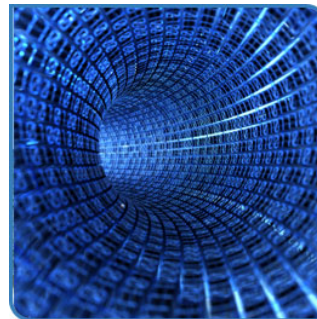# Brazil, a Market for All

Gilberto Akisino - CEO

Company Introduction

- Opened in 2006

- Was created to promote innovation in this segment in Brazil

- Based in São Paulo

- Invests in human resources and cutting-edge equipment

- Offers top quality in on-line entertainment for its clients

Company Introduction

- Innovation in customer support

-Game World Award 2007:
 Best publisher 2007
 Best Advertisement 2007

- Elected by technical analysts
and public acclaim

-Pionner in 24/7 support

Information about Brazil

Territory:
8,5 million km²

5th most populated country in the world

185 million
inhabitants

Information about Brazil

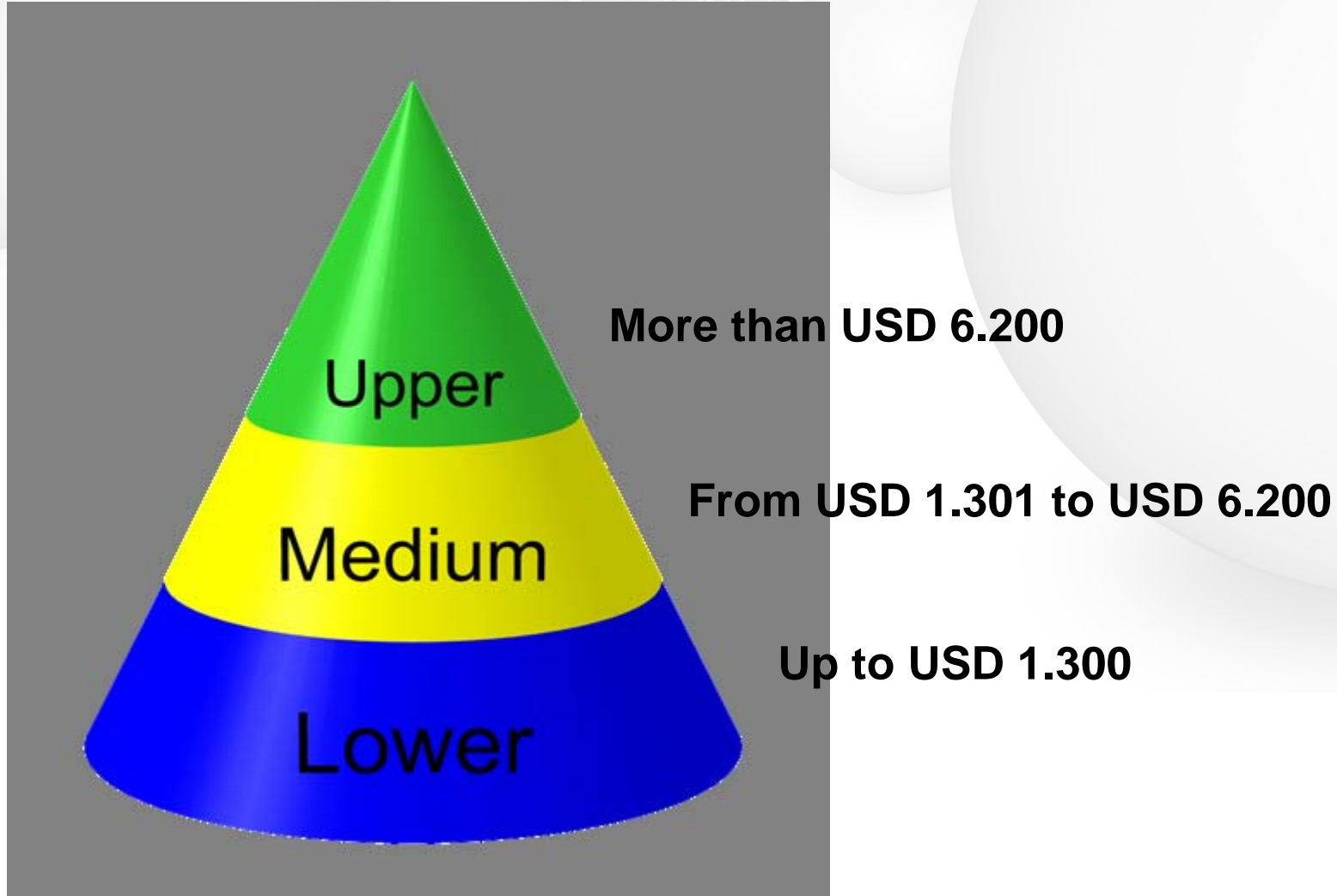The Brazilian population is **multiracial**

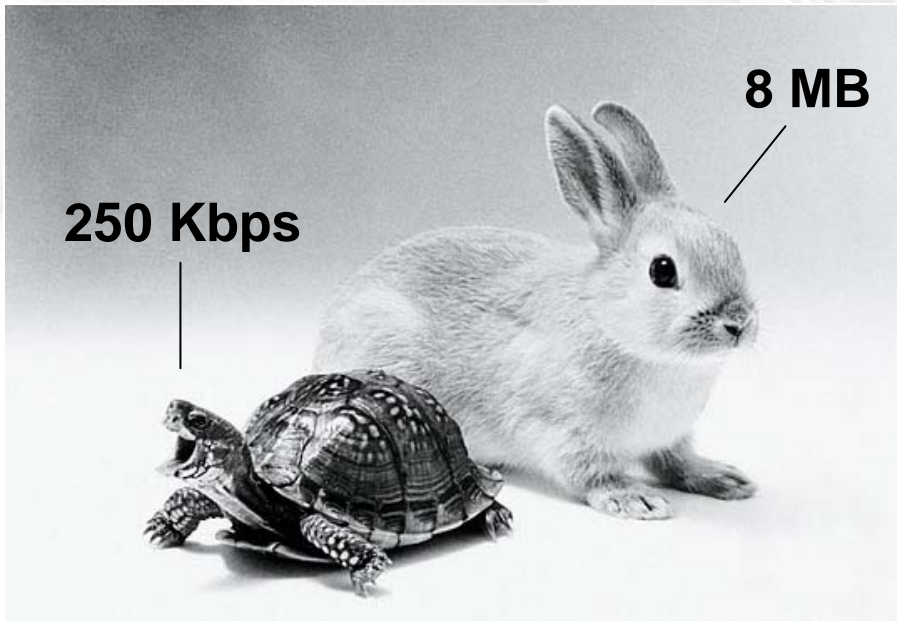Descendency from:

European
Natives
Africans
Asian

Official Language
Portuguese

Social Profile 2007

The 3 Social classes in Brazil

More than USD 6.200

From USD 1.301 to USD 6.200
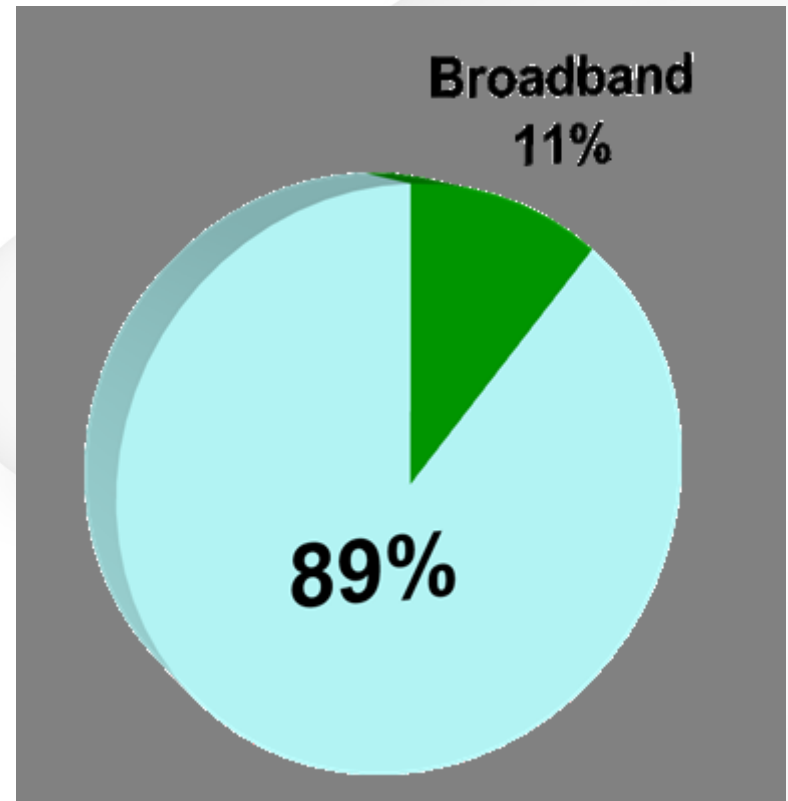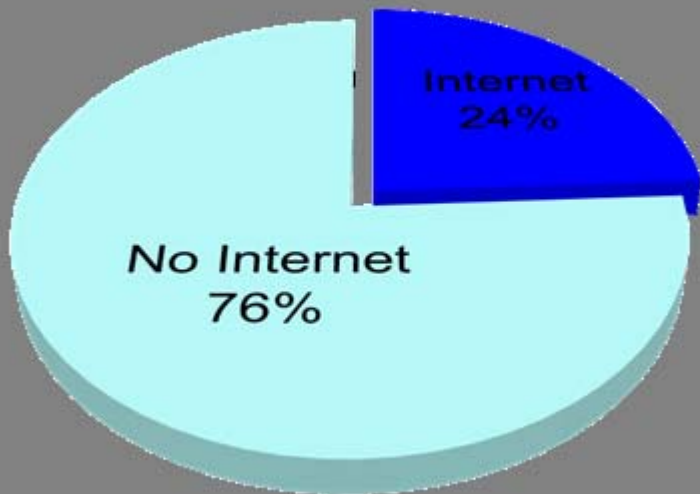
Up to USD 1.300

Internet

8 MB

250 Kbps

- No officially-defined minimal speed

- Lowest connection speed sold: 250 Kbps

- Highest connection speed sold: 8 MB

Internet Penetration
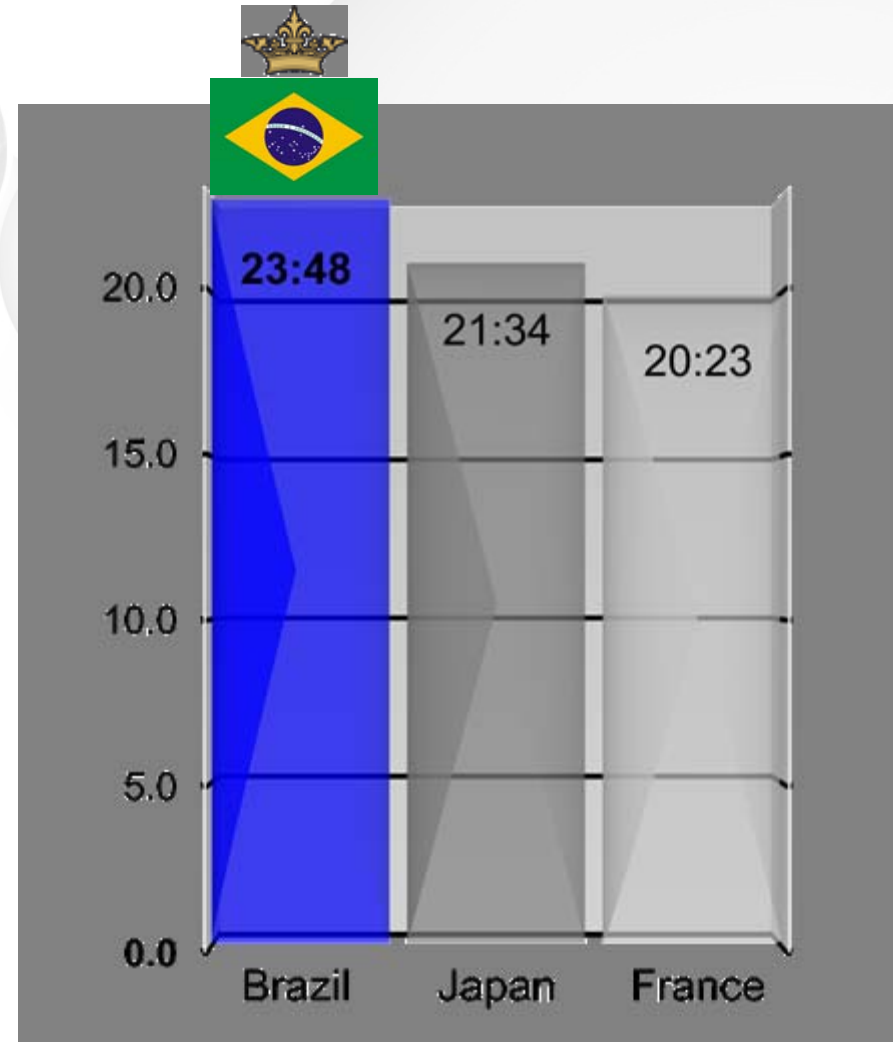
- 59 million people have **ACCESS** to the internet.

Broadband
11%

89%

Internet
24%

No Internet
76%

More than 7,5 million people have broadband access

4% of all Brazilian population.

Internet Penetration

Average internet browsing – monthly

Source: NetView – IBOPE//NetRatings May 2008

	Brazil	Japan	France
	23:48	21:34	20:23

Internet Usage

- Blogs and community/social networking sites.

- Huge amount of Brazilians in Orkut (www.orkut.com)

- Social Networking is the most populat category

Internet Usage

Categories with the biggest increase in visits :

Fonte: NetView – IBOPE//NetRatings Maio 2008

+39,6% **+39,5%** **+35,7%** **+34,8%** **+34,6%**

2006 **~ 2007**

Corp. Info

House & Fashion

Automotive

e-Commerce

Entertainment

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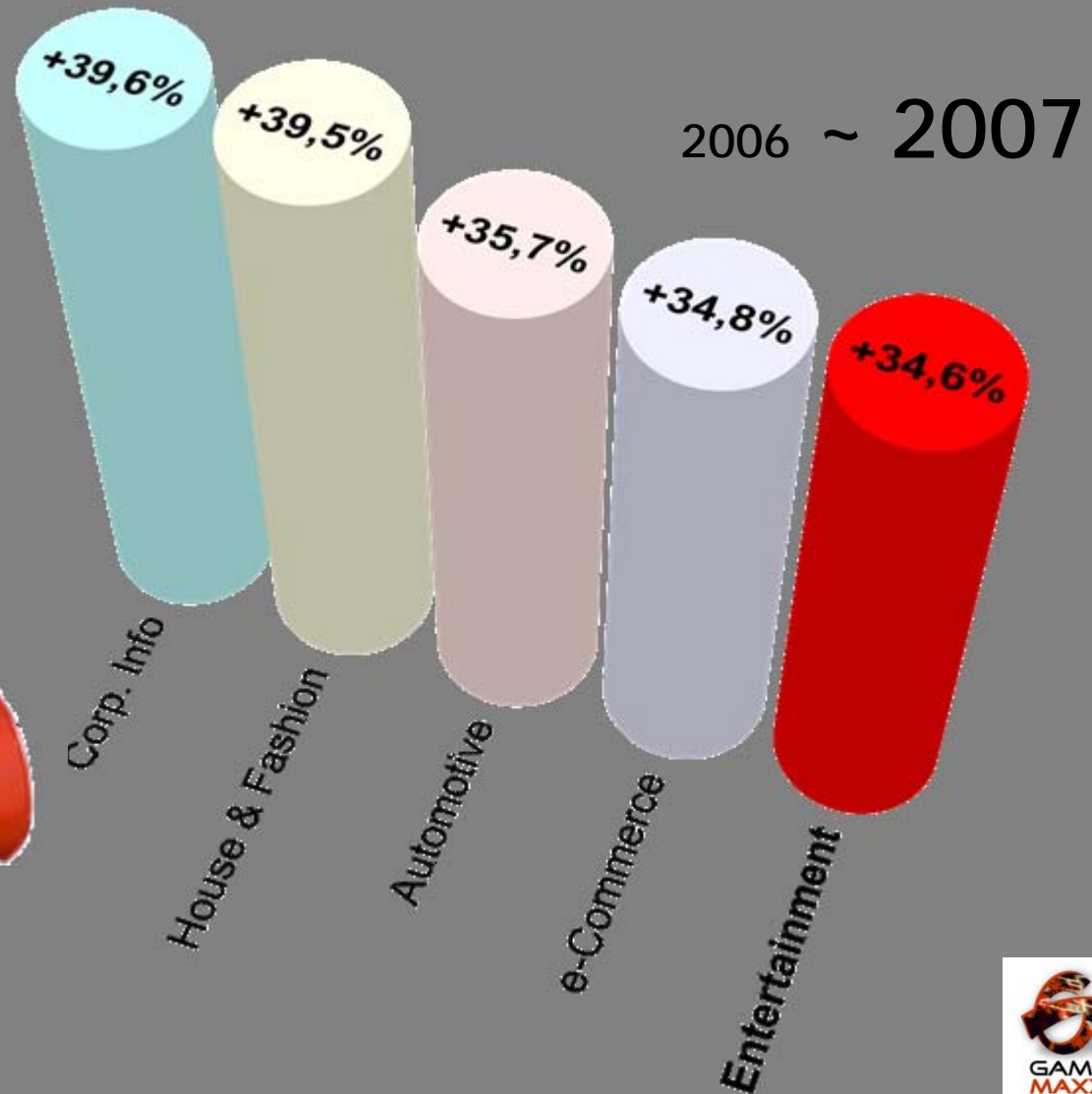
Broadband - Prices

Cable – ADSL

1 MB – USD   42
2 MB – USD   54
4 MB – USD   66
8 MB – USD 121

Mobile – 3G

250 Kbps – USD 30
500 Kbps – USD 42
1 MB   – USD 60

Growth Perspective – Broadband

Remove lower speeds, and substitute it to higher connection speeds

*** ADSL ***
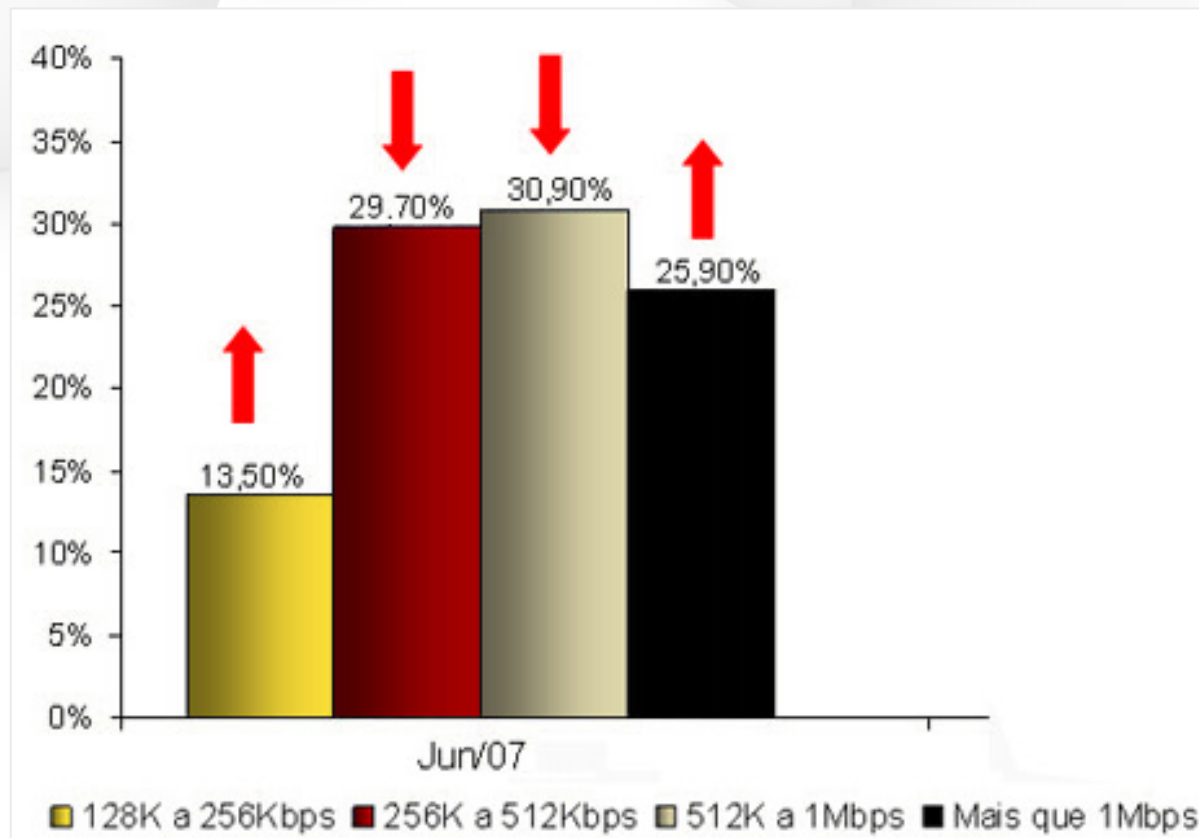
Infrastructure

2.000 cities (of 5.565 total)
are broadband-ready

Ready to
Broadband

of

10

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Cyber Cafes & Lan Houses

Cyber Cafes represent 70% of the PC room market and offer the services below:

- Snack Bar
- Photocopy
- Cash/GTC card sale
- Technical support – PCs
- Printing
- VOIP telecommunication
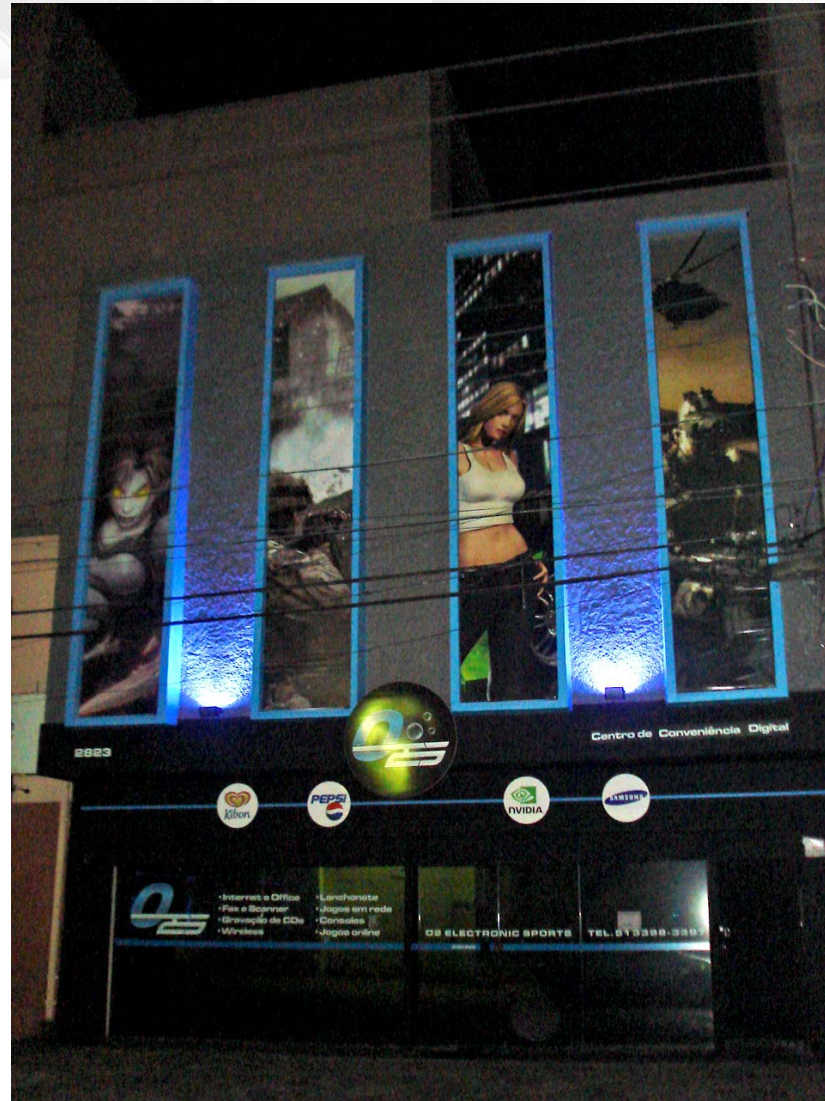
Cyber Cafes & Lan Houses - Audience

Great growth potential for Cyber Cafes

74% of this public is low-income consumers.

Cyber Cafes – Family Environment

Lan House – Gaming Environment

Average config at Lan Houses and Cyber Cafes

Pentium IV 2 GHz
1 GB RAM
80 GB HD
Video 256 MB
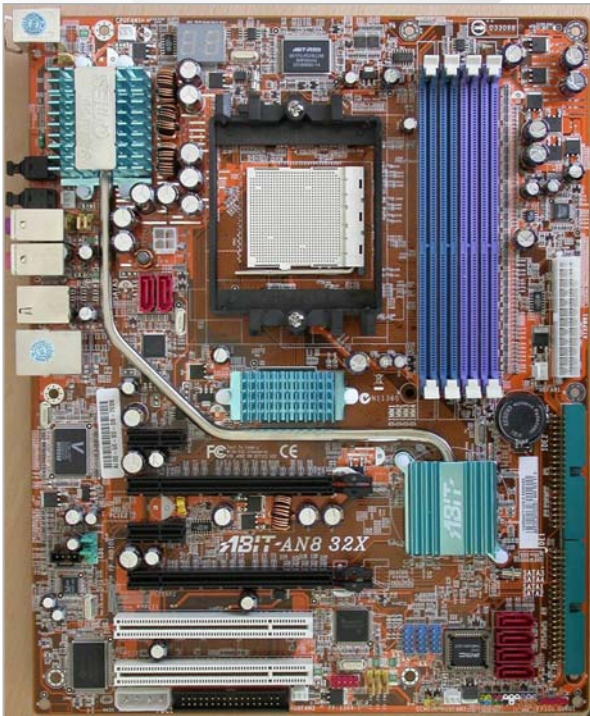
Internet Link - Region

North	2 MB
Northeast	2 MB
Midwest	4 MB
Southeast	5 MB
South	5 MB

Average Pricing
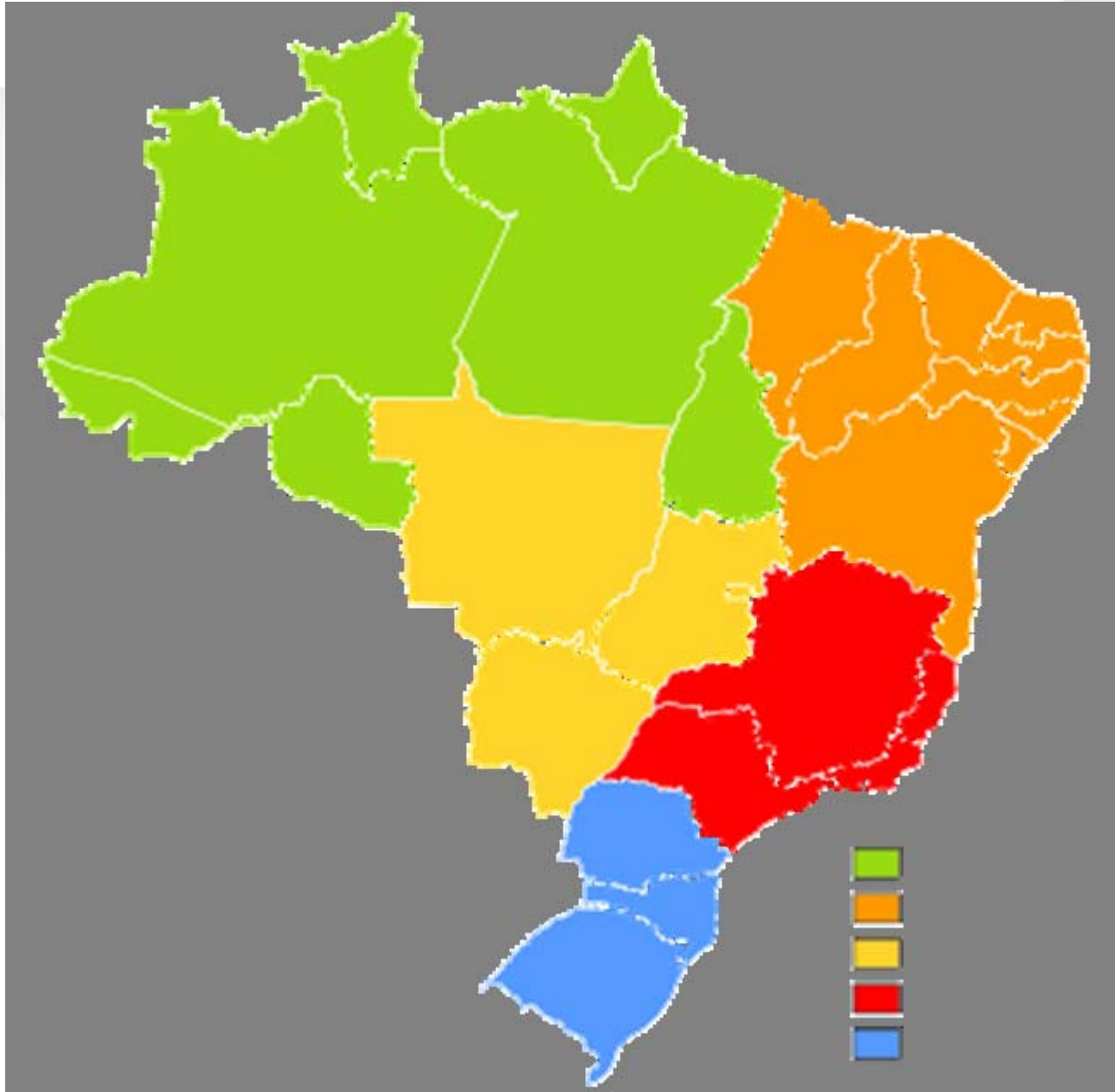
USD 0,60 / Hour
USD 0,60 / Hour
USD 1,20 / Hour
USD 1,20 / Hour
USD 1,50 / Hour

Average PC config in Brazil + Pricing

Average

Intel Celeron 1.6 GHz
Windows Vista Home
1 GB DDR2 RAM
LCD 15″
HD SATA 160 GB
ATI Radeon HD 3650 256 MB
Sound Onboard
48x CD-RW, DVD-ROM

USD 754,60

Top

Intel Core2Duo 2.4
Windows Vista Business
4 GB DDR2
LCD 19″
SATA 250 GB
ATI Radeon HD 3650 256 MB
Sound Onboard
48x CD-RW, DVD-ROM

USD 1.893,90

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Average PC config in Brazil + Pricing

Average

AMD Sempron 2.0 GHz
Windows Vista Home
1 GB DDR2 RAM
HD SATA 80 GB
ATI Radeon Xpress 256 MB
Sound Onboard
8x CD-RW, DVD-RW

USD 847,90

Top

Intel Core2Duo 2.4 GHz
Windows Vista Ultimate
4 GB DDR2 RAM
HD SATA 250 GB
GeForce 8400M GS 128 MB
Sound Onboard
8x CD-RW, DVD-RW

USD 4.574,60

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Console – Pricing

Nintendo Wii

Microsoft XBox

Sony Playstation 3

USD 750 **USD 950** **USD 850**

Computer Ad

2007
Sold
10 million

2008
Estimate
13 million

1st place in worldwide PC sales

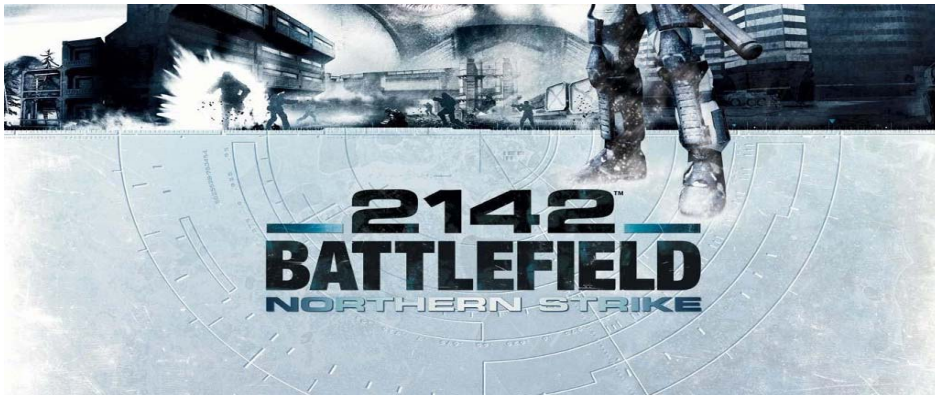GAME MAXX

Social Awareness about games - Products

Huge amount of bootleg products

Mainly due to very high import/Customs taxes

Social Awareness about games - Users

Gamers are undervalued: Obese and ugly

The Media in changing this image

Social Awareness about games - Market

It is changing itself into a new model of:

BUSINESS

ENTERTAINMENT

SPORT

Laws and regulations that directly affect games

INPI – Instituto Nacional de Propriedade Industrial (National Institute for Intellectual Property)

Governmental organism that regulates technological products in the Brazilian market

All companies operating in Brazil that have a formal contract with a foreign technology company must submit this contract to the scrutiny of INPI. This organism is responsible to approve said contract or not.

Laws and regulations that directly affect games

Steps to INPI

1. Legalization of the contract in both consular bodies
2. Sworn Translation
3. Presenting the contract to INPI
4. Wait for the official INPI decision
5. Presenting the contract to the Central Bank of Brazil

Brazil and South Korea have a dual-taxing agreement

Games in Brazil

So attractive, and...

So complex...

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Titles published in Brazil and their present status

OFF   OFF

Sample Marketing Actions

Meeting with players

Magazine

Anime Event

Event in Amusement Park Playcenter

CD

Squeeze

T-Shirt

10 most popular games in Brazil

Ragnarok　　Gunbound　　Cabal　　Grand Chase　　Priston Tale

WYD　　Audition　　Pangya　　Pang Online　　Perfect World

Reasons for Popularity

Ragnarok and Gunbound: first MMOGs published in Brazil (2004)

Lots of advertising and curiosity for being something new to us

Cabal Online created a new standard with its advertisement
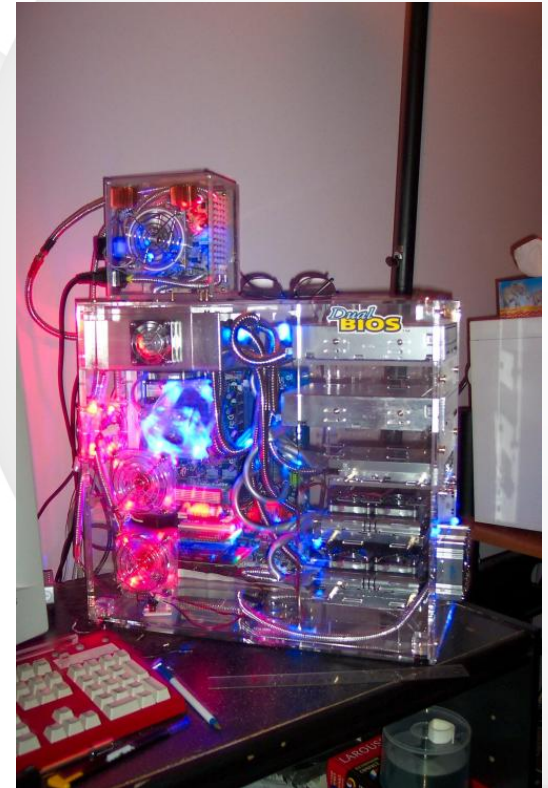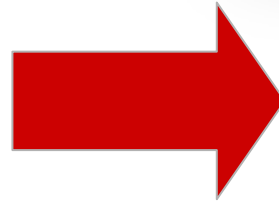
Present Game Tendency and some projections

- Broadband does not reach most of the population

- Population share that has a cutting-edge computer is minimal

Present Game Tendency and some projections

Ideal titles to be brought to Brazil: published from 4 to 2 years ago

Recent titles strain the hardware market

Present Game Tendency and some projections

- Reggie Fils-Aime, president of Nintendo of America, said that Brazil could be the biggest game market today in Latin America

Who is to blame: high tax load
of up to **257%**

Present Game Tendency and some projections

At NEX 2008, Reggie Fils-Aime spoke to UOL. Read an excertp of the interview:

UOL: Is Brazil a wasted potential?

Reggie Fils-Aime: "In our point of view, the Brazilian Market could be our biggest in Latin America. We believe that the country has this potential, due to its population and fiscal stability, and we'd love this to be true, but we are still not quite there. Due to the tax structure, that transforms an acessible product everywhere in the world something very expensive, our market in Brazil is very small. For the future, we aim to do the best we can in the present conditions, and thus we will continue to launch products and promoting events, but a change would be fundamental".
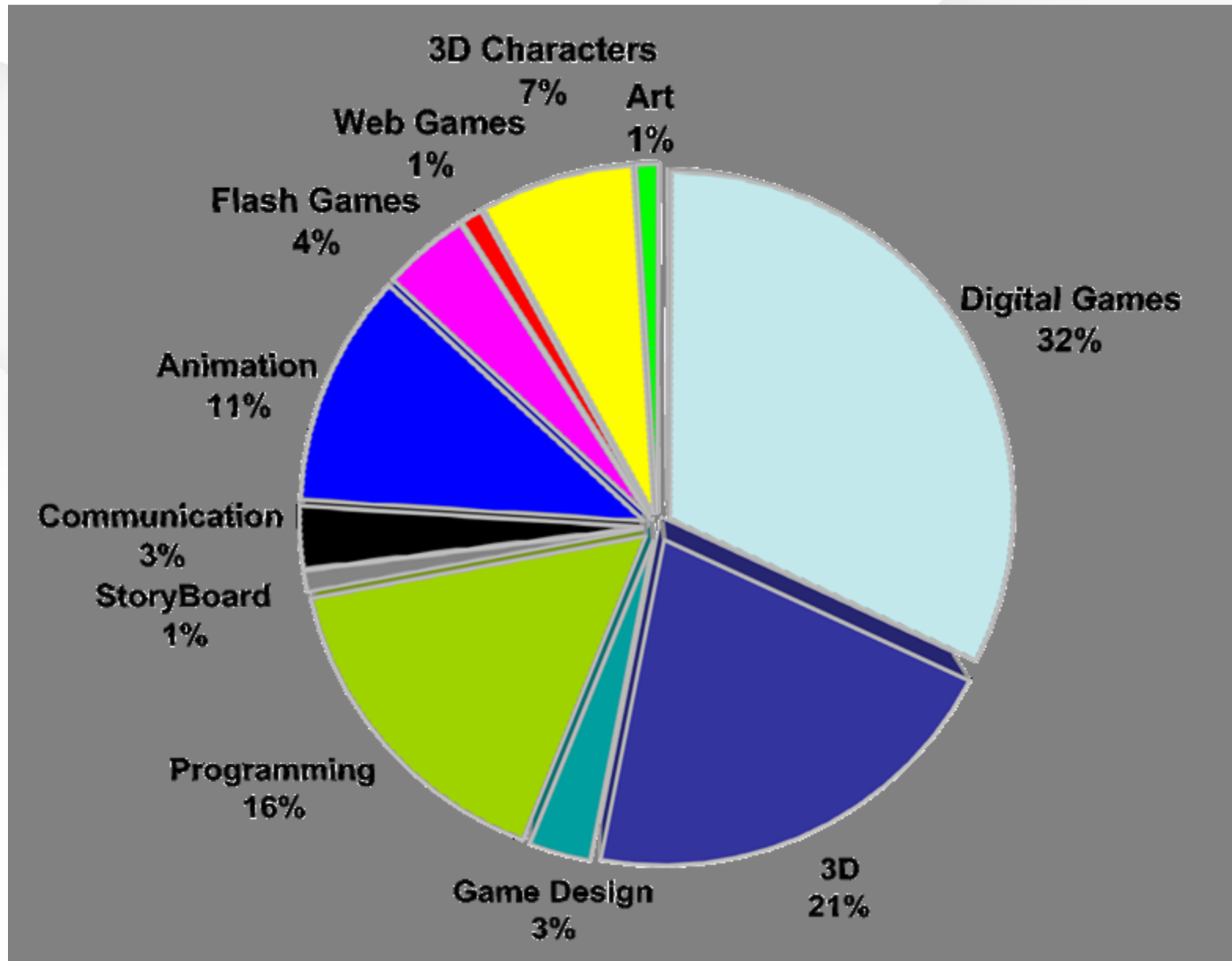
Education Offered - Estimate

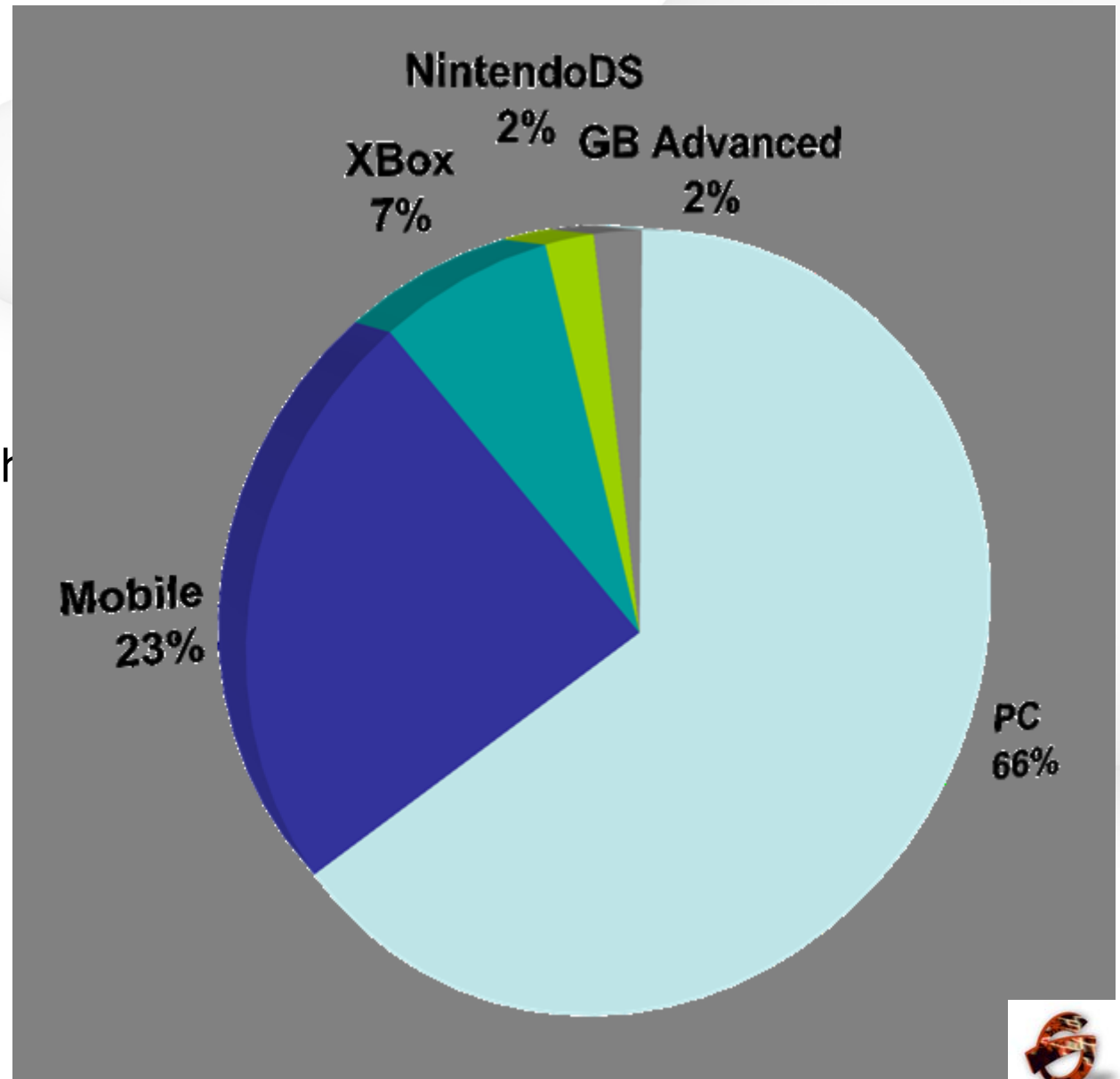These courses offer a general overview about game development, only
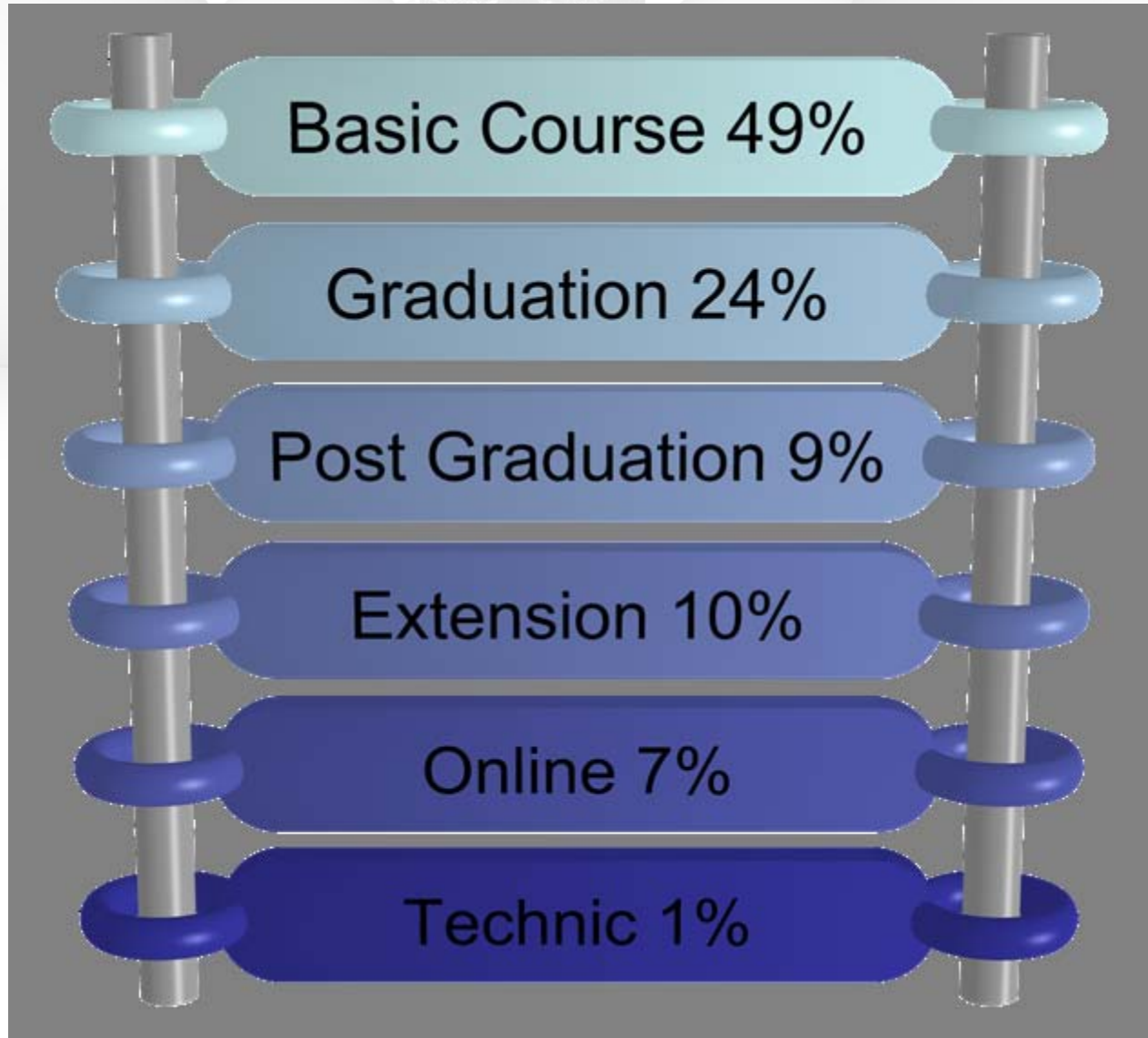
Education – Courses by Area

Offshore Outsourcing

- Done by over 40 companies

- Produces a part of th[e] whole and ships it abroad

Brazilian Market Overview

- 8.500.000 m² territory, 85 times bigger than South Korea
- Over 185.000.000 inhabitants
- Multiracial society: European, Natives, African, and Asian
- Slowest Internet access - 250 Kbps
- Fastest Internet access - 8 MB
- 24% of the population have access to the Internet.
- 4% of the population have broadband access.
- Brazil is the 1º. In the world in Browsing time: 23:48.
- Average access price for 1 MB is USD 42,00
- Most visited internet content: Social Networking sites.
- Increase in Internet infrastructure until 2010.
- Lan House has 2 models: Cyber Cafe –family environment and Lan House – gaming environment
- In 2007, 10.000.000 computers were sold and the 2008 projection is 13.000.000.
- Gaming piracy is a deterrent to the growth of this market.
- There are 26 MMOGs published in Brazil.
- We have courses focused in games and it is a growing market.
- Brazil practices Offshore Outsourcing

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Thank You!
Any doubts or questions?