# **Market Expansion in Latin America**

### Objective

Evaluate Latin American markets for potential expansion opportunities and develop a recommendation for a successful market entry strategy.

### **Company Background**

- Cumplo is a marketplace lending platform that connects individual and institutional investors with small and medium enterprises (SME's) looking for funding
- Cumplo's value proposition is higher returns for investors, and fast, fair rates for SME's
- The company was founded in 2012 and is headquartered in Santiago, Chile

#### **Methodology and Process** Sept Evaluation of all LATAM countries SME lending market sizeEase of doing business 12 weeks of model and stratagy Oct research Detailed analysis of MX, CO, PE & AR Competitive landscape Market size & dynamics Regulatory & legal environr Human Capital 20+ discussions with lawyers, entrepreneurs and Nov businesspeople in multiple countries Deep dive on MX, CO 10+ meetings with Dec Cumplo capability strategy 120 hours of Jan 2017

## **Market Analysis**

	Mexico	Colombia	Argentina	Peru
Competitive Landscape				
Market Dynamics				
Regulatory Landscape				
Legal				
Human Capital				
Overall				•

#### **Recommendation**

After extensive primary research and on-site discussions, our final recommendation was for Cumplo to enter Colombia as a springboard into the rest of Latin America

### **Opportunities**

Market

The !

- Industry fit with target SMEs
- Government with pro-SME policies and openness to innovation
- Single operating competitor

- Large interest rate spread

- Cumplo's existing connections
- Similar regulation for collaterals and invoice transfer
- Factoring is a significant means of financing for SMEs
- Ability to operate unregulated by financial superintendency

### Challenges

- Relatively small formal SME market
- Young market for business models based on crowdfunding
- Crowdfunding regulation may constrain operating model'



Geography



Network



**Business Model** 



Regulatory



Talent/Culture



- Anecdotal reports of difficulty to set up a business
- Cost and length of legal process
- Tax on financial transactions and transfer fees may impede investment
- Operations and technology
- Organizational culture

### Team

Implementation

Four weeks of working, living, and traveling together









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