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Adaptation Case Studies to Know Before Expanding to Latin America

Over the past decade,

LatamReady has helped over 150 international corporations using NetSuite to expand to Mexico, Brazil and across the Latin American region.

Along the way, we have witnessed many ambitious CEOs enter Latin America feeling confident that their experience and prior success will easily translate to new markets. However, they quickly encounter an “adapt or die” moment due to the complex and constantly changing local tax regulations in the region.

To help support the next generation of CEOs seeking to expand to Latin America, we have compiled a list of 5 notable stories about business adaptation.

We hope these examples provide valuable insight to any business leaders facing tax compliance challenges and other obstacles in Latin America.



#1 How Western Union Expanded to Latin America and 200 Countries Across the Globe

Samuel Morse kicked off a new era of long-distance communication when he sent the first telegraph message from Washington, D.C. to Baltimore, Maryland, in 1844.

One of the first companies to capitalize on this revolutionary technology was Western Union, founded in 1851. Western Union grew to be an incredibly successful telegraph company, sending out more than 200 million telegrams at its peak in 1929.

However, the way people communicated over long distances changed dramatically over the

years, especially with the invention of cheaper long-distance phone service and, later, the internet.

Rather than continuing to focus on telegraph communication, Western Union chose to **embrace new technologies and adapt their business model**. They diversified by getting into the wire money transfer business, introducing fax service in 1935, launching a commercial satellite in 1974, and starting one of the first commercial email services, EasyLink, in 1982.

WesternUnion\\WU

As technology changed, **so did Western Union.**

Today, the iconic company is the world's largest money transfer service with more than half a million agent locations in 200 countries, including Brazil, Mexico and many more countries in the Latin American region.

As for telegrams? Western Union sent the last telegram in 2006.

New technology has also changed the way taxes are processed in Latin America, with electronic invoicing now mandatory across much of the region. The LatamReady SuiteApp enables companies to generate accurate E-invoices with the click of a button.

#2 Why Did Walmart Fail in Brazil?



The retail giant Walmart operates more than 11,000 locations across 27 countries. In the 1990s, they entered the Brazilian market and quickly expanded from just five stores in 1996 to over 500 stores by 2013.

However, in June 2018, Walmart sold 80 percent of its stake in Brazil to a private equity firm. So, **what went wrong?**

Experts believe that Walmart failed to adapt to the local Brazilian consumer culture. Their one-stop shop business model and “everyday low prices” did not match Brazilians’ habit of price shopping among various stores to find the best deals. Brazilian consumers are also not attracted to e-commerce shopping, which led Walmart to shut down its online shopping platform in 2018.

Instead, Brazilian consumers prefer to shop in “Atacarejos”, a cash-and-carry format store that offers bulk sales on food and other items that can be paid for in cash.

In the end, even as other foreign retailers like Carrefour find success in Brazil, Walmart had to cut its losses and sell most of its business in the Brazilian market.

With an office in São Paulo and a partnership with Systax, the leading tax intelligence company in Brazil, **LatamReady understands the Brazilian market and local tax regulations.**

The LatamReady SuiteApp enables international companies to calculate inventory item taxes in all 27 federal states in Brazil and more.

#3 The Local Flavor of PepsiCo's Success in Mexico

PepsiCo, the giant soda and salty snacks multinational corporation, recently announced plans to invest \$4 billion dollars in Mexico and build a new plant outside of Mexico City, a project expected to create 3,000 new jobs.

PepsiCo has a long history in Mexico stretching back over 100 years. However, past achievements do not always guarantee future success. How is PepsiCo staying competitive in the Mexican market?

According to Pedro Padierna, president of PepsiCo Mexico, the company has found great success in recent years by innovating with local flavors and ingredients. For example, Stevia, a natural zero calorie sweetener for beverages that comes from a Latin American plant source, has been received well in Mexico. PepsiCo's Quaker brand of oats has also experienced tremendous local growth thanks to the addition of chia seed, an ancient grain in Mexico that many Mexicans are familiar with.



PEPSICO

PepsiCo is also moving to adapt to increased environmental concerns in Mexico. As of 2012, the company recycles at least half the water they use in their local food plants and buy 25 percent of their energy needs in the state of Oaxaca from wind farms.



#3 The Local Flavor of PepsiCo's Success in Mexico

From innovating with local flavors to prioritizing greater sustainability, PepsiCo continues to adapt to achieve growth in the Mexican market.

The strongest tax compliance solutions are those that understand local “flavor”, rules and customs. With over 100 consultants offering support in English, Spanish, and Portuguese, LatamReady is the largest team of ERP and tax compliance experts in the Latin American region.



PEPSICO



#4 Where Did All the Hummers Go?

If you spent any time on the roads in the 2000s, you are sure to remember the Hummer. Popular with celebrities such as Arnold Schwarzenegger, the military vehicle-turned-SUV was big, expensive, and tough-looking. It caused quite a stir when it was introduced by General Motors at the beginning of the new millennium and quickly became a status symbol.

Today, however, you rarely see any Hummers on the roads. **So what happened?**



HUMMER

The Hummer was a gas-guzzler, reportedly getting only 8 to 12 miles per gallon. While that was not such a big deal in 2000, when gas prices were low, American drivers started looking for more fuel-efficient vehicles later in the decade when gas prices rose significantly. Although General Motors tried to introduce smaller versions of the Hummer, the newer vehicles were still some of the largest SUVs on the market.



Hummer could also not overcome its reputation of being bad for the environment. As general knowledge grew about the negative effects of climate change, fewer people wanted to be seen behind the wheel of giant, gas-guzzling vehicles. Unlike new competitors like Tesla, General Motors failed to recognize the growing trend toward eco-friendliness and adapt to meet consumers' concerns.

Hummer sales shrunk by more than 50 percent in 2008 due to the growing economic crisis, rising gas prices and increasing environmental concerns. Shortly after General Motors declared bankruptcy in 2009, the company announced that they would sell off the Hummer brand to a Chinese company.

#5 Amazon CEO's Final Words: "Keep Inventing"

Several months ago, Amazon Web Services announced plans to invest more than \$200 million dollars to boost its cloud computing infrastructure in Latin America. The massive investment will be used to expand its data center in the Brazilian city of São Paulo.



While cloud computing is helping drive growth for Amazon today, web services were not the company's original business. In fact, Amazon was founded in 1994 as an online bookseller.

However, **the company did not stick to books for long.**

Amazon quickly evolved to be an E-commerce giant by pioneering new technologies such as 1-click purchasing, fulfillment robotics, and even drone delivery. By constantly innovating and adapting, the company stayed ahead of the competition and diversified its portfolio. Today, Amazon is worth approximately \$1 TRILLION dollars.

This past week, Amazon's founder and CEO, Jeff Bezos, announced he will be stepping down from the chief executive role and moving to the role of executive chair. In his letter to employees, Bezos claimed that **"invention is the root of our success"** and urged them to "keep inventing".

At LatamReady, we are constantly innovating. We release a new version of the LatamReady SuiteApp every month to keep up with the latest changes to tax regulations in Latin America.





Great team and strategic partners for implementation

"We have been implementing NetSuite around the different countries of our corporation, and we realized that the **key to a good implementation** is to find a partner that can understand and support our needs on time as their own. We have found a partner in LatamReady, and I want to thank and congratulate the team for this learning together. For us, the tax add-on has been a successful tool that keeps us quiet and safe in the knowledge that we will always be supported and updated with the local tax requirements".

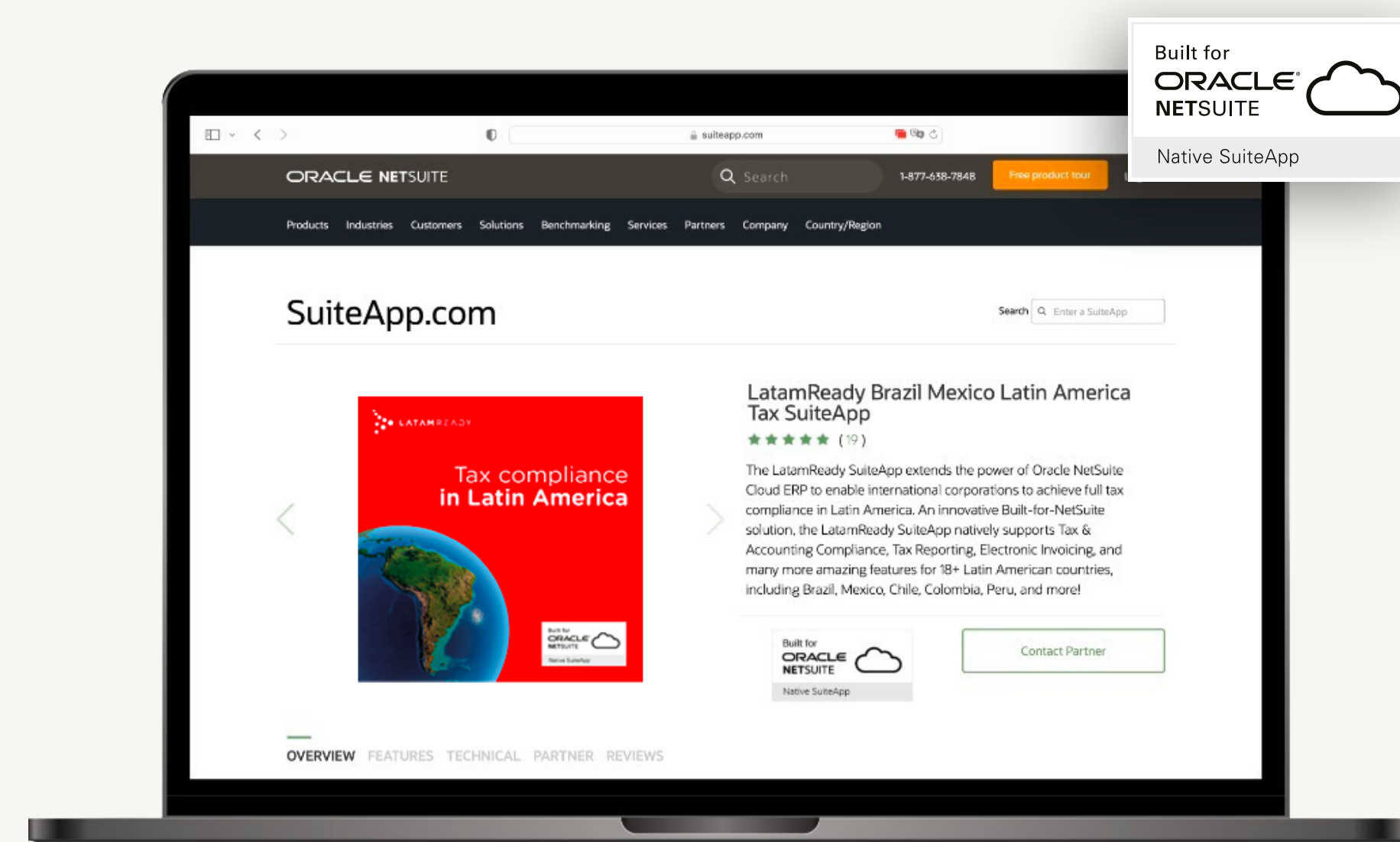
Check out our 5-star reviews
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From adopting new technologies to recognizing emerging trends to using local flavor to drive growth, all of the most successful international companies around the world do the same thing: **adapt. Embrace change. Innovate.**

They look for a new solution that can keep up with the complexity and constant change of Latin American taxes. More than 450 international companies have trusted us to achieve their NetSuite Tax Compliance full potential. Don't believe us, believe them!

Do you want to know more?

Visit SuiteApp.com and overcome any tax challenges in 18+ Latin American countries with this native solution!



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