



## NEST OF STARTUPS

Large companies are establishing support hubs for new businesses aiming at continuous innovation; and more than ever, that is what Brazil needs.

By Daniela Rocha

Less than two decades before becoming a tech giant with an annual revenue of US\$70 billion and almost 54,000 employees, Google took its first steps at a makeshift office in the garage of a house in

Menlo Park, California. Back then, there were only three people working there: its two founders (Larry Page and Sergey Brin) and one employee. Years later, when recalling the first days of the company,

Page — by now, a billionaire — said, “You don’t need a 100-person company to develop an idea.” This is the spirit surrounding Google Campus, a physical space set up by the company to encourage start-



ups around the world. Google Campus is already in operation in London, Tel Aviv, Seoul, Madrid, and Warsaw, and it's getting ready to open its sixth entrepreneurs support hub in São Paulo.

The center, located in a 6-story building in the Paraíso neighborhood, has no opening date yet but should host from 30 to 40 resident startups that will receive infrastructure and support for their businesses. This is not the first initiative of its kind in Brazil. Telefônica, the telephone carrier; Samsung, the electronics manufacturer; and Itaú bank are some of the large companies that have created startups centers to follow closely how this world works.

Their aim is to support entrepreneurship — and of course enjoy benefits in the form of new businesses. It is great news — and the result of private initiative — especially in a country devastated both politically and economically.

By creating centers to encourage small entrepreneurs, big companies seem to seek, above all, the new ideas that startups can provide. When a company grows a lot, it may become difficult to diversify

businesses. Innovation becomes more complex since there may be many bureaucratic and administrative steps such as reports and approvals required from different departments. For this reason, some companies started seeing startups — which are leaner and more agile — as options to constantly feed innovation.

"It's been proven that most part of innovations today take place outside corporations," says Renato Valente, executive in charge of Wayra, one of the pioneering corporate accelerators in the country, sponsored by Telefônica. The group has accelerator units in nine other countries, among them China, Chile, and Mexico. In



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Brazil, in a bit more than three years, US\$1.6 million have been invested in 54 tech companies.

Eight of them have been incorporated by Vivo's portfolio of product and services. One of them is the startup Dujour, which created an app where people can share pictures of the clothes and accessories they are wearing. Dujour has 250,000 users and signed a contract with Vivo setting a subscription service with exclusive content by fashion bloggers and offering discounts when shopping for clothes.

If large companies aim at finding new niches of businesses, the entrepreneurs, in turn, benefit from having access to shared work spaces, mentoring, courses, and in some cases funds to accelerate their projects. In São Paulo, the insurance company Porto Seguro opened Oxigênio Aceleradora last year in the Campos Elíseos neighborhood, a space initially housing five startups. The startup creators receive a direct contribution of US\$50,000 plus US\$100,000 in infrastructure and technology. The program lasts six months, the first three in São Paulo and the last three in Silicon Valley, borne by American accelerator Plug and Play, their partner in this initiative. "We seek innovating solutions that add a different aspect to Porto Seguro products," explains Italo Flammia, Officer at Oxigênio.

When encouraging startups, some companies may favor businesses in their own field. This is the case with Samsung, which sponsors two hubs of technology development and training called Samsung Ocean:

**STARTUP CENTERS IN BRAZIL**

Startup	Sponsor	Start of activities	What it does
Wayra	Telefônica Group	2012	An accelerator of digital startups offering mentorship and financial assistance
Oxigênio	Porto Seguro	2015	This startups accelerator offers workshops and advisory services. It provides US\$50,000 in resources and US\$100,000 in indirect help
Inove Senior	Senior	2014	It offers training, co-working space, and monthly financial assistance of US\$2,200 for each startup chosen
Cubo	Itaú Unibanco and Redpoint e.Ventures	2015	A tech entrepreneurial hub that offers co-working space and tries to connect companies, investors, and universities
Ocean	Samsung	2014	Center for technological capacity building offering training and programs to help turn good ideas into startups



one in São Paulo and another one in Manaus. The company chooses small groups of four or five people who want to create a startup. The chosen teams spend five months in training. "The aim is to turn ideas into functional prototypes," says Eduardo Conejo, Coordinator at Ocean. "I see many apps and games that have been developed at Ocean in the market."

If Samsung wants to create new products in their own field, Itaú bank has a different strategy. Last September, in a partnership with the American investment fund Redpoint e.Ventures, Itaú opened Cubo, a center to foster tech businesses.

The co-working space is located in Vila Olímpia, São Paulo. "More than 500 companies have signed up and we already have 45 startups," says Erica Jannini, IT Management Supervisor at Itaú. Of all the startups located in the 5,000-square-meter building, only six operate in the financial sector. The others work with education, information technology, and e-commerce.

São Paulo is the city where you see most startups nests of large corporations emerging. And it is easy to understand why. A study conducted by Endeavor, an

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international organization for promoting entrepreneurship, showed that the state capital is the best city to be an entrepreneur in Brazil. São Paulo ranked first in the main ranking because it stood out in three aspects: market size, access to capital, and infrastructure.

But we can find such initiatives in other places as well. Last year, in Florianópolis, Senior — one of the largest Brazilian developers of management software — established Inove Senior, a space to be used by the companies selected at their accelerating program. From the 250 projects submitted in the first phase, 10 were chosen and enjoyed nine months of mentoring. "The results were very positive. Three

companies became Senior business units," says Alencar Berwanger, in charge of Inove Senior. Last July, in Niterói, the Italian electrical company Enel launched Energy Start, the first accelerator program for energy startups in Latin America. Four companies now share an office in downtown Niterói. "We have to get ready for the changes in the energy market such as the ones brought by the use of smart meters," explains Marcelo Llêvenes, CEO of Enel.

The spread of startups support hubs is a sign entrepreneurship is maturing in Brazil. This topic is increasingly discussed at universities and there is a growing number of incubators and accelerators. In addition to that, there are investors willing to bet in good initiatives.

If Brazil still seems far from providing for the birth of a giant such as Google, at least the country has conditions to enable phenomenon cases like Waze to appear, a traffic mobile app.

Waze started with the support of the Tel Aviv Google Campus. It was successful and bought by Google itself, in 2013, for over US\$1 billion. Let's hope this case inspires Brazilian startups.