total, we received 81 answers for the survey.
Introduction

Objective of the survey

• The objective of the survey was to study companies with significant potential for co-operation with Brazilian companies. To achieve our objective a survey introduction and screening questions were used to increase the quality and relevance of the respondents. I.e. the use of the results was clearly described in the intro:
  • The results will be utilised in two ways
    • Description of Finnish high-technology SME-companies for Brazilians
    • Launching partnerships between Brazilian and Finnish companies

• Furthermore, to increase target group’s willingness to take part in the survey, the survey invitation and introduction was authorized using Taloustutkimus Oy’s, Embassy of Brazil’s name and reputation.
Background
Background information 1/3
All respondents, n=81

- Computer programming activities: 38%
- Manufacture of computer, electronic and optical products: 20%
- Manufacture of electrical equipment: 9%
- Manufacture of chemicals and chemical products: 6%
- Manufacture of motor vehicles, trailers and semi-trailers: 5%
- Scientific research and development: 4%
- Other manufacturing: 2%
- Manufacture of machinery and equipment n.e.c.: 2%
- Architectural and engineering activities; technical testing and analysis: 2%
- Telecommunications: 2%
- Manufacture of fabricated metal products, except machinery and equipment: 1%
- Information service activities: 1%
- Activities of head offices; management consultancy activities: 1%
- Manufacture of other transport equipment: 1%
- Waste collection, treatment and disposal activities; materials recovery: 1%
- Other: 2%
### Background information 3/3

All respondents, n=81

<table>
<thead>
<tr>
<th>Market</th>
<th>Local</th>
<th>National Finnish market</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>35</td>
<td>63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does your company export products or services abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does your company buy products or services from abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>
Survey results
• Approximately 2/3 of respondents have considerable interest towards business opportunities with Brazilian companies and/or organisations
  • 67 % thinks their company is prepared to commence co-operation with Brazilian companies
  • 63 % of respondents consider Brazil the most or 2nd most interesting market area. (Please note that this cannot be generalized to all Finnish High-Tech SME’s)
• Significant number of mentioned companies come from ICT sector (software developers, manufacturers of electronic and optical products etc.)
• Despite wide interest towards co-operation only 29 % of the respondents are operating in South America. This clearly indicates that there is a need for actions that would increase co-operation between Finnish and Brazilian companies
From the respondents point of view the best way to commence co-operation is clearly through joint ventures.

- 6 out of 10 respondents consider joint ventures as most interesting form of co-operation.
- 2nd most interesting forms are Investors (33%) and export partnerships (37%).

Main barriers of entry to Brazilian market are distance, different time zone and differences in language, cultural issues, legislation and attitudes. Also, customs tariffs and especially lack of contacts and are seen as very concrete issues preventing entries.
Suggestions and recommendations

- As result of the survey Taloustutkimus has listed 81 companies out of which 56 companies
  - Are willing to take steps towards Brazilian market
  - Have described what kind of technologies or innovations they could offer for the co-operation. In addition majority of these have written what issues they consider as barriers of entry
  - Have given full contact information
- Embassy of Brazil could invite these companies take part in events and/or seminars. Moreover, information of Brazilian trade and investment organisations with listings of potential partner companies could be sent to these companies via mail or email
- Embassy of Brazil may publish the results of this survey but unfortunately the contact information must be used with more sensitiveness. Taloustutkimus and Embassy of Brazil will discuss the use of the contact information in more detail during the presentation of results
Does your company export products or services abroad, either by exporting them yourselves, or as a part of the product package of another domestic company?

All respondents, n=81

Yes 90%
No 10%

Does your company buy products or services from abroad?

All respondents, n=81

Yes 93%
No 7%
You told that your company exports products or services abroad. Which areas are your export activities directed to?

Exports products or services abroad, n=73

- Scandinavia: 68%
- EU, excluding Scandinavia: 67%
- Asia and Australia: 51%
- North America: 49%
- Europe, excluding EU and Scandinavia: 41%
- Russia, Commonwealth of Independent States: 36%
- Baltic countries: 30%
- Africa and Middle-East: 29%
- South America: 29%
How interesting do you feel the following market areas are from the point of view of your company’s business operations?

All respondents, n=81

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>China</th>
<th>South-Africa</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>The most interesting</td>
<td>30</td>
<td>38</td>
<td>7</td>
<td>21</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>2nd most interesting</td>
<td>33</td>
<td>28</td>
<td>17</td>
<td>15</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>3rd most interesting</td>
<td>25</td>
<td>12</td>
<td>16</td>
<td>21</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>4th most interesting</td>
<td>9</td>
<td>14</td>
<td>28</td>
<td>25</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>5th most interesting</td>
<td>4</td>
<td>30</td>
<td>19</td>
<td>41</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How well do you know the public internationalisation services provided for companies? (Finpro, Finnvera, Centres for Economic Development, Transport and the Environment, Tekes, chambers of commerce, Viexpo, Musex)

All respondents, n=81

1=Very poorly or not at all  2=Rather poorly  3=Somewhat  4=Fairly well  5=Very well  Mean

0 10 20 30 40 50 60 70 80 90 100 %
Does your company have co-operation with Brazilian companies?

All respondents, n=81

- Yes: 16
- No: 84

What kind of co-operation?

- Brazilian retailer (2x companies)
- Part of the same international network of cultural management consultants
- Technology partnership
- Scouting for sales co-operation
- Small scale product deliveries
- Mapping out the market
- About 25% of the turnover comes from Brazil, from the largest media companies of Brazil
- Our company has sold our products to the Brazilian market for the last 5 years.
Co-operation with Brazilian companies

All respondents, n=81

- **My company has know-how or technology, which could benefit the economy of Brazil or the companies operating there**
  - 1 Statement fits very poorly or not at all: 12%
  - 2: 32%
  - 3: 54%
  - 4: 36%
  - 5 Fits very well: 25%
  - Mean: 4.38

- **My company is prepared to commence co-operation with Brazilian companies**
  - 1: 6%
  - 2: 25%
  - 3: 36%
  - 4: 31%
  - 5 Fits very well: 31%
  - Mean: 3.86

- **My company is interested in getting Brazilian investment capital**
  - 1: 19%
  - 2: 19%
  - 3: 25%
  - 4: 19%
  - 5: 20%
  - Mean: 3.02

- **My company is currently planning on beginning trading into Brazil or from Brazil into Finland**
  - 1: 31%
  - 2: 15%
  - 3: 30%
  - 4: 14%
  - 5: 11%
  - Mean: 2.59

- **My company is interested in investing in Brazil**
  - 1: 35%
  - 2: 26%
  - 3: 26%
  - 4: 11%
  - 5: 2%
  - Mean: 2.21
Is your company interested in external funding in the next 24 months?

All respondents, n=81

- **Yes**: 77%
- **No**: 23%

100% of respondents answered the question.
How interested are you in the following funding sources?

All respondents, n=81

<table>
<thead>
<tr>
<th>Source</th>
<th>The most interesting</th>
<th>2nd most interesting</th>
<th>3rd most interesting</th>
<th>4th most interesting</th>
<th>5th most interesting</th>
<th>6th most interesting</th>
<th>7th most interesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>17</td>
<td>6</td>
<td>5</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Finance companies</td>
<td>4</td>
<td>9</td>
<td>6</td>
<td>12</td>
<td>12</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Finnvera</td>
<td>6</td>
<td>19</td>
<td>12</td>
<td>12</td>
<td>16</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Insurance company/Pension insurance company</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>7</td>
<td>12</td>
<td>14</td>
<td>14</td>
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<tr>
<td>Equity investor</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td></td>
<td>19</td>
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<tr>
<td>Tekes</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Centre for Economic Development, Transport and the Environment</td>
<td></td>
<td></td>
<td></td>
<td>12</td>
<td></td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>No answer</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td></td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

All respondents, n=81
Special strengths of Finland as a target for Brazilian high tech investors

Summary of open answers:

- High class technology know-how and quick, nimble teams. Functional products and reliable delivery.
- Strong basic know-how and problem solving skills, creative way to take care of problems, which gives the customer genuine benefits. Honesty and cost effectiveness.
- The good reputation of Finnish experts and products around the world.
- Cleantech know-how
- Telecommunication technology, mobile know-how, ICT in general.
- Closeness of the Russian market and North-European market.

Quotes from respondents:

- “High quality, reliable delivery, technology which is not available elsewhere.”
- “Unique technological solutions, with which the return for investment is rapid and profitable.”
- “Cost-effective, value-adding and savings bringing comprehensive IT-services for bioenergy/forestry industry, implemented in consortium with 2-4 leading IT companies.”
- “New innovations from reliable partners, whose home market is too small.”
How interested are you in the following forms of co-operation?

All respondents, n=81

<table>
<thead>
<tr>
<th>Form of Co-operation</th>
<th>The most interesting</th>
<th>2nd most interesting</th>
<th>3rd most interesting</th>
<th>4th most interesting</th>
<th>5th most interesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors</td>
<td>22%</td>
<td>33%</td>
<td>32%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>59%</td>
<td>20%</td>
<td>9%</td>
<td>53%</td>
<td>22%</td>
</tr>
<tr>
<td>Export partners</td>
<td>15%</td>
<td>37%</td>
<td>35%</td>
<td>23%</td>
<td>62%</td>
</tr>
<tr>
<td>Exchange of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No answer</td>
<td>12%</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

All respondents, n=81
Main barriers to co-operation with Brazilian companies

Summary of open answers:

• Distance and different time zone.
• Differences in language, cultural issues, legislation and attitudes.
• Lack of contacts and knowledge about the market or Brazilian R&D.
• Taxation and protective customs tariffs in Brazil.
• Finding the right partner.

Quotes from respondents:

• “Time zone. Travel. Costs of travel for growth enterprises, who don't themselves have enough capital for it. Possibly also language skills.”
• “Distance and duration of flights, time difference. But if contacts are good and reliable, lots of good can be done by e-mail and flexibility.”
• “We haven't found a co-operation partner. We tried to find a steel wholesaler in the years 2008-2009 and changed into trying to find an agent in the years 2010-2011. We found neither.”