

#LATAM DIGITAL

Tech in Latin America



kueski

kingo

CULQI

Linio

payu

BIT Pagos

DESTACAME.cl

mercado
libre



I-DEV INTERNATIONAL
Unlocking Business Potential in Frontier Markets

NOVEMBER 2016

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From BitPagos to BiM, Latin American innovators are taking advantage of high mobile penetration, a strong middle class and a unified culture to capture new opportunities in the digital economy.

ABOUT THIS REPORT

With twice the US population at 641 million people and nearly 70% mobile penetration, Latin America poses a large and attractive business opportunity for digital tech innovators. While it may not get the attention of East Africa's 'Silicon Savannah' and the US's start-up innovation scene, growing per-capita wealth, high mobile penetration and a large number of un- and under-banked people and businesses make Latin America one of the highest potential digital economies in the world. In this report, we highlight key trends to watch out for and opportunities to further unlock growth in this market—particularly in ways that people make payments, do business and access capital.

While Brazil tends to attract the majority of the buzz, boasting 209 million people and tech innovations that have attracted a range of investors seeking to tap this large market, we have chosen to focus our analysis on the burgeoning opportunity for the rest of the region – with leading countries Mexico, Colombia, Peru, Chile and Argentina representing a market of 432 million people primed for a digital revolution.



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SECTION 1

What's Driving Digital?

GROWING WEALTH & MIDDLE CLASS



In the past decade, the number of people in Latin America's middle class grew by 50%, incorporating 50 million new consumers. During this time, Gross National Income (GNI) per capita has grown at 11-12% per annum – approximately the same rate as in Sub-Saharan Africa, but with an average income 5.5x higher at ~\$9,000.¹ Greater income affords greater disposable income to spend on products and services, more frequent transaction needs, and a willingness to pay for financial services such as loans or wealth management.

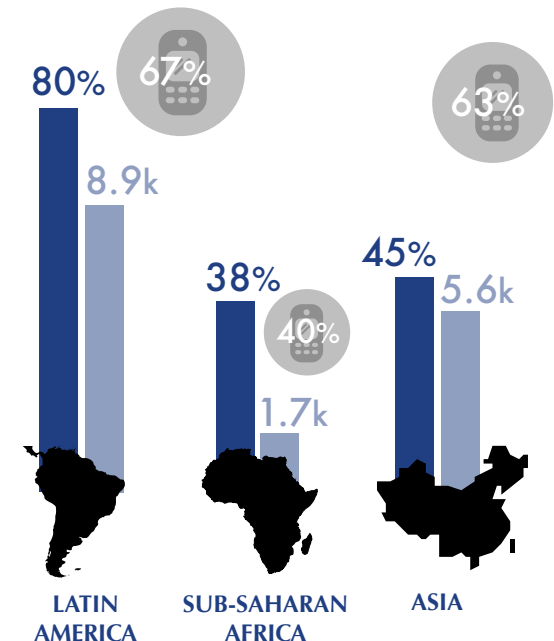
RAPID URBANIZATION



Latin America and the Caribbean have the largest urbanized population in the world, with 80% of people living in cities; this compares to only 45% in Asia and 37% in Sub-Saharan Africa.² Rapid urbanization in the region is driven by jobs – and with jobs come steady incomes and rich, concentrated markets for new products and services as well as client acquisition. Yet, with the population relocating to big cities, the sense of local community and human connectivity is eroded – driving people toward digital and social media solutions to stay informed and connected.

Latin America vs. the World: Drivers of the Digital Economy

■ Urbanization ■ GNI per capita
● Mobile user penetration

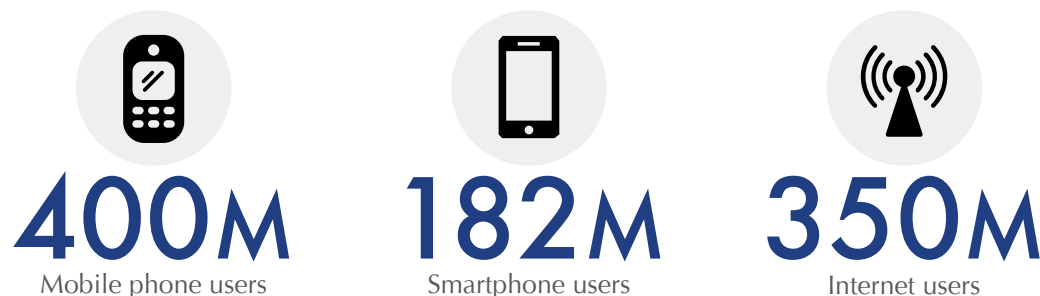


Sources: World Bank & eMarketer data, 2015–2016

1. *Economic Mobility & the Rise of the Middle Class*, World Bank, 2013
2. World Bank data, 2015

Despite high mobile and internet penetration in Latin America, the majority of the population remains unbanked

TODAY...



CHEAPER TECHNOLOGY & HIGH CONNECTIVITY



Growing wealth combined with more affordable technology has led to an explosion in connectivity in Latin America, with rapid adoption of smartphones and the Internet in the last 5 years. Sixty-eight percent of Latin Americans have mobile phone subscriptions, the highest after Europe and North America, and about 45% of subscribers use smartphones.¹ One third of Latin Americans currently access the internet via their mobile phones, and it is expected that by the end of 2016, more than 60% of the population will be online, connecting from an array of devices including first and foremost smartphones, followed by PCs and tablets.²

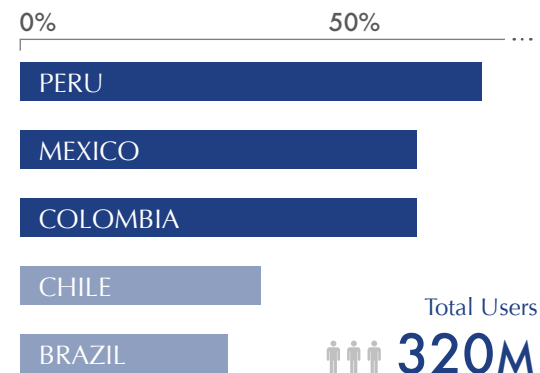
Now, with a basic phone for \$20 and a smartphone under \$100, mobile penetration is soaring, making online presence and mobile-enabled services a growing imperative for businesses to remain competitive, boost product sales, engage consumers and improve operational efficiency. While these are indicators of the regional potential, there is a lot of room for growth – under 60% of the population connects to internet at least once a month despite regional mobile internet coverage of 90%.³

STRONG COMMON REGIONAL PRIDE, LANGUAGE & CULTURE



While Latin America has diverse policies and regulations that many will argue makes cross-border expansion

UNBANKED POPULATION



Sources: eMarketer data, 2014–2016; World Bank Global Findex Database, 2014

challenging, Latin America is unified on a different, cultural level – and by a common language, if we exclude Brazil! Go to Colombia, Mexico, or Chile, and many will recognize the same Latin singers, authors and celebrities. Even telecom companies and banks can be found across the region, having established a foothold long ago. Leading telcos Movistar and Claro can be found in almost every Latin American country, while BBVA, Santander and Citibank have similar reach.

LARGE UNBANKED & UNDER-BANKED POPULATIONS



Despite high mobile penetration, the full potential for a thriving e- and m-commerce ecosystem is constrained

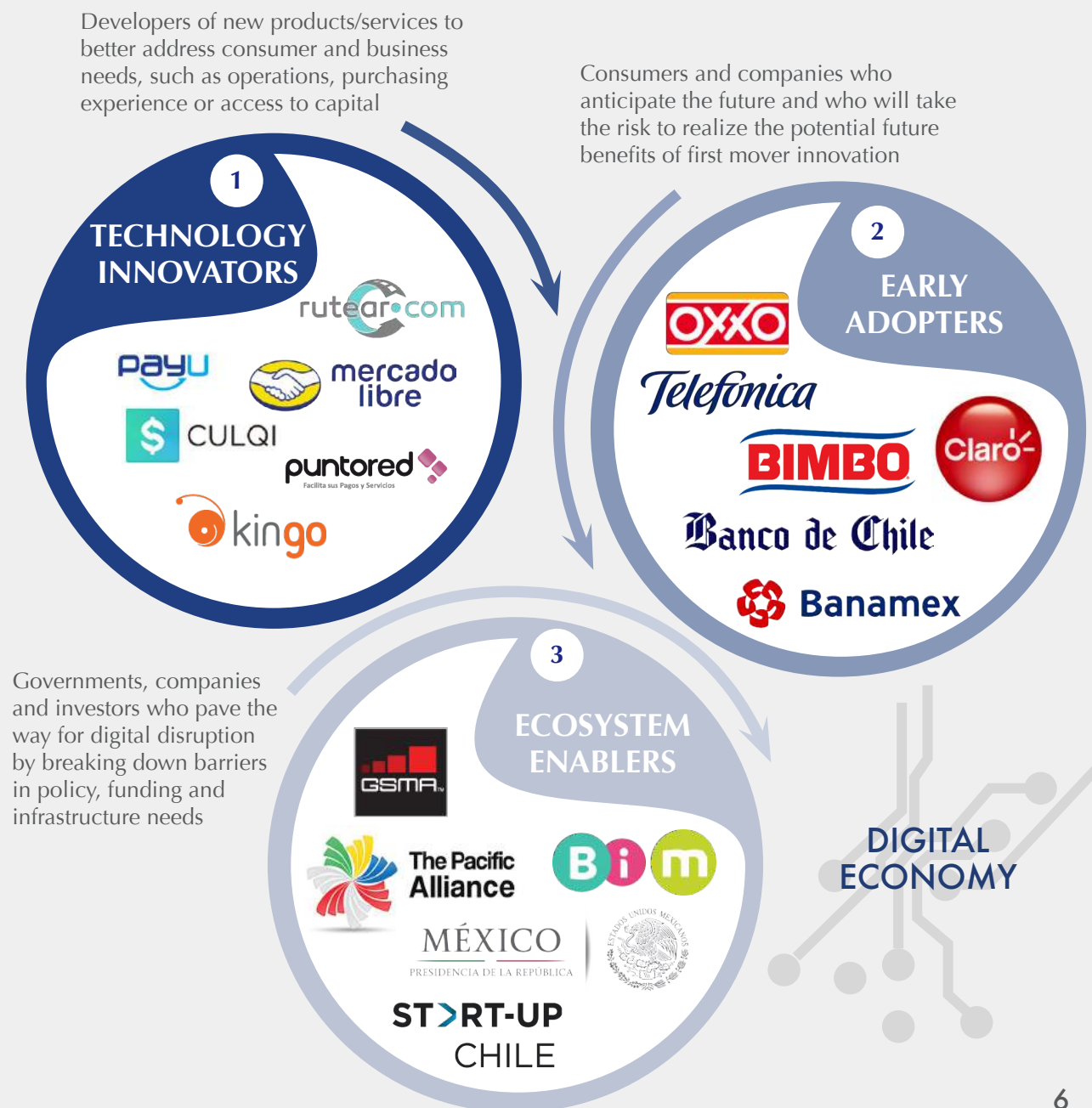
by a large unbanked population that relies only on cash payments. Forty-nine percent of Latin American adults are without a bank account, and up to 70% are considered “underbanked” – without access to products like loans or credit cards. Brazil and Chile lead in banked populations with 68% and 63% with formal accounts, while others like Colombia, Mexico and Peru lag behind at 39%, 39% and 29%, respectively.¹ While Latin America has higher per capita bank branches and ATMs than other regions, banks are not reaching the greater population, opening a lucrative gap in the market for innovators.

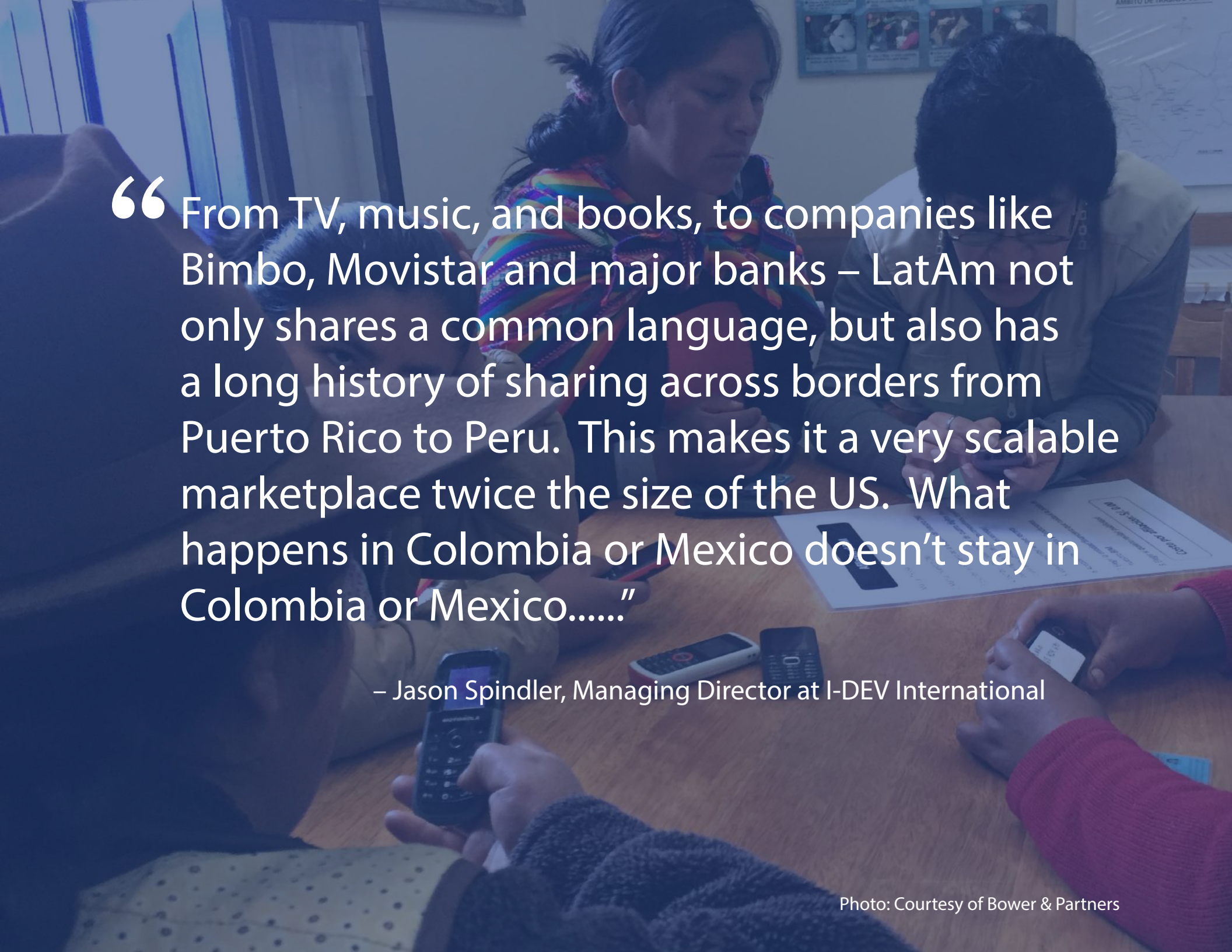
Extra wealth and owning a phone are just a few factors that create the foundation of a strong future digital economy. Critical to its growth are three collaborators who, when linked effectively, foster the development of impactful, highly scalable solutions: (1) technology innovators, (2) early adopters, and (3) ecosystem enablers.

In this report, we explore these three actors, regional successes and the range of opportunities we see ahead to unlock full market potential.

1. World Bank Global Findex Database, 2014

KEY PLAYERS DRIVING THE DIGITAL ECONOMY





“From TV, music, and books, to companies like Bimbo, Movistar and major banks – LatAm not only shares a common language, but also has a long history of sharing across borders from Puerto Rico to Peru. This makes it a very scalable marketplace twice the size of the US. What happens in Colombia or Mexico doesn’t stay in Colombia or Mexico.....”

– Jason Spindler, Managing Director at I-DEV International

SECTION 2



Setting the Pace: Top Trends To Watch



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New players are driving mobile money & digital payment adoption

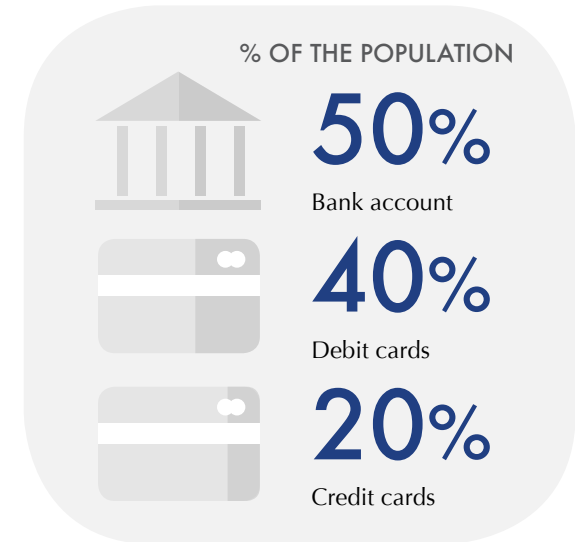
Traditional banks have failed to capture the masses, opening a broad opportunity for digital innovators

Cashless payments are a critical building block to e- and m-commerce but are often taken for granted, especially in a cash-focused culture. In Latin America, only 40% of consumers have debit cards and 20% credit cards, compared to double this in high-income OECD countries. Less than 4% have a mobile bank account, and only 50% have any kind of bank account.¹ With low banking rates and low trust in banks, there is a gap in the market for new entrants who offer seamless and trustworthy alternative solutions.

EASING THE UNBANKED TOWARD E- & M-COMMERCE

In a region with low trust and high cash dependency, hybrid solutions are being developed to ease skeptical consumers toward alternative and online payment options. For example, PayU (international) and Puntored (Colombia), 2 online payment processors, have partnered with convenience store chains like Oxxo in Brazil and Mexico to allow customers to pay for online purchases via cash in their local store. For low to middle income consumers who are used to paying for expensive products, such as

Low acceptance of traditional banking has opened a significant market for m- & e-solutions



Source: World Bank Global Findex Database, 2014

appliances and electronics, in 'cuotas' or installments, online payment processors can offer lay-away or installment options to adapt to this custom. Kingo in Guatemala, for example, allows consumers to pre-pay for solar energy by the hour, day, week or month at their local kiosk, where shop owners are connected to the mobile platform.

Mobile money is also a critical and high potential opportunity to attract the large unbanked population. M-PESA in Kenya remains the strongest success story of the potential for mobile to change a developing economy, allowing customers

“ Mobile money is a challenging product. You need a value proposition significant enough that the incentives to participate reach a point where it becomes more difficult to be out of the system than in.”

– Jeffrey Bower, Managing Partner at Bower & Partners

to send and receive money from anyone with a mobile phone and an M-PESA account. More trusted and secure than cash, it has also driven financial inclusion in areas unreached by banks in Kenya, and has prompted countries with high unbanked populations all around the world to attempt to replicate this system. M-PESA was launched and promoted by incumbent telco Safaricom and has been a critical driver of Kenyans' adoption of mobile money, with 90% of the population using M-PESA on a regular basis¹ compared to fewer than 4% of Latin Americans using any mobile money platform. With a similar traditional bank account penetration to Kenya prior to M-PESA (50%), Latin America is ripe for a new entrant, such as a mobile money player, to capture this opportunity.²

Mobile money players have popped up in Latin America already, for example: Tigo in Central America, Bolivia, and Uruguay; recently launched BiM in Peru; and Telefónica partnerships with banks in Brazil. Yet, these initiatives have far to go to achieve critical mass or similar success. The backing of strong incumbents who leverage existing infrastructure, combined with more user-friendly, diversified solutions that have day-to-day practicality, can incentivize a dramatic shift.

ENTRANTS OFFERING INTEGRATED & MORE AFFORDABLE PAYMENTS

While innovators have struggled to scale and navigate fragmented Latin American markets, success cases like PayU, AllPago,

BrasPag and MercadoPago are among the online and mobile payment processors that have achieved scale in penetrating multiple Latin American markets.

In addition to carving out a share of the market, these players are also pushing incumbent banks and credit card processors to explore better solutions to stay relevant and attract an increasingly tech-savvy, still bank-averse population. Some businesses have done this through partnerships, while others have avoided traditional banking altogether.

These rising stars are shifting the market by offering a better user experience, better pricing, and seamless integration. Key innovators can secure their relevance and growth by offering

MOBILE MONEY LEADERS REACHING SCALE

CONEKTA 

MEXICO

Conekta's e-commerce plugin allows small businesses to easily accept payments with credit and debit cards, cash, bank transfers and monthly installments. Recent Series A funding will also allow partner businesses to accept payments from over 14,000 Oxxo convenience stores across Mexico.



BRAZIL

BrasPag allows Brazilian e-commerce businesses to process payments from 23 different international credit card brands, as well as accept debt transactions from 32 banks in 10 countries. In 2013, BrasPag processed over 1.1 million transactions from Mexico alone.



BRAZIL, MEXICO, COLOMBIA, ARGENTINA

A white label payment service provider (PSP) for global merchants and other local PSPs, Allpago offers a single integrated payment platform that promises to boost revenues by 80% and offers the best conversion rates, state-of-the-art technology, and regulatory advice necessary to be successful in e-commerce in Latin America.



MEXICO, COLOMBIA, PERU, etc.

PayU's back-ended payment platform offers lower transaction fees to lure early adopters, such as local business owners, who want to accept credit card and alternative payments without the burdens of traditionally high commissions – up to 5%. PayU allows Latin American consumers to purchase from 20,000 local vendors.

superior technology and user experience while also cutting transaction fees by 0.75% or more from banks and credit card processors – to access the greater purchasing options.

TRADITIONAL PLAYERS PUSHED TO MAINTAIN RELEVANCE

Showing additional promise, new digital payment processors have begun to push banks and credit card processors to re-think their high fees and outdated infrastructure. Meanwhile, existing service providers are pushing into the region, offering additional perks to attract new partners. For example, Visa Checkout is now in 6 Latin American countries – Argentina, Brazil, Chile, Colombia, Peru, and Mexico – offering a streamlined online payment process for consumers purchasing via smartphones or the internet; to increase adoption and incentivize sign up from small business partners, Visa Checkout offers a suite of additional support, such as website design and accounts management. Peru's Culqi facilitates transactions for both merchant and customer, offering a platform that creates PoS payment codes and connects to stored card details to reduce the cost of processing and aggregate different payment providers

on one platform. Because 80% of online transactions get canceled at check-out, Culqi also focuses on providing an easy-to-use interface that helps streamline the successful completion of transactions.

This trend will continue, particularly as national policies improve and clarify treatment of digital payments and fintech policies. Furthermore, pressure to catch up with other regions in technology integration, innovation, and entrepreneurship will begin to reach even the most traditional big incumbents. For example, in Chile, alternative payments are restricted and dominated by a single player; only one company, Transbank, is authorized to process credit cards and internet payments, making innovation and digital alternatives highly unattractive – as well as inhibiting local commerce and entrepreneurship. This policy is anticipated to change soon, as government recognizes the impact on competitiveness and the exodus of local start-ups to more digital-friendly neighboring markets.

MOBILE MONEY ECOSYSTEM: POLICY ENABLERS

Latin America is making positive shifts toward policies that facilitate mobile money adoption, new entrants and investment.

COMPETITIVE MARKET FOR MOBILE MONEY

Third parties/non-banks allowed to offer mobile or e-wallet products alongside banks

LEADERS



Bolivia



Brazil



Peru

LOWER MINIMUM CAPITAL REQUIREMENTS

Under \$1M minimum for lenders to attract new entrants

LEADERS



Bolivia



Brazil



Peru

EASY-TO-NAVIGATE KYC REQUIREMENTS

Lower red tape and transparent registration processes for know-your-client (KYC)

LEADERS



Colombia



Mexico



Peru



Guatemala



Paraguay

NATIONAL POLICY & GOVERNMENT SUPPORT

Financial inclusion policy to guide other initiatives, country-wide mobile money adoption targets, government salary paid via mobile money, & incentives for non-cash use

LEADERS



Brazil



Colombia



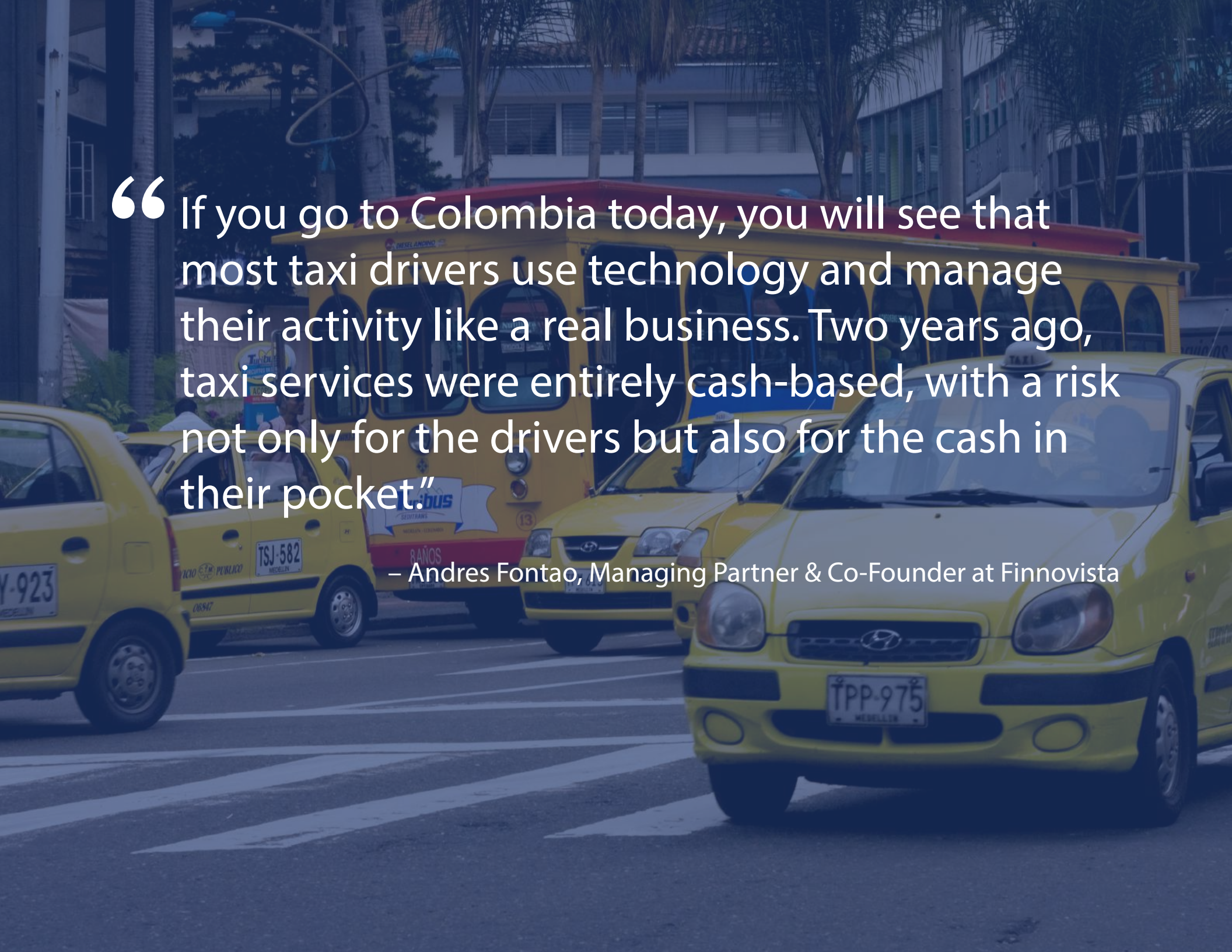
Peru



Chile



Mexico

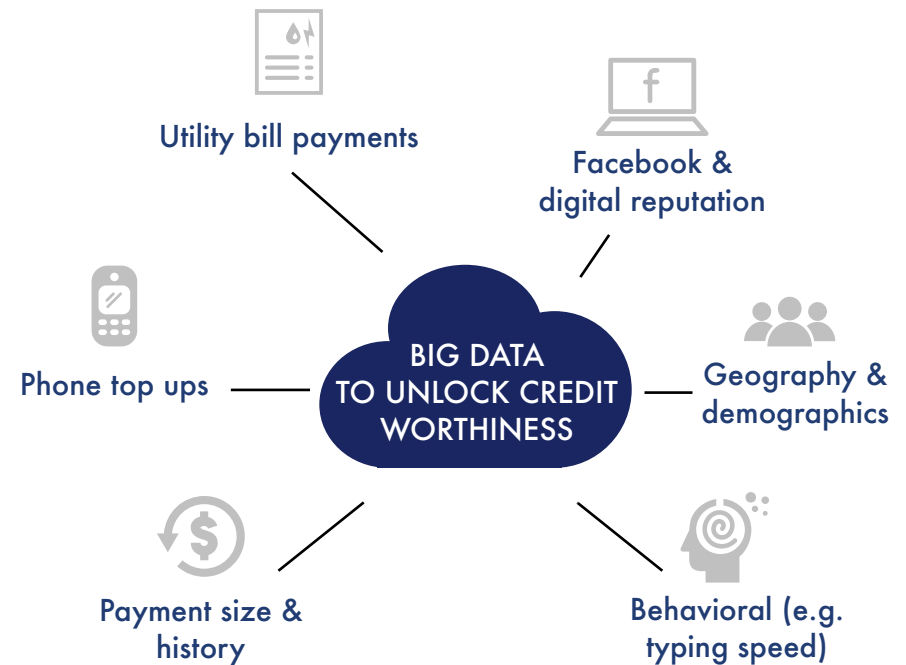
A photograph of a city street in Colombia, featuring several yellow taxis and a yellow bus. The scene is overlaid with a semi-transparent blue filter. The quote is written in white text, with the opening quotation mark being significantly larger than the rest of the text.

“If you go to Colombia today, you will see that most taxi drivers use technology and manage their activity like a real business. Two years ago, taxi services were entirely cash-based, with a risk not only for the drivers but also for the cash in their pocket.”

– Andres Fontao, Managing Partner & Co-Founder at Finnovista

2 Alternative banking & loans services are filling the gap

Tech start-ups are leveraging an aversion to traditional banks and growing consumer demand to capture marketshare



Alternative credit scoring and loan providers are popping up in Latin America to fill a gap left wide open for the 50% of the population with no formal accounts, and 30% of SMEs that struggle to access affordable – or any – capital.¹ Meanwhile, a healthy and growing middle class is increasingly demanding more sophisticated wealth management services that they can access through their phones and broadband. Parties who offer solutions to businesses and individuals, with diversified functions and strategic partnerships, show the greatest promise and have begun to attract investors' interest.

THE RISE OF ALTERNATIVE CREDIT SCORING & DIRECT LENDING

To address the large \$250 billion financing gap for Latin American SMEs that cannot access affordable capital,¹ players like Tienda Pago and InnovaFunding in Peru are using purchasing history and sales records to assess small business credit worthiness and extend loans. Tienda Pago gives SMEs the ability to build up a credit profile and receive 1-2 week advances on buyer payments, while InnovaFunding offers automated “factoring” services, where accounts receivables are used as loan collateral for small businesses.

Meanwhile, players like Afluenta and Konfío offer solutions for individuals as well, and have modeled themselves off of the UK's Zopa and US's Lending Club to establish peer-to-peer (P2P) loan marketplaces linked to credit scores that are based on an assessment of public records, Facebook activity, bill payments and phone top-up activities. While these new products are unlocking capital for previously unreachable clients, they are also opening up a broader lending pool and offer the growing high-income population – and potential lenders – an opportunity to invest in exciting, higher-yield investment opportunities.

FIRST MOVERS IN ALTERNATIVE CREDIT SCORING & SERVICES

PEER-TO-PEER



ARGENTINA, MEXICO, COLOMBIA, PERU

An Argentina-based P2P financial network for consumer loans, Afluenta offers rates 5-10% lower than traditional channels, as well as real time credit assessments and risk scoring, transfers, loan servicing, collections and a secondary market where investors can buy and sell from each other.

LOANS FOR SMEs



PERU, VENEZUELA, MEXICO

Tienda Pago helps SMEs secure short-term working capital for inventory purchases. It works with large distributors, e.g. Gloria, Nestle and SABMiller, to partner with local shops and offer inventory purchase advances. Shops must then repay 'loans' upon sales turnover via mobile payment.

BRANCHLESS BANKS



ARGENTINA, CHILE, BRAZIL, ECUADOR

Based on bitcoin technology, BitPagos' digital wallet Ripio allows anyone to buy and sell bitcoin in local currency, hold savings, or request a credit line to finance payments in installments. Similarly, the BitPagos' online payments system BitBookings facilitates international payments for tourism.

More data collection facilitated by high broadband, mobile and social media penetration has led to improving data analytics that facilitate customer acquisition and development of services that take advantage of Latin American's aversion to bank visits. Start-ups like Chile's Destacame allows customers to opt-in for a free credit evaluation based on the payment size and timeliness of their utilities bills. Loan providers can access these customers through online promotions, while consumers are empowered to share their data with loan providers to access credit. Meanwhile, the utilities are more informed on consumer behavior and can leverage

this to cater marketing and sales – part of Destacame's revenue comes from banks and utilities paying to advertise to their customer base (if the consumer consents). Kueski, in Mexico, is another alternative microlender to individuals and small businesses that assesses creditworthiness through demographics data, digital reputation, behavioral analytics tests such as typing speed and geography.

ONLINE ONLY OPTIONS BETTING AGAINST AGING INFRASTRUCTURE & LOCAL CURRENCY

Meanwhile, banks such as Bankaool in Mexico and NuBank in Brazil have

bypassed traditional banking and infrastructure altogether to offer online-only services, which allow for reduced fees from lower overhead. Other innovators, like BitPagos, are building online-only transaction platforms based on blockchain technology to offer cheaper and more secure transactions, while protecting consumers from currency shocks – a concern for high-inflation countries like Venezuela and Argentina. Businesses in the tourism industry were early adopters of these types of payments due to their high exposure to foreign currency risk and tech-savvy foreign consumers.

Mass connectivity is enabling Latin American businesses to reach new audiences

3 B2C players bet on digital commerce

Big to small retailers are upgrading their online offerings in preparation for a digital commerce boom

While Latin American businesses are just beginning to build strong online brands, consumers have long been primed to embrace these upgrades – after all, with just under 10% of the world's population, Latin America represents 20% of global Facebook users, and nothing is fact if it's not on your Facebook profile. Over 120 million people in Latin America communicate through Whatsapp – with Brazil and Mexico representing over 70 million users.¹ Beyond just social media, Latin Americans are also integrating tech to facilitate their daily lives. The region already represents Uber's fastest growing market in the world. Now with more than 45% of the population with internet access, consumers are ready for a better experience that offers greater purchasing options, diverse payment methods,

expanded logistics and speedier delivery.

Early adopters of e- and m-commerce were travel companies, such as Despegar, Aeroméxico, Interjet and LATAM Airlines, all of whom have registered significant boost in online sales and bookings via web and mobile app. Meanwhile the hospitality sector is embracing Facebook and Instagram as channels that offer consumer insights into preferences and behaviors, as well as build brand loyalty.

THE BEST PRODUCTS & PRICES GO ONLINE

With the entrance and growing investment of online retail marketplaces, including global leaders like Amazon, Alibaba, Wal-Mart and Best Buy, so

too are regional leaders developing with similar copycat models to cater to consumer demand for more options and a better, streamlined purchasing experience. Linio, a Rocket Internet-funded marketplace can be found across 8 countries, and boasts over 300 million online and mobile users, and 4.5 million app downloads. This leading Latin American marketplace connects consumers to over 50,000 vendors, from as far as Asia, allowing them to make seamless purchases in any currency via a partnership with Payoneer. Payoneer, a US-based payment platform reduces the burden of expensive international wires, and has likely been a critical driver of Linio's revenue growth and mobiles sales increase – now over 37% of sales are done via mobile. MercadoLibre,



60%

Of the population will be connected to the internet by 2020



80%

Of organizations connect to consumers via email and instant messenger



396%

Expected growth of 4G connections between 2014 and 2015

Source: GSMA Intelligence, 2016

“ [Just like] Google democratized access to information... we have democratized access to commerce. In Latin America, previously if you didn't live in a big or capital city, you didn't have access to products... Today you can buy the best products at the best prices, no matter where you live.

– Marcos Galperín, CEO of MercadoLibre¹

the regional market leader, is a similar Argentina-based online marketplace drawing consumers in 15 countries to digital commerce for a better purchasing experience, and integrating MercadoPago for easy payment processing.

Meanwhile, a few innovators are further enhancing customer experience, making it more exciting to shop via mobile. For example, Impresee in Chile allows consumers to upload a sketch or photo of a clothing or furniture item they liked at a friend's house, then through image recognition software, select from identified purchasing options. This technology has broader potential beyond shopping to other parts of the value chain,

such as verifying product authenticity and tracing supply chains through special images. Another example, Tiixa partners with mobile network operators in 20 countries – e.g. Mexico, Peru, Chile, Argentina, Brazil, Colombia, and Ecuador – to offer nano-credits for prepaid mobile airtime or mobile money payments for account holders, regardless of their bank affiliation. By providing additional infrastructure, revenue enhancement services and data insights on consumer behavior, partner telcos can do more with and offer more to their customers. Big data and companies like Tiixa that integrate with retailers, telcos and incumbents are beginning to unlock incredible market potential, leading to

more informed and targeted marketing campaigns via phone and internet.

Getting the brand presence right, offering compelling and trustworthy online services, and creating a user-friendly, omnichannel customer experience are the critical next steps that will capture the masses. Apps like Facebook and Whatsapp – with their integration of payments and additional services, perhaps someday to compete with the range of services integrated into WeChat in China – will increasingly draw consumers further from brick-and-mortar toward mobile use. New models that address Latin Americans' preference to pay on delivery and in cash for purchases,

INNOVATORS IN B2C TECH FOR E- & M-COMMERCE



ARGENTINA

MercadoLibre is Latin America's leading online marketplace dedicated to e-commerce and online auctions. After 16 years of expansion in the region into 15 countries, today its model is similar to ebay, a strategic partner and largest common stock holder.



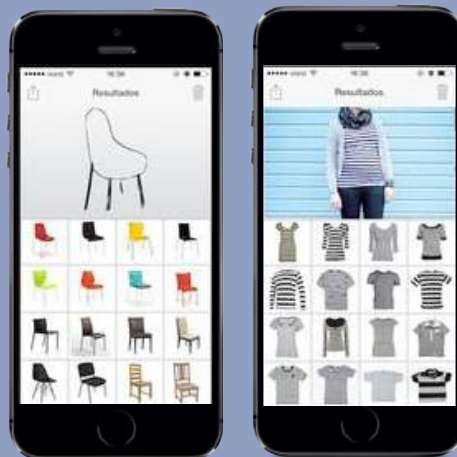
MEXICO

Linio is a newer online marketplace entrant posing competition for Mercado Libre with a presence in 8 countries and 3+ million products that can be purchased online or via the mobile app. The platform offers automated product uploads, preferential shipping rates, borderless payments via Payoneer and local customer service/operations teams.



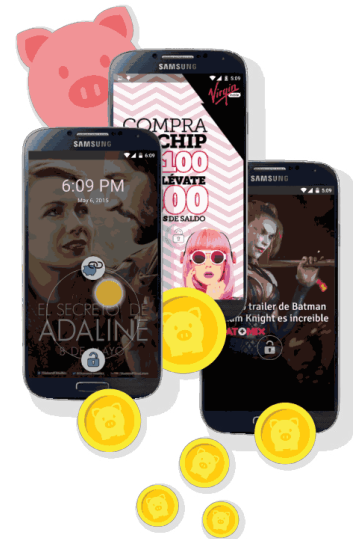
CHILE

Impresee uses image recognition technology to help consumers find and purchase items online by uploading an image and accessing a catalogue of similar products.



MEXICO

Pig.gi offers a customized m-commerce experience by showing targeted ads on the phone locked screen. By viewing ads, users earn Pig.gi coins that can be redeemed for airtime or other prizes. Launched in Mexico, Pig.gi expands to Colombia this month.



FIRST MOVERS IN PAY-AS-YO-GO (PAYG) TO THE LAST MILE



GUATEMALA

Kingo provides prepaid solar energy to off-grid homes via a cloud-based mobile platform that works with or without internet. Consumers top up credit at local kiosks, similar to buying mobile airtime, while Kingo maintains ownership of the hardware and manages maintenance via the mobile platform.



PERU

Powermundo is the first and only solar lamp distributor piloting Pay-As-You-Go in Peru. Local distributors collect cash payments then transfer via mobile money with BIM. BBox and SunKing lighting units promptly shut off if payments are not received.




and bypass costly and monopolistic online payments platforms that charge up to 5% commission on credit card transactions, will win the greater e- and m-commerce retail market. With only 5% of online retailers in Latin America with a mobile-enabled website, there is much opportunity for further growth!

PAYG OPENS A BROADER CONSUMER BASE

New and improved mobile solutions are also gradually opening up a larger consumer market that has been hard to

reach and develop affordable solutions for the large unbanked and last mile lower and middle income segments. Improving consumer data analytics to assess new alternative credit rating and offer loans to the unbanked, combined with the entry of pay-as-you-go (PAYG) technology, make the low income segment finally reachable and increasingly attractive. Early entrants Kingo and PowerMundo have also begun to pilot and scale PAYG solar technology, providing connection to the grid for rural and low-income populations at a more affordable price and reducing cash handling costs. While

this is very much a nascent trend in Latin America, we can look at strong examples of what the future could hold if we consider companies in East Africa – such as M-Kopa, Off-Grid Electric and Angaza – that have rolled out effective PAYG mobile money payment platforms to offer solar lighting, clean cookstoves and other home goods. These models allow consumers to make daily, weekly or monthly installment payments for their products or services, and have the additional benefit of reducing risk of theft from field staff or field cash transfers.

A low-angle photograph of a group of children, likely of African descent, looking upwards and giving thumbs up. The image is overlaid with a dark blue gradient and a faint, glowing light source at the top center, creating a hopeful and positive atmosphere. The children's faces are partially visible, showing joy and anticipation.

“ Not everything is based on innovation in hardware technology; a lot of making a product scalable is being able to catalyze it through a distribution channel that meets market needs.”

– Juan Fermin Rodriguez, Founder of Kingo

Photo: Courtesy of Kingo

4 Mobile solutions are streamlining logistics & delivery

Tech platforms are solving logistics challenges to better connect supply & demand and allow businesses to reach the last mile

Distribution remains a big challenge in Latin America and is another barrier to the success of online businesses due to poor infrastructure and a lack of transparency and trust in delivery systems. Latin America lags behind leading exporters on almost all measures of logistics quality – in particular, infrastructure, timeliness and traceability. Shortening supply chains, better connecting suppliers and buyers, and increasing financing options are just some of the benefits that technology is unlocking across sectors from agriculture and transportation.

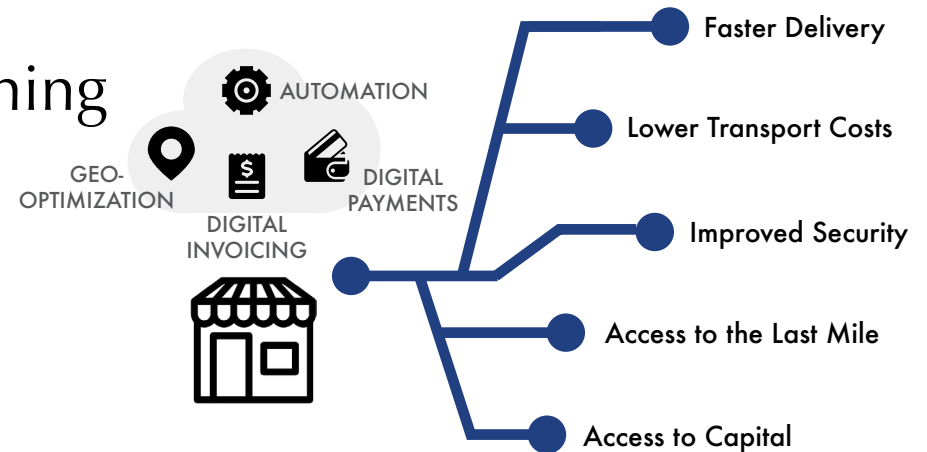
CONNECTING SMALL PRODUCERS & SELLERS TO BOOST PROFITS

Across Latin America, B2B companies that bypass middlemen and strengthen ties between smallholder producers

and markets are emerging to cut costs and improve transparency. Agruppa (Colombia) aggregates fresh produce orders via text message from mom-and-pop shops in Bogotá to unlock access to wholesale prices, by purchasing product in bulk from farmers. Mobile app Rutear (Argentina) allows smaller vendors to transport goods at a lower cost by purchasing unused space in trucks traveling through their area. Recent start-up Grou (Colombia) also focuses on connecting rural smallholder farmers to bigger, more lucrative sales markets and links them with truckers to take advantage of lower-cost unused truck space.

With an increasing integration of smallholders in supply chains, we anticipate further services such as mobile payments platforms to rise to reach this

Tech solutions are helping Latin American businesses to get ahead in the following ways



market segment. The Asix Center for Digital Innovation in Peru is already working with companies to develop advanced mobile solutions. For example, they have partnered with Agrobanco, a leading microfinance bank, to develop a mobile app that allows farmers to establish and manage accounts without visiting a bank branch. This reduces costs to banks of reaching these distant clients, while opening the opportunity for other vendors to piggyback on this trend and offer PAYG products that can be purchased through the same platforms where they receive payments.

FASTER, SAFER DELIVERY & LOGISTICS

A long time issue in Latin America has been transparent, streamlined logistics

“ The next cycle of economic growth in Latin America will come from digital transformation. Companies are beginning to tackle organizational challenges – especially in manufacturing, retail and financial services – where digitization can make the biggest productivity gains.”

– Camille Chouan, Senior Associate at I-DEV International

that reduces losses and risk of fraud. Logistics company Frogtek (Mexico) has developed an affordable platform for retailers to address these issues, via a barcode scanner and tablet device that can be used to track inventory, accept credit card payments and complete all aspects of a transaction. Similarly, Datil (Ecuador) helps small businesses grow through automation of operations, providing cloud-based tools to send digital invoices and create sales registries. This combination and increasing blend of integrated tech-based platforms could push Latin America far past competition offered by the often cheaper, yet lower ranked regions of Southeast Asia and Sub-Saharan Africa for reliability, quality control and timely service.

Tienda Pago in Venezuela and Peru is

another company offering lower supply chain costs blended with access to credit to drive business mobile payment adoption. It helps users plan transport routes and track payments transparently, saving time and reducing the required transport fleet. In the process, the company offers mobile payment incentives to SMEs by providing access to credit once they have built a credit score. An unexploited extension of such mutually beneficial models is linking m-money to the end consumer, and paying wages via the same platform in order to reduce broader business costs and attract mobile wallet shoppers.

To address a growing demand for improved customer experience, B2C players are stepping up their logistics game. Cornershop (Chile) replicates Instacart in the US, offering online

ordering and rapid home delivery of groceries – though acceptance of credit card payments continues to be a tricky barrier complicating rapid adoption in the country. Meanwhile, MercadoLibre, Linio, and other e- and m-commerce platforms are beefing up their back-ended distribution and logistics coordination to increase consumer trust and ensure rapid delivery. For example, Linio advertises shipping within 48 hours of purchase to compete with big global players like Amazon. Meanwhile, Seedstars winner Urbaner (Peru) offers a logistics platform with an algorithm that optimizes transport routes for faster and safer delivery of packages, while Beetrack (Chile) offers businesses a system to better manage their delivery service and customer satisfaction.

LEADERS IN SUPPLY CHAIN LOGISTICS

TRANSPORT



PERU

Rutear reduces transportation costs for small vendors by facilitating transport of goods via unused truck space. Vendors can post their shipments, then receive bids from 1000s of trucks.



DELIVERY



Urbaner

PERU

Urbaner (Winner of Start Up Perú and Seedstars World) is an e-commerce API that allows local department stores or other businesses to offer easy delivery for customers by managing, tracking and securely shipping orders.



SOURCING



COLOMBIA

Agruppa reduces time and transportation costs for small vendors in low income neighborhoods of Bogota, by taking daily orders via mobile phone then aggregating purchase of vegetables and fruits directly from farmers and handling direct delivery to shops.



INVENTORY & SALES



MEXICO

Frogtex offers an affordable platform for retailers to improve operations, via a barcode scanner and tablet device that can be used to track inventory, accept credit card payments and complete all aspects of the transaction.



5 Latin American innovation hubs are on the rise

Public and private leaders are priming the region for digital innovation

Grupo Bimbo, Blue Label and Visa have enabled small retailers across Mexico to accept credit card payments for goods and services using the Red Qiubo platform



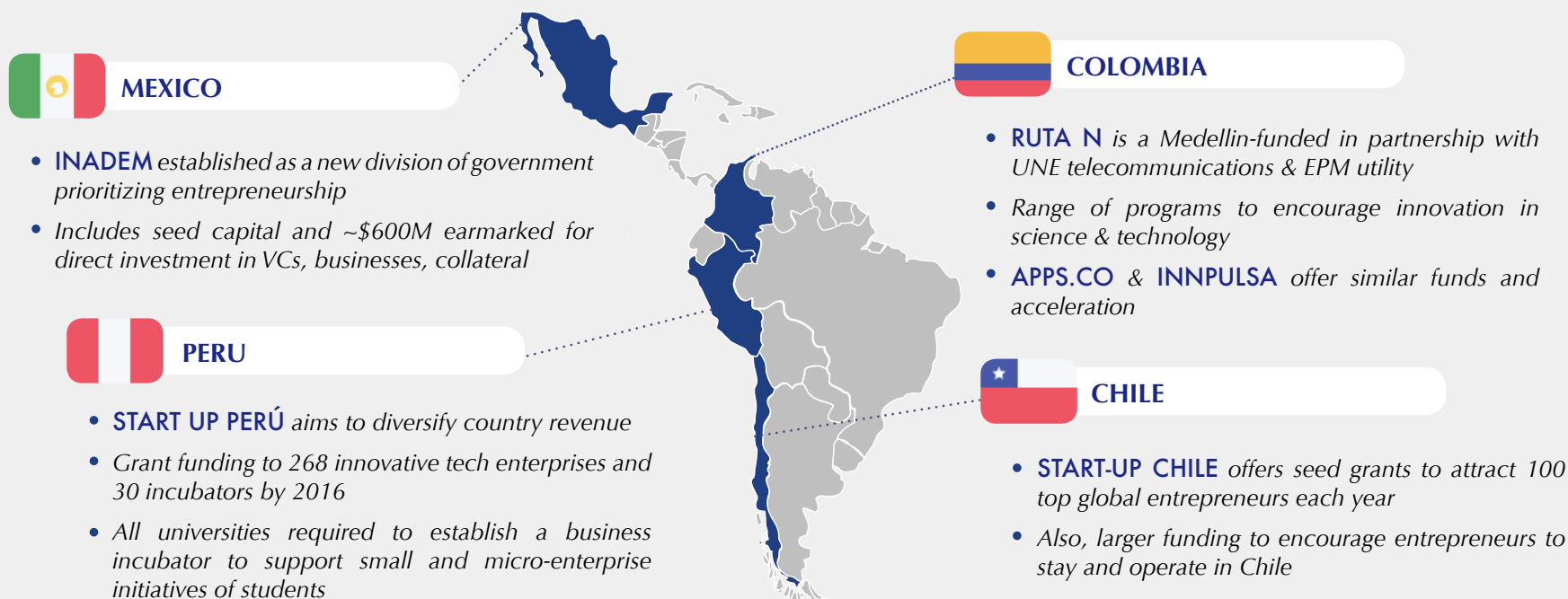
Latin America has not built itself up as a recognized innovation or entrepreneurship center historically. Yet, increasingly, as governments and incumbents recognize the need for diversified economies and job creation, they are turning to entrepreneurship and start-ups. Governments have been key drivers of an emergent entrepreneurial ecosystem, while incumbents are warming to the benefits of partnering with lean, innovative start-ups to achieve regional scale and ongoing relevance.

GOVERNMENTS LEADING WITH INVESTMENT & ENTREPRENEURSHIP

In most of Latin America, government continues to make or break the successful development of a digital commerce ecosystem. A few country governments

– especially in Chile, Mexico, Argentina, Colombia – have been active in stimulating entrepreneurship and innovation hubs by creating policies that support start-up launch and growth. Nineteen percent of accelerators in Latin America are exclusively government funded, compared with 14% in Europe and <10% in the US/Canada, and 23% of Latin America accelerators receive mixed public-private funding.¹ In Santiago, the government-backed Start-Up Chile incubator program provides no-strings-attached seed funding and acceleration each year to a cohort of selected local and foreign entrepreneurs alike, investing ~\$7M USD in 2015. The model has been replicated around Latin America's dynamic tech hubs with the launch of Start Up Perú, Start-up México and Colombia Startup competitions in

recent years. In Latin American "Silicon Valleys" like Buenos Aires, São Paulo, Bogotá and Mexico City, the existence of a strong urban infrastructure, leading universities, and high quality of life has attracted significant foreign investment from private VC funds and catalyzed talent to support start-up movements. Finally, there is Peru, where the national government has mandated that all universities develop an internal incubator – a requirement designed to set the country on the map for leadership in entrepreneurship. And now, for the first time, Peru has the chance to rise as a tech innovation leader with the roll out of its government and private sector-backed BiM mobile money system – the first broad reaching mobile money platform in the region.



Governments of Peru and Medellín (Colombia) have made conscious and significant efforts to invest in stimulating entrepreneurship, yet it's important to note that government efforts alone are rarely enough! In Peru, even though all universities must have an incubator, incubation services that result in scalable, attractive investments – or even corporate partners – continue to be a milestone to aspire toward. In Medellín, local government has invested \$400M in income tax into Ruta N, the city's pivotal start-up accelerator. Yet, successful exits have been limited, and it remains unclear

if this is a chicken or egg problem. Are there enough earlier stage investors or interesting businesses to create real investable pipeline? Governments have been very involved in building the seed stage investor pipeline, but connecting angel and later stage investors into this ecosystem is still a work in progress.

Chile is another market seen as a leader in tech innovation, yet the country's tech start-ups have eagerly looked to launch and scale in other markets, frustrated by inhibiting payment processing regulations – now being made more competitive

through anti-monopoly regulation. Other regulations like high barriers to entry for offering new types of banking products and limitations and delays in developing mobile money platforms were designed to protect consumers, but are also inhibiting innovation and protecting incumbent industries from disruption.

Modifications such as allowing new businesses to offer credit or mobile money can stimulate innovation beyond what banks are willing to take on. Only three Latin American countries – Peru, Uruguay and Mexico – have joined the

UN-based Better than Cash Alliance, formally pledging to boost digital payments in their country.

While acquisitions, common language and similar cultures can help companies to scale, regulatory differences across countries continue to make it costly to expand and increase the chance of mistakes such as security or legal breaches that can lead to bankruptcy. Governments can ease this challenge by seeking to collaborate, for example, on initiatives such as the Pacific Alliance – a trade bloc between Chile, Colombia, Mexico, Peru that represents 36% of Latin America's GDP. As one entity, this bloc is equivalent to the 6th largest economy in the World, and is focused on reducing trade barriers, creating a common stock market, and other shared services to ease trade.

INCUMBENTS & START-UPS COLLABORATE FOR SCALE


Private partnerships have also arisen from the desire to reach scale quickly, and stay on top of global trends. Building on the success of M-PESA's mobile money platform in Kenya and to defend against one player creating a monopoly, key major banks and telcos in Peru have united to develop and launch a shared

mobile money platform called BiM. BiM is designed to achieve rapid scale through its interoperability across major brands and phone networks, yet will allow partners to compete for customers with unique add-on products such as loans. Other players, like Culqi, a PoS credit and debit payment platform, have partnered with incumbent Visa and Mastercard providers via non-poaching agreements that allow them to explore the benefits of new start-up services while reducing the risk of cannibalizing existing business or losing loyal customers in the near term. Start-ups are also acting as service providers to big businesses, providing banks with credit risk scoring or online loan platforms while allowing the banks to continue to take on the risk and reward of loan provision. EFL Global, Lenddo and Tiixa are among them.

Other major incumbents have targeted small businesses by developing payment processing initiatives and partnerships. For example, Grupo Bimbo partnered with Visa, Banamex and Blue Label to develop Red Qiubo, an in-store mPoS system to drive increased credit card purchases. Banamex also launched its own iOS-based iAcepta Móvil Banamex mPoS card readers in 2013. This trend of partnerships poses great potential to take mobile money to true scale.

TOP 10 LATAM TECH ACCELERATORS By Number of Start-ups Accelerated

		START-UPS
	Start-Up Chile Chile	250
	Wayra Latin America	112
	Startup México Mexico	84
	Startup Farm Brazil	58
	Angel Ventures Mexico Mexico	38
	BlueBox Accelerator Mexico	32
	NXTP Labs Latin America	31
	EmprendeFCh Chile	28
	HubBog Colombia	28
	Ideas Factory AR Argentina	26



“The race run by innovators is much faster than the regulators. [The regulators] run a different type of race – a boring marathon, very stable, long-term – while the innovators run the 100 m, and they want to be under 9.58 seconds. So we need to talk to each other... to understand the restrictions in place and create an environment where innovation is allowed.”

– Eric Prado, Superintendent of Banks, Chile

Source: World Economic Forum, Colombia 2016

Photo: Courtesy of NXTP Labs

6 Investors chase the “El Dorados” of e-commerce & fintech

Investors are poised and ready to invest, if they can find the scale and innovation they seek

Government and impact investors have been working hard to build a healthy angel and seed investor landscape in Latin America in recent years. There is a lot of money being channeled into the growing number of tech enterprises in Latin America, particularly in fintech and e-commerce, and the local investment space is maturing. In 2015, \$594 million of VC funding was deployed, almost ten times the \$63M invested in 2010. Over 80% went into IT businesses, with fintech, e-commerce and transportation at the top of the list, jointly clearing \$300 million.¹

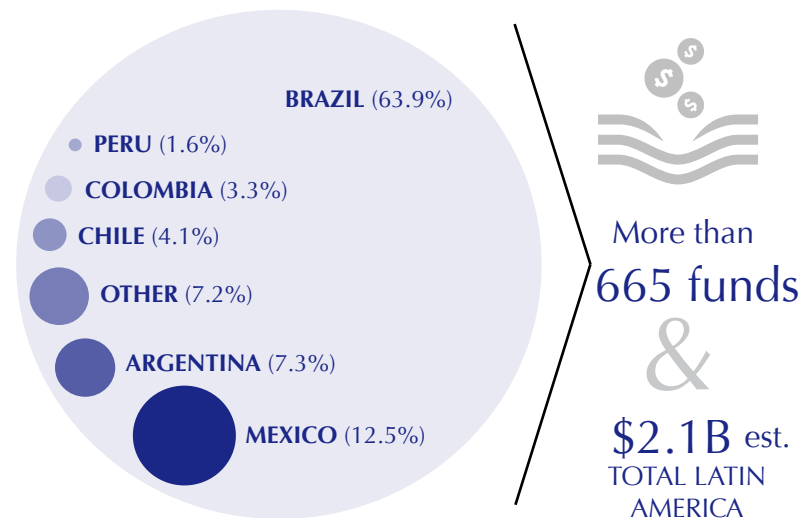
AN ABUNDANCE OF EARLY STAGE SEED INVESTORS

Seed and Series A investors mostly from the US or based in leading regional hubs like Brazil and Mexico are abundant (over 77 Latin America-based funds closed over the past 5 years) and eager to invest in start-up tech companies that show promise in scale and ability to surpass common hurdles – attracting consumers accustomed to cash-only transactions, facilitating access to credit for SMEs and individuals, and competing in a landscape dominated by large incumbents like banks and global

tech giants. Particularly trending in the regional investment scene are copycat businesses in fintech and e-commerce that are replicating and adapting models from global leaders like Uber, Airbnb and Paypal in the local context.

While there are fears of a bubble in both of these sectors, the latent customer demand and lack of viable alternatives make Latin America less susceptible to this than other continents. Latin America is often criticized for only producing copycat models at the expense of proper innovation; however, mobile technologies that are addressing core

VC INVESTMENT BY COUNTRY, 2011-2015



Source: LAVCA Report, 2015

In 2016, Mexico out-paced Brazil in number of deals for the 1ST time, mainly in fintech & e-commerce

RECENT HIGH PROFILE INVESTMENTS IN FINTECH & E-COMMERCE		
BRAZIL	MEXICO	
 <p>Online-only bank \$100M+ raised by 7 investors</p>	 <p>Amazon-style online marketplace in 4 markets \$230M in 5 rounds</p>	 <p>Mexico's fastest growing online lender \$15M raised in 4 rounds</p>
 <p>GuiaBolso</p> <p>Brazil's leading mobile wallet platform \$24M raised in 4 rounds</p>	 <p>Online lending for micro-businesses \$8M from 6 investors</p>	 <p>Credit payments platform similar to Square \$8M in 2 rounds</p>
 <p>Lenddo</p> <p>Online lending and credit scoring \$14M from 11 investors</p>	 <p>CONEKTA</p> <p>Online payments for e-commerce sites \$9M in 5 rounds</p>	 <p>kubo financiero</p> <p>P2P lending for businesses and individuals \$11M from 11 investors</p>

Source: Crunchbase, Techcrunch

needs and tailoring offerings to local taste and market dynamics have been successful at attracting investors, e.g. EasyTaxi, the mobile taxi hailing service based in Brazil, and Mi Media Manzana, an online dating site in Peru. Sharing economy businesses like taxis or home rentals only require a city-level network to be competitive, meaning local players have the potential to take on Ubers and Airbnbs to capture the market.

Aside from government initiatives, funds like Acción, NXT Labs, 500 Startups and Jaguar Ventures are leading the way

in seed stage. Acción, unlike most, has funds that make both Seed and Series A round investments (Venture Lab and Frontier Inclusion Fund). Kaszek Ventures and QED Ventures are other Series A funds eager to invest via a range of \$500K to \$3M, predominantly in fintech.

Brazil, Mexico and Argentina are not surprisingly attracting the most investment, given the large domestic market opportunity and more advanced tech ecosystems already in place. However, with Brazil's recession, the flow of money is shifting instead to

Argentina and – while investors are waiting on critical government reforms – even more so to Mexico, which is the second biggest market and growing quickly. Interestingly the funds flowing into tech in Latin America are coming from a variety of geographies, including from within the continent. The Pacific Alliance is also helping proven models in leading countries to readily gain access and merge to Colombia, Peru and Chile.

Beyond early stage investors, we are seeing growth in investments in 3rd platform IT, mobility and big data plays.

ACTIVE INVESTORS IN LATIN AMERICA



INCUBATOR/SEED

Angel or seed round raises to launch early stage companies with <\$2M

USA 500 Startups Acción Venture Lab Acción Frontier Inclusion Fund Endeavor Catalyst Flybridge Capital Partners Qualcomm Ventures South Ventures Tiger Global	ARGENTINA NXP Labs BRAZIL Redpoint e.Ventures COLOMBIA Velum Ventures MEXICO Angel Ventures Alta Ventures Variv Capital Jaguar Ventures
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EARLY GROWTH

Earlier stage successful companies, typically seeking \$2M-\$10M

USA Pinnacle Ventures Tiger Global QED Investors Qualcomm Ventures Ribbit Capital Sequoia Capital Valor Capital	BRAZIL Monashees Capital ARGENTINA KaszeK Ventures MEXICO LIV Ventures Mexico Ventures ALLVP
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EXPANSION STAGE

Expansion stage businesses raising \$10M or more

USA Intel Capital Napsters Pinnacle Ventures Sequoia Capital GERMANY Rocket Internet	BRAZIL Bozano Investimentos MEXICO LIV Ventures Mexico Ventures
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As Big Data becomes the next frontier of competitive advantage, businesses in Latin America will inevitably shift away from traditional advertisement and payments processing and toward more digitalized and online models to pull valuable data on consumers. Bill payment, grocery buying and social media clickstream can and will be used in the future for targeted marketing and anticipating purchasing behaviors and needs. While adoption of Big Data analytics in the region is still tepid, Latin America's heavy manufacturing, commodities and energy industries will drive growth in sensor-sourced data while the number of connected


endpoints in the region is forecasted to triple by 2020,¹ suggesting a host of new data streams that enterprises will have to embrace.

MERGERS TO ACQUIRE SCALE

On the larger end of the spectrum, big players in the e-commerce space – Rocket Internet, Naspers and Sequoia Capital – are chasing fintech and e-commerce deals. Most common among these businesses are mergers with other companies to gain scale; e.g. EasyTaxi and Tappsi merged to take on Uber across borders; Naspers acquired Colombia's PagosOnline into its global PayU online

payments brand; MercadoLibre acquired KPL Solutions and Axado (distribution) and Monits (software) to increase back-end capabilities.

Across all stages of investment, investors are still eagerly seeking 'true' innovations. Although existing businesses have been profitable, investors hope to see more in the next wave of fintech and mobile commerce deals. Pipeline development, incentivized talent, regulation changes and improved underlying system infrastructure will all contribute to moving more businesses toward greater innovation and investment-ready stages in the Latin American ecosystem.



“ VCs have had a lot of money pumped into them in the last 10 years, and they’ve been investing; but exits and Series B investments are still scarce. In the next few years, the region will see more liquidity, larger funds and bigger ticket sizes for high growth businesses as proven investors start to build a track record.”

– Patrick Watson, Director of Latin America at I-DEV International

SECTION 3

Barriers & Challenges

A CULTURE OF CASH



After decades of tumultuous governments and regional conflict, consumer distrust is high and cash is king. Despite strong growth of non-cash payments, over 40% of Brazil's payments are still in cash, rising to around 50% for Mexico and 75% for Colombia and Peru.¹

People are wary of digital currency, fearing that it may be seized or just simply disappear, and most avoid securing their savings in banks because of the cost and inconvenience. Meanwhile, mobile money adoption in the region is less than 2% (vs. 30% in Sub-Saharan Africa)² due to lack of scale, making compelling use cases for digital money transfers and cash-in/cash-out points to give users a sense of security. In most cases, government and business perpetuate

these trends; however, as highlighted in this report, there is strong evidence that this is changing! This year, Peru launched BiM through public-private partnership, and Mexico launched a national financial inclusion strategy, joining 30 other countries, with support from the World Bank to boost banking and with plans to digitize government cash transfers and wages payments.

In order to truly drive mass adoption of cashless payment options, government and private sector will need to develop a strong demand mechanism for transfer. Beyond government or others paying wages through these platforms, services that facilitate energy access, seamless bill payments, taxi driver payments and access to credit are just a few of the tipping points needed.

GETTING TO SCALE



E-commerce and associated investment thrives on scale – across geographies, across mobile and internet platforms, and across payment mechanisms. Low credit card – or non-cash – adoption and limited trust in online or mobile options threaten the digital commerce ecosystem. Realistically, few mobile payment systems have succeeded in reaching national or regional scale in Latin America, Africa or Asia. Even M-PESA in Kenya has struggled to enter neighboring markets with the same gusto. Yet Latin America would benefit greatly from a viable, scalable solution if one can push through policy and cost barriers.

Those who have won on scale have offered integrated and multi-function,

LESSONS LEARNED FOR SCALE

CASE STUDY: MOBILE MONEY SUCCESS

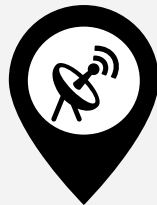
M-PESA launched in 2007, after extensive R&D funded by a ~£1M grant from DFID's Financial Deepening Challenge Fund, an access to finance initiative targeting private sector leaders. It was spearheaded by Vodafone and its Kenya affiliate Safaricom, the leading Kenyan telco, and originally focused on remittances and money transfer between individuals.

M-PESA is often lauded as a leading success story in mobile money, due to its high market penetration with over 90% of Kenyans who regularly use an M-PESA account. It is largely attributed with converting a highly unbanked, cash reliant country to mobile money and a thriving Silicon Savannah today.



BROAD SCALE ADOPTION REQUIRES BROAD CUSTOMER FOCUS

Addressing all types of customers – low to high income – drives mass adoption. M-PESA targeted the masses, regardless of phone or bank, to offer a product that fits a market gap for all.



MONOPOLISTIC COMPANIES CAN DRIVE RAPID ADOPTION

M-PESA was built and connected with the dominant telco in Kenya, Safaricom – also a brand that garnered far higher consumer trust than any bank in terms of reach of reliable network and transparency. It's virtual monopoly in the market, combined with first mover advantage should not be overlooked.



AGENT BUY IN AND INCENTIVES ARE KEY

M-PESA's success can be partly attributed to a broad Safaricom agent network already in place that was incentivized with commissions to push its adoption to existing airtime customers.



BROAD APPLICATIONS DRIVE UPTAKE

M-PESA offered a universal platform; it could receive monthly salary or taxi fares, and pay for anything – electric bills, cash transfer to relatives, groceries from any vendor.

or omnichannel solutions and features that pull the masses toward adoption and cut overhead or high fees. Smaller niche players may begin to explore further partnerships that can adapt to navigate varying country policies and provide plug-and-play solutions across markets. Linio's partnership with Payoneer is an excellent example of this.

WHERE'S THE TALENT?



Latin America has been steadily producing more engineering graduates over the last few decades, with a proliferation of universities across the region. However, international migration of skilled workers in Latin America has been high since 2010, at 7.5% on average compared to 3% in Asia and 5% in Europe.¹ Top talent continues to be lured away by more attractive salaries to tech hubs, like Silicon Valley; meanwhile those that choose to stay closer to home prefer the safety and benefits of local multinationals. Unlike Silicon Valley, there are also fewer “feeder companies” like Google and Apple that train large quantities of engineers that go on to start up their own companies later on, and

other initiatives (incubators, etc.) are not yet producing role models to aspire to.

Inter-American Development Bank's Multilateral Investment Fund (MIF) has launched a new initiative to create 50 million knowledge economy jobs in Latin America by 2020, yet engineering and tech programs rank low in global standards and technology training is only beginning to enter the radar of earlier learning. Private organizations like Futura Schools in Peru are developing first-in-class curricula to offer kids a high-tech learning experience, which will ignite their tech interests and skills-building early on in life. Laboratoria is training women to code and has expanded from Peru to Mexico and Chile but still has only reached 400 women to date, aiming to satisfy 10,000 of the high regional demand by 2020. Online courses offered by locally grown businesses like DevCode (Peru) and CódigoFacilito (Mexico) as well as global giants like EdX and Coursera, are also delivering courses to the masses at low cost. Meanwhile, universities like UTEC – also in Peru – are dedicated to offering premium quality technical training for undergraduate

1. OECD data, 2013

CASE STUDY

ST>RT-UPCHILE

LAUNCH: 2010

WHO: Chilean Government, Ministry of Economics

SUCCESES:

- 1st mover in entrepreneurship for Latin America that drove regional replication in Peru, Mexico, and Colombia
- Government funded, modeled after Israel
- Companies must spread entrepreneurship by earning “social capital points” for hosting workshops, hackathons, trainings to the community
- \$40k in seed grants to 1,200+ companies from 72 countries to launch business in Chile during a 6-month program
- \$100k grant funds for companies that continue to operate in Chile- to address high attrition rates

LIMITATIONS:

- 5 years & \$40M in grants later, Chile's economy has yet to diversify away from commodities dependence, attract additional investors or keep companies based locally
- 80% of incubated companies leave after the 6-month program, usually to the US
- 85% of subsequent funding is from abroad
- Chile is still ranked below Colombia, Mexico and Peru on ease of doing business by World Banks' Doing Business Report (2015)

“ We can call them **barriers** or we can call them **opportunities**. The size of the **market** is **growing and developing**, and we have to be **patient....**
We don't have an **investment ecosystem** developed. It's **developing**.”

– Alex Gómez, Country Manager of Wayra Perú – Telefónica

and graduate students, through tailored curriculum and partnerships with high-profile universities like MIT and Harvard.

How quickly these programs can develop and train future talent, then retain it locally, is yet to be determined. Much like Telefónica developed Wayra to incubate new companies, we anticipate but have yet to see more companies partnering with technical programs in universities and schools to offer best-in-class training and certifications that will feed their future employment pipeline. If interesting companies develop and grow in the region and prices continue to soar in Silicon Valley, top talent could return to join these companies and play leadership roles.

BUSINESS & INFRASTRUCTURE AS USUAL



Traditional Latin American businesses have been slow to move, enjoying high margins and market protection up until now. Services are costly and often do not meet customers' needs, most notably in the banking sector; however, some banks are actively blocking innovation that would benefit their customers. Unless banks and local traditional businesses more broadly embrace innovation to benefit their customers in the longer run, or act as first movers to support locally grown new tech-enabled solutions, they will become obsolete and be increasingly pushed out by competitors embracing modern innovations and consumer demands.

Beyond businesses, infrastructure such as transportation and mobile connectivity have improved, but still have a long way to go. There is still a lack of major, reliable postal services in the region that are not exorbitantly expensive international players, and mobile connectivity to the last mile is improving but still not complete, with up to 10% of Latin Americans still outside of internet coverage¹ and 5% without electricity.² Connecting far reaching customers and suppliers to large scale supply chains, and allowing them access to the online products that have potential to change lives through education and healthcare, or provide entertainment through TV, music and online shopping purchases, remains a large untapped opportunity.

“ Latin America is on the verge of something very big. With the Pacific Alliance promising the 6th largest trading bloc in the world, to the economic stability and developed tech space building in Argentina, the conditions are ripe for a dramatic change in the tech landscape over the coming years.”

– Patrick Watson, Director of Latin America at I-DEV International





I-DEV INTERNATIONAL

Unlocking Business Potential in Frontier Markets

I-DEV International is a management strategy and investment advisory firm that specializes in helping to grow and scale businesses in emerging markets. Over the past decade, I-DEV has worked with 250+ SMEs and raised over \$50M in financing for growth-stage companies across Latin America, Africa and Asia.

With global headquarters in San Francisco and regional offices in Lima and Nairobi, I-DEV links Silicon Valley and the global tech industry with burgeoning tech hubs across the emerging markets. I-DEV connects the two through an exchange on knowledge, trends and opportunities, while also engaging local and foreign investors. Beyond mobile tech and e-/m-commerce, I-DEV has advised the clean tech, agriculture, apparel, and consumer retail sectors on global connectivity, strategy and investment.

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