

endeavor

ENDEAVOR REVIEW

SOFT LANDING IN LATIN AMERICA

A guide inspired by entrepreneurs
and country managers to
overcoming the main obstacles
in international expansions.

2022

Presented by:



GENERAL
ATLANTIC



In collaboration with:

Google



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PREFACE



“Despite geopolitical and macroeconomic headwinds, the global landscape for entrepreneurship remains highly dynamic, especially in Latin America. Over the past decade, we’ve seen Latin American entrepreneurs develop innovative, tech-driven solutions that address pressing local issues – expanding access to education or increasing financial inclusion, for instance. Now, as these entrepreneurs aim to broaden their businesses and bring these important solutions beyond their home markets, we believe they will create significant social and economic benefits, setting an example for how responsible stewardship of business and creative thinking can create enduring value.”

— **Ajay Banga**, Vice Chairman, General Atlantic and former CEO, Mastercard.

“Markets are shot through informational gaps and asymmetries, but one of the things that digital technologies are doing is close some of these gaps. That creates an enormous amount of value because if you do that, then you’re essentially increasing the efficiency and performance of the whole system or the market.”

— **Dr. Michael Spence**, Senior Advisor to General Atlantic and Chairman of the GA Global Growth Institute.



EXECUTIVE SUMMARY

Even against a challenging and uncertain geopolitical and macroeconomic backdrop, Latin American startups and companies are performing strongly, with new investment rounds being announced seemingly every other day. Although capital raised is still concentrated within a small percentage of companies, international expansions, financing rounds, and new unicorn companies are now part of the mainstream media coverage.

Bound together by shared histories and similar political and economic structures, the 17 Latin American states constitute a vibrant contiguous land mass. The primary enabling factor is the region's technological infrastructure and adoption. Growing smartphone penetration, Internet adoption, and Internet consumption is coupled with an economic pivot to financial, business, and service sectors. The door opened by digital connectivity creates innumerable business opportunities.

If widespread digital adoption is Latin America's tech enabler, venture capital, or VC, investment serves as its driver. Between 2017 and 2021, VC investment in the region had an 18x increase, facilitating the expansion of technology firms.

Latin America is currently facing headwinds on a global scale (e.g., ripple effects across the political/economic spheres and capital markets from the unfolding war in Ukraine) and on the regional level (e.g., continued political instability and inequality). But despite these challenges, the international expansion of innovative companies within and beyond Latin America is continuing to spur job creation, business competition, and further technological innovation across the region.

International expansion is a complex and risky process that requires in-depth research to better inform crucial business decisions. Growing beyond the company's country of origin has a few downsides to consider. However, if done correctly, international expansion to Latin America can provide market opportunities that capitalize on widespread digital adoption, growing human capital, and a burgeoning ecosystem of partners and allies.

Latin America is anything but a monolith. As such, this study focuses on the region's six largest and most vibrant markets, which are very different among each other: Argentina, Brazil, Chile, Colombia, Mexico, and Peru. Their variations in culture, political systems, and economic policy can make international expansion between them challenging. This is why a guide designed for entrepreneurs, chief experience officers (CxOs), C-suite executives, and actors interested in expanding their operations to Latin America is particularly useful.

This report aims to reduce informational gaps and asymmetries among entrepreneurs and corporations when accessing emerging markets by giving them access to knowledge, insights, and lessons learned from successful expansions.

Endeavor identified a sample of +3,500 companies located in our six target markets that had carried out an international expansion. After filtering them for tech operating companies, having been founded in the last decade, having scaled to 50+ employees or being VC-backed, Endeavor ended with a sample of 271 target companies of which an additional sample of 13,064 employees and 607 country managers for data analysis was drawn.

Additionally, information was drawn from 58 survey responses and 33 interviews with country managers that have led successful expansions such as Pepe Villatoro from Deel, Juan Manuel Andion from Vopero, and Juan Pablo Ramos formerly from Loft, founders such as Sergio Furio from Creditas and Roger Laughlin from Kavak, and VCI firm partners that have advised expansions, such as Hector Sepulveda from Nazca, Antonia Rojas Eing from ALLVP, or Guto Araujo from Monashees. Additionally, thanks to our partners in General Atlantic, Endeavor received guidance and feedback from Michael Spence, Senior Advisor to General Atlantic and Chairman of the GA Global Growth Institute, who was awarded the Nobel Memorial Prize in Economics in 2001.

The report is split into three main sections:

- **Market Understanding:** a fact sheet for each of the six countries, including a brief synopsis of their current economic state and historical facts, along with a compilation of economic and business variables, and recent VC data for each;
- **Decision Making:** data from interviews to create a decision-making flowchart designed to mimic the process of an international expansion and include all topics and questions to consider;
- **International expansion in numbers:** findings from the three data collection tools: an industry map, a survey distributed among country managers and executives in charge of expansion processes, and interviews with top expansion leaders and other stakeholders.



GENERAL TRENDS (based on 58 survey responses)

- Companies in the Fintech, Transportation and Logistics, and E-Commerce and Marketplaces sectors have expanded the most.
- The median company that has expanded internationally was founded in 2015, has a median of 100 employees (average of 350 employees), and has raised a median of US\$4 million in VC investment (average of US\$68.7 million).
- The median company has expanded to 3 countries outside of their original market.
- To carry out this expansion process, most companies raised external financing, with the largest source being VC (70 percent) followed by private equity (19 percent). Only 10 percent of companies bootstrapped to expand internationally.
 - The most active VC funds in the region are Valor Capital Group, Tiger Global Management, SoftBank, Kaszek, Monashees and Canary.
- Mexico is the top destination market for expansion processes within the region. Out of the 271 identified companies, 145 expanded to this country.
 - As addressed in the country one pager, Mexico hosts the second largest population, thus market, in the region, after Brazil. It also provides an entryway to the US, and shares a common language with the rest of the region.
 - Because of its size, Brazil & Mexico are the only countries that have a market large enough to have companies that have achieved a unicorn status without the need to expand regionally.
 - Argentina and Chile are the home countries of the largest proportion of startups that have expanded internationally, with 57 and 53 companies, respectively.
- The main three challenges when expanding are: hiring local talent, adapting the team to local culture, and adapting the business model to the local market.
- The three most important strategic partners in destination markets are: headhunting firms, specialized lawyer firms, and local VCs.
- Although there is no textbook expansion model to follow, Endeavor has identified that expansion has mainly been executed through country managers (55 percent) and, in other cases, by the expanding companies' own founders. Of a sample of 13,064 employees from 271 companies, 4,605 employees were identified out of their headquarters (HQ), finding that 177 of them are founders or co-founders that represent 103 companies (38 percent), mainly in large countries such as the U.S., Mexico and Brazil.



LEADERSHIP (based on 607 country manager profiles and 58 survey responses)

- More than half of companies in our sample (55 percent of our survey respondents) chose to hire a country manager as the head of the expansion.
- Most country managers had previous experience in tech sectors, including information technology and services, Internet, computer software, and telecommunications and previous sector experience in sales or operations.
- 37 percent of country managers have over 15 years of experience, followed by 31 percent which had between 10 and 15 years.
- 90 percent of country managers received a salary plus stock options and, of those, 87 percent received stock options from the main holding company.
- Country managers who only receive a salary earn up to US\$150k per year. On the other hand, compensation figures for country managers with stock options are more distributed and up to 11 percent earn more than US\$500k per year.

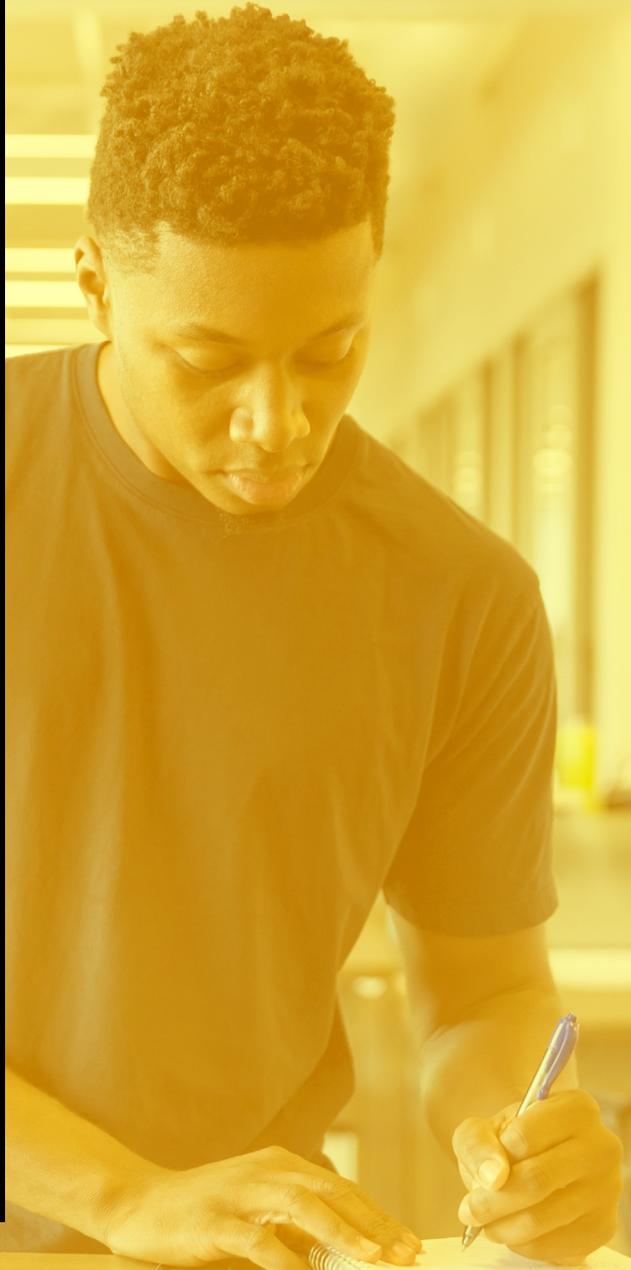
TEAM (based on 13,064 employee profiles and 58 survey responses)

- Survey respondents said that they preferred to expand with a team of less than 20 people.
- The top hired roles were IT and engineering, marketing and branding, and customer service.
 - In the landing stage: Human Resources, and Marketing and Branding.
 - In the launch stage: Customer Acquisition and Sales, Operations, and Marketing and Branding.
- The following roles were the most relevant to hire:
 - The legal team was the most important key role at both the pre-landing and landing stage.
 - In the pre-landing stage: Finance and Procurement and Expansion.
- Location wise, as companies move along the expansion process, an increase in roles hired in the target market can be seen; specifically from 42 percent in the pre-landing stage to 48 percent in the launch stage.
- Survey respondents clearly noted a preference towards hiring their development and engineering team in the original market.

Expanding geographic reach is essential for growth and risk diversification. Latin America presents a series of characteristics and traits such as language, tech adoption, and talent that allow businesses operating in Latin America to bypass geographic barriers and expand with ease.

This study aims to compile a set of experiences, best practices, and data on international expansions to guide companies that are looking to initiate this process.

INTRODUCTION



The vibrant entrepreneurial ecosystem that we see today dates back to the 1990s, when the first regional tech startups appeared, starting with MercadoLibre in Argentina. Years later, companies such as Globant, Groupon, Linio, and recently Rappi have created enormous ripple effects by establishing themselves not only as high-impacting businesses that create jobs or help attract more investment to the region, but also as schools of entrepreneurship inspiring the next generation of founders.

The so-called “PayPal Mafia” is an icon in Silicon Valley’s entrepreneurial culture. It refers to the prolific group of PayPal founders and former employees that have founded over 120 companies since they departed the company. In Latin America, this phenomenon is replicating quickly. Rappi is the Latin American unicorn with the most alumni founders, who have created a cumulative total of almost 100 companies, including Frubana, a B2B one-stop-shop for restaurants; Tributi, a tax preparation software; Truora, a comprehensive fraud detection and prevention software; and Laika, a one-stop e-commerce for pet supplies.¹

Entrepreneurs are thriving in Latin America. Startups are scoring oversubscribed investment rounds from local and international funds, and increasingly conquering new markets. The top international investors in Latam are Valor Capital Group, Tiger Global and SoftBank, while the top local are Kaszek, Monashees, and Canary. Kavak, Mexico’s first unicorn company, is a secondhand car platform that has expanded its operations to Argentina, Brazil, Colombia, Peru, and Chile, as well as outside of the region, to Turkey. Brazilian Fintech giant Creditas opened its Mexican branch after 8 years of operations in its domestic market. SimpliRoute, a Chilean B2B logistics and software startup, has already reached more than 900 customers and has a presence in 26 countries, including seven in Latin America. Nowports, a Mexican logistics freight forwarder company, has already expanded operations to Mexico, Colombia, Argentina, Chile and Peru. Cryptocurrency exchange Bitso is now operating in Argentina, Brazil, El Salvador and its native Mexico.

Moreover, companies like NotCo, a Chilean AI startup that develops plant-based foods, and Gympass, a Brazilian corporate wellness platform, have proven that Latin American startups are highly competitive globally by conquering the U.S. market and reaching billion dollar valuations. Evidently, the trend for Latin American companies is to expand internationally.



FACING A SHIFTING MACROECONOMIC LANDSCAPE

“We are seeing a global correction start to take place, with the NASDAQ down 20 percent, growth stocks down 60 percent, and 80 percent of newly public companies trading below their IPO prices, as of this report’s publication. In today’s globalized and increasingly interconnected world, the ripple effects of the war in Ukraine have spread fast and far.

While the conflict may feel very far from Latin America, the region is already feeling its ramifications. Certain countries will benefit from these shifts – including Mexico, which will benefit from near-shoring and reduced U.S. reliance on Asia, and Brazil, which will benefit from the positive commodities cycle that is emerging – but Latin American entrepreneurs and companies across the board should prepare for a much more challenging fundraising environment over the next 12-18 months.

As global growth investors, we believe that three key strategies can enable entrepreneurs and companies to successfully manage through global corrections – and even emerge stronger on the other side – especially in emerging markets like Latin America.

- **Companies must prioritize getting to fully funded business plans.** As macro conditions shift, it will become even more important for companies to achieve cash flow break-even across debt and capital. For companies who are not yet there, now is the time to get to fully funded status, either by adjusting their current business plans, reducing costs or raising more capital.
- **The era of growth at any cost is dead.** As a global investor focused on high-growth companies, I understand why entrepreneurs can feel the need to pursue rapid growth through any means possible. However, especially in the months ahead, it will be very important for companies to maintain integrity

in their unit economics and pursue growth at a sustainable rate. Those who burn through their capital quickly and unsustainably to achieve scale will simply not be able to weather the storm that is starting.

- A silver lining for some will be the well-known saying that often proves true in a crisis: **this is an opportunity for the strong to get stronger.** Companies with strong fundamentals – even if they are not very large or global – should capitalize on current market conditions to pursue vertical and horizontal consolidation opportunities and lead the way in restructuring their industries. This will be critical to emerging stronger when the storm lifts and more favorable market conditions return.

As Latin American entrepreneurs and investors know well, this is not the region’s first time operating in a challenging environment, nor will it be the last. It’s now on the companies and individuals to manage through it and become stronger for it.



— **Martín Escobari**, Co-President at General Atlantic.

THE LATIN AMERICAN OPPORTUNITY

Bound together by shared histories and similar political and economic structures, the 17 Latin American states constitute a vibrant contiguous land mass. As a region, it is home to 8 percent of the world's population, or 660 million, and its Spanish-speaking states (all except for Brazil) make up one of the largest adjacent populations that speak the same language.² Home to a number of emerging economies, Latin American markets offer corporations and startups alike a plethora of options to expand their operations. Intra-regional expansion is the usual first step for local companies, as language allows for easier cross-border expansion.

The primary enabling factor is the region's technological infrastructure and adoption. Smartphone penetration is at nearly 60 percent, positioning Latin America as the 3rd largest smartphone base globally (behind China and India).

In terms of Internet adoption, 4G networks are expected to grow 34 percent from 53 percent coverage in 2020 to 71 percent coverage in 2025, reaching a level higher than South Asia (69 percent), the Middle East and North Africa (44 percent), Sub-Saharan Africa (25 percent), and even China (56 percent).³ This expected increase in Internet coverage is promising for the region's online potential considering its current consumption pattern: Brazilians and Colombians spend more hours online, through any device, than Americans, British, Chinese, Japanese and Indians. Argentinians and Mexicans Internet users followed closely.⁴

Growing smartphone penetration, Internet adoption, and Internet usage are coupled with an economic pivot to the financial, business, and service sectors. Between 1995 and 2015, the value-added share of low-tech sectors in Latin America and the Caribbean's regional GDP fell significantly, particularly in manufacturing (-18.7 percent)⁵ and agriculture (-30.4 percent).⁶ By contrast, industries

such as personal services (+5.4 percent)⁷, and trade- in services (+22.5 percent)⁸ grew during the same period. As these sectors grow, technological infrastructure is needed to support them.

The door opened by digital connectivity creates innumerable business opportunities for Fintech, e-commerce, edtech, software as Service (SaaS) companies, adtech, and other technology sectors. One that highlights the strength of the region's technology infrastructure is e-commerce. In 2020, when consumer spending sharply shifted to online due to the pandemic, e-commerce in Latin America grew 63.3 percent and amounted to US\$104.6 billion.⁹ Comparatively, the U.S. saw a 32.4 percent increase in e-commerce sales during the same period, while China's e-commerce sales grew by 14.6 percent.¹⁰ As this trend is expected to slow down in the coming years, it is crucial for companies to seize the momentum.

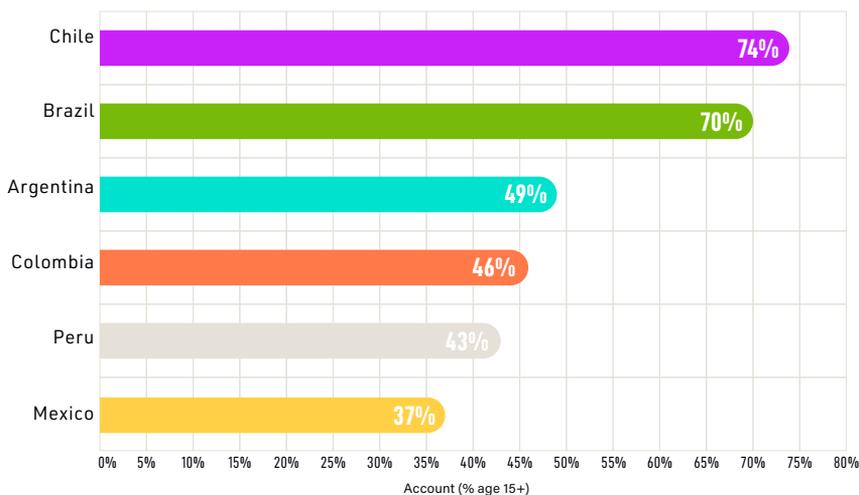
“ The COVID phenomenon has led to an accelerated growth of digital companies and, on the other hand, these companies became perceived as “lower risk” by investors given the uncertainty generated by the pandemic around more traditional business models. ”



Juan Franck,
Investment Director, SoftBank.

Digital financial services have noticed the widespread tech adoption and the opportunity it carries. The high levels of smartphone penetration, Internet adoption, and Internet consumption contrast with low rates of bank account ownership, which explains why Latin America holds a large potential for Fintech. Of the region's six largest economies, only Chile and Brazil have more than half of their populations with access to bank accounts (for the population aged 15+).

FIGURE 1: BANK ACCOUNT OWNERSHIP AS % OF POPULATION PER COUNTRY



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from the World Bank. Consulted: 31/12/2021.

** This graph shows the number of people in each country who have a bank account as a percentage of the total population.

If widespread digital adoption is Latin America's tech enabler, venture capital, or VC, investment serves as its driver. Between 2017 and 2021, VC investment in the region grew from US\$855 million to US\$15.3 billion, an increase of 18x, which facilitated the expansion of technology firms.¹¹

Latin American tech companies, defined as those with their physical headquarters located within the region, are playing an increasingly significant role

in the region's economy. As shown in the following figure, an Endeavor Analysis of VC investment as a percentage of the regions' GDP shows an increase along the region from 2020 to 2021, showing signs of recovery from COVID-19's economic slowdown. The graph includes the U.S. as a benchmark, in which 1.38 percent of its GDP is attributed to VC investment, displaying its great potential especially now that U.S.-based VC firms are looking towards the region.

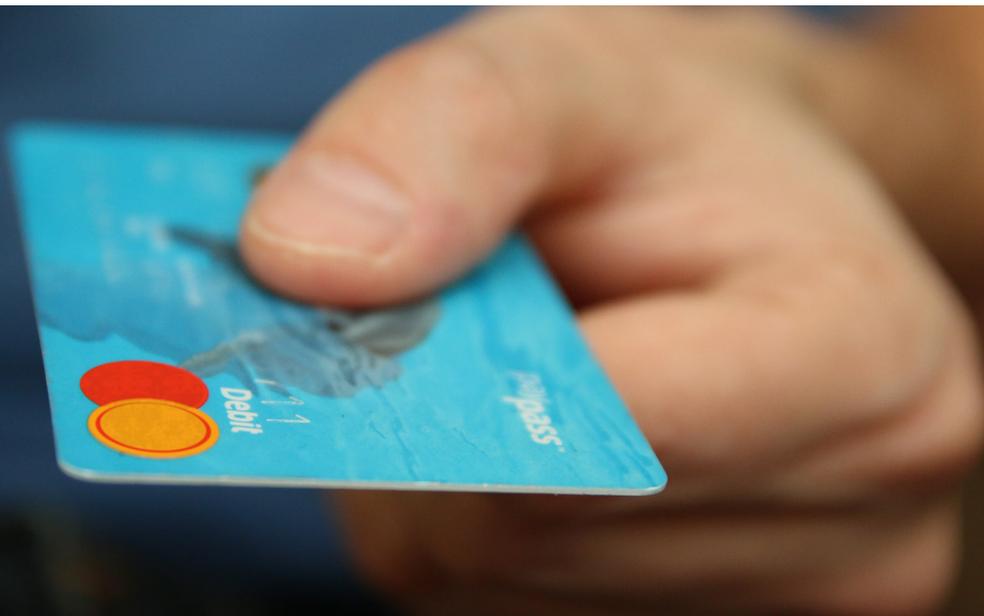
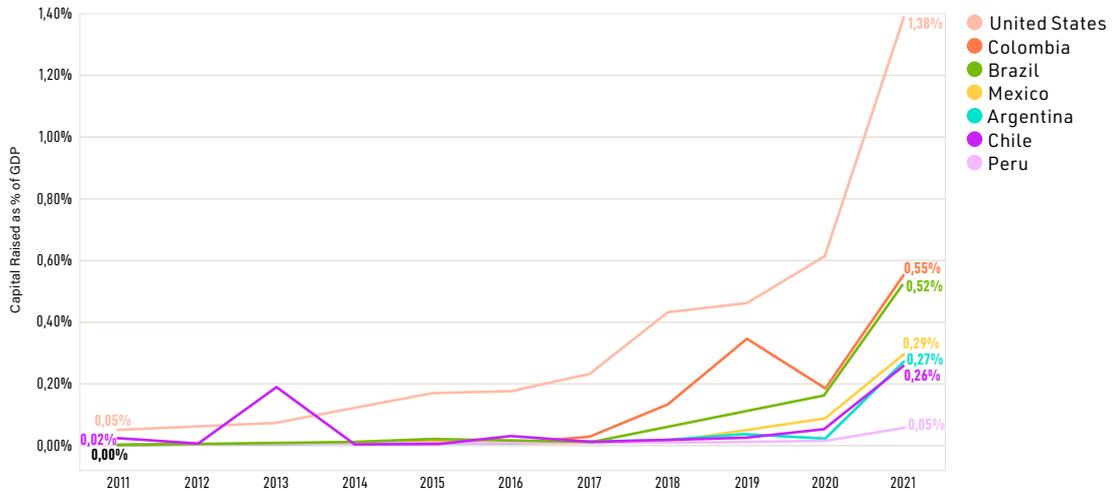


FIGURE 2: VC INVESTMENT AS % OF REGION'S GDP



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from the World Bank, Pitchbook, Crunchbase, and Endeavor's database. Consulted: 31/12/2021.

**This graph shows the amount of VC investment in tech companies as a percentage of Gross domestic product (GDP) (or the total monetary or market value of all the finished goods and services produced within a country's borders) and shows the United States as a benchmark for the region.

“ Latin America is an extraordinary region for technology startups because there is extraordinary talent and a need for infrastructure and services. ”

Nicolas Berman,
Partner at Kaszek Ventures.



Brazil is an example of how startups have used technology to boost the modernization of the banking sector and strive for financial inclusion. For instance, Brazilian Fintech Nubank boasted 48.1M+ users in its IPO filing in November 2021. Nubank went public in December 2021 with a US\$41 billion valuation, becoming the most valuable bank in Latin America and outperforming traditional banks such as Itaú Unibanco in Brazil, valued at US\$38.6 billion by the end of October 2021.^{12,13}

While its digital adoption is not as high as Brazil's, in Mexico, startups have similarly used technology to transform financial services. B2B and B2C Mexico Fintech players such as Klar, Fondeadora, Stori, Konfio, and Albo have raised an aggregate sum of US\$686.8M in VCI rounds, and foreign-born players such as Tribal and Jeeves are also gaining market share. Lastly, the extensive list of Latin American unicorn companies has nearly doubled every year for the past five years.¹⁴ Indeed, as of Q1 2022, there have been 30 unicorn companies in Latin America, as shown below.

FIGURE 3: LATIN AMERICA'S STARTUP ECOSYSTEM IS BOOMING AS UNICORNS GROW



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from Pitchbook, Crunchbase, and Endeavor's database. Consulted: 31/12/2021.

**The chart above displays the regions' 30 unicorn companies, or companies valued at more than \$1 billion US dollars. Data was collected up to Q1 2022.

After the early 2020 economic slowdown, capital invested in the region quickly spiked up. Brazil and Mexico took the biggest share of investment, with the rest of the countries trailing behind. In 2021, Brazil recorded almost US\$8.6 billion in VC investment, almost quadrupling 2020 figures, and Mexico recorded US\$3.8 billion, growing 3.3x from the previous year. Regionally, the number of

rounds has doubled between 2019 and 2021, but the amount invested has almost quadrupled. This shows that investment rounds are getting larger each time. This increase in VC activity allocated to tech companies shows that many players are already capitalizing on the growing tech opportunity in the region.

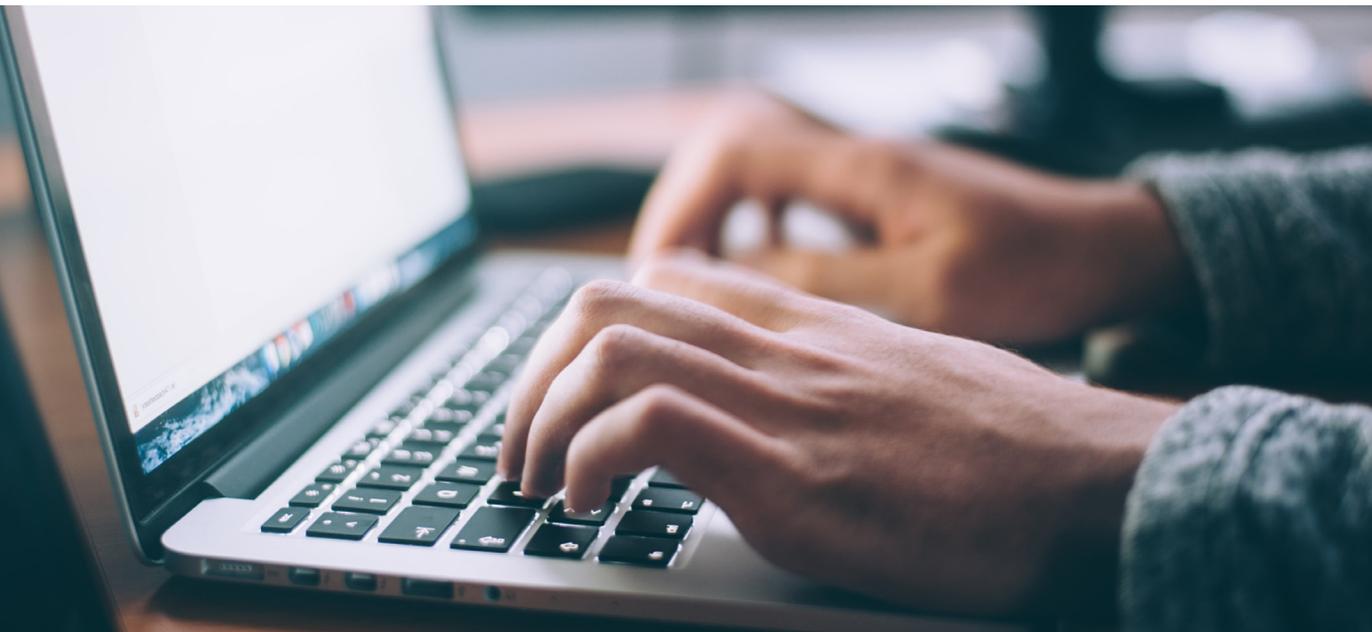
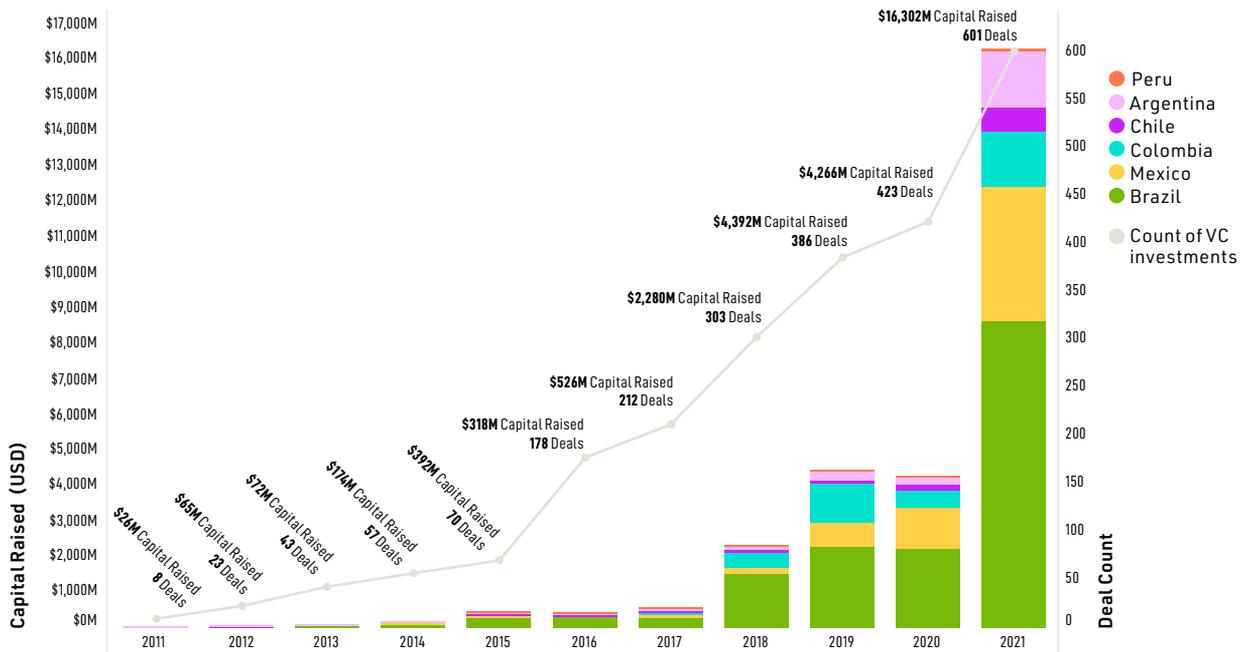


FIGURE 4: VC INVESTMENTS BY COUNTRY: 2011 -2021



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from Pitchbook, Crunchbase, and Endeavor's database. Consulted: 31/12/2021.

**N= US\$28.9B in 2,304 deals.

***This graph shows the amount of VC investment per year, between 2011 and 2021, divided by country, and the number of deals per year.

In all, a growing number of middle-class consumers with increasing purchasing power – about a third of the Latin American population – and a young tech-savvy population – the median age in Latin America is 31 vs 38 in the US –, have succeeded in positioning several Latin American countries as attractive markets, facilitating the successful expansions into these new destinations.

Although pressing structural issues such as political instability and inequality still loom over the region, in an ever-globalizing world, international expansion is spurring job creation, business competition, and further technological innovation across Latin America.



CONSIDERATIONS FOR INTERNATIONAL EXPANSION

International expansion is a complex and risky process that requires in-depth research to better inform crucial business decisions. Growing beyond the company's country of origin has a few downsides to consider: it will inherently require business leaders to lose focus on company operations in the country of origin; human capital and financial resources will need to be relocated; attention will be devoted to setting up shop in the destination market. However, if done correctly, international expansion to Latin America can provide market opportunities that capitalize on widespread digital adoption, growing human capital, and a burgeoning ecosystem of partners and allies.

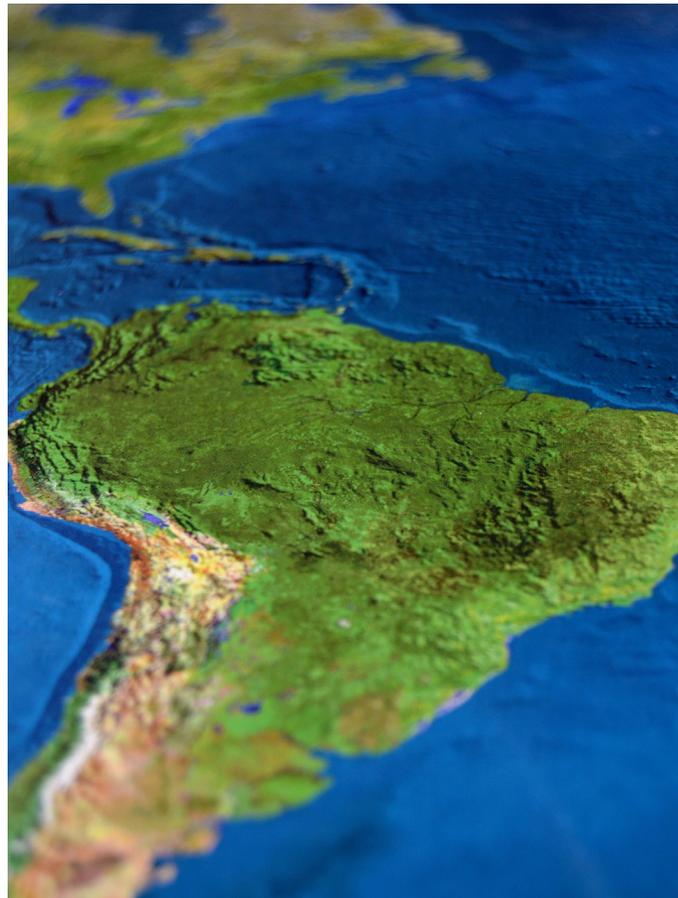
Latin America is anything but a monolith. As such, this study focuses on six very distinct countries: Brazil, Mexico, Colombia, Argentina, Peru, and Chile. These are the region's largest and most vibrant markets, and yet variations in culture, political systems, and economic policy can make international expansion between them challenging.

Differing legal regulations, taxation systems, and operational costs make expansion processes a complex and risky venture as the local situation of the destination market certainly affects everyday business operations. Data-informed insights are needed to weigh the varying aspects of these six markets.

For instance, Mexico has one of the highest costs to start a business, but also receives high amounts of Foreign Direct Investment. Brazil has the region's highest GDP and is home to 17,987 startups, or 77 percent of the region's total,¹⁵ but also has Latin America's highest labor tax rate. Argentina has the lowest percentage of STEM graduates (out of overall university graduates), but has a strong tech ecosystem.

This is why a guide designed for entrepreneurs, CxOs, corporates, and actors interested in expanding their operations to Latin America is particularly useful. This report aims to reduce informational gaps and asymmetries among entrepreneurs and corporations when accessing emerging markets by giving them access to knowledge, insights, and lessons learned from successful expansions. Such information was drawn from a robust research process and insights gathered from 58 survey responses and 33 interviews.

These guides will contribute to the necessary infrastructure to promote a 'soft-landing', or controlled launch, into a new market; at the same time, it will foster regional companies' international expansion to leverage economic development in each country by generating thousands of jobs, wealth, and value.¹⁶





**MARKET
UNDERSTANDING**

In this section, Endeavor aims to provide a tool for expansion leaders to familiarize with the different scenarios for expansion. To achieve this goal, Endeavor created a fact sheet for each of the countries, including a brief synopsis of the current state of the economy and historical facts, along with a compilation of economic and business variables, and, lastly, recent VC data for each.

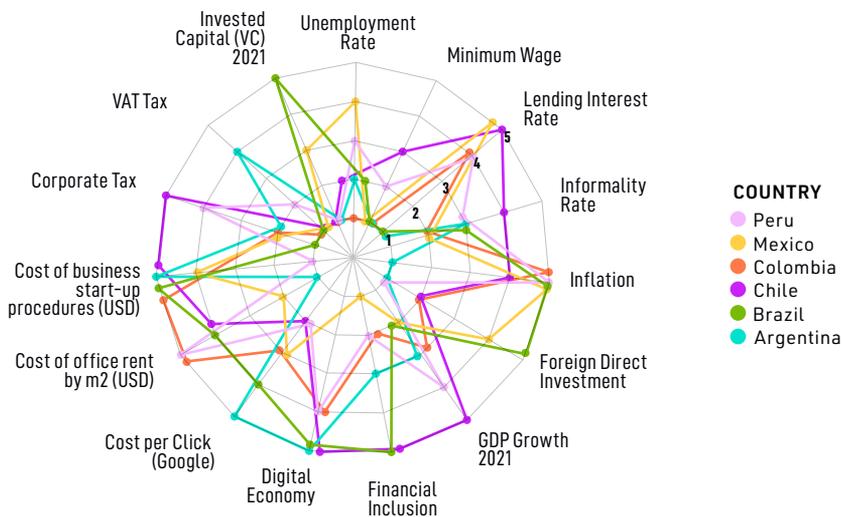
METHODOLOGY

To present the economic indicators and summarize the opportunity visually and comparatively, Endeavor has created a radar chart for each country. The graph presents multivariate data, where each variable is measured on an individual axis; in this case, on a scale from 1 to 5. On each axis, 5 represents the most desirable outcome, while 1 represents the least. It must be noted that the measures of favorableness for each of the indicators manifest differently, according to the metric.

For example, on one hand, a favorable unemployment indicator is when the percentage is low. Similarly, a

favorable inflation metric is also a low percentage. In the radar chart, low inflation and low unemployment would tend towards a score of 5. On the other hand, when measuring foreign investment, the higher the number, the more favorable the result. Again, high foreign investment would be represented towards a score of 5. In terms of visual readability, the larger surface area covered by a color, the greater the market opportunity. The radar graph shown below displays how the indicators are represented on each individual radar graph. Each of the country sheets will have its own radar graph attached to evaluate its different indicators.

FIGURE 5: STUDIED COUNTRIES ECONOMIC RADAR



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from the World Bank, ILO, ECLAC, Pitchbook, Google, Colliers, and Central Banks. Consulted: 31/12/2021.

***The graph presents multivariate data, where each variable is measured on an individual axis; in this case, on a scale from 1 to 5.

On each axis, 5 represents the most desirable outcome, while 1 represents the least.

Additionally, to present the metrics in a comparative way and avoid outlier distortion, Endeavor standardized all the variables and included several other Latin American countries in the analysis. Through the standardization process, Endeavor created a specific scoring system for each metric in which all the countries analyzed were able to fit on a scale of 1 to 5. On each axis, 5 represents the most desirable outcome, while 1 represents the least. In the study's appendix we include, for reference, the country amongst our sample scoring the lowest, the highest and the midpoint for each of the metrics.

“Knowing the differences that exist in markets across the region is the first and most important step before making the decision to expand. A robust understanding of the region's markets will allow your company to know exactly where you are arriving and where you can find the right product-market fit. The Latin American region is massive and extremely competitive.”

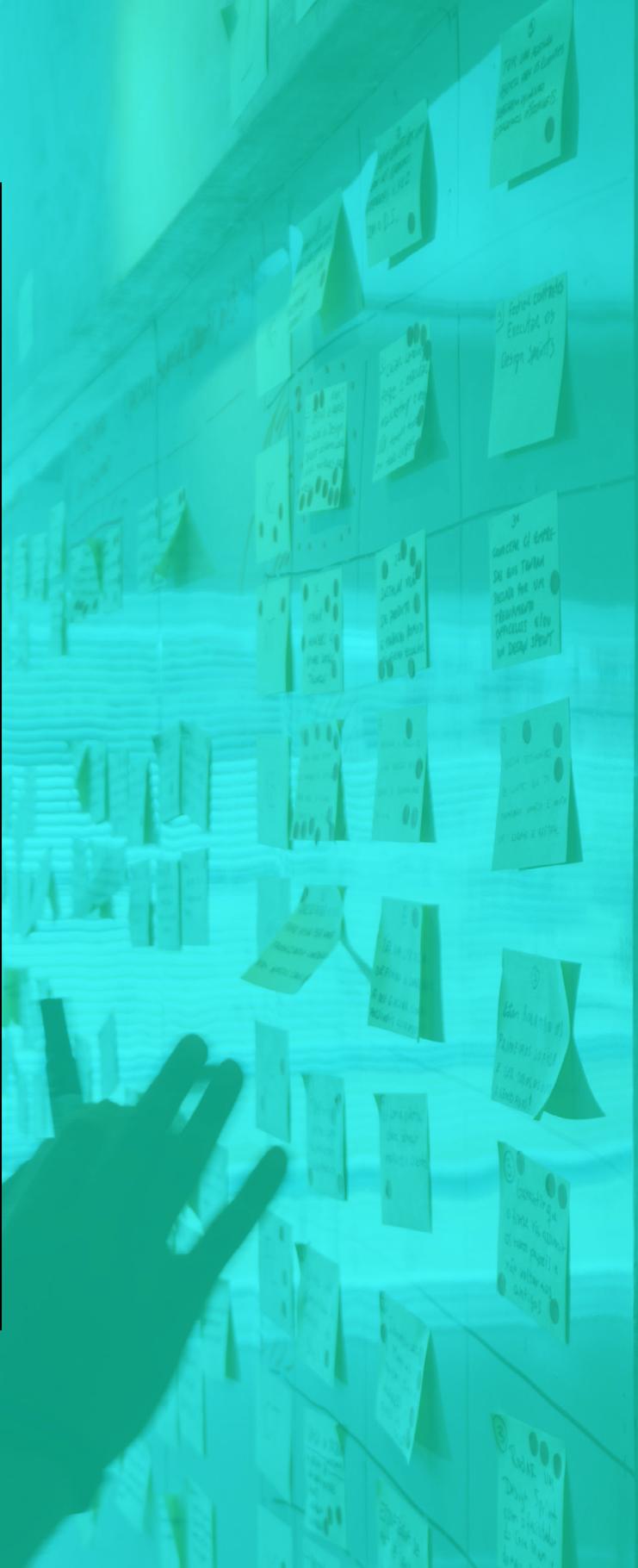


Juan Fernando Vélez,
country manager, Chazki.

COUNTRY GUIDES

- [Argentina](#)
- [Brazil](#)
- [Chile](#)
- [Colombia](#)
- [Mexico](#)
- [Peru](#)

DECISION-MAKING



“

Answering binary questions can change your entire approach to expansion. The most important one to ask is what is the internal opportunity cost for an organization. It is critical to understand what the investment will be in terms of human capital, technology, and financial resources. Expansion isn't always the correct answer. A holistic prioritization exercise is important before making a decision.

”

Juan Pablo Ramos,
former country manager, Loft.



When gaining access to a new market and a new potential customer base, growth opportunities are plentiful. However, expanding internationally can also incur an organizational cost. Capital, talent, and organizational focus will be concentrated in expansion efforts and the destination market, leading the company to potentially lose focus on the original market.

Experts recommend evaluating the expansion opportunity very carefully before determining whether it is the best move for the company. Growing and eventually dominating in the origin market should not be viewed as a lesser-value alternative.

Our survey results showed that company founders usually make the decision to pursue international expansion when the decision to expand is part of the company's strategic vision for the future.

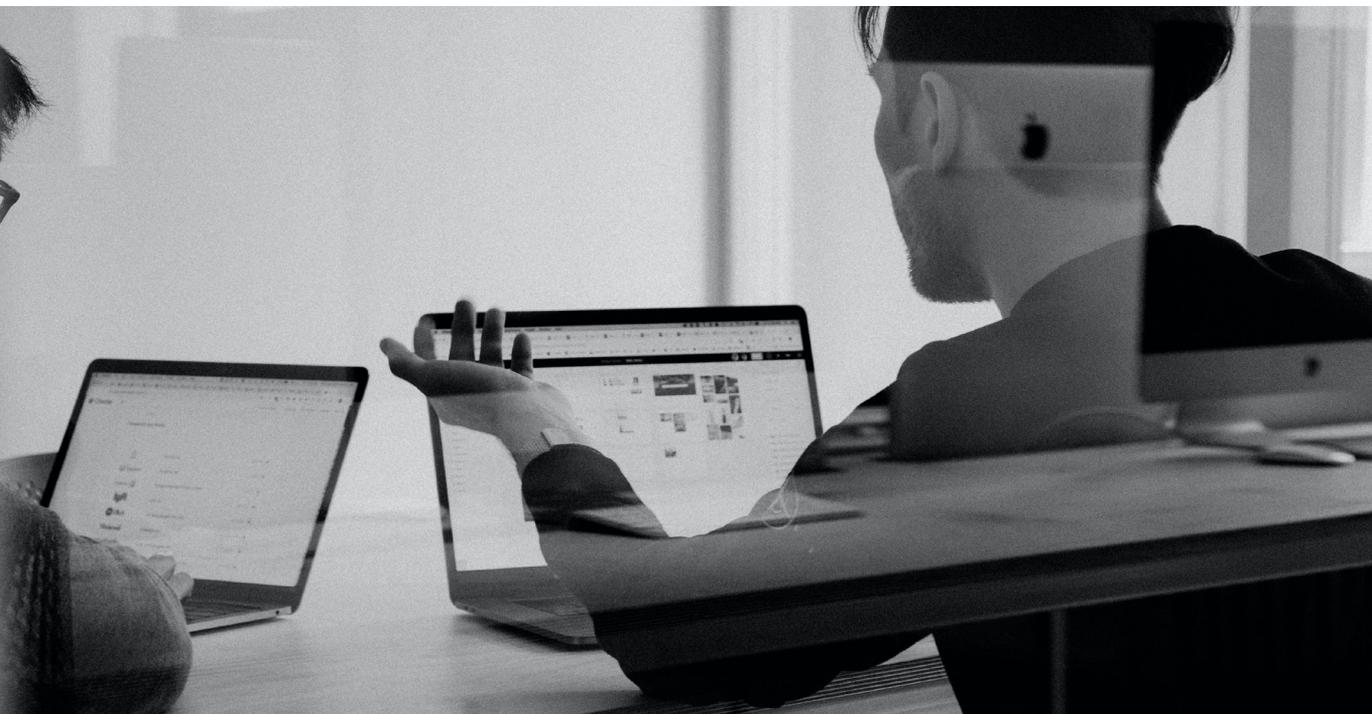
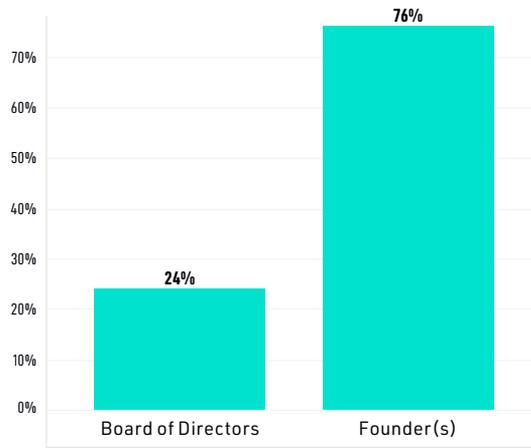


FIGURE 18: WHO TOOK THE DECISION TO EXPAND ABROAD?



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from the Endeavor Intelligence's Survey.

**N = 58 Answers.

***This graph shows survey responses to the question Who took the decision to expand abroad?.

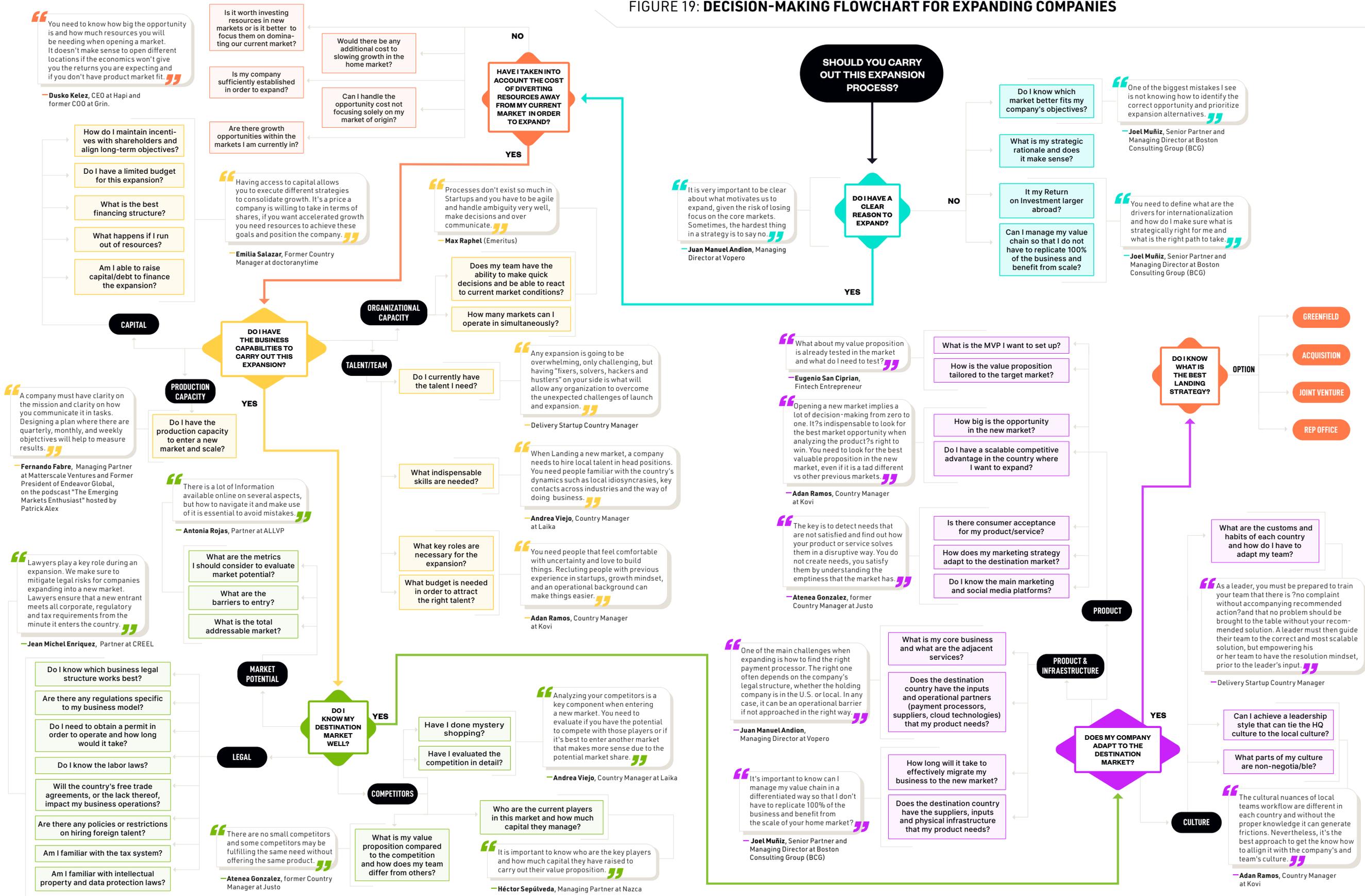
In order to give entrepreneurs and corporates alike a tool to thoroughly evaluate this decision, Endeavor asked country managers and other expansion leaders that had undertaken a process of international expansion what were the indispensable questions to ponder before starting an expansion process. This was the basis to create a decision-making flowchart designed to mimic the process of an international expansion and include all topics and questions to consider.

Endeavor aims for this guide to be useful for all actors regardless of their company size, business model, value proposition, etcetera. For this reason, these questions are left unanswered; they are an open-ended self-assessment tool the reader can feel comfortable answering as it best applies to their situation, as well as to ease their learning curve.

The following flowchart aims to recreate the often complicated process a company should follow when making the expansion decision. It should be read from top to bottom and is guided by the questions in the center. Each of those questions represents a decision to be made to move on to the next stage. Depending on the company's situation, the flowchart leads to the next phase in the expansion process. It must be noted that each main question branches into a series of more specific questions on the sides, which ought to be answered in order to confidently move on to the next level.

Upon reaching the end of the flowchart, the reader will be led to the next stage of the expansion process, which is covered in the next section of the study.

FIGURE 19: DECISION-MAKING FLOWCHART FOR EXPANDING COMPANIES



Once all the questions have been confidently answered and the decision is taken, as shown above, there are several strategies to follow for international expansion.

There are several strategies for expanding and companies are likely to evaluate them according to the conditions in the destination market. For instance, Kavak –currently the most valuable private company in Mexico at US\$8.7 billion as of December of 2021– has expanded to Argentina, Brazil and most recently Turkey, employing two different expansion strategies.

Kavak was founded in 2016 by Carlos García, Roger Laughlin, and Loreanne García. In Mexico, the three Venezuelans found a large market opportunity coupled with an unattended problem. Kavak buys, reconditions, and sells pre-owned cars over the Internet and also counts with company premises, guaranteeing safety, support and financing options. After five years of operation, Kavak became the first unicorn company in Mexico's history and one of the most valuable startups in Latin America. .

“We wanted to scale the business in a single city before thinking about other markets. We wanted to make all the mistakes in one place. Once the business model was tested, we were confident to look at other markets.”

Roger Laughlin,
co-founder and general
manager for Brazil, Kavak.



The company spent four years gaining traction and perfecting its operations in Mexico before expanding internationally. Kavak has an infrastructure-heavy and capital-intensive business model, and it needs to orchestrate many operational verticals, including fleet management, pricing, car reconditioning, car repair, and even Fintech to ensure a smooth functioning, well-oiled business.

In 2020, Kavak expanded to Argentina by acquiring Checkars, the first used-car e-commerce with a warranty in that country. In the acquisition process, Kavak fully integrated the team, operations, assets, and investors under Kavak Holdings. Juan Cruz de la Rúa, co-founder at Checkars, became Kavak's country manager and subsequently Chief International Officer, running the integration operation.

“In an M&A, the lesson is not to try to migrate everything from one day to the next because it may clash culturally in the organization, and you don't know if it is the right way to go.”



Juan Cruz de la Rúa,
Chief International Officer, Kavak.

Kavak and Checkars carried out a very methodical integration process focused on making sure the two companies were aligned and “spoke the same language”. In an interview with Endeavor Intelligence, Cruz de la Rúa shared the best practices of integrating two companies:

“The first thing you want to do is to integrate the financials and performance metrics so that they speak the same language and the global team has full visibility into them. In parallel, all the focus is in integrating the people and culture. Lastly, comes the integration of the operational component. To do this, a best practice is to let the local team operate and learn how it works and what are the main differences. After understanding how the local team works, it is time to make a joint operational plan with standardized and scalable processes.”



Juan Cruz de la Rúa,
Chief International Officer, Kavak.

Next, Kavak expanded to Brazil in July, 2021. However, the expansion to the region's biggest market and Kavak's most important target involved an entirely different strategy. Co-founder Roger Laughlin assembled a team of Brazilian professionals and took them to Mexico for a full operational onboarding and knowledge-sharing session before establishing in Brazil.

“Assembling a team with time to learn the company's culture is a key factor of success, they will share the mission-driven component with you and understand every aspect of the business.”



Roger Laughlin,
co-founder and general manager for
Brazil, Kavak.



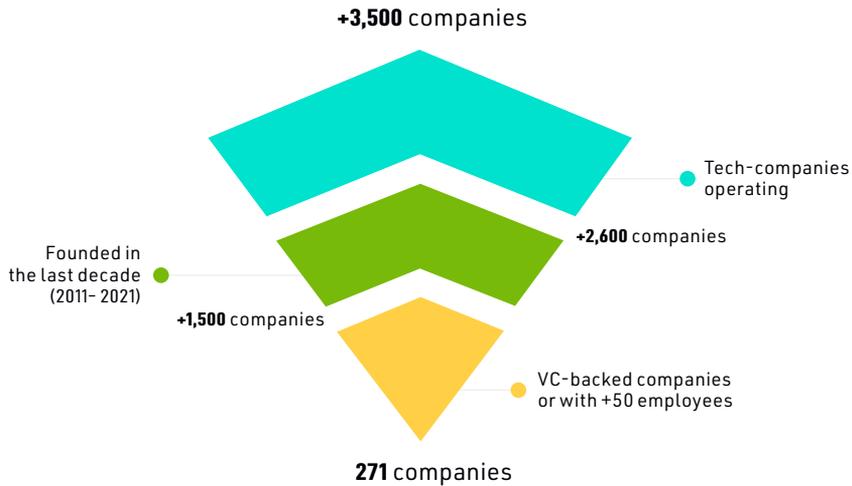
**INTERNATIONAL
EXPANSIONS
IN NUMBERS**

As part of the research, Endeavor designed three data collection tools: an industry map, a survey distributed among country managers and executives in charge of expansion processes, and interviews with top expansion leaders and other stakeholders.

First, Endeavor identified a sample of +3,500 companies located in our six target markets that had carried out an international expansion to the countries of focus. Second, Endeavor filtered for companies that had a tech component. Third, companies that were founded before the last decade were also filtered out. This was done to identify companies, particularly startups, born out of the entrepreneurial dynamism that has emerged in the last 10 years. Finally, Endeavor included two additional filters for companies that were either VC-backed or had scaled to 50 or more employees, after finding that this benchmark was a clear tipping point for exponential growth, larger revenues, and capital.



FIGURE 20: LATIN AMERICAN COMPANIES EXPANDING THROUGHOUT THE REGION



Source: Endeavor Intelligence Analysis, 2022.

*N = 3,571 initially identified companies filtered to end with a sample of 271 companies that have successfully expanded.

**This chart shows the filtering process of how Endeavor reached a vetted sample of 271 tech startups that successfully expanded in the region. Based on this sample, Endeavor performed several analyses shown below.

Endeavor was left with a sample of 271 tech companies founded in the last decade and had navigated an international expansion into one of the six main destination markets. From this sample, Endeavor first extracted valuable information on trends and further distributed a survey to gather more specific information.

The survey sought to answer questions presented on the decision-making process such as: *What are the key positions an HQ must fill for an expansion to be successful? Or, What are the main OKRs / KPIs that measure growth during an expansion?*

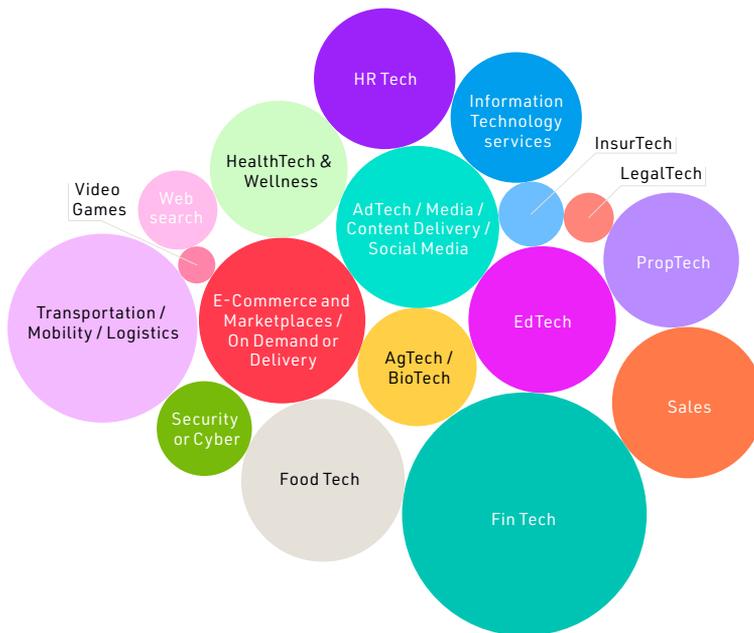
Lastly, Endeavor held a series of interviews with expansion leaders and other stakeholders that have participated in advising expansion processes, such as VC funds, consulting firms, and law firms. As a result, Endeavor collected information from 58 survey responses and 33 interviews. Endeavor invites readers to access the interactive dashboard that shows the results of the survey, as well as some key findings and insights.

Besides the information provided in this section, Google has also created the free Market Finder tool which can be used to get a headstart on global expansion plans. A simple entry of a web address pinpoints the most promising new markets for a business, provides tips on setting up operations, and recommended bids for ad campaigns. Disposable income figures are also available for each region, as well as information on ease of doing business in a new market, and quickly gauge demand for products or services based on local monthly searches.

GENERAL INSIGHTS

To get an idea of which tech subsectors had the most companies expanding internationally, Endeavor compared data from the industry map with data from the survey. In the following graph, bubbles represent the number of companies that have expanded internationally within the different tech subsectors, represented by the size of the bubble. As the graph shows, companies in *Fintech*, *Transportation and Logistics* and *E-Commerce and Marketplaces* have expanded the most.

FIGURE 21: COMPANIES THAT HAVE EXPANDED THROUGHOUT LATAM WITHIN THE DIFFERENT TECH SUBSECTORS



Source: Endeavor Intelligence Analysis, 2022.

*N = 271 identified companies that have successfully expanded throughout the region that fit Endeavor's criteria of being tech, founded in the last decade and VC-backed or +50 employees.

This coincides with the fact that these three subsectors are among those receiving the highest level of capital investment. According to recent Endeavor research on VC activity, which evaluated both the amount of capital invested and the number of deals in Latin America, deals allocation by capital invested is led by Fintech (41 percent), E-Commerce (21 percent), and Transportation / Mobility / Logistics (10 percent), while the deal count is led by Fintech with 26 percent.

Indeed, the VC and growth equity industry plays an important role when analyzing the opportunity of an international expansion in terms of financial resources, growth strategies, pipeline of different alliances and partnerships, networks of trust, among others. The study delves into the strategic importance of the VC and growth equity ecosystem in the international expansion process.

Moreover, in our sample, the median company that has expanded internationally:

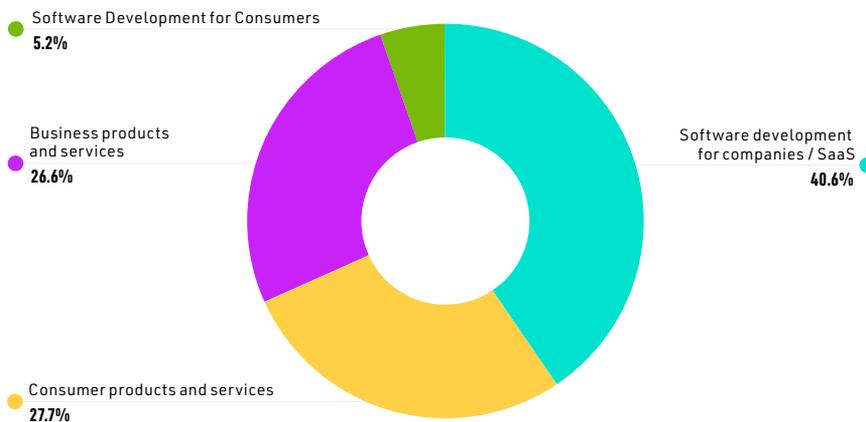
- Was founded in 2015.
- Has a median of 100 employees and an average of 322 employees.
- Has raised a median of US\$5 million in VC investment (due to some outliers, the average of 271 companies is US\$68.7 million, and collectively the companies have raised \$18.4B in capital).
- Has expanded to 3 countries outside of their original market.

These figures suggest that companies that expand are usually consolidated, often passing a certain threshold of number of employees, capital and years of operation before expanding. It must be noted that our initial data vetting altered for companies that were already VC-backed or had more than 50 employees.

In a first attempt to understand the target markets of the companies that have successfully expanded across the region, Endeavor disaggregated the sample between companies creating software vs. the ones that are not, and by companies focused on consumer products and services vs. business products and services. As a result, Endeavor identified that 46 percent of companies that have expanded are creating software, either for consumers or producers. Specifically, the target audience of companies in our sample is split between Software development for companies/SaaS/Cloud platforms and applications (40 percent), Business to Consumer (B2C) products and services (28 percent), Business to Business (B2B) products and services (27 percent), and software development for consumers (5 percent).

This suggests that companies developing software or services for other businesses expand more easily than companies developing products for consumers. It must be noted that thanks to the rise of technology adoption, the opportunity is increasingly open for every type of companies.

FIGURE 22: COMPANIES THAT HAVE EXPANDED ACCORDING TO TARGET MARKET



Source: Endeavor Intelligence Analysis, 2022.

*N = 271 identified companies that have successfully expanded throughout the region that fit Endeavor's criteria of being tech, founded in the last decade and VC-backed or +50 employees.

**This graph shows companies in Endeavor's sample according to target market and sector.

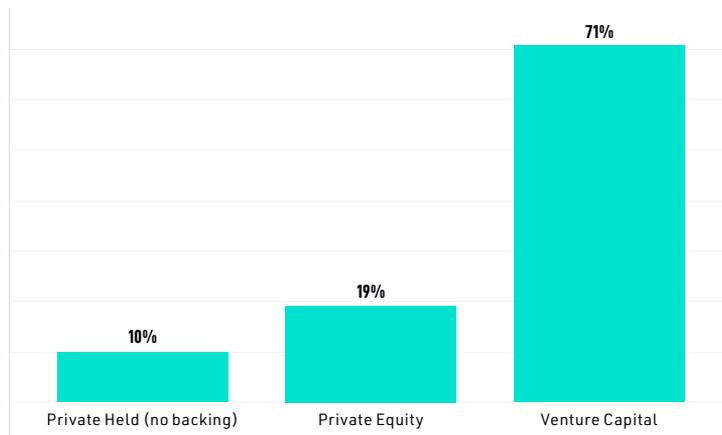
To carry out this expansion process, most companies raised external financing, with the largest source being VC (70 percent) followed by private equity (19 percent). Only 10 percent of companies bootstrapped to expand internationally. Further below, Endeavor evaluates the importance of including local VC firms as a strategic partner in an expansion.

As a result of our company mapping, Endeavor found that Mexico is the top destination market for expansion processes within the region. On one

hand, out of the 271 identified companies, 145 expanded to this country. This information was also endorsed by a study recently published by ALLVP Research, "TechXplorers", which also found that Mexico was the go-to-market destination for Latin American technology startups.¹⁷

Argentina and Chile are the home countries of the largest proportion of startups that have expanded internationally, with 57 and 53 companies, respectively.

FIGURE 23: SOURCES OF FUNDING FOR EXPANSION



Source: Endeavor Intelligence Analysis, 2022.

*N = 58 survey responses.

** This graph shows the different sources of financing that companies have utilized to fund their international expansion.



Those of us who come from countries with smaller markets such as Colombia, Peru, Chile, Argentina, and Uruguay have to think in regional terms in order to have a significant business. For us, expansion is very natural. If you don't go regional, you have nothing.

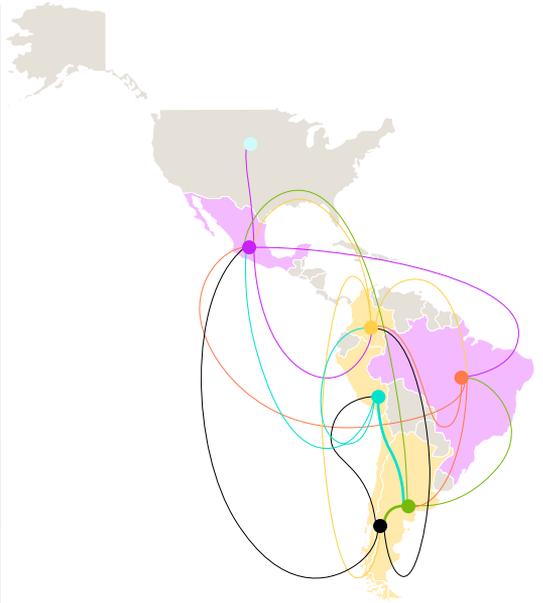


Federico Malek,
co-founder, Wonderbrands.



FIGURE 24: KEY EXPANSION DATA PER COUNTRY

Country	Number of companies expanding internationally	Top destinations	Number of companies arriving
Argentina	63	Mexico, Brazil and Chile	49
Brazil	32	Mexico, Argentina and Colombia	74
Chile	59	Mexico, Colombia and Peru	51
Colombia	52	Mexico, Brazil and Chile	80
Mexico	52	US, Colombia and Brazil	145
Peru	13	Mexico, Brazil and Argentina	52



Source: Endeavor Intelligence Analysis, 2022.

*N = 271 identified companies that have successfully expanded throughout the region that fit Endeavor's criteria of being tech, founded in the last decade and VC-backed or +50 employees.

**This chart shows expansion data according to the country of origin, such as the number of companies that expanded, their top destinations and the number of companies that have arrived.

To support the previous analysis, Endeavor scrapped the sample of the 271 companies to find out the current location of their employees. The total number of employees found was 13,064. Endeavor found that 35 percent of them are currently working outside of their company's country of origin. This quantifies the size of the teams once the companies have already expanded. For most companies, the largest employee base out of the HQ was Mexico, followed by the U.S. and Brazil. This analysis shows that companies are building their biggest teams in Mexico, betting on the large consumer base and market potential.

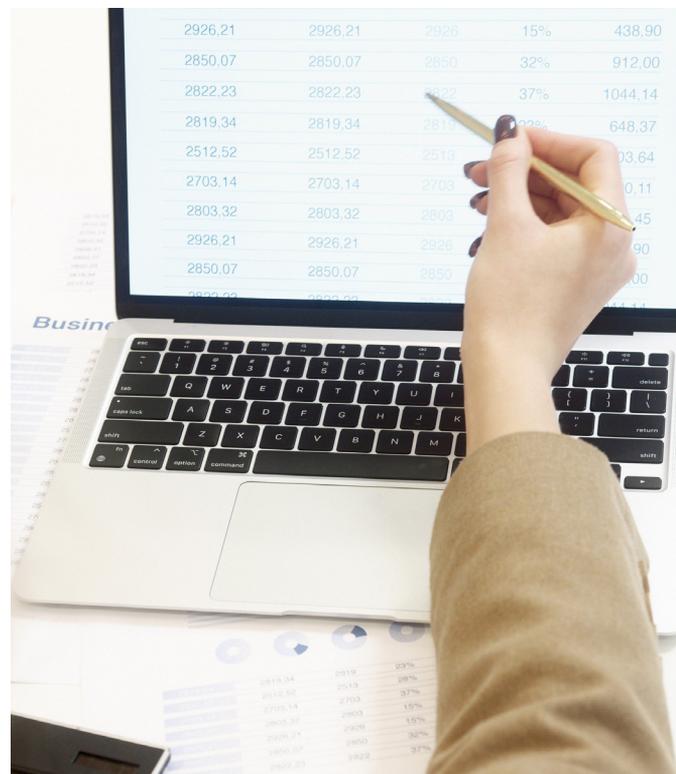
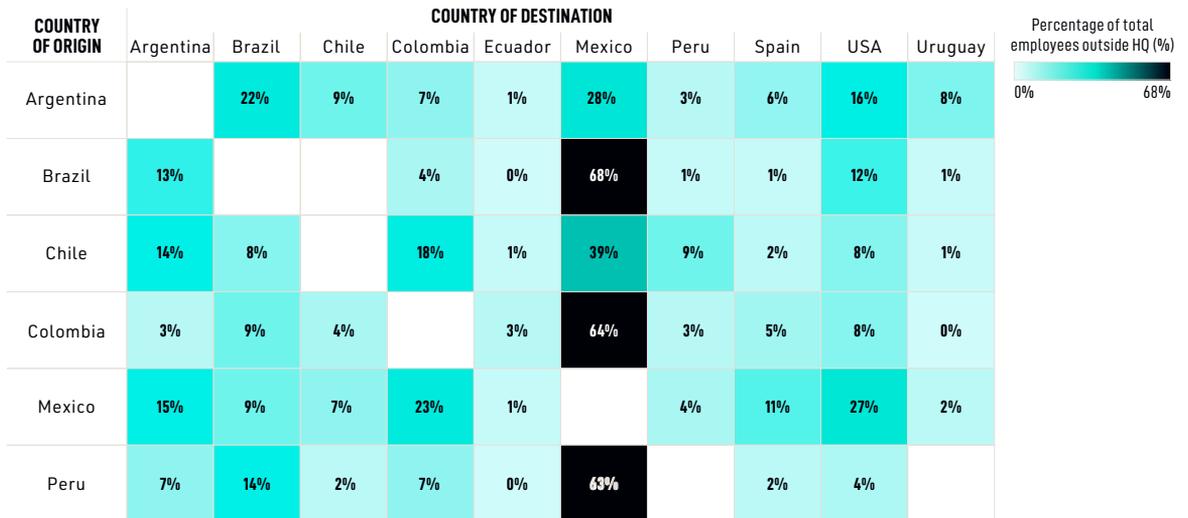


FIGURE 25: INDUSTRY MAP: ORIGIN AND DESTINATIONS OF EACH MARKET ACCORDING TO NUMBER OF EMPLOYEES



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from LinkedIn, Crunchbase, and Endeavor's database. Consulted: 31/12/2021.

**N = 13,064 employees from 263 companies. 4,605 out of HQ (35%).

***This heat map shows the concentration of employees out of the companies' HQ's. The y-axis shows the country of origin of the companies and the x-axis shows the percentage of employees (out of the total team) located in the different countries.

In all, the size of the teams and their location can be an insight for entrepreneurs about the ideal market. In further sections, the study evaluates which types of skills are better hires in the origin market and which are better in the target market.



ENTRY BARRIERS

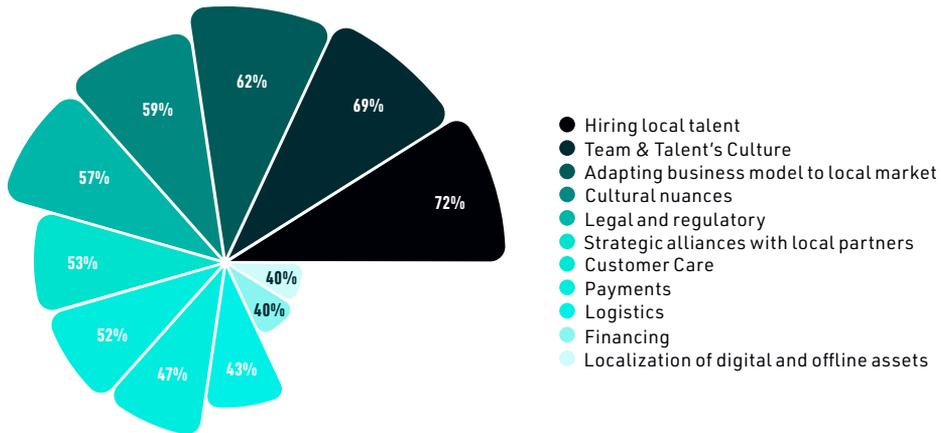
“Every expansion means setting up a company from scratch.”

Sergio Furio,
founder and CEO, Creditas.



Each expansion implies a series of challenges. In this section, Endeavor sought to highlight the biggest obstacles facing entrepreneurs expansion leaders, for them to have the right tools and incentivize success.

FIGURE 26: MAJOR OBSTACLES IN EXPANDING INTERNATIONALLY ACCORDING TO COUNTRY MANAGERS



Source: Endeavor Intelligence Analysis, 2022.

*N = 58 survey responses.

**This graph shows the main barriers identified by country managers in the expansion process. The percentages shown are based on total responses, where respondents were allowed to check as many boxes as desired, hence, percentages do not add up to 100.

Country managers described hiring local talent as the main challenge. Indeed, for many companies, hiring talent that fits the skills needed and is aligned with the mission and culture is a challenge per se. Adding on, hiring internationally, where companies are not familiar with how to assess the local talent pool or the best platforms to post jobs, or know the benchmarks on previous experience can be even more time consuming.

“The main challenge is to form an expansion team and adapt to the idiosyncrasies of each new city. There are cities where the talent acquisition rate is very low. For example, if you want to hire 150 people, you have to initially target and recruit 1,000 potential candidates. Therefore, working with a local headhunting firm can be a great advantage.”

Former country manager of
an e-commerce company.

For tech startups, this is especially important. However, due to the increase in work-from-home settings after the pandemic began, the lines between local and remote talent pools have blurred, increasing the number of opportunities to source the right talent needed to complement the team.

A recent study on the SaaS industry published by Endeavor found that solutions focused on talent management have grown in response to the rise of remote work caused by the health crisis. Additionally, according to another research published by Endeavor on the economic impact of the pandemic, 78 percent of the surveyed sample reported that working remotely had caused productivity to remain at the same level, or even to improve. This has led 52 percent of survey respondents to implement the use of disruptive technologies to adapt to this new reality.¹⁸ To seize

these opportunities, companies like Talently, a Peruvian startup founded in 2018, connect Latin American developers with remote positions through an upskilling-to-placement platform.

However, while the pandemic has expanded the range of opportunities to hire the right talent by eliminating geographic barriers, it is still important to source talent that has cultural literacy of the destination market, and thus support the company in managing cultural and geographic diversity. Indeed, managing cultural and geographic diversity came as the second most pressing challenges.

The third most pressing challenge is adapting the business model to the local market, as the initially spotted market opportunity might not replicate through most countries. This ties closely to having the right market understanding, as every market has its own specificities and a set of competitors that might be offering a similar product to fill for the market opportunity.

“When expanding internationally, you have to keep the same product and value proposition. Even if the market needs differ, you can't start from scratch, but you can adjust and adapt. The company needs a global vision with a local perspective.”

Atenea Gonzalez,
country manager, Justo.



Cultural nuances came as the fourth most common challenge for expansion. Understanding them along with market specificities is key to succeed in a particular country. Indeed, cultural nuances affect both the talent hiring process and the product's adaptability to the market, the two major challenges mentioned above.

When expanding internationally, all components of a company have to be adapted to the local market, whether it's the product, the corporate culture, marketing and customer acquisition, business dealings with partners or suppliers, among others.

“The whole strategy and operation of the company is based on communications both inside and outside the company, and these have to be adapted to each country.”



Juan Fernando Vélez,
country manager, Chazki.

Other challenges include legal and regulatory requirements, finding the right strategic partners, and market specificities such as customer care and payments, among others. The following sections will touch upon the best strategies to face these challenges.

However, the downfall of a startup in a new market is not always due only to operational challenges at the destination market. Sometimes the expansion decision-making process is not thorough, and the bases are not set for a product or service to enter a new market.

Such is the case of a global delivery startup, which expanded from its original market to Mexico in the last five years and had to close operations a year after it started them. Speaking to the country manager of such startup, Endeavor got a couple of insights as to why it did not perform as expected in the new market.

The company had to close due to several reasons, mainly poor business performance and lack of team morale. However, important metrics revealed the company's performance did not align with expectations, most probably due to a lack of understanding of the market.

“The download rate of the app was much less than expected, and retention was at dangerous levels due to poor fulfillment rates, poor engagement from CRM, and problems in local payment processing.”

Country manager of a global delivery startup

The failure to ally with the right strategic partners in order to carry out operations –payment processors, in this case–, also suggests a lack of market knowledge.

After their experience, the country manager has been able to recognize the key success elements that failed in their expansion process. Above all, they point out that the team is indispensable; that is, having a launch team that is easily adaptable to new situations, and, most importantly, possesses a high morale that translates into willingness to solve problems and move forward despite uncertainty and adversity. This is especially critical if it is the startup's first expansion.

“The initial launch team and the morale of said team is more important than any other component, including product market fit, operational excellence, or potential tech debt. Any expansion is going to be overwhelming, only challenging, but having “fixers, solvers, hackers and hustlers” on your side is what will allow any organization to overcome the unexpected challenges of launch and expansion!”

Country manager of a global delivery startup

Additionally, this launch team must not only have the willingness to solve problems, but also a mindset that facilitates quick action and problem-solving. The country manager sheds light on a particular mechanism he employs to create this mindset:

“As a leader, you must be prepared to train your team that there is ‘no complaint without accompanying recommended action’, and that no problem should be brought to the table without your recommended solution.”

Country manager of a global delivery startup

Problem-solving is the most efficient when the team, and particularly team members that have already identified the problem, offers several solutions. The

role of a leader is to guide the team in this process, and suggest the best and most scalable solution out of the proposed ones. This way of working empowers the team and creates a resolution mindset before even consulting the leader. Additionally, it saves time if the team takes action.

In all, the country manager summarizes the expansion failure into three learnings of what should be done when moving into a new market:

- A.** Move fast as done is better than perfect
- B.** Build the machine, as supply leads demand
- C.** Be customer-obsessed, as initial customer experience makes or breaks success



TEAM

LEADERSHIP TEAM

Country Manager Deep Dive

Each expansion needs someone to lead the necessary efforts and organize the different actors involved. Their leadership skills vary according to the type and size of the company. The expansion lead may be hired based on previous experience or may be a member of the founding team, but the functions always consist of running the show on ground.

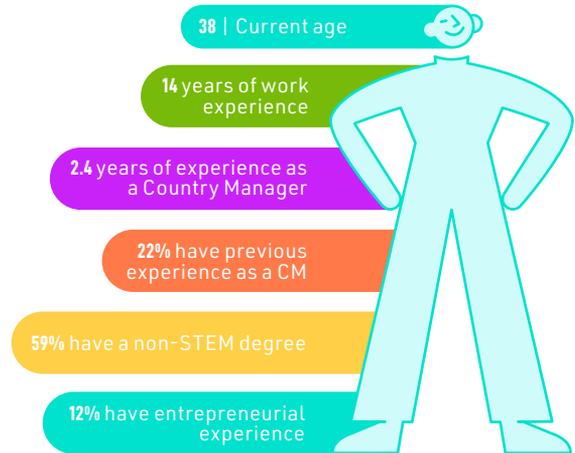
The first insight is that more than half of companies in our sample (55 percent of our survey respondents) chose to hire a country manager as the head of the expansion.

Profiling the typical expansion leader can help entrepreneurs and corporates choose the right personnel to lead their company's expansion. Since companies in our sample typically hired a country manager to lead the expansion efforts, Endeavor analyzed profiles of 600+ country managers or other expansion leaders that fit the criteria of navigating a successful regional expansion across the six countries of focus. A summary of their common traits will be analyzed in detail below.

The goal of this analysis is not to prescribe a necessary set of traits for success, but rather to quantify current trends by aggregating data on a sample of companies, selected and filtered by Endeavor. If this analysis finds most country managers hold a specific set of characteristics in common or come from similar backgrounds, it does not mean that having those characteristics will increase chances of being successful in that role.

First, among the observed traits were educational background and previous work experience. In

FIGURE 27: TYPICAL COUNTRY MANAGER PROFILE



Source: Endeavor Intelligence Analysis, 2022.

*N = 607 country managers.

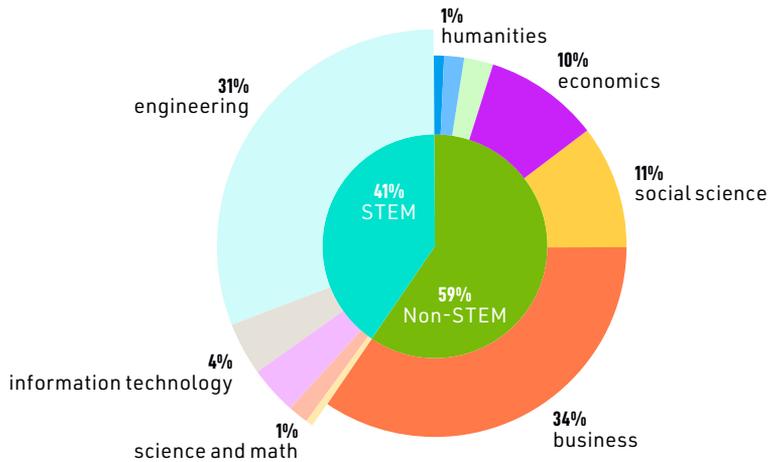
**The information corresponds to data collected from LinkedIn.

*** This chart shows a typical profile of a country manager who has led an expansion, after aggregating and averaging data on 607 LinkedIn profiles.

undergraduate degrees, Endeavor found that STEM and non-STEM profiles are balanced, slightly skewed towards non-STEM, proving that expansion leaders can come from a variety of educational backgrounds. In non-STEM, undergraduate business degrees were by far the most popular choice with 34 percent, while in STEM, engineering degrees took the lead with 31 percent. However, 87 percent of those with an undergraduate degree in STEM had later obtained a non-STEM postgraduate degree.

Additionally, 52 percent of those with a postgraduate degree had MBAs, and 60 percent of country managers with previous entrepreneurship experience have a degree in STEM.

FIGURE 28: **UNDERGRADUATE DEGREES HELD BY COUNTRY MANAGERS**



Source: Endeavor Intelligence Analysis, 2022.

*N = 607 country managers.

**The information corresponds to data collected from LinkedIn.

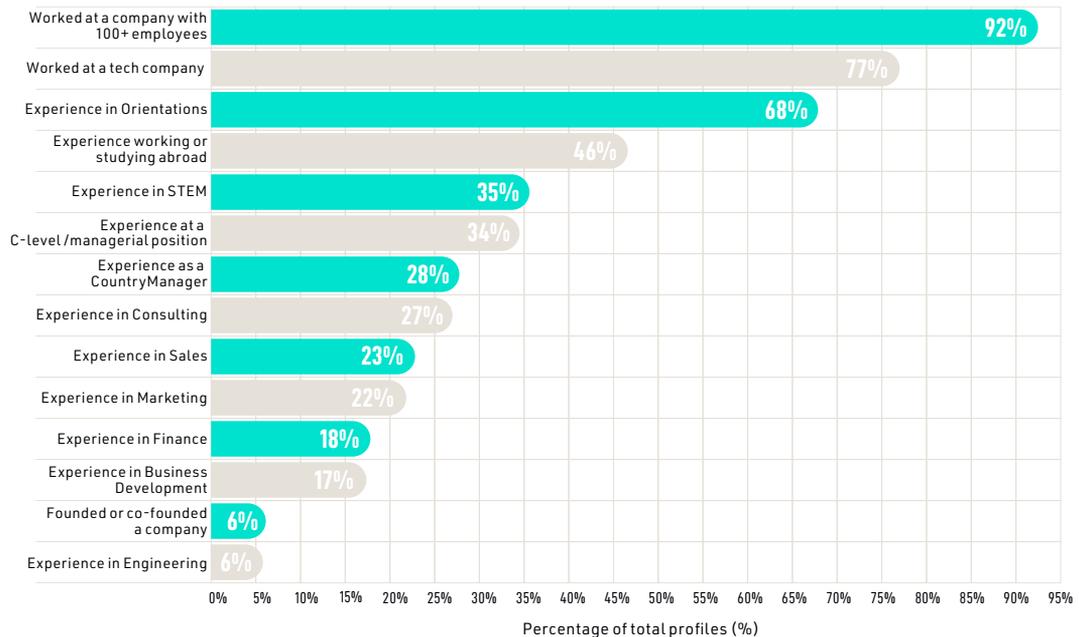
**This chart shows the education history of country managers who have led an expansion after aggregating and averaging data from 607 LinkedIn profiles.

Moreover, analyzing a country manager's previous experience is extremely important in order to understand what prior knowledge and skills they bring along. Endeavor observed that country managers have a clear specialization in high-performance tech and digital sectors. The following graph shows the specialty sectors and key skill areas of the sample of country managers analyzed.

First, 92 percent of country managers have experience working at large companies, specifically, companies with more than 100 employees. Second, 77 percent of country managers had experience working with tech. Third, 68 percent of country managers had experience in operational areas.



FIGURE 29: PAST INDUSTRY EXPERIENCE HELD BY CURRENT COUNTRY MANAGERS ACROSS ALL SECTORS



Source: Endeavor Intelligence Analysis, 2022.

*N = 607 country managers.

**The information corresponds to data collected from LinkedIn.

***This graph shows an aggregate of country manager's previous areas and industries of expertise, before becoming a CM for their current company.

However, although a particular area of expertise can be helpful, country managers suggest the most important skill for an expansion leader is being able to adapt to constantly changing conditions, and face uncertainty.

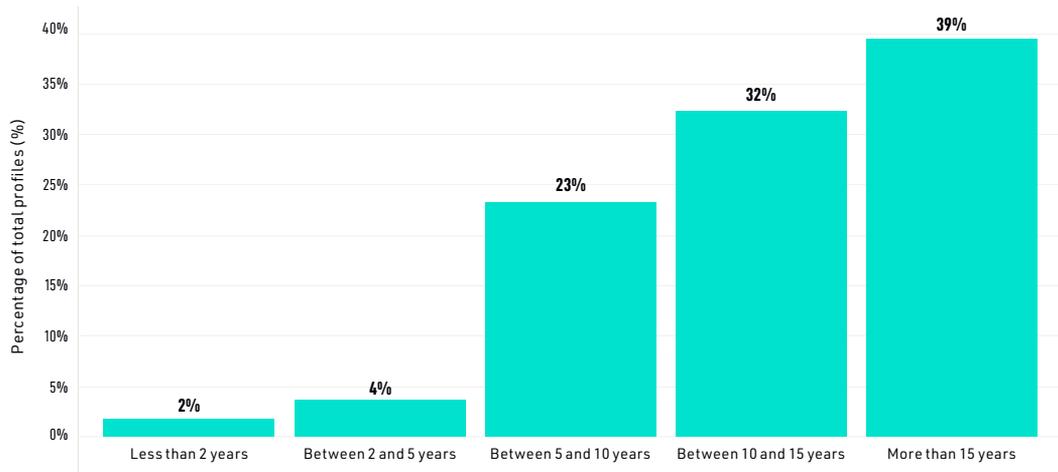
“Companies typically make two mistakes when hiring country managers: first, interviewing them as if they were just another employee, and second, not including them in strategic decisions. It is important to consider the country manager as a partner of the company and to look for someone with an entrepreneurial profile.”

Pepe Villatoro,
head of expansion, Deel.



For many, the ability to adapt to changing situations is gained over time. That's why expanding companies prefer to hire country managers who have plenty of on-the-job experience. Specifically, 37 percent of country managers have over 15 years of experience, followed by 31 percent which had between 10 and 15 years. Only 5 percent had less than 5 years of experience, detailing the importance of work experience in the toolkit needed for leaders to overcome all the obstacles presented in the path of expansion leadership.

FIGURE 30: PREVIOUS YEARS OF WORK EXPERIENCE HELD BY COUNTRY MANAGERS



Source: Endeavor Intelligence Analysis, 2022.

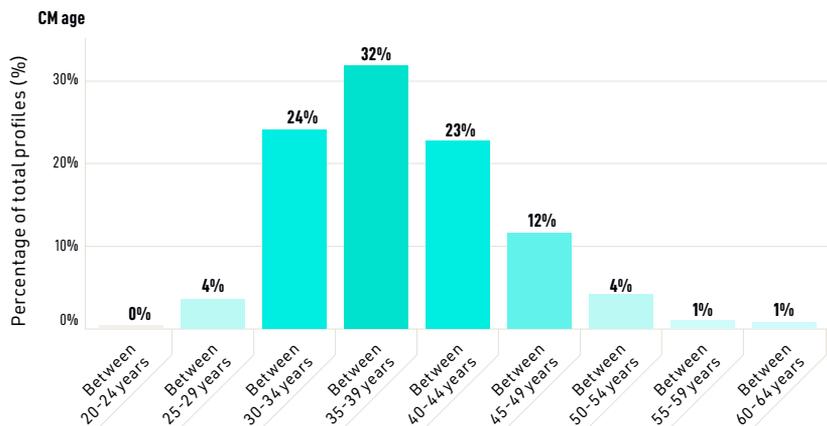
*N = 607 country managers.

**The information corresponds to data collected from LinkedIn.

***This chart shows aggregate data on country manager's number of years of work experience.

Additional analysis includes age. The largest percentage of country managers are between 30 and 36 years old. This reiterates the need for experience, seeing that the most represented profile of country managers has had a number of years in the labor market, as shown above, mostly distributed between 5 and 15.

FIGURE 31: THE TYPICAL AGE OF A COUNTRY MANAGER



Source: Endeavor Intelligence Analysis, 2022.

*N = 607 country managers.

**The information corresponds to data collected from LinkedIn.

*** This chart shows the current ages of country managers who have led an expansion. After aggregating and averaging data from 607 LinkedIn profiles.

After assessing the ideal traits, it is also important to evaluate what the company has to offer to attract the talent with the desired skills. Creating the right incentives is a crucial strategy in attracting and retaining skilled talent. For this reason, Endeavor's survey asked the following question: *'What was the best compensation formula and salary range with added bonuses for expansion leaders?'* Among the answer to choose from were salary and salary + stock options. A stock option is a financial strategy used in the cap table to determine the percentage of shares that will be either granted or sold by the company to its employees.

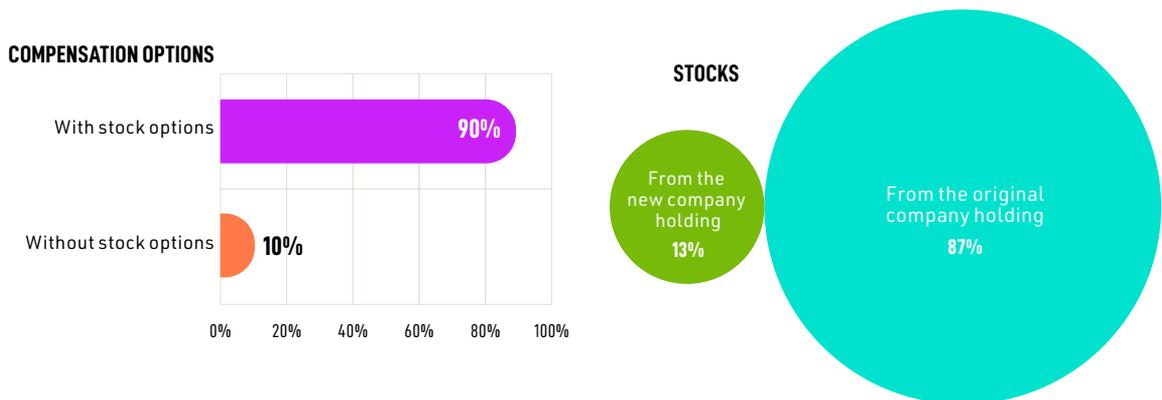
Respondents agreed that the best compensation formula was a salary + stock options from the original company holding. Specifically, 90 percent of country managers received a salary + stock options and, of those, 87 percent received stock options from the main holding company.

“ A company must create incentives to retain the talent. Stock options are important because they make you a partner in the company. The motivation it brings is great and aligns you to fight for the same purpose.”

Former country manager of an e-commerce company.

Most country managers mentioned that stock options are important because selling the upside of a company is an incentive that motivates employees to push towards growth. Stock options were mainly issued from the original company holding. A useful tool to design a stock option strategy based on 20,000 option grants from more than 1,650 startups across the US and Europe can be found at [Index Ventures calculator](#).¹⁹

FIGURE 32: COMPENSATION OPTIONS FOR COUNTRY MANAGERS



Source: Endeavor Intelligence Analysis, 2022.

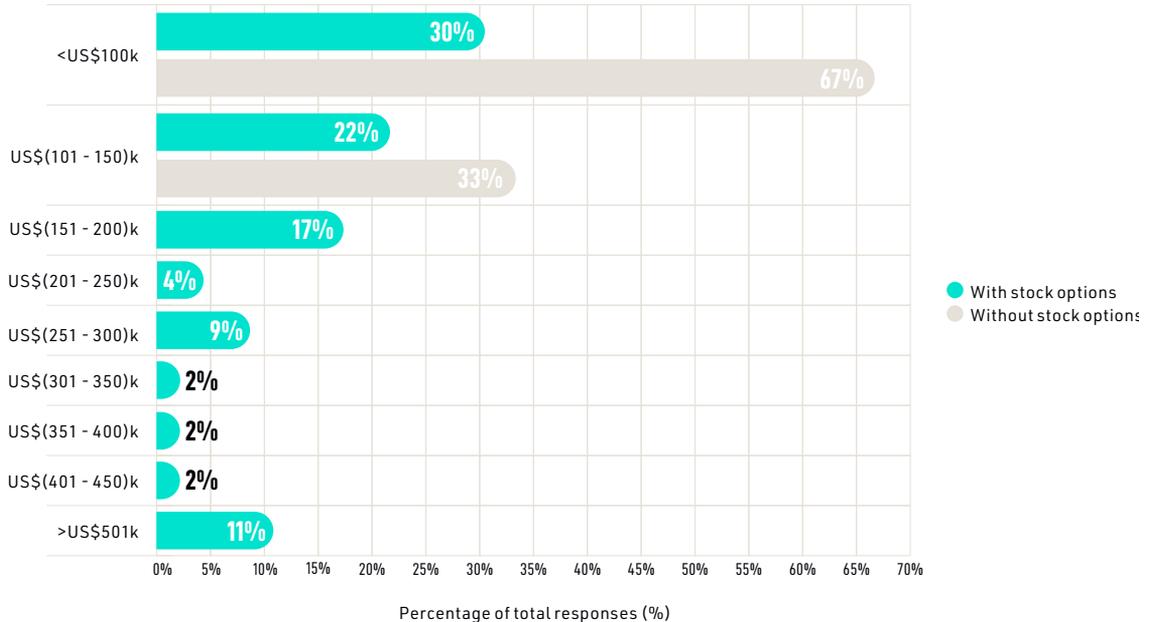
*N = 58 survey responses (51 with stock options, 7 without stock options).

**These two charts show the most popular compensation options for country managers according to our survey results, including whether CMs receive stock options in addition to their salary and whether the stock options they receive are part of the company's original holding.

Additionally, Endeavor asked survey respondents to reveal compensation figures both with and without stock options. The purpose of this question is to help entrepreneurs to have a salary benchmark for this type of position when hiring.

The following graph details compensation distribution, where salary metrics are compared in ranges.

FIGURE 33: COMPENSATION FIGURES FOR COUNTRY MANAGERS



Source: Endeavor Intelligence Analysis, 2022.

*N = 23 previous "Salary" responses and 39 previous "Salary with stock options" responses

The results show that country managers who only receive a salary earn up to US\$150k per year. On the other hand, compensation figures for country managers with stock options are more distributed and up to 11 percent earn more than US\$500k per year. It must be taken into account that the percentage of respondents who earn salary and stock options is much higher (90 percent) than those who earn just salary (10 percent).



Other Expansion Leaders

While most expansions to a destination market were led by the country manager, this wasn't the case for all companies.

“ I believe the person responsible for the expansion to another country should be the founder. In that task, the only goal is to set up the company and make it work –fast! Everything else is a distraction.”

Francisco Sandoval,
CEO at YOM.



Creditas, one of the top Fintech players in Latin America, chose to expand internationally from Brazil to Mexico without a country manager. Creditas is a traditional consumer lending digital platform leading in innovation by focusing on high-quality user experience and low interest rates for consumer lending. It was founded in 2012 by Sergio Furio. To date, Creditas has received US\$315 million in funding from leading international VCs, including SoftBank, Kaszek, Redpoint eVentures, QED, Quona, IFC (World Bank), among others and has 2,000+ employees.

“ Expanding has both pros and cons. On the one hand, it creates a springboard for future growth, it is a relatively inexpensive way to allocate resources for things we already have done, and it opens up the business to a diverse set of cultures. On the other hand, expansion will likely reduce the company's focus on the original market, require a reallocation of resources and time, require new talent and a need to build a brand.”

Sergio Furio,
founder, Creditas.



After eight years of operation in Brazil, Creditas decided to expand internationally to Mexico. Unlike most survey respondents, Furio said that Creditas did not start operations in Mexico with a country manager, but rather formed a specialized decision-making team, led by Furio.

“ We ended up assembling a team of 3 or 4 heads of business units with a certain seniority and quite independent in decision-making [or] management consulting profiles that managed P&L statement activity. I took the coaching role.”



Sergio Furio,
founder, Creditas.

In all, launching without a country manager can also be a strategy to find the ideal profile.

“ You can launch without a country manager to realize afterwards what kind of skill set the country manager will need for the position.”



Sergio Furio,
founder, Creditas.

Different companies have to evaluate what are the needs at a decision-making level in order to form the expansion leadership team, whether it be one person to lead decision-making or a cross-functional team that brings together different skills.

Expansion Team

As we saw earlier, an expansion team does not necessarily have to be headed by a country manager. However, in order to land in a country, a number of skills are required to operate the business. In this section we evaluate the skill sets needed to carry out this process.

“You don't need a giant team, rather a lean team to build the base.”

Juan Cruz de la Rúa,
Chief International Officer, Kavak.



Indeed, most expansion leaders prefer a small team with the right skills. Survey respondents said that they preferred to expand with a team of less than 20 people.

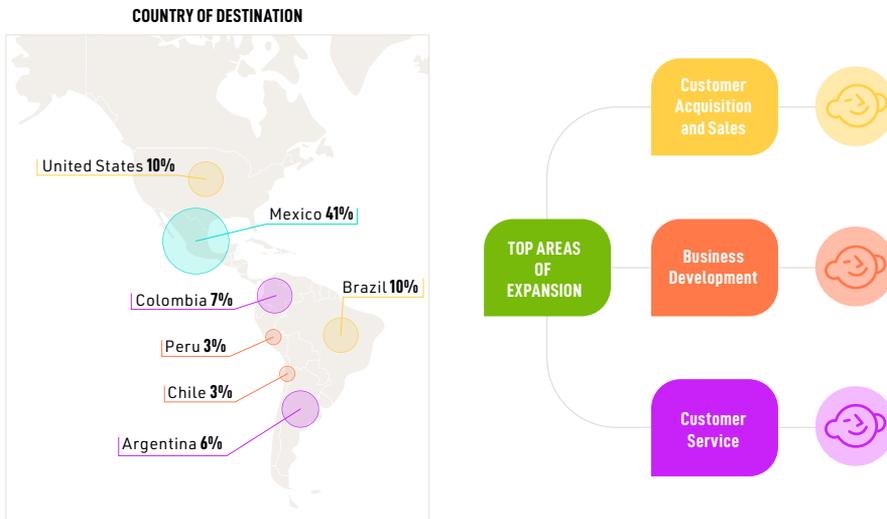
“When there is no clear organizational structure, the team leans heavily on the leader.”



Rodolfo Morales,
country manager for Mexico, Drivin.

To analyze the talent profiles needed when expanding internationally, Endeavor scoured the 271 companies that succeeded in expanding to see what key skill areas were sought after by companies expanding into different countries in Latin America. From a sample of 4,606 employees located outside their home countries, the most common talent areas were customer service, software, engineering and IT, and marketing and branding. Within these areas, Endeavor also researched what types of job positions are most sought after, to indicate how senior or junior hiring generally is. The results revealed that companies hire a mix of profiles, as each area sought both ones with managerial competencies as well as more junior positions.

FIGURE 34: TOP HIRING AREAS WHEN EXPANDING INTERNATIONALLY



Source: Endeavor Intelligence Analysis, 2022.

*The information corresponds to data collected from LinkedIn, Crunchbase, and Endeavor's database. Consulted: 31/12/2021.

**N = 13,064 employees from 271 companies.

***This chart shows an analysis of which are the most hired employee profiles when carrying out an international expansion. This information was compiled by analyzing the LinkedIn profiles of 13,064 employees from the 263 companies in the sample.

To delve deeper into what are the necessary skills, and more specifically, where should the talent come from, Endeavor asked survey respondents to identify the most vital skills needed to hire when expanding.

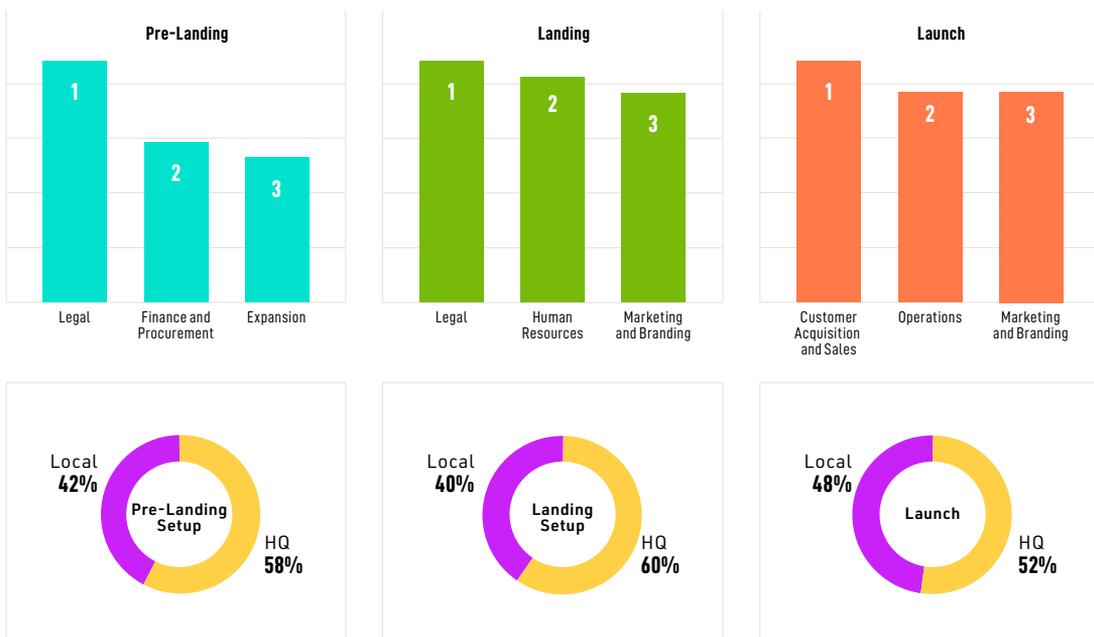
The legal team was the most important key role at both the pre-landing and landing stage. This information is repeated when answering the question of which is the most important strategically when expanding internationally in the following section. The importance of a legal advising team will be further discussed below.

The interesting part of this analysis is to evaluate how hiring compares in terms of location (HQ or target market) in each of the talent areas needed to carry out an international expansion. In other words, which talent profiles are more beneficial

to hire locally vs. hiring at the destination. Indeed, as companies move along the expansion process, an increase in roles hired in the target market can be seen, specifically, from 42 percent in the pre-landing stage to 48 percent in the launch stage. This is due to increased familiarity with the target market, and hence talent pool, and most probably due to filling the need for culturally literate roles.

Towards the landing and launch stages, Marketing and Branding roles become more relevant. These roles also show a larger percentage of hires in the destination market, most probably due to knowledge of best practices in marketing and how to localize publicity efforts to appeal to the local audience. Indeed, a 2021 study conducted by Google found that 75 percent of consumers are more likely to buy a product if the website is correctly translated using the local countries' jargon.²⁰

FIGURE 35: KEY ROLES IN THE COUNTRY OF ORIGIN AND DESTINATION



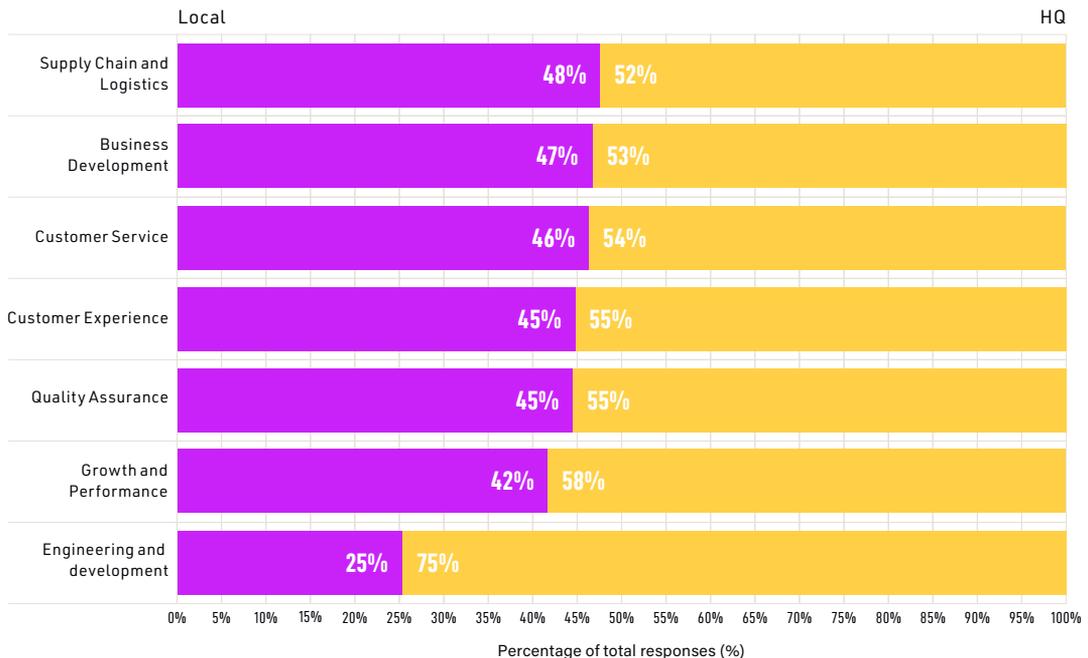
Source: Endeavor Intelligence Analysis, 2022.

*N= 58 survey responses.

**These graphs show hiring trends according to the 3 different stages of an expansion process. In the first row, the graphs show the 3 most important profiles to hire. In the second row, the pie charts show what percentage of these hires are made locally and which are imported from the country of origin.

Moreover, aside from the key roles at every stage of the expansion process, Endeavor evaluated where country managers suggested hiring other roles. The most striking contrast between local and foreign hires was found when asking about the engineering and development team. Survey respondents clearly noted a preference towards hiring their development and engineering team in the original market. This responds to several reasons, including standardizing product development across geographies, the fact that product development doesn't rely heavily on cultural nuances, or just to simplify the process of identifying and evaluating tech talent.

FIGURE 36: KEY ROLES IN THE COUNTRY OF ORIGIN AND DESTINATION



Source: Endeavor Intelligence Analysis.

*Percentage in Y-axis shows % of total survey answers.

**N= 58 survey responses.

***This graph shows the distribution between specific roles hired locally vs. imported from HQs.

As shown in the previous survey responses, most roles throughout the expansion process are still filled with candidates from the HQ. Hence, this shows how, aside from being complex to recruit the right talent, recruiting internationally adds another layer of complexity. Some companies might not directly hire local employees, but send a local team to build operations and hire the talent in a particular market. Take the case of YOM, an AI-powered digital sales platform, founded in Chile in 2017. The company is a micro localizing marketplace that allows small convenience stores to sell through e-commerce. YOM sends a team of “launchers” to train and set up a local operating team from scratch. People hired for these roles are local; however, the expansion team comes from the HQs. This allows them to develop an expansion strategy that can be iterated seamlessly through the various launches, always taking into account local specificities.

“ We send a multidisciplinary team that solves micro-localized problems. This specialized team is the one that puts the company to work, recruits, and hires local talent and makes everything that is needed to start the company abroad. From then on, administration and human resources teams have to be local.”

Francisco Sandoval,
Chief Executive Officer at YOM.



As a final analysis, Endeavor sought to identify employee locations outside the home market and found that employees are distributed throughout the world. As seen in the image, the distribution of employees is not only limited to Latin America. With remote work as a result of the pandemic, many companies are digital natives, thus offering remote work from the get-go, and others offer high levels of flexibility to workers.

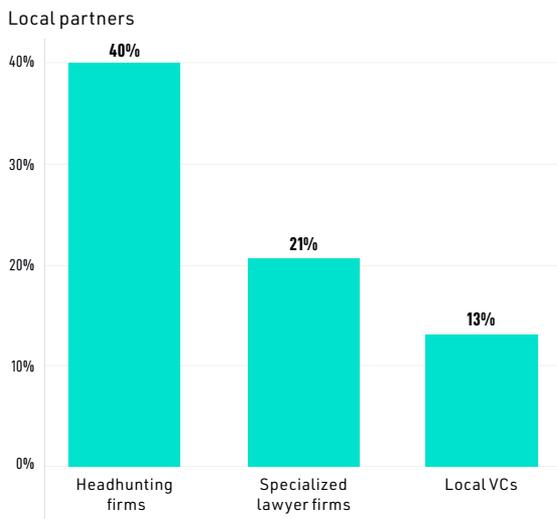
In conclusion, finding the right talent with the right skills is always difficult and varies greatly depending on the type and model of business. This analysis aimed to provide aggregated company information for a benchmark on making important decisions.



STRATEGIC PARTNERS

In addition to in-house talent, companies that are looking to expand internationally must seek out strategic allies in the destination markets. Country managers interviewed for this study highlighted that the three most important strategic partners in destination markets were: headhunting firms, specialized lawyer firms, and local VCs.

FIGURE 37: KEY STRATEGIC PARTNERS IN THE DESTINATION MARKET



Source: Endeavor Intelligence Analysis, 2022.

*N = 58 survey responses.

** This chart shows the top 3 most important strategic partners in the target market at the time of expansion according to the survey results.

The results of our survey show that the most pressing challenge when expanding is to find and hire local talent. As a solution, partnering with a headhunting firm that knows the local talent and profiles and has access to the job board is a great decision.

First, headhunting firms or recruitment agencies can catalyze a faster hiring process, helping companies find the right people to solve immediate challenges while allowing the team to focus on other more pressing tasks. Second, recruiting agencies can seek higher quality and specialized candidates by knowing where to find the specific profiles. Third,

headhunting companies usually already have a network of identified and vetted professionals, which makes the talent recruited more reliable. However, it must be noted that hiring recruitment agencies can be a significant expense, especially for companies with a limited budget that are just entering a new market.

Specialized law firms are also an essential partner, according to 20 percent of survey respondents. Having sufficient knowledge about the laws, regulation, and compliance needs in a destination market is crucial in avoiding mistakes and obstacles further down the road.

“ I think the most important thing, in hindsight, is to find accountants and a law firm that really know how to do things and help you lay the groundwork to then operate on a regular basis. ”



Luis Herrera,
country manager for Mexico, Huli.

For instance, specialized law firms can help companies find the best way to incorporate a legal entity in the destination country. They do so by taking into account several variables, such as how much capital they want to raise in the future either from national or international funds, if there are any acquisition prospects, or what the local regulatory and taxation context is.

“ The most important issue to discuss being a law firm when we are advising an expansion is under which jurisdiction and corporate form to incorporate according to the country you're landing. ”



Andrés Egaña,
founding partner, Egaña Abogados.

Third, local VCs can also provide local context for firms on different levels. Antonia Rojas Eing, partner at ALLVP, shared the four main forms of value added where local VCs can complement companies:

“First, local VCs can support companies in business development by understanding the main channels and leveraging their network of contacts to reach them. Second, they understand the regulatory context and how companies operate in a specific sector. Third, local VCs can also leverage their network of contacts to find key hires for the company. Finally, they help entrepreneurs get a deep understanding of the cultural fit and nuances that may impact specific aspects of the business in the destination market.”

Antonia Rojas Eing,
partner, ALLVP.



Undoubtedly, having a local VC in the cap table is a great strategy when entering a new market. By sharing stakes in the company, the VC will do everything possible to facilitate market entry. The main leverage points are an unparalleled local network and expertise of cultural nuances, both of which are prerequisites for successful operations.

“Who I include in my cap table has to be strategic. One point of strategy is how it can help me establish relationships in other countries. Especially in highly contextual countries like most Latin American countries.”

Eugenio San Ciprian,
Fintech entrepreneur.



On the other hand, a regional fund can also be an important ally when expanding. Given that the VC industry in Latin America is still nascent, there are very few specialized funds, compared to Silicon Valley, for instance, where the size of the capital market has led to some degree of specialization.

As found in previous investigations carried out by Endeavor, many entrepreneurs in sub sectors such as agtech, insurtech or traveltech, specify that the greatest difficulty in raising capital is that local investors lack in-depth knowledge of the market. Specialized regional VC firms or even larger firms with previous investments in the specific industry can offer better guidance for entrepreneurs.

“A startup seeking international expansion often needs the resources, capital, and expertise that a VC firm can provide. Although bootstrapping is always an option, startups are always burning cash, and raising capital makes them more competitive.”

Roberto Charvel, managing partner,
MatterScale Ventures.

In addition, although local VCs in the target market provide a network of key contacts, including operational allies and potential clients for the company that is looking to expand internationally, VCI firms with regional reach have, certainly, a broader network of contacts. This is important when planning in advance, if the company is looking to expand into other geographies in the future, and even for guidance when evaluating which next steps and markets make the most sense.

Many companies, when raising capital, include in their financing rounds a combination of VC firms with different areas of expertise. Just as it is recommended that co-founders of the same company do not duplicate the same skill sets, companies seek funds with different approaches such as sub-sector-specific expertise or networks in a particular country or region. Therefore, a combination of local and regional firms is always beneficial. Finally, there are many local funds that invest internationally, so the lines between local and regional are mostly blurred. It is often more important to find a fund whose incentives are aligned with those of the company.

OPERATIONAL COMPONENTS

“Knowing what aspects of your operation you should centralize or outsource are essential to cutting costs when entering a new market.”

Juan Manuel Andion,
country manager for Mexico, Vopero.



Localization, logistic providers, and payment processors

Understanding the language, culture, and local dynamics of potential new consumers is necessary to gain their trust. Language is one of the key operational components that has to be localized. Several aspects of the media strategy, including Search Engine Optimization (SEO) efforts, have to be adapted beyond the mere translation of key words. Additionally, prices have to be localized and compared to local benchmarks, as willingness to pay varies internationally and solely converting the currency may discourage some customers.

Additionally, partnering with local logistic providers is essential for most companies seeking to expand. Although seeking on-ground partners might seem straightforward, companies might encounter that different countries have different levels of informality and market maturity. If these differences in players' levels of organization and digitization are not taken into account before an expansion, it can hinder entry and lengthen the time before starting operations.

When Chiper, a B2B e-commerce supplier for the corner store retail market in Latin America, expanded from Colombia to Mexico, it found different business dynamics in a seemingly culturally similar country. Chiper was founded in 2018 by Jose Jair Bonilla, Oscar Sarria Guerrero, and Carolina García. In an interview with Endeavor, García discussed the expansion process to Mexico, specifically how the

corner store market and supplier business dynamics are not homogeneous in the two Latin American countries. For instance, Chiper outsources logistics operations. When entering Mexico, finding the right logistics providers proved more of a challenge than initially thought.

“Mexico's logistics infrastructure is less developed and more informal than in Colombia. Informality prevents the development of a solid infrastructure.”



Carolina García,
co-founder and CRO, Chiper.

Additionally, the full penetration of big delivery players, such as Amazon or MercadoLibre, conditions logistics providers in the market, indirectly causing an effect on the entry of new players.

“Delivering packages is not the same as delivering groceries. Many of the logistics providers have focused on parcels, which makes the transition to delivering groceries, which are usually perishable or delicate, more difficult. In Colombia, due to Amazon's low penetration, it is easier to train delivery providers.”



Carolina García,
co-founder and CRO, Chiper.

In sum, García shares some of the greatest lessons that the expansion process has taught her: it's not so easy to copy-paste the business through the different markets, especially how operations work.

Moreover, payment preferences also vary greatly. Product and service providers not only have to evaluate if cash is the main payment method, but also if a specific payment processor rules the

destination market. Indeed, 30 percent of global online shoppers say they would be discouraged from completing a purchase with merchants who do not offer their preferred form of payment.²¹ Partnering with the wrong payment processor could result in lost customers due to purchase rejection.

“One of the main challenges when expanding is how to find the right payment processor. The right one often depends on the company’s legal structure, whether the holding company is in the U.S. or local. In any case, it can be an operational barrier if not approached in the right way.”

Juan Manuel Andion,

country manager for Mexico, Vopero.



Indeed, knowing the local payment processors is essential for companies that are expanding. About 34 percent of online retail purchases are made on mobile devices.²² There are a multitude of payment methods, including, but not limited to: bank transfers, direct debits, local credit cards, eWallets, and Postpay options.²³ Some of the more globally relevant processor options may not necessarily be right for every company; for instance, many small businesses cannot afford to pay transaction fees from big players.

“Be very clear on the options. PayPal is not an option if you don’t have an entity in each country. That solution looks like a trusted watermark you can’t have, and even if you have Stripe, if you attract a lot of customers who may not have an international card, then there will be a lot of friction in the purchase process. These are things that couldn’t be solved in sixty days.”

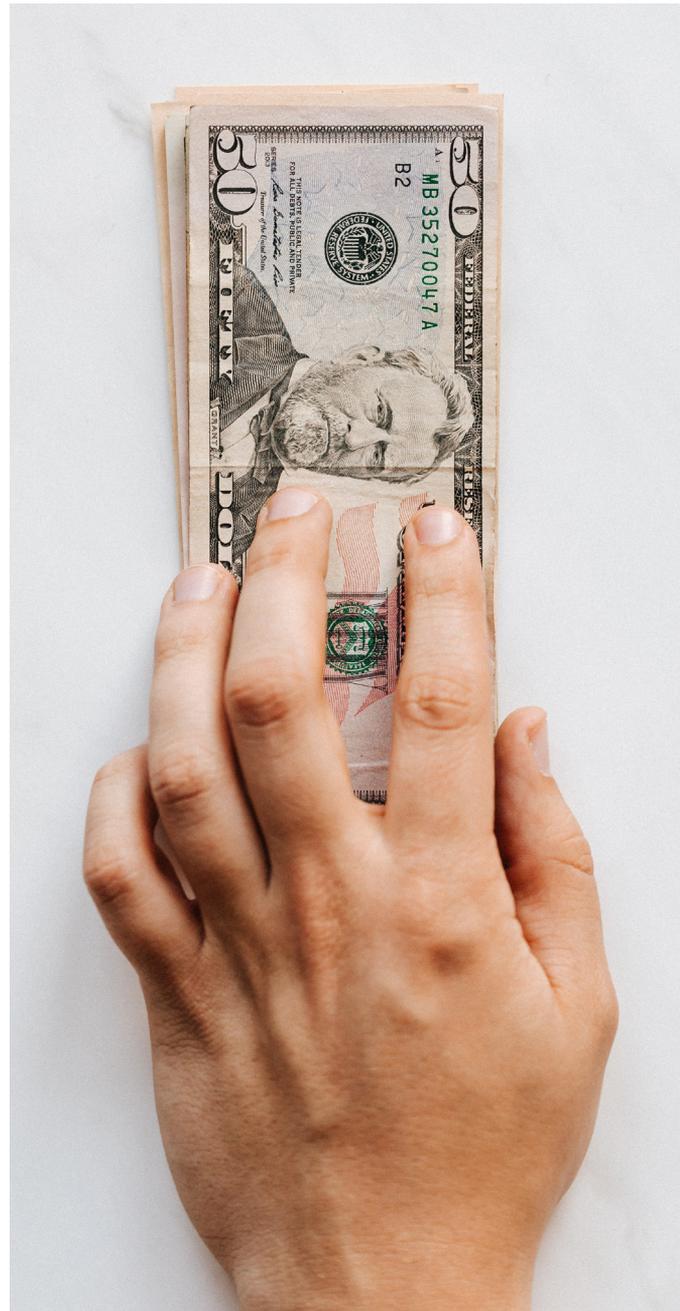
Max Raphel,

CMO, Emeritus LatAm.



To avoid mistakes, it is important to conduct a thorough investigation of the players and existing infrastructure at the destination markets. As

mentioned earlier in Section 2, it is key to verify that the target market has the infrastructure to support the business model. A great tool for this process is [Google’s Market Finder](#). It helps businesses of all sizes and sectors identify potential new markets and discover useful operational information to start selling products at a global scale, tailored to local customers. The tool offers insights as specific as which are the users’ payment method preferences according to the market, and how this impacts sales and customer conversions.



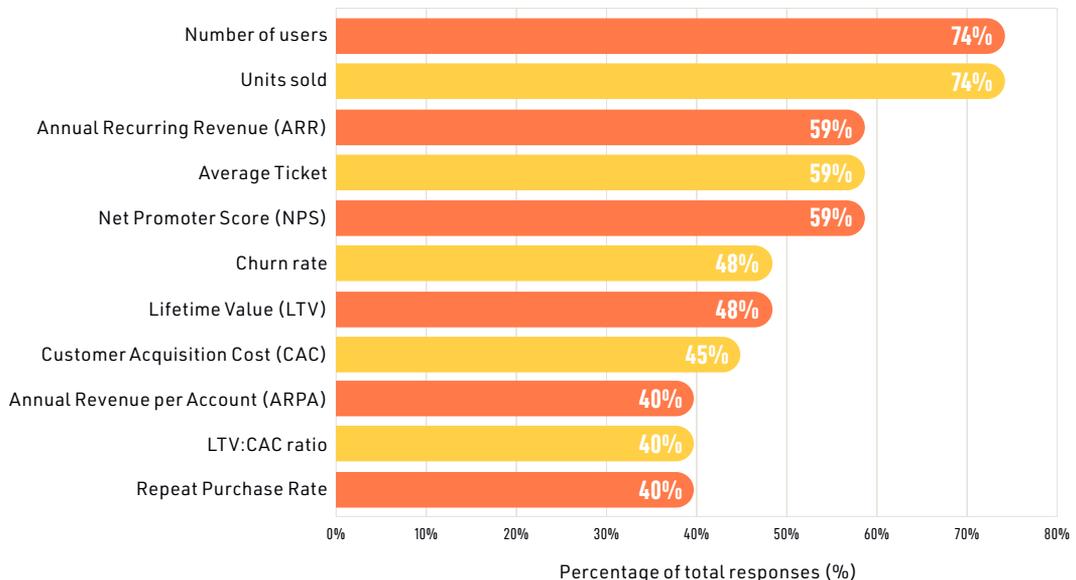
MEASUREMENT AND SCALE

Measuring success is always challenging. Certainly, in an international expansion, success is measured in terms of growth. *But how specifically is this growth measured?* To support entrepreneurs in defining the relevant metrics for their business and to have all the necessary tools at hand, the survey asked which metrics (KPIs or OKRs) are most important in order to measure the success of an expansion. That said, success metrics are very business-specific, hence, not all of them apply to all.

The following is a list of OKRs that the expansion leaders rated as ‘Important’ and ‘Very Important’ as metrics of growth during an expansion. For this question, Endeavor asked survey respondents to score from 1 to 5 (5 being the most important) the importance of the following metrics. The graph shows the percentage of respondents who classified the specific metric as 4 or 5 (important or very important).

Although each company measures its success according to different metrics applicable to the specific business model, the following list aims to provide a non-comprehensive list of indicators useful for startups.

FIGURE 38: COMMONLY USED METRICS WHEN MEASURING SUCCESS DURING AN INTERNATIONAL EXPANSION



Source: Endeavor Intelligence Analysis, 2022.

* N = 58 survey responses.

** This chart shows the metrics reported by Country Managers to measure the performance of international expansion.

The percentages shown are based on total responses, where respondents were allowed to check as many boxes as desired, hence, percentages do not add up to 100.

Number of users and units sold were the highest-rated metrics, indicating that sales and usage is the best simple way of suggesting how well the product is succeeding in the new market.

In all, this graph aims to provide the readers a list of different options used by companies to track performance in a destination market. To provide a short explanation of the different metrics included above:

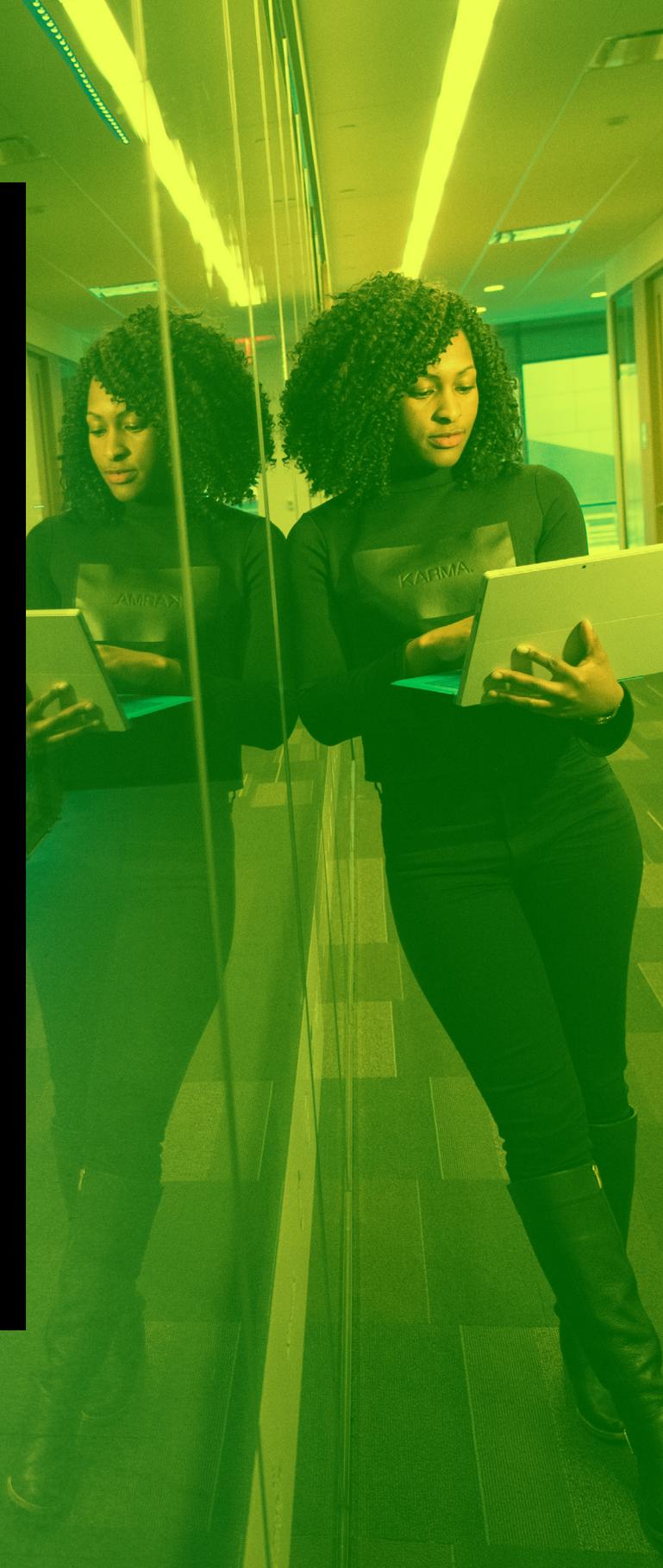
- **Number of users:** the number of total customers using the specific product of service.
- **Units sold:** the amount of units sold in a new market.
- **Annual Recurring Revenue (ARR):** provides an estimate of annual revenue, usually taken from monthly revenue, multiplied by 12.
- **Average ticket:** measures the average amount of money an individual customer spends.
- **Net Promoter Score (NPS):** this metric is usually a number on a scale of 1-10 that answers the question of how likely a customer is to recommend a specific product, used to measure customer loyalty and satisfaction.
- **Churn rate:** the percentage of customers a company loses, or stops using a specific product, in a given period of time.
- **Lifetime Value (LTV):** determines the value of a customer by measuring how much revenue an average customer can bring in an average period of time using a specific product/service. This figure is usually compared to the cost of customer acquisition.
- **Customer Acquisition Cost (CAC):** measures how expensive it is for a company to get a new client, calculated by dividing investment in marketing efforts by the number of new clients in a specific period of time.
- **Annual Revenue per Account (ARPA):** is an indicator of the profitability of a product based on the amount of money that is generated from each of its users or subscribers.

- **LTV:CAC ratio:** compares the cost of a new customer to how much value it brings. Companies should aim for low cost and high value.
- **Repeat Purchase Rate:** measures the number of clients that have purchased a particular product or service more than once.

In short, each company has to choose the performance metrics that best apply to its industry and business model. Defining these metrics is a process of iteration and it is often important to seek help from external stakeholders and experts in the industry.



**FINAL
THOUGHTS**



Latin America presents a set of attributes and shared similarities that allows the regional entrepreneur to smoothly expand their company within the region. For instance, 90 percent of Latin American countries share Spanish as a common language, which simplifies many processes. Moreover, the growth in Internet penetration and adoption, plus the need to digitize many services as a consequence of the pandemic-related restrictions, have opened many opportunities and blurred geographic lines.

For businesses to grow exponentially, international expansion is essential. Not only it diversifies risk and expands market opportunities, but also enhances business competitiveness. Companies that grow abroad face more competition with players that are solving similar problems. Competition can come in any form; that is why companies have to make sure their product market fit the best possible for the region.



The opportunity cost for a company to expand is lower than ever. Many digital-first companies, which offer their products or services online, are already acquiring international users or customers organically, without opening operations abroad. In addition, companies can start operations remotely and open a local office only once the customers are identified.

However, despite language similarities and geographic proximity, cultural differences remain a major barrier to expansion. These are at the core of the three major obstacles that entrepreneurs face: hiring local talent, adapting the team to the country's and company's culture, and adapting the business model. Indeed, navigating cultural nuances can be tricky, but having the right guidance, credited to smart hires and strategic on ground actors, will likely turn out a better outcome when expanding.

As we continue to witness shifts in the global economy, attracting and retaining talent is more important than ever before – from the leadership roles to the most junior hires. Choosing the right person to lead the process can make or break an expansion, and Endeavor identified that companies mostly hired country managers (55 percent) to carry out this process. The typical country manager had several years of work experience; specifically 71 percent had more than 10 years of experience and several years in the entrepreneurial world, either working at or even co-founding a tech company.

Other times it was company founders who took the international leap. Of a sample of 13,064 employees from 271 companies, 4,605 employees were identified out of their headquarters (HQ), finding that 177 of them are founders or co-founders that represent 103 companies (39 percent), mainly in large countries such as the U.S., Mexico and Brazil.

To hire a local team, most expansion leaders sought external support, and survey results showed that headhunting firms were the most important strategic actor to partner with when expanding. Consequently, the study also showed that as companies expand, they shift the percentage of hires from the country of origin to the destination country.

VC firms are increasingly encouraging international expansion, agreeing to invest more capital and/or accept a higher valuation if expansion is part of the company's growth strategy. Indeed, our survey showed that the preferred source of funding for expansions was VC (71 percent). Although this has been an important enabler, it must be noted that access to capital is still limited to a few companies. Specifically, when analyzing the sample of companies, only 2,000 of them have raised capital from the 20 million identified companies in the countries of focus (less than 1 percent).²⁴

These large rounds of capital backed by big players can present challenges for small companies trying to grow and compete in the same sector. Nowadays, tech talent is highly competed. As geographic lines blur for expansion, they also do for talent mobility. Thus, companies that are better capitalized can attract top talent with larger compensation and salaries. Second, capital gives companies the freedom to take risks and experiment new growth and consolidation strategies, jumping ahead over smaller players.

Lastly, in addition to how much capital is playing against the company, there are many possible downsides that entrepreneurs must take into account when seeking a successful expansion. Risking losing organizational focus is one of them. Questioning if the expansion had been timed adequately is another. For this purpose, this study developed a decision tree, which attempts to mimic a company's decision-making process to expand, most often, according to this study, taken by the founders (70 percent).

There are several lessons from which to draw knowledge. Some companies have successfully expanded and grown, but others –including some created in Silicon Valley– have ultimately exited the market. In the short term, opportunities for international expansion in Latin America are ripe, and a combination of capital, great talent, and strategic on ground partners will ensure a soft landing. In the long term, as regional players grow and take advantage of these opportunities, smaller players will have to innovate and leverage on the cultural common ground to consolidate their local presence.

This study has aimed to compile a set of experiences, best practices, and data on international expansions to guide companies that are looking to initiate this process.

In all, the biggest learning is the importance of being flexible in terms of expansion strategy; it is not a one-size-fits-all. For expansion leaders, the lesson most frequently mentioned during interviews is clear: no matter how much prior research is done, when leading the expansion process, you mostly learn on the run.

“Being comfortable with having some data and contextual understanding is more important than having a complete answer from the beginning.”



Juan Pablo Ramos,
former country manager, Loft.

Having Latin American startups and companies to expand internationally is still a nascent phenomenon, primarily driven by the influx of VC and increased tech adoption. Hence, it is still early to draw hard conclusions about the perfect recipe or expansion model to follow. The next few years will be key to evaluate more expansion cases and strategies, and future research efforts will provide an opportunity to consolidate lessons learned.

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Finally, we would like to thank the 58 country managers and executives in charge of expansion processes who completed our survey and helped us have a better overview of intraregional expansions in Latin America.

ABOUT

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Established in 1997, Endeavor is leading a global movement of High Impact entrepreneurs and promotes economic growth and job creation by selecting, mentoring and accelerating the best High Impact Entrepreneurs in the world. To date, Endeavor has assessed more than 70,000 entrepreneurs and selected more than 2,262 High Impact Entrepreneurs, who head 1,336 fast growing companies.

With the support of the global network of Endeavor mentors, these High Impact Entrepreneurs have produced over 4 million jobs, generated more than US\$28.9 billion in revenue, \$4B in equity raised in 2020, and continue to inspire future generations to innovate and take risks. Endeavor has its headquarters in New York City and operates in more than 40 markets across the world.

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EIU is the research arm of the organization, aiming to create value for High Impact Entrepreneurs, the greater entrepreneurial ecosystem and Endeavor, by providing perceived value insights with reliable data.

EIU leads a series of initiatives to place Endeavor at the front line of entrepreneurship in Mexico. Such initiatives include open data; studies, reports, and a new data lab project exploiting the connections the organization has with the entrepreneurship ecosystem to map the main players and make recommendations to achieve responsible growth. Data Analytics: develops various models through data science to test hypotheses and discover correlations between entrepreneurial communities.

For more information on the work of Endeavor visit

https://www.endeavor.org.mx/data_lab.html

where you will find information about our studies.

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