



LATIN AMERICA ENTRY POINTS

LATAM STARTUPS

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Consulting Inc.

White Paper
Startup Ecosystem
Argentina & Uruguay

August, 2016



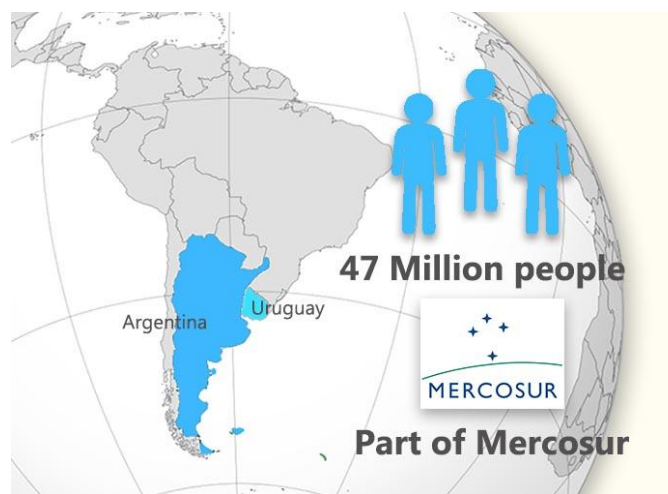
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The Startup Ecosystem in Argentina & Uruguay

GENERAL ASPECTS



Uruguay and Argentina are very similar countries in terms of language, food and culture. In terms of business and economy, however, they are very different. After many years of economic difficulties, the election of President Macri signals a change of course, and the country is now transitioning to more centrist economic policies, including active support for the growing entrepreneurial ecosystem.

Uruguay's economy is solid, and based largely on finance, agriculture and

tourism. The country is one of the safest countries in Latin America. Despite Uruguay's liberal politics, the culture is quite conservative.

Uruguay punches well above its weight in Latin America. Former president Mujica's liberal financial and social policies led *The Economist* to name Uruguay their "Country of the Year 2013." Uruguay's strategic location, combined with a well-educated work force and open trade policies, make it an ideal hub for doing business in the region.

Uruguay is also a logistics and financial hub for businesses operating in the region. The country's unique *zona libre* (free trade zone) allow importers to maintain large quantities of stock in Uruguay without ever passing through customs – "stock in transit" – ideal for just-in-time fulfillment to Brazil and Argentina.



ICT SECTOR

The two countries have developed a strong talent pool of experienced software engineers, who in addition possess some of the best English-speaking skills in the region. Many successful startups have come out of Argentina, including Bluesmart, Despegar, and Mercado Libre.

Today Argentina is passing through a transitional period, as the new government, under President Macri, actively supports entrepreneurship. In August 2016, for example, Macri announced incentives to invest more seed capital in early-stage startups. The government is also putting together a program called “Argentina Emprende” (Argentina Starts Up) that will support startups with ten new venture capital funds. The new policy also supports crowdfunding as an alternate way to fund startups.



“Argentinians have faced challenges and they have a very creative way to follow their dreams, they have been forced to think out of the box. Entrepreneurship is in their DNA.”

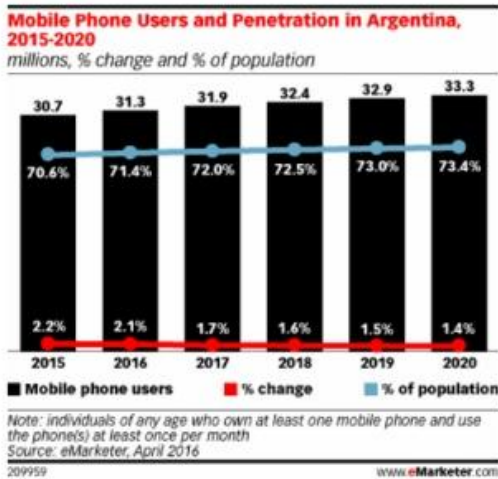
—Lisa Besserman, CEO Startup Buenos Aires

Uruguay also has well-developed infrastructure to support the growth of high-tech entrepreneurs. CUTI (Camara Uruguaya de Tecnologías de la Información) represents 350 IT companies offering services in more than 52 markets around the world.

An initiative by the government of Uruguay called “Uruguay Siglo XXI” (21st century Uruguay) also offers tools for either startups or those that are looking for talent in the country. ProTIC, for example, helps startups with a grant of USD \$20,000 per year, to export services and create an international business development strategy. Smart Talent, another program under Uruguay Siglo XXI, helps to facilitate employment in technology as well in other sectors.



In Argentina, smartphone penetration has matured. The market is saturated with ubiquitous mobile devices, most of them Android.

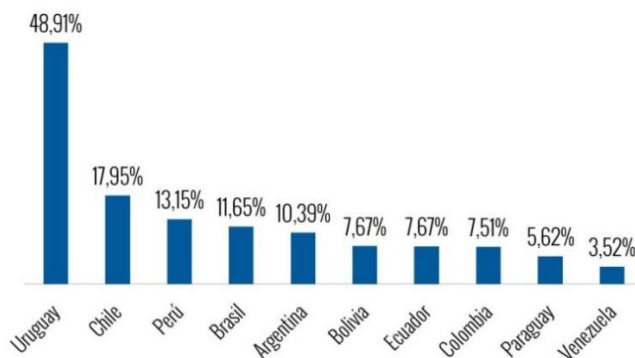


According to e-Marketer, by the end of 2016, 71.4% of the population in Argentina will have access to smartphones. That rate goes up to 90% for mobile use as a whole (including “dumb” phones), putting Argentina second after Chile, which has 93% mobile use penetration.

95% of Argentines access social media using their smartphones, 58% buy products online once a month, and 76% watch videos on their phones.

LTE en América del Sur

Penetración de líneas LTE en la población en 2015
 Fuente: Reguladores, Ovum, 451 Research, Carrier & Asociados, CEPAL



Uruguay has the fastest internet service in Latin America. Mobile broadband is increasing more than in any other country in the region. Uruguay has been an early and enthusiastic adopter of LTE with a penetration in the market close to 50%.

Smartphone penetration in Uruguay is over 60% of the population, the number of people making online purchases has increased fivefold in the last six years.



Fintech is one of the strongest sectors in Argentina and Uruguay. Until recently, currency controls made it difficult for Argentines to move money in and out of the country at a free market exchange rate. High inflation also made Bitcoin a popular store of value, despite the cryptocurrency's high volatility.

Uruguay, as a much smaller country, serves as a financial hub for the region, especially Argentina and Brazil.



"The practical everyday users of bitcoin in a country like Argentina are the early lab test of radical financial overhaul," according to digg.com.

Over the last decade, Argentina has faced not only currency controls and high inflation, but also a severe recession, forcing Argentinians to innovate new ways to store and transact value. It's no surprise that Argentina was one of the first countries in the world with startups using bitcoin as an alternative payment. Uruguay was the second country in the world to have a bitcoin ATM after Canada.

There's a "Bitcoin Embassy" in Buenos Aires, a home for a number of startups in bitcoin, solutions such as Bitpay and Bitpagos are part of this.

Fintech is evolving in Argentina creating solutions to make payments, get loans, payments and remittances. Just recently Argentina passed a law to allow Equity Crowdfunding platforms in the market.

Banks in Uruguay are following the tendency in the region, that's basically to take a close look to the new startups in Fintech, as Mauricio Patrón from the BBVA innovation centre mentioned just recently in one of the LatAm Startups events "Banks are not competing anymore with other banks, now we're competing with startups."



AGTECH

Agriculture is one of the most important sectors for both Argentina and Uruguay. These two countries managed large numbers of exports in different agricultural products and a good portion of the economy is based in the good management of this sector.

In 2012 Argentina was positioned as the country most technically sophisticated in agtech after the USA, in that year the country had 7 million planted hectares with a “precision farming” method.



In July 2016 NXTPLabs one of the biggest accelerators in Latin America, launched an “AgTech” program along with Tokai Ventures, this program was created for startups in Argentina and Uruguay that are building solutions in the agricultural sector. 10 startups from Argentina and 4 from Uruguay were announced to be part of this program, NXTPLabs will invest USD 1 M into each of

them. This is the very first Agtech accelerator in Latin America.

NXTPLabs is expecting to increase the investment and support Series A and B with investments over USD 5 M in each of the companies.



“Argentina has been very active in Agriculture. USA is investing in Agricultural tech solutions in Brazil, Uruguay and Argentina, building a network and a portfolio in the region”

—Ciro Echesortu, Program Coordinator at NXTPLabs

It’s expected that this sector will continue growing, and that Argentina and Uruguay will be big players.

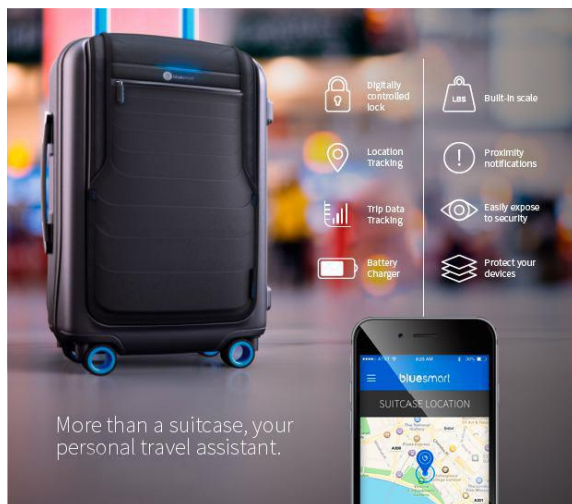


IoT

In Argentina demand for IoT devices is growing. The local startup ecosystem also actively develops and markets novel IoT solutions.

It is expected that the number of IoT devices in Argentina will grow by 50% in 2016, with an estimated 2.64 million connections by 2020.

In Argentina the industries that are implementing IoT solutions are transportation and logistics, 38% of these type of companies have implemented a solution in IoT, the health sector represents the 27% and finally the gastronomic sector 18%, implementing solutions in control of temperature and gases.



One of the most recently and big success of startups in this area is Bluesmart, an IoT solution to prevent lost luggage. The startup launched in 2014 with a crowdfunding campaign and has so far raised more than USD 2M.

Uruguayan startups are also innovating IoT solutions, and this trend is expected to continue.

IoT production and adoption is growing rapidly, and this trend will affect Latin America as much as elsewhere.



STARTUPS IN THEIR OWN WORDS

Startups in Argentina and Uruguay struggle with the local market, forcing them to look for alternatives outside.

 **Daniel Dron**
@danidron [Follow](#)

A4 1/2 The most difficult in contexts that do not favor entrepreneurship is global thinking. We have to leave the comfort zone. [#LatAmChats](#)

RETWEET 1 

 **Daniel Dron**
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A4 2/2 The entrepreneur must finally live in the homeland of his venture. Leave the country was the only solution I could find. [#LatAmChats](#)

RETWEET 1 

Startups need all type of support but special funding and a healthy environment to let them grow.

 **Sebastian Victoria**
@sebavicto [Follow](#)

.@LatAmStartupsCo A7 Funding and local contacts are the crucial aspects to consider when expanding internationally [#LatAmChats](#)

RETWEETS 2  

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A7: 2/2 It is necessary to innovate and invest to achieve global reach. [#LatAmChats](#)

RETWEET 1 LIKE 1  

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@latamstartupsco each company must find its formula and its own ecosystem of digital marketing. [#LatamChats](#)

RETWEET 1 LIKES 3   

 **Sebastian Victoria**
@sebavicto [Follow](#)

A2 Being from [#Uruguay](#) has helped a lot with the [#internationalization](#) & setup due to the knowledge of local culture [#LatAmChats](#)

RETWEETS 2  

What startups would like to say to their governments in Argentina and Uruguay?

 **Daniel Dron**
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A10: 2/3and promote a new culture where there is more venture capital and less lenders and speculators....[#LatAmChats](#)

RETWEET 1 

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.@LatAmStartupsCo A10 more tax credits for the [#startups](#) would help to boost the local [#economy](#) with more employment [#LatAmChats](#)

RETWEETS 2  

If you'd like to know more about this chat with startups please check out our Storify [here](#).



INFOGRAPHIC: Argentina & Uruguay Startup Ecosystems

Infographic: Argentina & Uruguay Startup Ecosystem

General Aspects

47 Million people
Part of Mercosur

ICT

URUGUAY

Services in more than 52 markets

cuti

350 IT companies in Uruguay

USD 20,000 funding to help companies to Go Global

ARGENTINA

71% of the population with smartphones
95% access to social media
58% buy products once a month
76% watch videos

AGTECH

Argentina, second most sophisticated market in agriculture after USA

tokai ventures
FIRST INVESTMENT OPPORTUNITIES

>Nxtp.Labs
First Agtech accelerator in Latin America

10 startups from Argentina
4 startups from Uruguay

USD 1 Million funding for each of them

Connectors

>Nxtp.Labs, W3, cuti, Uruguay XXI, STARTUP BUENOS AIRES, enablis, SINERGIA, Kaszek VENTURES

FINTECH

Argentina, early adopter of Bitcoin in the region

Uruguay, second country in the world having a Bitcoin ATM

IoT

Expected 2,64 Million devices connected in Argentina by 2020

38% of the transportation and logistics industry in Argentina is already using IoT solutions



ABOUT GO SOUTH!

We are your guide to doing business in Latin America. We specialize in helping small to medium-sized hi-tech companies to develop business and marketing strategies.

Doing business in Latin America is not as simple as translating your website into Spanish. Unlike North America, business in Argentina and Uruguay is done in person, face to face. Even if you speak Spanish fluently—and not all companies have a Spanish-speaker on staff—we can make your entry into this new market as smooth as possible.

ABOUT LATAM STARTUPS

LatAm Startups is an initiative founded by Go South! Consulting Inc. We help startups scale.



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