

Novabase

When Business and Technology Blend into One

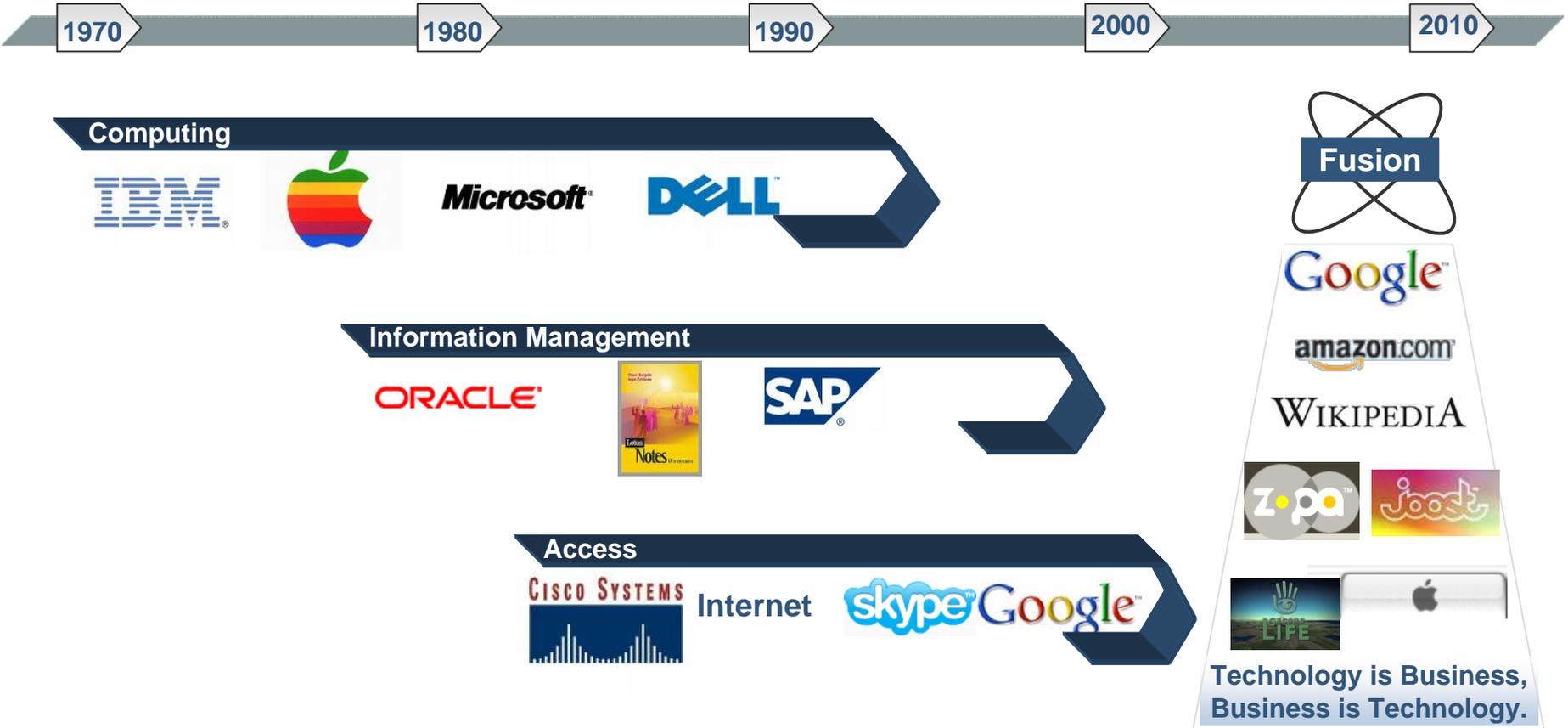
Rogério Carapuça

Chairman and CEO/ Novabase

CISCO Expo 2007- Lisbon, May 22

A new technology is likely to be an inseparable component of the business that replaces your current business. It won't just support business, it will be the business.

Business & Technology Evolutionary Trend



Key Issues

1. Are Business and Technology blending into one ?

2. What makes Technology crucial to Business success?

3. How can Technology contribute to leverage competitiveness in Portugal?

Is there hard evidence that technology and business are blending ?

- ❖ **Yes: Through Visibility !**
- ❖ **Yes: Through Business Value !**
- ❖ **Yes: Through New Business models !**
- ❖ **Yes: Through Change of patterns in job search !**
- ❖ **Yes: Through Change in the way companies see themselves !**

Visibility: The Economist Magazine Innovation Awards

Annually, the magazine awards successful innovators in 7 categories. Can we imagine any of the innovations without technology?

Some Winners in 2007

Computing and communications

- Janus Friis and Niklas Zennström of Skype, for the development of internet file-sharing and telephony using peer-to-peer technology.
- Skype forced traditional telephone services to slash their prices.



No boundaries

- Pierre Omidyar, founder of eBay, for the development of electronic marketplace technology and his promotion of access to markets as a tool for social change.
- eBay took off in 1995 and was profitable by 1996. Last year made a profit of \$1.1 billion on revenues of \$4.6 billion. People all over the world make a living buying and selling on eBay.

Business-process innovation:

- Sam Pitroda, chief executive of WorldTel, for pioneering India's communications revolution. In 1987 helped to democratize access to telecommunications deploying instantly-recognizable yellow telephone kiosks in every town and village.

Business value: Google's \$144 billion market value tops that of Time Warner, Viacom, CBS, ad agency giant Publicis Groupe, and the New York Times Co. combined

1

- Google's draws 56% of all searches.

- Advertisers shoveled some \$10.6 billion into Google's coffers last year, up an astonishing 73% from 2005.

- **Google's \$144 billion market value tops that of Time Warner, Viacom, CBS, ad agency giant Publicis Groupe, and the New York Times Co. combined.**



2

- Google has 32 percent of US online advertising revenue, Yahoo 18.7 percent and MSN 6.8 percent, according to eMarketer.

- Potential to become Universal Advertising Inc.: a sprawling presence that brokers highly targeted ads across all media.

- Google could become the most efficient aggregator of advertising dollars.

3

- It is one of the key reasons behind a flurry of multi-billion media mergers and acquisitions announced over the past few days.

- Rupert Murdoch's bid offer to buy Dow Jones, publisher of the Wall Street Journal.

- Microsoft merger talks with Yahoo.

- Reuters confirmed the merger with Thomson

New business models: Is it the next eBay of Banks?



New Business Model

- Zopa allows people with spare money to lend it directly to people who want to borrow it.
- To minimize any risk, the money each lender puts in (over £500) is spread among at least 50 borrowers (and likewise each borrower gets their money from a number of different lenders).

- Zopa earns money by charging lenders and borrowers a 0.5 per cent fee.

Impact

Bloomberg.com

Internet's Free Services Start to Bite at Bankers: Matthew Lynn

By Matthew Lynn

Dec. 6 (Bloomberg) -- The Internet has the financial-services industry in its sights.

Some recent initiatives show that the Web is starting to chew away at some profitable areas of banking.

In recent years, the Internet has hammered the media industry. Newspaper publishers have lost readers who moved over to online versions and blogs. Record labels have had sales wiped out as listeners abandoned compact discs for free downloads.

Banking may well be next. The Internet hates middlemen, and bankers are quintessential intermediaries. Take a look at some recent start-ups that threaten their trade.

Last year, London-based Zopa.com started a service that matches borrowers and lenders directly. It is "a place where people meet to lend and borrow money," it proclaims. If you happen to have some spare cash, you can lend it to Zopa members, whose creditworthiness has been checked. Alternatively, if you want to borrow money, you can do so on the Web site.

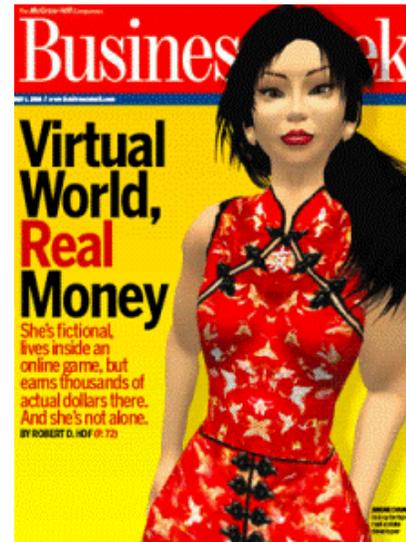
New Business Models: Real State? Dating? Escapism? Who knows?!

New Business Model

- “Ailin Graef achieved her fortune by beginning with small scale purchases of virtual real estate.
- She then subdivided and developed with landscaping and themed architectural builds for rental and resale.

- Her operations have since grown to include the development and sale of properties for large scale real world corporations.
- She has led to a real life "spin off" corporation which develops immersive 3D environments for applications ranging from education to business conferencing and product prototyping.”

Impact



Citibank
General Motors
Petrobrás
IBM
Insead
Wal-Mart
American Express
Intel
...

New Business Models: Is it the beginning of the end of “classical” Television?



New Business Model

- “Joost is a new way of watching TV on the internet.
- With Joost, you get all the things you love about TV, including a high-quality full-screen picture, hundreds of full-length shows and easy channel-flipping.”

•“You get great internet features too, such as search, chat and instant messaging, built right into the program - so you find shows quickly and talk to your friends while you watch.

•No schedules to worry about, you can watch whatever you want, whenever you like - as often as you want.

•Joost is completely free!”

Impact

PC WORLD

Skype's New Video Venture Now Called Joost

Beta online TV service from Skype pioneers is expected before summer.

John Blau, IDG News Service

Tuesday, January 16, 2007 04:00 PM PST

Peer-to-peer technology pioneers Niklas Zennström and Janus Friis have renamed their new online TV service that is still under development; they also plan to open the gates to let more people test the software.

The video stream service, formerly code-named The Venice Project, is now officially called **Joost**, according to the company's chief executive officer, Fredrik de Wahl, in an e-mail today.

The service, which is currently being tested by a select group of users, will allow people to watch TV on their computers, in addition to offering Web functions such as chatting and the ability to search and pull up programs on demand. You **must apply** to be a Joost beta tester.

Joost also plans to give more people an opportunity to test its software when the company launches the 0.8 version shortly, de Wahl said.

A broad public release is planned for the first half of this year.

Job Search: In a new study of ideal employers, search-engine giant Google has topped consulting McKinsey



B-School News May 3, 2007, 12:29PM EST

Survey: MBAs Search for Google

In a new study of ideal employers, search-engine giant Google has topped consulting stalwart McKinsey

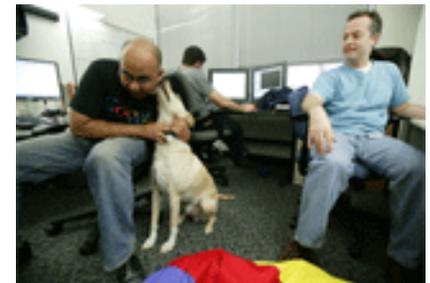
In a sign of changing tastes for MBAs, search-engine giant Google ([GOOG](#)) has topped consulting firm [McKinsey](#) for its perch as the most coveted place for MBAs to work in an annual study from Universum, an employer branding company. McKinsey, which placed second, had been at the top of the list for 12 years.

Google rose from 129th place in 2005 to second in 2006. The 5,451 MBA students surveyed this year listed industry leadership, attractive locations, and innovation as the key factors they associate most with a desirable employer.

Gender also played a role. Men rated McKinsey No. 1, while women preferred Google. Companies ranking third through 10th: Goldman Sachs ([GS](#)), [Bain & Co.](#), [The Boston Consulting Group](#), Apple ([AAPL](#)), Microsoft ([MSFT](#)), General Electric ([GE](#)), Nike ([NKE](#)), and Bank of America ([BAC](#)).



- ✓ "Work and play are not mutually exclusive"
- ✓ "Innovation is our bloodline. "
- ✓ "Boldly go where no one has gone before"



The way companies see themselves in business: Mission and vision statements.

❖ Cisco:

– To change the way people work, live, play and learn.

❖ IBM

– To strive to lead the creation, development, maintenance, of most advanced IT... Translate these technologies into value for our costumers.

❖ Google:

– To organize the world's information to make it universally accessible and useful.

❖ Microsoft

– Our mission is to help people reach their potential.

❖ Amazon

– The Earth's most Customer Centric Company.

❖ Second Life

– 3D on-line digital world, imagined, created and owned by its residents.

❖ Joost

– Next generation TV.

❖ Zopa

– Zopa is a marketplace where people can come together, lend and borrow from each other.

In conclusion: Are businesses and Technologies blending into one?

Yes !

- *Technology really matters* when we're facing a revolution.
- A new technology is likely to be an inseparable component of the business that replaces your current business.



- Hire superb and creative technologists, give them time to explore opportunities and reward them appropriately.
- Stretch your imagination to look for new ways to use technology in your business.

- **Don't be ashamed: It's OK to love technology.**
- **Technology won't just support business activities, it will be inseparable from business activities.**
- **Be a more attractive employer for technologists; shortages are likely.**

Adapted from Gartner

Key Issues

1. Are Business and Technology blending into one ?

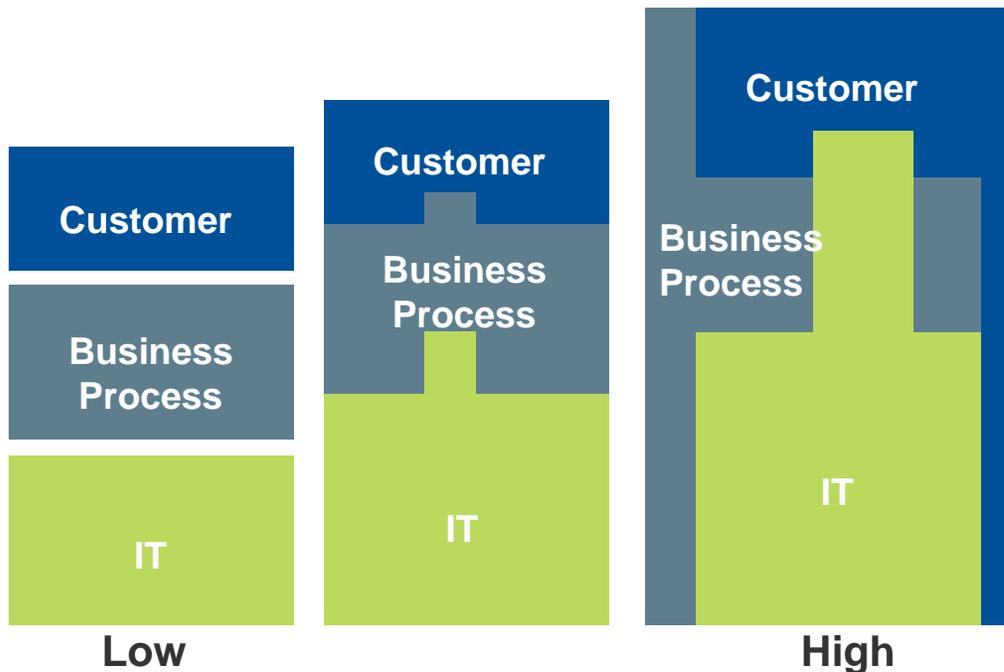
2. What makes Technology crucial to Business success?

3. How can Technology contribute to leverage competitiveness in Portugal?

No Business is an Island

IT is permeating the entire business function, linking customers, suppliers, business partners and government into a seamless continuum of business activity.

Integration of IT and Business Processes



- Stage 1: the interdependencies of business processes, IT and external entities are managed by manual or non-IT interfaces.
- Stage 2: IT has permeated business processes such that when the computers are down, business processes come to a halt. Most large businesses have created some level of dependency between business processes and IT.
- Stage 3: the business does not exist without IT.

An interview with the head of India's top private bank

Information technology is so crucial for the success of India's top private bank that K. V. Kamath says he oversees it himself.

ICICI Bank - Major Indian Bank

Situation

- The bank has moved to integrate changes in the way it serves customers (ramping up its reliance on ATM and Internet usage) and runs its back-office operations.
- Kamath views IT as so critical to the bank's growth that, rather than delegate to a CIO, he manages the bank's technology himself.

Before (Limitations)

- In the late 1990s, garage start-ups in Silicon Valley were taking products from concept to market in 90 days because if they didn't, somebody else would. So we asked, "Why can't we?"
- "We made it a rule: no project was to extend beyond 90 days. People were skeptical at first, but it was achievable, and it gave us a huge competitive edge".

Now (Resolution)

- 100,000 banking customers in 2000; 20 million today.
- Six years ago, 95 percent of all transactions took place in the branch and 5 percent at the ATM.
- Now branch transactions are down to 15 percent, ATMs have gone up to 48 percent, the Internet is 21 percent, and the call center is 5 percent.
- An amazing transformation has taken place. Customers are telling us they want to change. If their bank doesn't change with them, they will be looking for a new bank.

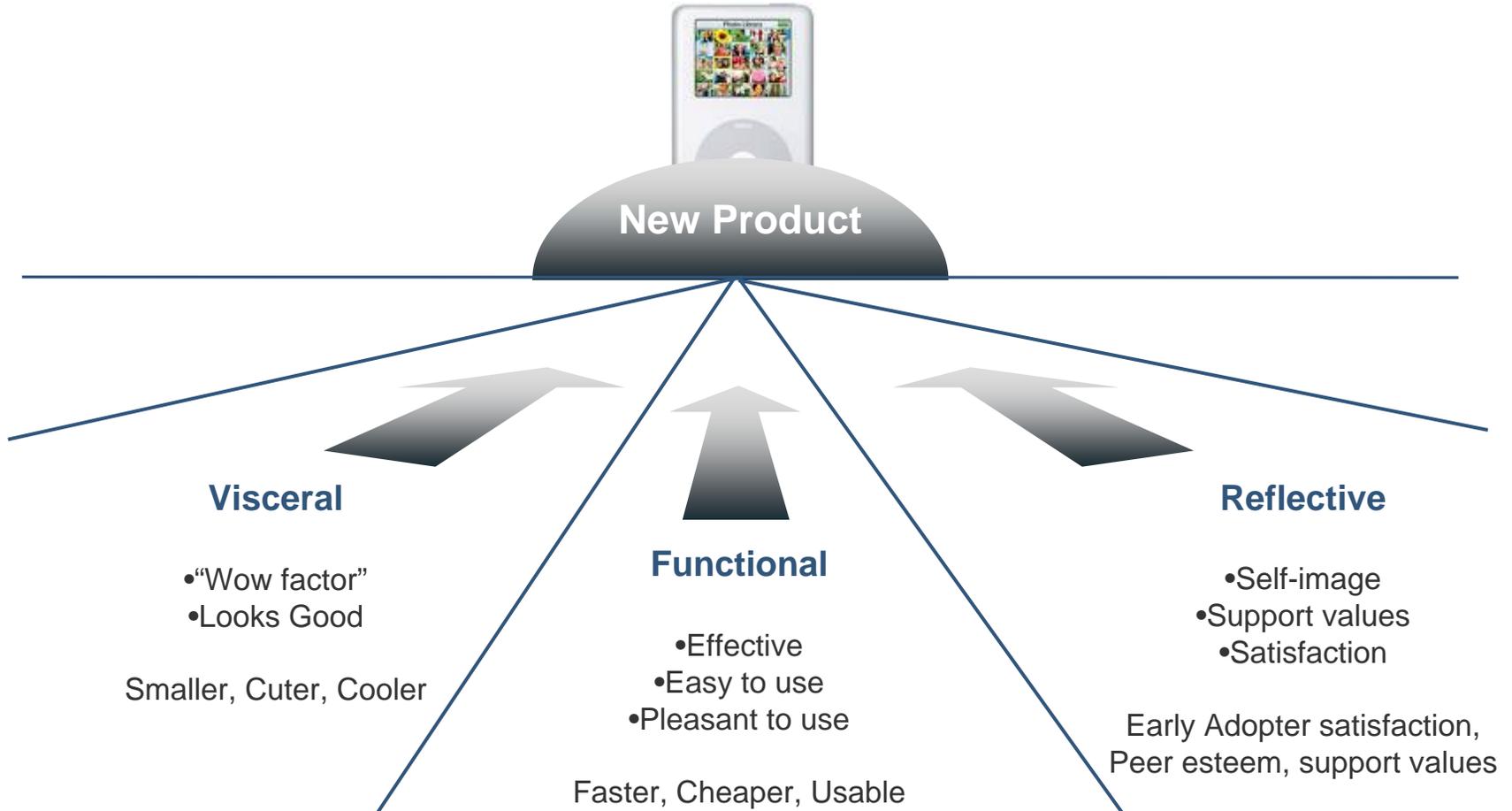
Adapted from McKinsey Quarterly

Technology is more than just functionality

Successful IT solutions must address human, as well as technical, needs.

Success will be defined using a model broader than functionality.

Major aspects of a new product



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Technology is fuelling innovation and productivity, and there are signs of fundamental change in markets and user behavior, as Europe moves towards a knowledge-based economy.

DEVELOPMENTS IN THE INFORMATION SOCIETY DURING 2006

■ Inclusion

- Six years after the burst of the Internet bubble, the information society is on a steady growth path.
- **ICT drives 50% of EU growth, says Commission's annual report on the digital economy**
- A decade of investment in ICT is bearing fruit, transforming the EU into a knowledge-based economy.

■ Better public services

- The public sector is not lagging behind. Online public services are producing visible efficiency gains.
- More services online, more sophisticated and more Europeans deal with the public sector online.
 - **Higher percentage of basic public services for citizens fully available online – in Portugal from 18% in 2003 to 36% in 2005**

■ Quality of life

- The EU can build on these achievements to pursue its growth and innovation.
- ICT are identified as tools for transforming government and business models and as instruments for improving our quality of life.

■ A new wave of innovation

- Users are quickly embracing new services brought about by convergence.
- Many Member States now have high levels of broadband adoption.

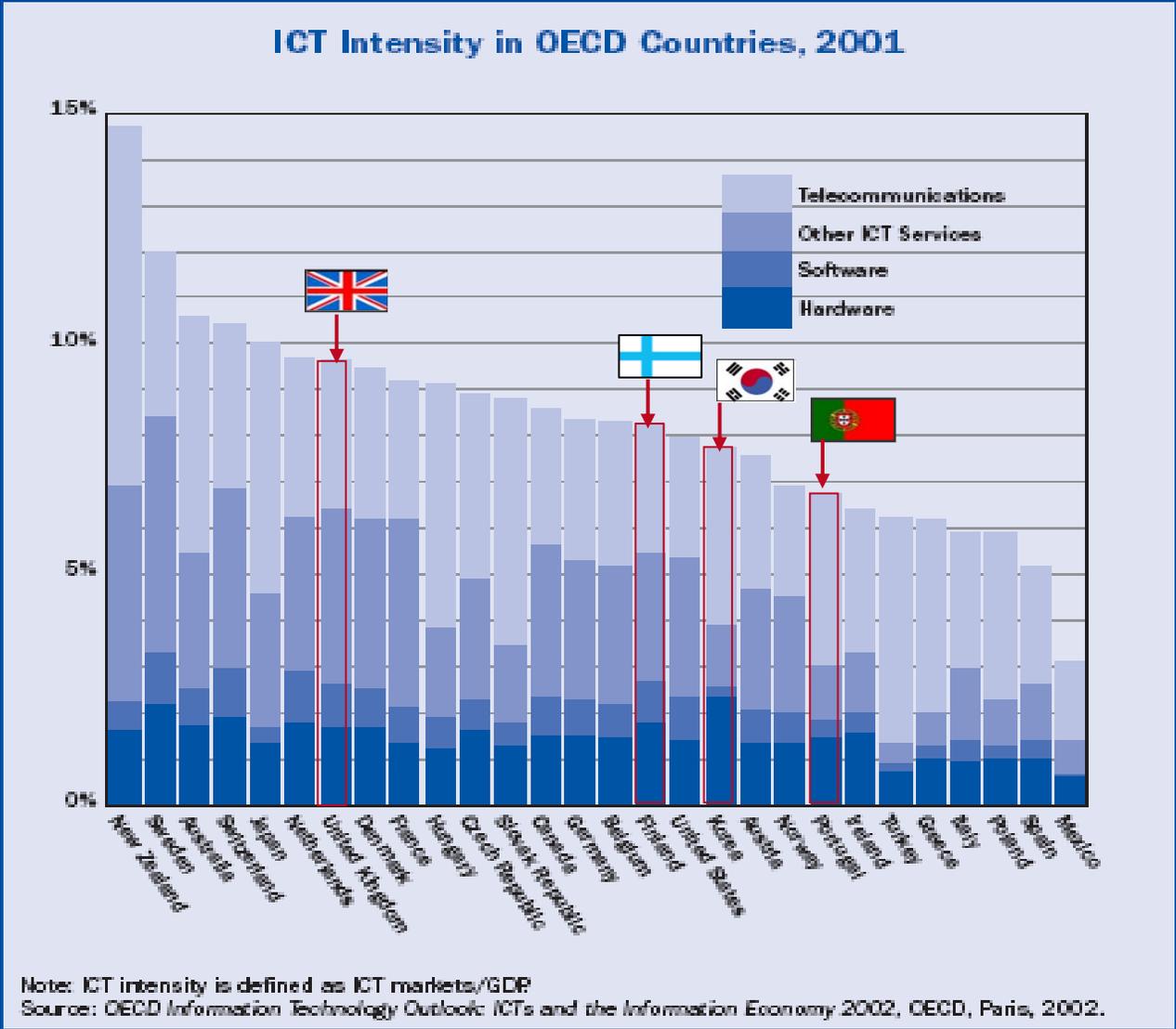
■ A user's perspective on innovation

- The transformation of the content market is already visible in online music sales and new digital devices.
- The move from traditional content distribution to online availability is accompanied by an explosion of user-created content.

■ Improving framework conditions



ICT Intensity in OECD Countries: Portugal doing well in all segments except ICT SERVICES



- Portugal's intensity of **Hardware**, **Telecommunications** and **Software** is comparable to leading countries.
- However, there is a significant gap regarding **ICT Services**. To catch up it is necessary to triple the intensity usage, which represents **€2,8B**.

Effective Use of Technology in Portugal: Portugal is an early adopter of Tech... but most well known examples so far are payment and consumer related !

- Multimodal Transports with contactless tickets

- Revolutionary systems of payments
- Interconnected payment means



- ATMs adoption...
- All kinds of services...

**Business Leveraged
by Technology in
Portugal**

- Pre-paid mobile phone



Internet

- VoIP
- Utilization of 3G – video conference

Will we have a second wave of innovation? How?

The recent performance in the ranks indicates that the ITC is helping to improve the competitiveness of the Portuguese economy...

Some Portuguese Advancements

E-Commerce [15-03-2007]

- 79% increased the frequency of accessing Internet in the last 2 years - 97% access daily.
- 77% look up for information on the Internet for later buying off-line.
- 78% have already bought something on the Internet – satisfaction level is around 97,7%.



IT Employment growth [16-03-2007]

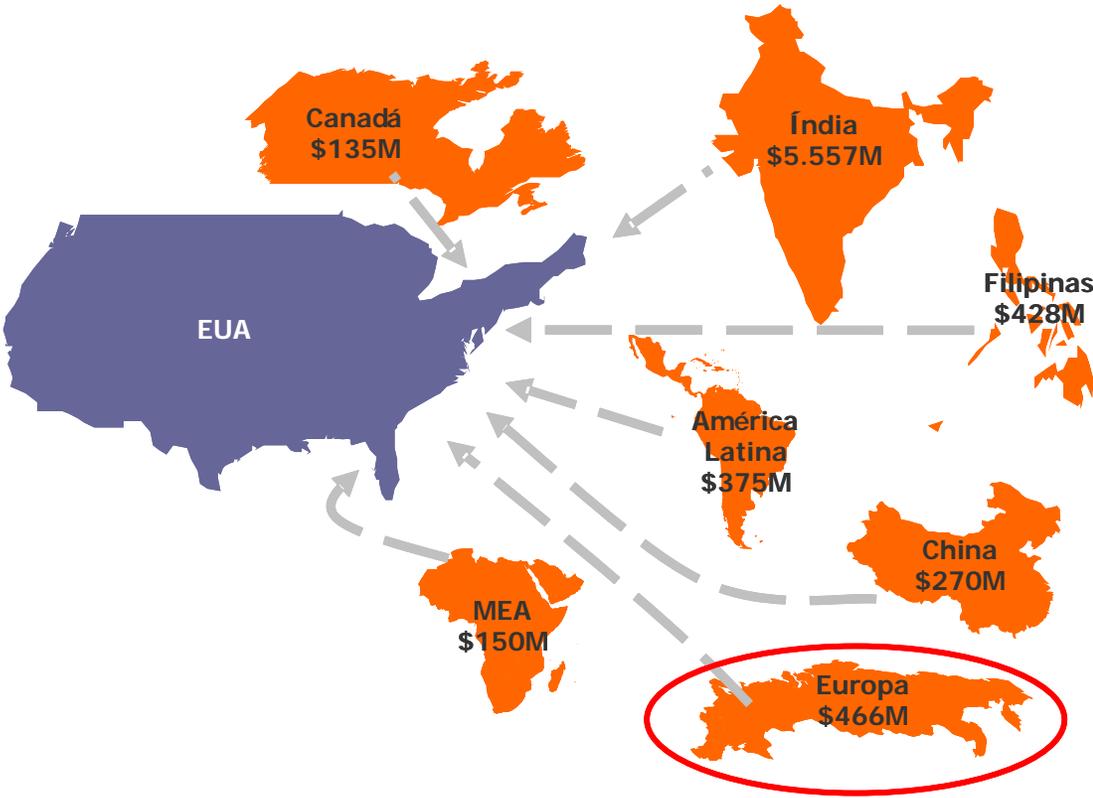
- Highest growth (9,9%) in “high tech sectors” above Cyprus (8,8%), Spain (8,1%), Luxemburg (6,0%) and well above the EU average (2,7%).
- Additionally:
 - Portugal advanced 4 positions on The Lisbon Review 2006 of World Economic Forum;
 - 2 positions on The Lisbon Scorecard do Centre for European Reform;
 - 3 positions on the European Ranking for on-line public services providing
- “Top performer” by the World Bank Doing Business Ranking.

<http://www.netsonda.pt/> / Associação de Comercio Electrónico em Portugal

Eurostat (<http://ec.europa.eu/eurostat>),

There are significant opportunities of business generation due to the globalization of the IT industry. Is there a role for Portugal ?

❖ In 2004, the USA imported 7.5B US\$ in IT services through offshore contracts



Fonte: IDC Worldwide Offshore IT Services Forecast (IDC #33529, Julho 2005). Valores não reflectem outras regiões. Não inclui componentes de serviço offshore indirectas, de empresas globais como a IBM, EDS ou Accenture.

How to make Portugal a Player when Business blends with Technology ?

- ❑ **Strategically Invest in Education and Training of Portuguese students, workforce and general population;**
 - A new generation of well educated, truly international, highly skilled people is emerging in the country:
 - 1.500 Phds in the late 70's ; Today 12.000.
 - 1.200 Phds /year vs 100/year in the late 70's.
 - Scientific papers: Now 4000/ year vs 200 late 70's.(Source: Prof. Marçal Grilo at COTEC innovation day, 2007)
 - Focus on Entrepreneurship education; New set of values in school;
 - Professional mindset, risk-taking culture;
- ❑ **Blend Technology with Public Administration Services to increase productivity and quality of business; Make Portugal #1 in the EU in this area.**
- ❑ **Create a dynamic business-friendly environment by increasing effectiveness of the country's basic infrastructures and tax system;**
- ❑ **Fully support portuguese companies going global with a new blend of business and technologies.**
 - Economic Diplomacy;
 - Less burocracy;
- ❑ **Encourage return of portuguese top-of-class expatriates willing to research and create new business in Portugal.**
 - Give visibility to their current work;
 - Retain the new ones comming out of schools;
- ❑ **Encourage the instalation in Portugal of Business Units of Multinational Companies always involving partnerships with portuguese companies;**
- ❑ **Promote an image for Portugal as an early adopter of technology based innovation; (Start here and then make it global !)**

And... Novabase?

- ❖ **We enable your blend of Business and Technology with**
 - Consulting Services
 - Creation of Business Solutions
 - Setup of enabling infrastructures
 - Outsourcing
 - New Business development

- ❖ **Incorporated in 1989; Listed in 2000 (Euronext Lisbon)**
- ❖ **Revenues (2007) 261 M€, 31% International; Ebitda Mg 8%**
- ❖ **Current Headcount: 1600**
- ❖ **Some Recent Awards:**
 - Cisco Innovation Award of the Year 2007
 - Rank #98 – Europe's 500 (2006)
 - # 1 Best of European Business 2005/ Portugal (Growth, Medium SizeComp)



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