

FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

OCTHAVIO DE FREITAS MARTINS

**A QUALITATIVE STUDY OF THE INTERNATIONALIZATION OF BORN-GLOBAL
TECHNOLOGY START-UPS IN BRAZIL**

SÃO PAULO

2015

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Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Entrepreneurship Adviser:
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SÃO PAULO

2015

de Freitas Martins, Octavio
Title / Name of Student. – 2015.
63f.

Orientador: Pereira, Luís Henrique.
Tese (mestrado) - Escola de Administração de Empresas de São Paulo.

1. Born-globals. 2. Brazilian Start-ups. 3. Entrepreneurship in
Brazil. I. Luís Pereira. II. Tese (mestrado) - Escola de Administração
de Empresas de São Paulo. III. A Qualitative Study of the
Internationalization of Born-Global Technology Start-Ups In Brazil.

CDU 658.011.49

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Abstract

The born-global phenomenon and the internationalization of Brazilian technology-based start-ups are very recent topics in the academic literature due to the phenomenon itself also being relatively recent. Not many studies have been made focusing on the Brazilian market, and the few ones that do focus on Brazil, have been made from a quantitative perspective. This study, on the other hand, aims to analyze start-ups qualitatively. An extensive literature review was developed to better analyze the foundations on which the study would be built on, reviewing internationalization methods, entrepreneurship in Brazil, and the born-global phenomenon in general. In addition, interviews were conducted with entrepreneurs in Brazil who have been through internationalizing their business models, in order to gather in-depth insights regarding the nuances of the Brazilian reality. The scalability of technology-dependent business models, internationalization triggers, criteria for selecting target markets, governmental programs, and the role of Brazilian start-ups in a global perspective, were also factors analyzed.

Keywords: Born-globals. Brazilian Start-ups, Entrepreneurship in Brazil

Resumo

O fenômeno das empresas born globals e a internacionalização de empresas brasileiras de base tecnológica são tópicos recentes na literatura acadêmica, devido também ao fenômeno ser recente. Não existem muitos estudos feitos com foco no mercado brasileiro, e os poucos que foram feitos, possuem um viés quantitativo. Esse estudo, entretanto, tem como objetivo analisar startups de maneira qualitativa. Uma extensa revisão de literatura foi desenvolvida a fim de melhor analisar as fundações nas quais o estudo seria desenvolvido, revisando os métodos de internacionalização, empreendedorismo no Brasil, e o fenômeno born global no geral. Entrevistas foram conduzidas com empreendedores no Brasil, que passaram pelo processo de internacionalização de seus modelos de negócios, a fim de reunir introspecções a respeito das peculiaridades do mercado brasileiro. Foram também analisados os fatores de escalabilidade de modelos de negócios dependentes de tecnologia, motivadores para a internacionalização, critério de seleção de mercados, programas governamentais, e o papel das startups brasileiras em uma perspectiva global.

Palavras-chaves: Born globals. Startups brasileiras, Empreendedorismo no Brasil

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1 Introduction

Start-ups are in evidence in the media and in the academic research related to entrepreneurship and innovation. Not different than most developed countries, Brazil has also been part of that recent wave of an increasing number of start-ups. According to a study developed by the Associação Brasileira de Desenvolvimento Industrial (Brazilian Association of Industrial Development), investment in early-stage firms has been growing over 35% per annum, and out of 502 firms surveyed, all of which received external funding, 41% are early stage endeavours (ABDI, 2011). In 2014, the largest start-up acceleration program in Brazil, Start-up Brasil, received over 2 thousand applications, more than double the number for the year before (908), with most applications coming the south-east of the country (Start-up Brasil, 2014; ASSESPRO, 2011). These numbers combined clearly show that not only the number of start-ups has been growing substantially but also investment in those businesses has been growing

1.1.1 Research Objective

There is significant literature covering the born-global phenomenon in the global entrepreneurial scenario, and even a few quantitative studies that look specifically into the Brazilian market, which are properly analyzed throughout this thesis (e.g. Cortezia, S. D., & de Souza, Y. S. (2011); Dib, L., Rocha, A., & Silva, J. (2010)). However, there is not much coverage yet focusing on the peculiar challenges of the Brazilian market and that does it through an exploratory qualitative research instead of quantitative surveys, including interviews with Brazilian entrepreneurs that have gone through or are going through the process of expanding a recently launched firm to foreign markets.

The purpose of this research is to thoroughly and qualitatively analyze Brazilian technology based start-ups in regards to their internationalization strategies, along with the born global phenomenon, in order to understand the peculiarities and nuances found in the Brazilian market; more specifically, the challenges found by these technology firms when expanding internationally. Brazil is a country known to be very opportunistic for entrepreneurs but also possess some interesting peculiarities that are worth being studied, such as:

- Internal and external factors that influence the internationalization process of Brazilian start-ups

- The role of the Brazilian government in supporting domestic initiatives along with existing policies, regulations and programs that might either facilitate the thriving of new-born firms or impede their growth domestically and globally
- Perception of Brazilian technology firms in foreign markets, since Brazil is not a typical technology exporter
- Advantages and disadvantages of Brazilian firms competing in a global market

Therefore, the ultimate goal of this thesis is to answer the following question:

What are the challenges faced by born-global start-ups in Brazil in the technology industry when expanding their operations internationally?

1.1.2 Specific Objectives

Some further questions can be extracted from the main research question that are also related to it and key to achieving the ultimate goal of this research paper:

- Thoroughly analyze and compare existing theoretical material that explain and support the general concepts of born global firms throughout the world and in Brazil. In addition, entrepreneurship in Brazil, along with its peculiarities and nuances are also covered.
- Identify the major internal and external factors involved in the decision of Brazilian entrepreneurs/firms to expand their business into foreign markets, including insights and examples from Brazilian firms that have gone through that process.
- Understand the peculiarities of the Brazilian technology driven start-ups in the born-global scenario, along with all the advantages and the disadvantages that entrepreneurs find related to the fact that they are from Brazil.

2 Literature review

2.1 Overview of the Entrepreneurial Scenario in Brazil

According to the executive report Empreendedorismo no Brasil (Global Entrepreneurship Monitor-GEM, 2013), in Brazil, considering the most updated demographic numbers from 2013, there are around 123 million of people between the age of 18 and 64. From that group, around 32.3% are involved in the creation or administration of a company, which represents a significant growth when compared to 23% in 2004 and 26.9% in 2009. Therefore, there are around 40 million entrepreneurs in Brazil, divided into 21 million of recent entrepreneurs and 19 million of established entrepreneurs. Moreover, in 2013, 71.3% of entrepreneurial initiatives in Brazil were by opportunity and not by necessity, meaning that the majority of the entrepreneurs started their business because they saw an opportunistic situation, not because they did not find a better way of making money. This is very relevant for a country seeking economic growth, innovativeness, and lower unemployment rate. In addition, the split between genders for recent entrepreneurs is 47.8% men and 52.2% women, as opposed to 57.8% men and 42.2% women for established entrepreneurs, which also contributes to decreasing inequality. When it comes to age, we see that for recent entrepreneurs, 33.1% are between 25-34 and 25.8% between 35-44, meaning that a young population develops the majority of new entrepreneurial endeavours in Brazil, with high access to technology and the internet.

According to the Entrepreneurial Cities Index (Endeavor Brazil, 2014), currently ranks Florianópolis, in the State of Santa Catarina, as the best option for entrepreneurs to settle down. Over the past three decades there is been a significant effort in developing the education and innovation scene in the capital, on top of very high living standards. The only challenge the city faces is the one of guaranteeing a substantial consumer market for the local endeavours. São Paulo comes in second, as the economic motor of the country. With a massive market size and a very dynamic economy, and easier access to investment compared to any other Brazilian city. The study took into account 7 main pillars: Regulatory Environment, the level of bureaucracy and amount of taxes paid; Infrastructure, transportation quality and overall urban development and maintenance level; Market Aspects, economic development and potential clients in the specific market; Access to Capital, capital available through debt and equity; Innovation, investment load in innovation

initiatives, and idea generation potential; Human Capital, access and quality of available skilled and non-skilled professionals; Culture, entrepreneurial potential and general entrepreneurship perception (Endeavor Brazil, 2014).

2.1.1 Positive and Negatives Aspects about Entrepreneurship in Brazil

A study developed by GEM-Global Entrepreneurship Monitor (2013) interviewed 85 specialists in order to better understand and identify the most limiting and beneficial factors, along with suggestions to improve the conditions, when it comes to the entrepreneurship scenario in Brazil. What was found is that around 88.9% of the specialists believe that lack of proper Education and Training is one of the main conditions that impact negatively entrepreneurship in Brazil; followed by Government Policies, due to bureaucracy and taxation, with 83.4%; and Technology development and Transferability with 73.9% of the specialists. On the other hand, a few good conditions affect positively entrepreneurship in Brazil. The Perception of Existing Opportunities, was graded positively by 59.5% of specialists; Motivation Level and Appreciation of the Entrepreneur and their Role, was supported by 62.3% of the specialists; and 52.6% of the specialists believe that Appreciation of Innovation from the Clients Perspective affects positively the entrepreneurship market in Brazil.

2.1.2 The Role of the Brazilian Government

From the year 1991, the technology regulatory scenario in Brazil has grown notably with the creation of new methods and instruments to nourish innovation, as pointed out by the National Association for Research, Development and Engineering of Innovative Companies (ANPEI). A few of those are relevant to be noted, including, but not limited to, tax incentives, programs of economic and financial aid and support for technology-based start-ups, incentive for the development of patents (hence, innovation), incentives targeted at research and development. The incentive methods have a leaned focus on software and semiconductors, pharmaceutical innovations, aerospace, capital goods, biotechnology, nanotechnology, and alternative energy industries (Arruda, Velmulm, & Hollanda, 2006). From this perspective, it can be inferred that theoretically there is space for entrepreneurs to kick-start businesses driven by innovation, most importantly, high-technology sectors.

Another aspect that is often raised and present in literature regarding the Brazilian entrepreneurial scenario is the very high level of bureaucracy. To open a business in Brazil it might

take from a little bit over a month all the way up to 8 months. Goiânia is city with the fastest process for opening a business (32 days) and Porto Alegre is ranked as the slowest (245 days), followed by Rio de Janeiro (100 days) and Florianópolis (80 days). To get electricity working in company it might take up to two months of bureaucracy and long waits in the city of Rio de Janeiro and one month in cities like São Paulo, Salvador, and Florianópolis (Endeavor Brazil, 2014).

2.1.3 Existing Start-up Incentive Programs

Brazil, despite its positives and negatives aspects for entrepreneurial endeavours, has been the birth place for several domestic-based and even born-global initiatives. One of the facts that has been highlighting Brazil in the global business specialized media since 2013 is the MCTI (Ministry of Science, Technology and Innovation) Start-up Brasil program, which has as main goal supporting and helping Brazilian technology-based start-ups (MCTI, 2015).

In 2013, the Start-up Brasil program received 908 applications. Around 61% of the proposals came from the Southeast of Brazil, 17% of start-ups were from the South, and 13% from Brazil's Northeast. From the program, it can be inferred that São Paulo is the largest market for start-ups, with 35% of participants, Minas Gerais is second with 18%, and Rio de Janeiro is third with 15%. São Paulo might be where most start-ups are due to high concentration of financial capital and greater international presence and dynamics (MCTI, 2015).

The Start-up Brasil Program is an annual program that started in 2013 and has happened every year since. Each year the MCTI starts a process where they receive applications from start-ups and accelerators, then they select a certain number of accelerators and start-ups that are in accordance with the program requirements. Then the acceleration process starts, where within 12 months of being accepted into the program each start-up receives the amount of R\$200,000, and they participate in some training events and networking events. Eventually, the selected start-ups also receive investment and support from the selected accelerators, which catalyzes even more their rapid growth (MCTI, 2015).

Another program that is commonly mentioned by entrepreneurs and recent literature is Start-up Rio, which is a public-private initiative from State of Rio de Janeiro partnered with some private initiatives to incentivize the entrepreneurship culture in the Rio de Janeiro area. The program offers a co-working space for start-ups to work collaboratively with conference rooms, lounges, internet, among other amenities. While start-ups are part of the program, they will go

through an education program in order to support development of new projects and entrepreneurial culture. In addition, Start-ups selected by the program get access to a R\$100,000 capital to accelerate their business (Start-up Rio, 2015).

2.1.4 Brazil, As Part of The BRICS

2.1.4.1 Institutional Differences

The BRICS nations comprise of a stunning mix of institutional influences. Although India and Brazil have focused on the liberal political systems engrained on constitutional democracy governances growing from different colonial backgrounds, Russia has been in the midst of a transition to a more democratic model with bold central tendencies in consequence of its socialist legacy, and the Communist party-managed regional and local entities have a major influence in China. Once the legal systems in Russia and China are engrained in socialist legislative power, the Indian regulatory system descends from the English common law and, in Brazil, the regulatory system originates from the European French law (Eunni & Manolova, 2012).

Whereas the legal environment influences the concentration of entrepreneurial entry into economic activities, the cognitive pillar dictates the level of development of the available human resources crucial for the optimal pursuit of entrepreneurial endeavours, and the normative dimension affects the level of social receptivity of the entrepreneurial behaviour (North D., 1990).

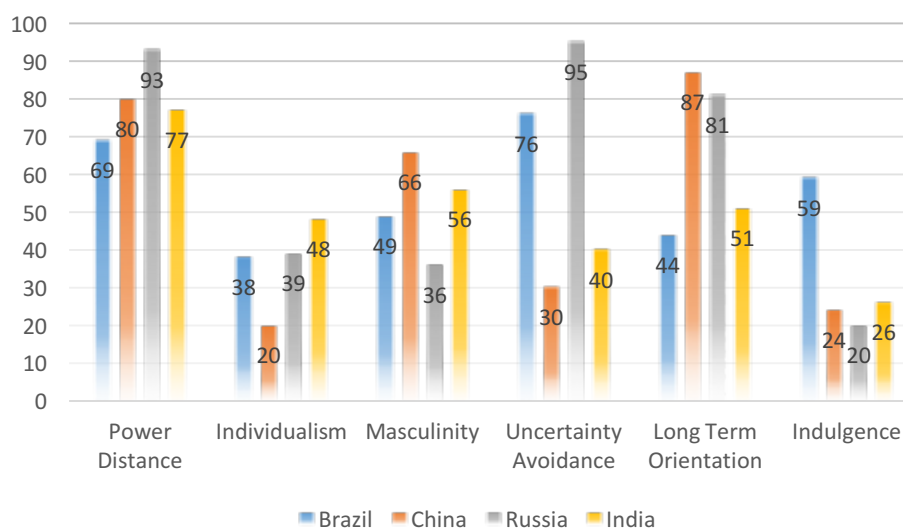
When it comes to the cognitive pillar, the ex-socialist nations of Russia and China traditionally placed a significant focus on the quality and inclusiveness of the countries' education systems, specially in mathematics or engineering, along with other hard subjects (Aidis *et al.*, 2008), as opposed to India and Brazil that have been trying to prevail over the countries' colonial background residues of comparatively inferior level of human capital development as gauged by key indications such as school enrolment or literacy rate. Whereas on the normative pillar, the four economies analyzed are defined by significantly varying historical background and cultural pillars. In addition to the colonial and socialist backgrounds molding the cultural norms, the national psyche in the emerging countries analyzed are derived from four different religious doctrines: Hinduism (India), Orthodox Christianity (Russia), Confucianism (China), and Catholicism (Brazil).

2.1.4.2 Cultural Differences

Hofstede's model presents a concise classification of various cultural and behavioural dimensions in order to justify and predict behavioural practices of organizations from the analyzed countries (Hofstede, 1980). Currently there 6 major dimensions that can be analyzed: Power Distance, measuring the gaps between powerful and powerless member of society; Individualism, which measures how dependant people are of other people socially and professionally; Masculinity, which consists of society's preference for material rewards and achievements as opposed to femininity, which consists of higher valuation for caring for the weak and modesty; Uncertainty Avoidance, consisting of how comfortable society is with ambiguity and uncertainty of the future; Long Term Orientation, high scores on this dimension mean a high focus for preparing for the future as opposed to instant gratifications and maintaining traditions; and lastly, Indulgence, which measures focus on enjoying life and having fun as opposed to being strict and regulated (Hofstede & Minkov, 2010).

Below is a comparison amongst Brazil, Russia, India, and China.

Figure 1- Hofstede Dimensions Comparison Among BRIC Countries



Source: www.geert-hofstede.com (2015).

When it comes to the Power Distance dimension, the difference among the four countries are not that significant, but it is notable that Brazil is the lowest of the four. Individualism on the

other hand is low on all four countries analyzed, having China as the lowest score, which can be inferred that in the BRIC countries cooperation and collective thinking play a big role in society and business. China is the highest on Masculinity (66), Russia the lowest (36), although Brazil is somewhere in the middle (49), all four countries score relatively low. When it comes to Uncertainty Avoidance, Brazil and Russia take the lead (76 and 95, respectively) whereas China and India score really low. China and Russia are the highest in Long Term Orientation, and Brazil the lowest (44), whereas in Indulgence Brazil score substantially higher than any of the three other countries analyzed, which might make sense when combined with the Long Term Orientation statistics, showing that Brazil might be more concerned with the pleasures of the now than planning for a brighter future.

In 2007 a study by the Global Entrepreneurship Monitor (GEM) was released, containing the four countries analyzed above (reports released after that edition did not include one more countries analyzed, including Brazil not being included in some of them). The data shows that only 31% of the Russian respondents perceived people who were successful at starting a new company to possess a higher level of respect and status, as opposed to 79% from the Brazilian respondents, 75% from the Indian respondents, and 71% from the Chinese respondents. In addition, only 29% of Brazilian respondents were afraid of failing in their potential entrepreneurial initiatives, as opposed to 31% for the Chinese, 50% in India, and 42% for the Russian counterparts. In Brazil, the high level of perception of successful entrepreneurs having higher status and deserving more respect combined with a relatively (the lowest out of the four), most certainly contributes positively for the entrepreneurial scene in the country, giving it a statistical, psychological, and behavioural edge in the BRIC countries.

2.1.4.3 Consequences to Entrepreneurship

A study conducted by authors Eunni & Manolova (2012), surveyed 490 business students from the BRICS (155 Brazilian students, 143 Russian students, 130 Indian students, and 62 Chinese students), with the objective of measuring the entrepreneurial environments of each of the four countries studied. South Africa was not studied by the authors due to unknown reasons. The study found that amongst the BRIC countries, China appeared as the most favourable market towards entrepreneurship, then India, Russia and lastly Brazil. Individually, the cognitive and normative aspects in China, as seen by its business administration university students,

contribute significantly to overcoming a very restrictive and strict regulatory and legal environment. India, on the other hand, with a more favourable normative and legal aspects, has a cognitive dimension in its institutional environment that apparently inhibits the pursuit of innovation and entrepreneurial opportunities in the country. Russia, although possesses all the crucial cognitive aspects to aid entrepreneurship is held down notably by its societal configuration not allowing Russians from envisioning and pursuing new businesses. Lastly, according to this study, Brazil is shown to be the worst when it comes to both its general institutional profile, and regulatory and cognitive aspects (Eunni & Manolova, 2012).

2.2 Traditional International Expansion Theories

When it comes to understanding the factors, motivations and reasons for either success or failure in the process of small and young firms to expand internationally, there is not yet a consensus in the current literature. Perhaps due to the fact that the born global phenomenon and rapid internationalization of start-ups are relatively very recent subjects in academic literature. However, before going deep into the internationalization of born-globals, it is relevant to highlight and compare current literature regarding the overall process of internationalization.

2.2.1 Economic Theories

One of the first and most prominent economical theories that proposed to explain and unify theories related to the internationalization of firms was author Dunning's Eclectic Paradigm (1988) (Dib, 2010). This theory intended to explain the decision behind operating or not operating in an external market. For Dunning, some market flaws such as high information and transaction cost lead firms to take advantage of the direct investment entry mode. Companies opt for this option in order to protect themselves and their competitive advantages from competition, vertically integrating the international operations. Some other external aspects should also be taken into account when trying to understand the motivation behind internationalizing, such as country-specific characteristics, political and economic nuances, industry-specific variables, along with some internal aspects such as firm-specific operational guidelines and strategies. Dunning's Eclectic Paradigm theory also discusses advantages that multinational enterprises have in the domestic market when competing with local companies, since the multinational firms could take advantage of more economically favourable countries to execute part of its operation, such as

manufacturing, resulting in a competitive advantage derived from the internationalization (Dunning, 1988).

There are also macroeconomic approaches that state that as local firms innovate and increase their domestic operations, a need for reallocating less sophisticated activities to less developed countries arises. Although possible to produce locally, the internationalization brings a more lucrative environment that allows the company to concentrate domestic efforts more on higher added-value activities (Cantwell, 1991).

2.2.2 Behavioural Theories

In order to try to overcome limitations derived from the economic theories of internationalization, some behavioural theories arose as a second stream of thought towards the subject, specially for smaller sized firms. Through the Uppsala model, authors Johanson and Vahlne (1977) e Johanson and Wiedersheim (1975), attempted to unify the behavioural approach to internationalization of firms by developing a model that had as main goal to explain the stages of an internationalization process. According to the model, the internationalization starts when the domestic market becomes saturated, and that overseas the firm would face larger uncertainties and would seek situational environments that resembled the most the domestic market. The model proposes that the selection criteria for the international markets is directly related to the 'psychic distance' between the firm's home country and target foreign country, and that the expansion process would occur through stages varying from level of commitment of resources. The psychic distance are a group of factors related to the target country that may hinder the company from understanding the dynamics of the market (Dib, 2010).

2.2.3 Network Theories

The importance of networks in the internationalization of firms was first introduced by authors Johanson and Mattson (1989), and according to them, it is crucial that a firm has several different organizational relationships in order to be successful and thrive in an international market (Johanson and Mattson, 1989).

Networks are comprised of a number of actors that are connected through a certain number of relationships. These are either social or business networks. Social networks are connections

derived from personal matters, whereas the business ones are the ones that are somehow involved in an economic activity (Vasilchenko, E., & Morrish, S, 2011).

Networks can have a central actor; this could be both a person or a firm. Hence, the establishment of business networks can be achieved by a person or a group of people, and the limits between between the person and the firm can be hard to define. Even though the main driver in an internationalization process could theoretically be several different factors, it is believed by existing literature that it is usually triggered by the entrepreneur behind the firm (Vasilchenko, E., & Morrish, S, 2011).

The entrepreneur's social and business network can substantially influence the internationalization process of a company, specially in the beginning phases of the process. In the early stages of the internationalization, existing networks can be used to gather key aspects of international markets in order to identify opportunities and threats in the target environment, as well as develop key partnerships throughout the network in order to create competitive advantage (Johanson and Vahlne 2003).

Business networks may have as main actors: competitors, customers, distributors, suppliers, and governmental agencies. Usually business networks are comprised of goal-oriented relationships and cooperation amongst a number of companies that may include free flow of resources and cooperation in resolving problems through contractual agreements (Vasilchenko, E., & Morrish, S, 2011).

The establishment of business networks is crucial in the firm's international expansion process. By doing so, firms can have an easier access to information specific to the target market, which can facilitate in the process of acquiring enough know-how to make the necessary decisions and plan the international expansion efficiently (Eriksson and Johanson, 1997).

2.2.4 Other Relevant Theoretical Contexts

According to Li, Li & Dalgic (2004), three main theoretical factors can be noted for describing the internationalization process of firms. The first factor identified is experiential learning, which is easily represented through the Uppsala model. The main idea for the Uppsala model is comprised of integration, gradual acquisition and use of existing knowledge regarding foreign operations and markets through the use of cumulative commitments. The second factor

identified is systematic planning. Lastly, the third factor is the contingency factor, that involves the impact of contextual variables (Li, Li & Dalgic, 2004).

Exploring the first factor, Johanson & Vahlne (1977) stated that the existing knowledge a company possesses on external markets they would like to pursue is what mandates which type and level of commitment to be assumed. Therefore, the inclination is for the company to begin in a new international market with only a very small involvement and, as the times passes, intensify the level of involvement as the knowledge about this foreign market grows (Hemais & Hilal, 2002).

When it comes to the systematic planning approach towards internationalization, there is a basis assumption that the development of systematic market assessments and research enhances the international performance of companies. According to Cortezia, S. D., & de Souza, Y. S. (2011), the main author that worked on the systematic planning approach was Root (1987). As described on Root's thesis (1987), the process of internationalization is comprised of the evaluation of the existing opportunities within the foreign market, definition of the goals and objectives of this leap, identification of the potential entry modes, determination of marketing strategic plans and lastly the execution of the internationalization plan. On the other hand, there are some flaws in this systematic planning strategy that were identified. Firstly, this is an extremely rational and exact approach that completely relies on the assumption that all of the required information on the foreign market will be available and that the required studied will be performed, which are unlikely to happen in most cases, especially when the subject of study are smaller companies, which have limited human and financial resources and contacts. In addition, another point raised is that the ever changing and likely turbulent markets make it hard for extensive planning, since the information raised in the beginning of the process might be true anymore by the time the process ends, or the company might lose the momentum of opportunity to seize that market (Li, Li & Dalgic, 2004).

The third factor identified by Li, Li & Dalgic (2004) is the contingency perspective, which states that a company's international expansion process relies on contextual variables. This approach was firstly discussed by researchers that did not agree with the Uppsala model. The model imposes that a company's international expansion is mainly determined by its operational structure, the setting of the firm's industry and the marketing strategy applied (Turnbull, 1987).

Some authors, including Boter & Holmquist (1996), stated that more than often small companies in traditional industries tend to lean towards an extensive and structured internationalization process. On the other hand, companies that are in technology-based industries have an inclination to go through a much faster international expansion process. Small companies have usually very limited financial and human resources, which distinguishes their international expansion process, when compared to larger firms. However, small and new international endeavours are very capable of competing in the global market regardless of the scarcity of resources (Cortezia, S. D., & de Souza, Y. S., 2011).

A model for the analysis of the international expansion of companies of small and mid sizes was proposed by the authors Li, Li & Dalgic (2004), in order to integrate the factors of systematic planning and experiential learning, in addition to the contingency perspective.

The model breaks down the internationalization process into three main stages. The first stage is the antecedents, which is comprised of the organizational competencies and motivations that result in the will to expand internationally. Companies need to come across motivational factors that lead them to consider the international expansion. These factors can be potentially related to the seeking of new markets in order to gain size or scope, existing clients that need service in the foreign market, or to acquire new technologies or competitive advantages (Yip et al., 2000). Capabilities like the discovery and understanding of new technologies, innovation opportunities, existing international experience, and entrepreneurship within the decision makers of the firm are all factors that may lead or affect substantially the internationalization of a firm (Cortezia, S. D., & de Souza, Y. S., 2011).

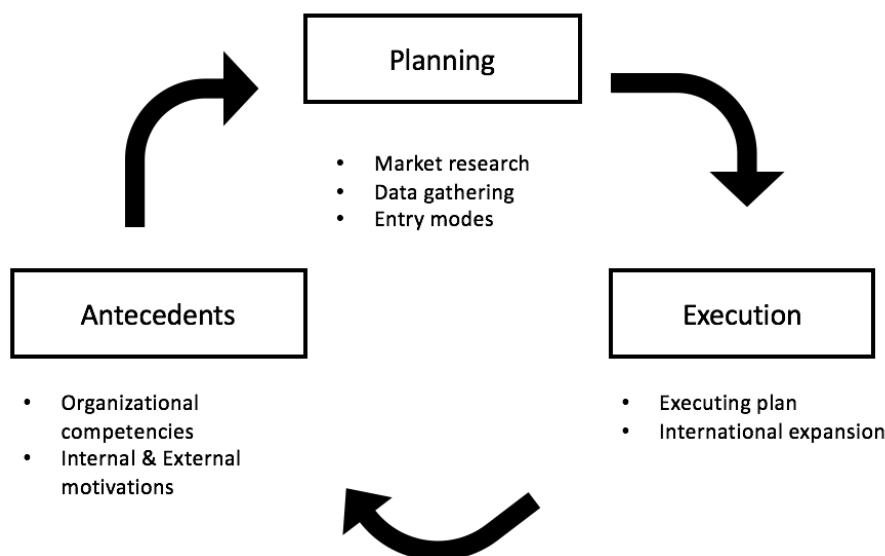
The second stage identified by Li, Li & Dalgic (2004) is the planning phase. According to the model, in this stage the company needs to invest heavily in market research and surveys in order to select the most suitable alternative the international expansion. Once this data is raised, the firm should then make a decision on the target market and the most suitable entry mode for this specific market. According to some others, the company can also develop a business plan specific to this new expansion and their potential business in this new market.

The third and last stage is the execution, which is the firm actually begins to expand and operate in the international market. In a contingency expansion, the firm that goes where its clients go has the opportunity of start the international operations by manufacturing and producing their

products directly abroad. Therefore, the third stage does not need to follow a sequential progression from small involvement to a bigger presence (Li, Li & Dalgic, 2004).

Moreover, in the model described above it is considered the existence of a feedback loop, consisting of inflow and outflow of information through the stages, which means that even the execution can influence the will to continue expanding internationally. The firm can learn from its first international experience in order to plan more systematically for the follow-up international ventures (Cortezia, S. D., & de Souza, Y. S., 2011). The figure below exemplifies this process visually.

Figure 2 - Li, li & Dalgic International Expansion Model



Source: Li, Li & Dalgic (2004)

2.2.5 Entry Modes for Internationalization

Once firms identify the opportunity to expand to foreign markets, there are several ways in which they can penetrate these international markets. Several authors identify different aspects and variables that interfere in the company's performance overseas and their decision to which internationalization strategy better suits the opportunities identified.

According to Dunning (1988), certain aspects of the target market, such as existing political risks, market dimension, and market growth tendencies, shaped the way companies penetrated international markets. In markets with a significant high political risk or limited market dimension, companies tend to choose to export or license their products. Some authors also agree that product

characteristics and customs barriers in the target country may also influence the company's decision regarding their internationalization method. In addition, some internal factors may also interfere with method chosen, such as objectives regarding the internationalization process, motivation factors, level of control required for the overseas operations, and also the speed at which the company wants to grow in the foreign market (Maia et al., 2000). Beamish et al. (1994) and Guisinger and Li (1991) researched the effects of the chosen entry mode in the performance of the company in the foreign market, finding a positive relation between entry mode and performance.

Once established the importance of choosing the right method for entering a foreign market, it is important to identify and compare the several different ways of entering a new market, such as exportation, contractual agreements, and direct investment.

2.2.5.1 Exportation

According to Cerceau and Tavares (2002), exportation is a method of international activity through which the company does not have a physical presence or subsidiary in the foreign market. Exports require a minimum demand of capital, are relatively simple to be implemented and are an alternative method of acquiring international experience (Jain, 1990). According to Jain (1990), a firm can export directly, with an intermediate or through a cooperative. Direct exports happen when the firm establish its own team in charge of taking care of the international activities, giving the firm more control over the operations and allowing the firm to build its own distribution network overseas. In addition, the firm can also use specialized firms to support them in the exportation process, which may decrease cost due to the existing experience and operations of the firm's partner but may also increase risk of losing control over international activities. Lastly, the cooperative method happens when the company uses an existing distribution network of a local firm in the foreign market in order to distribute its products. Even though, this solution comprises of the lowest cost and a decent amount of control of the operations, for this method to work effectively, both firms need to have a similar target consumer, products that complement themselves and not have any conflict of interest, in order not to create conflict between partners (Jain, 1990).

2.2.5.2 Contractual Agreements with Foreign Companies

One of the options for companies that want to establish presence in a foreign market is through contractual agreements with local firms. This alone could be done through licensing, franchising, management contracts, strategic alliances, among other options.

Firms that want to establish international operations can choose to license their existing products, brand, commercial secrets, know-how, proprietary technology, productive processes, and support services to local companies in the target markets. These types of agreements have shown to be a lucrative form of penetration in foreign markets, being a low-cost solution for internationalization. The main disadvantage for this option is that the licensee might wait until the end of the contract and become a competitor in the future with the acquired know-how and expertise (Cerceanu and Tavares, 2002).

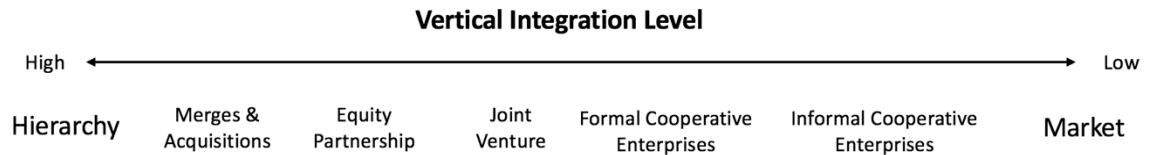
Franchising has also shown to be a viable option for expanding internationally. This method comprises of an agreement through which the franchiser provides the franchisee the right to replicate its business model entirely, including the use of brands, marketing strategies, processes and procedures, best-practices, policies, quality check control plans, Key Performance Indicators (KPIs), among other aspects. The franchisee pays royalties to the franchiser in exchange for using its business model, and is fully accountable for managing the franchise as a fully separate company from the franchiser (Cerceanu and Tavares, 2002).

Moreover, the contractual agreement may also be done through a management contract, where a local company commits to fully or partially managing the target market operations in exchange of a share in the profits. The foreign company then provides the firm's products in that specific market without interfering with the operations in the domestic market or any other international markets, unless agreed so. In this case, similarly to the licensing model, the most important disadvantage is the possibility of the contracted foreign company becoming a competitor in the future (Cerceanu and Tavares, 2002).

Lastly, it is important to note that the internationalization could also be achieved through strategic alliances, which, according to authors Cerceanu and Tavares (2002), is a coalition between two or more firms in order to reach goals substantially strategic and that benefit all companies involved. In order for this alliance to make strategic sense, the involved companies should have a better chance at competing in the foreign markets as a team than by operating individually in the

target markets. Strategic alliances can be gauged through a scale of vertical integration, as suggested by several authors. Author Barbosa F. (2004), proposed a vertical integrate model as shown on Figure 2 below.

Figure 3 - Vertical Integration Level



Source: Barbosa, F. (2004)

2.2.5.3 Direct Investment

Companies that wish to establish themselves in international markets but don't want to give up total control of the company's operations might choose to expand their business direct investment in foreign markets. That could be achieved by either the acquisition of existing company in the target market or by starting the new greenfield business through the establishment of subsidiary companies in the foreign markets. Acquiring an existing business can be a viable option if the target company is already established in the market. By doing so the firm gets an easier route, relatively instantaneous, to conquer the new market, in addition to getting access to an existing distribution chain, products, brands, and technology, specific and validated in that market. However, although several advantageous situations can derive from acquiring a local company, it could also result in communication problems and culture conflicts, both from a company culture incompatibility perspective and from an overall country level culture distance perspective (Cerceanu and Tavares, 2002).

Moreover, in order to avoid the possible difficulties derived from an acquisition in the local market, the firm could opt for a greenfield project, which means that the company would start its international activities in the target market with no existing resources or proven business model in the foreign market. This option, on the other hand, gives the firm plain flexibility in decision making related to any aspect of the international operations, such as human capital, procurement, logistics & supply chain management plans, plant layout, technology to be used, among other aspects of the new business (Cerceanu and Tavares, 2002).

Below you may find a comparison table amongst the entry modes analyzed previously.

Table 1 - Entry Modes Comparison

	Advantages	Disadvantages
Exportation	No need for physical presence in target country. Minimum demand of capital. Relatively simple implementation. High control.	High risk of losing control. Less physical presence may also mean less local knowledge acquisition. Possible need to invest in supply chain.
Licensing	Low-cost implementation. Fast implementation.	High risk of licensee becoming competitor in future, using company's acquired know-how.
Franchising	Low financial risk. Franchisee is accountable for performance of subsidiary.	Low control of operations. Need to oversee franchisees' operations.
Management Contracts	Usage of local company's knowledge of local market. Low initial investment.	High risk of partner becoming competitor in future, using company's acquired know-how. Need to oversee quality of partner's operations.
Direct Investment - Green Field	Complete control & flexibility over operations. Low risk of losing control.	Costlier and time consuming. Higher financial risks.
Direct Investment - Acquisition	Fast market entry. Easy access to distribution.	Communication problems throughout the restructuring of the acquired firm.

Source: Barbosa, F. (2004).

2.3 Born Global Initiatives

The appearance of a significant growing number of companies that have operated globally since their beginning has been attracting the attention of academics since the 1990s, both from an international marketing and entrepreneurship perspective, which led to two different but somewhat similar research subjects, born-global companies and international entrepreneurship. Unlike the

traditional theory on behavioural streams of internationalization, such as the Uppsala process, aforementioned in this thesis, these new companies acted very differently. These born-global initiatives early on in the game followed a very rapid and accelerated internationalization process, which up until the 1990s was studied by standard theoretical material (Gabrielsson, 2005).

There has not been much consensus on the limitations of what defines a born-global firm. Some academics have defined the boundaries with very strict limitations and some with broader ones. However, a few common criteria were identified.

2.3.1 Born Global Definition

2.3.1.1 Criteria for Defining a Born Global

Firstly, the date of foundation of the firm, which is believed that born global companies typically began to operate after the 1990s (Moen 2002; Moen and Servais 2002; Rasmussen and Madsen 2002), although a few researches have identified companies with an even earlier foundation (Rasmussen et al. 2001).

Secondly, it is very common to consider the time span between the beginning of operations and the start of the international operations. There are studies indicating that time span to be anywhere between two and 5 years, a few reaching even the time span of 15 years for companies to start their international activities. Some even taking into account the ratio of business done internationally and domestically. In Brazil, two of the most relevant studies, one made by Cortezia, S. D., & de Souza, Y. S. (2011) and the other one by Dib, L., Rocha, A., & Silva, J. (2010), have considered 5 years as being the most suitable time span for the Brazilian reality, which is still under the usual limitations by the existing international literature. The reason for both studies to adopt 5 years is due to the fact that it is harder for a Brazilian company to expand internationally, when compared to North American or European companies. Brazil is a huge country with not many significant neighbouring markets for this international expansion. In addition, Brazil is not a relevant player in the exportation of high-tech technologies and products, only for commodities in the agricultural and mining areas. Therefore, it becomes significantly harder for a Brazilian company to grow internationally than any European or North American company (Cortezia, S. D., & de Souza, Y. S., 2011; Dib, L., Rocha, A., & Silva, J., 2010).

Thirdly, some authors also take into account how relevant the foreign activities are to the company, including the ratio of international activities in the company's revenue. That ratio might vary from 5% (McDougall 1989) or 25% (Knight and Cavusgil 2004) to 50% and over, for companies that are originally from small and open economies, such as the Nordic countries, such as Denmark, Finland, Iceland, Norway, and Sweden (e.g., Gabrielsson 2005). The scope of business and the extent to which a company provides services in the international markets and also the geography of these foreign markets have also been identified by academics (Dib, L., Rocha, A., & Silva, J., 2010).

2.3.1.2 Defining Born Global

For the purpose of this thesis, it will be considered the definition of born-globals adopted by authors Oviatt and McDougall (1994) that define a born-global company as an “international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. For the authors, the ownership of assets overseas, and level of international activities as compared to domestic ones do not matter, as long as the company has been thought out as an internationally scalable business model from an early stage.

2.3.1.3 Other Implications

Born-global firms need to be successful as early as possible in the process of becoming global due to the limited resources a small and new company has. Hence, a strategic planning that has as priorities focus and differentiation, in addition to being technology-oriented, is very crucial for the success of these firms abroad (Knight & Cavusgil, 2005).

A study was developed by the authors Dib, L., Rocha, A., & Silva, J. (2010), where 79 Brazilian software companies were surveyed in order to better understand the correlation between firm-based, entrepreneur-based and network-based factors, and the decision to expand internationally through the standard internationalization process or become a born-global. They found that the more investment in R&D the company had the higher the probability of the company becoming a born-global, which makes sense with the fact that the more R&D investment a company has the higher their innovativeness factor will potentially be, and literature indicates a positive correlation between innovativeness and the rapid international expansion path. They also found that the more customized the company's products were the higher they are probability of

becoming a born global. That could also be seen from the perspective of customer-orientation; the more customer focused is a product is the higher the probability of it being unique hence creating opportunity for expansion in different markets (Dib, L., Rocha, A., & Silva, J., 2010).

Interestingly, the study did not find any evidence to support the correlation between the network based factors and emergence of born global firms. The authors' hypothesis for this finding is that Brazil, as well as any Latin American country, is high-context and purely relational; hence almost every company studied, regardless of its internationalization strategy, tested positive for the relationship between relationships and partnerships, and their international expansion strategy (Dib, L., Rocha, A., & Silva, J., 2010).

When it comes to the entrepreneur related factors for internationalization, the authors found that the relationship between technical knowledge of the entrepreneur behind the organization and becoming a born global company was also supported by the results. Another aspect that was found is related to risk aversion and risk tolerance. The study found that that the more tolerant to risk the entrepreneur is the higher the probability of becoming a born global. In addition, the study found that entrepreneurs generally perceive the foreign market as being riskier than the domestic market, despite being opportunistic. Differently from existing literature and even surprisingly, to some extent, the study also showed no relationship between the existence of international experience from the entrepreneur's personal side. Interestingly, 50% of the born global firms and 60% of the traditionally expanded companies were led by people with no past international experience. Moreover, 74% of born global firms and 80% of traditionally expanded companies were led by entrepreneurs with no international education whatsoever (Dib, L., Rocha, A., & Silva, J., 2010)

3 Methodology

An exploratory research of qualitative nature as conducted, where multiple case studies were analyzed through semi-structured interviews. Interviewees were selected by a non-probabilistic sampling snow-ball criteria and convenience, and the data gathered was analyzed through a content analysis technique. Four start-ups were interviewed that meet Oviatt and McDougall's (1994) definition of born-global, in order to better understand the nuances and peculiarities of the Brazilian market.

3.1 Exploratory Research Choice

According to Malhotra (2007), the exploratory research aims at defining problems with a higher precision. The overall objective is to provide criteria and further understanding of a certain topic. An exploratory research has as its main characteristic a higher level of flexibility and the lack of a fixed structure. The sample to be researched is often small and not representative, and the analysis of data gathered is usually qualitative. The findings are usually experimental and result in the need of further research (Malhotra, 2007).

An exploratory study was conducted in order to further understand the nuances and peculiarities of the born-global start-ups scenario in Brazil in the technology industry, along with their internationalization strategies.

3.2 Research Nature - Qualitative

Qualitative researches work with data to find its meaning, having as a foundation the perception of the context in which the data is found. The use of the qualitative description seeks to capture not only the exterior characteristics of a phenomenon but also its essences, in order to explain its source, relations and changes, trying to predict and also understand its consequences (Triviños, 1987).

Gil (1999) stated that the usage of qualitative research allows to deepen the understanding in investigating questions related to the subject of study and its relations, maximizing the valuation of the direct contact with the studied situation, seeking common patterns, but also open to understand individuality and multiple meanings (Gil, 1999).

3.3 Study Object – Multiple Case Studies

The logic behind the use of multiple case studies aims at replicating and not sampling, in other words, it does not allow to generalize results for a larger group or totality, but to assure the possibility of predicting similar or different results based on the assumptions developed in the study (Yin, 2013)

Triviños (1987) stated that in multiple case study researches there is no need to follow the objective of comparing results, the researcher may have as main goal to study and understand different subjects or organizations. These studies seek to analyze an object of study in a singular way, even so that later similarities may be observed in a thorough and profound form (Triviños, 1987).

3.4 Selection Criteria

The interviewees were selected through a non-probabilistic sampling snow-ball criteria. The interviewees were selected through referral of previously interviewed subjects but do not in any way shape or form represent accurately a sample of any specific population group or geographic area.

A total of 9 potential interviewees were selected and a total of 4 firms were thoroughly interviewed based on their current stage or outcome in the internationalization process, since it was considered crucial to cover all phases of a born global strategy. Although the candidates were limited to technology start-ups, there was a focus to vary as much as possible when it comes to industries, internationalization phase, business models, among other criteria, to provide a broader view of the topic.

3.5 Data Collection - Semi-Structured Interviews

Semi-structured interviews can be defined as a list of information that needs to be extracted from the interviewees, but the structure behind each question and the order in which the questions are asked do not matter and vary according to each interviewee's characteristics (Laville & Dionne, 1999).

3.6 Data Analysis – Content Analysis

The content analysis is a technique of analyzing communication that has as its main goal enrich the reading and overcome uncertainties, extracting content behind the message analyzed.

The content analysis technique has two main functions: increase prospection of discovery – enriching the exploratory attempt, and proof management – where, through the analysis, the researcher seeks to prove pre-defined hypothesis (Bardin, 1977).

3.7 Companies Interviewed

A summary of the companies interviewed may be found in the table below.

Table 2 - Interviewees Summary

Start-up Name	Interviewee Name	Position	Business Model	Year Founded	Internationalization Stage
Hatchr	Marcelo Canovas	Founder / CMO	CTO and development Services for technology start-ups	2014	Internationalized – Clients in Europe and Australia
ProvaAi	Bruno Campanhã	Co-Founder / CTO	Platform for connecting apparel retail with costumers	2014	Ready for internationalization – Market Research Stage
Narrador	Jonathan Cubas	Co-Founder / Co-CEO	Platform for podcasts – content creators and listeners.	2015	Ready for internationalization – Markets Selected, gathering first clients
UseBike	Guilherme Rovai	Co-Founder	App and webapp for connecting bicycle enthusiasts.	2015	Internationalized – Research done, data gathered, implementing marketing efforts.

3.7.1 Hatchr - hatchr.com.br

Hatchr is a start-up in the website and mobile applications development industry, by Marcelo Canovas, an entrepreneur from São Paulo. What differentiates the company from most competitors is that Marcelo's goal is to, not only executes the programming-related tasks of clients, but also to support entrepreneurs, and start-ups that lack a vast technical knowledge, in developing their ideas, and design their solutions. The company's goal is providing an on-going, project based, consultancy service in Information Technologies, and supply all necessary expertise to take internet-based start-ups from a business plan to fully becoming operational. The company already has several clients, including international start-ups, that recognized the differentiated value proposition of Hatchr. The firm defines its target consumer as "visionaries who need support in executing their ideas", "start-ups that need to implement their business models to test their hypotheses", and "innovation-focused firms that need to develop tools in order to differentiate themselves in the market". Hatchr's clients vary from dating and social platforms to hotels, pets, and advertising firms.

Hatchr started its operations in 2014 because Marcelo, who was at the time unsatisfied with his job, decided to quit, and apply for a Master's Program in the U.S. He got accepted into the program, and soon after that, he noticed he had some months of free time before his classes in the U.S. started. To fill in that gap, he decided to develop, together with his current business partner, some solutions that he noticed some companies where in need. The business went so well that he ended up cancelling his graduate program, and made what came to be called Hatchr his full-time endeavour. His partner, Rafael, is a developer, and has always attended start-up related meetings and events. A lot of people were inviting him to join their start-ups as a CTO, but he could not handle all of the demand. That was when Rafael and Marcelo realized that there was an opportunity for providing technology services for start-up that lacked a strong technology pillar.

Marcelo is an engineer, by formal education, earning his bachelor degree from USP-SP. The entrepreneur is responsible for the business development and administration of Hatchr, including sales, accounting, marketing, among other activities. Currently the company does not have a dedicated sales team, since the company is currently working at full-capacity with only the clients that found Hatchr passively or were referred by existing clients.

Marcelo mentions that Hatchr's main competitive advantage, and the most important value they create for their clientele is not the actual coding of the solutions. That kind of value is easy to

create, and would not differentiate the firm in the market. According to Marcelo, Hatchr helps people to transition their dream ideas into actual profitable internet solutions. The potential client usually approaches him with a raw idea or market opportunity, and Hatchr sits down with the client, and assists them in transforming that raw and unpolished idea into a marketable solution. That, according to Marcelo, is what made Hatchr the CTO that every start-up wants to have.

3.7.2 Prova Aí – provaai.com

ProvaAi is a marketing platform for fashion-oriented consumers and apparel stores to connect them in an innovative way, in order to facilitate access to different, exotic, or cheaper clothes for consumers, along with increasing the reach of apparel stores to a broader audience. The tool aggregates and indexes information from several different stores in a way that it is easy for users to search and filter through products, save and share favourite items for future purchase, through a UI-oriented wardrobe section, create different ‘outfits’ by combining different products (potentially from different brands or shops), and eventually reserve the item or purchase it, from the comfort of their home. Even though e-commerce is the first thing that pops into anyone’s mind when hearing about ProvaAi’s business model, that is not the start-up’s main focus. The company is trying to go on a different route, by making the system work in a way that the consumer can reserve the item at the physical brick-and-mortar shop, and actually go there to try it out, pay for it, or just to pick it up. By doing so, the company will be able to include smaller shops into the system, that may not have an existing e-commerce in place, and that could benefit from the increased visibility; consumers, on the other hand, would benefit from the exclusivity of wearing a ‘not-for-mass-market’ piece of clothing, and that they could actually go to the store and physically try the piece out, which tackles one the largest barriers for apparel e-commerce: the need for trying clothes out prior to purchase, in order to verify that the size is right, and that the piece fits according to client’s expectations.

ProvaAi was founded in Sao Paulo, and that was the initial location that the company operated, since it requires some effort of approaching local stores in each operating area, the start-up could not go global from the beginning. ProvaAi had to expand gradually in geography, since distance is a big barrier when users need to actually go to the store. However, the founders realized that the opportunity was scalable to a potential global operation, and decided to prepare the start-up for internationalization from the inception.

The platform is free for both consumers and apparel stores to sign up. ProvaAi wanted to expand to a broad audience as fast as possible, hence they could not limit the tool to paying users only. As many start-ups in the digital world, ProvaAi initially struggled to define the best approach towards monetization of their services, and how to make the tool as profitable as possible without jeopardizing user experience and throwing off potential users that are not willing to pay a fee for the service. Therefore, the company came up with three main revenue streams. First, they decided that although apparel stores can sign up and use the tool for free, ProvaAi would limit functionalities and number of products that could be posted, giving the option for shops to become a premium user (paying a monthly fee) in order to gain unlimited access to ProvaAi, as well as a thorough reporting system to catalyze sales by providing statistics and information (e.g. Demographics, etc.) about clientele. Second, free users can reserve items at shops for a small fee per item (R\$1 per item) with the option of also becoming a premium user (paying a monthly fee) getting access to free-of-charge reservation and discounts at certain stores (still to be implemented). Lastly, ProvaAi sells paid premium spots for items to stores, which will get a higher priority in search results, increasing visibility of both the item and the shop.

Bruno Campanhã, co-founder and CTO of the start-up, was interviewed and was kind enough to disclose a lot of interesting perspectives about the start-up. He is in charge of managing the development of the website and mobile apps, along with coding and designing part of the system himself. He is an engineering drop-out, that decided to follow his dream of becoming a successful entrepreneur. He is also an artist, driven by simplicity and beauty of design, which can be clearly seen on ProvaAi's web-based and mobile application. Prior to co-founding ProvaAi, Bruno was a mobile developer, focused on iOS development, but had to expand his knowledge to web-development as well in order to be able to manage ProvaAi's development efforts.

3.7.3 Narrador - narrador.co

Narrador is an innovative Brazilian start-up founded by two entrepreneurs. The team designed a platform for podcasts, with the ambitious goal of becoming the go-to place for podcasters and podcast listeners worldwide. What differentiates the company from the very few competitors it has (e.g. Stitcher, iTunes) is its unique revenue generation system that allows podcasts of any size or popularity to generate income from the moment they sign up. In addition, the firm wants to bring listeners and content creators closer, and incentivize content creation and

creativity. The platform comprises of a database of RSS feed links indexed, organized, and displayed in the most convenient and tailored fashion to listeners, giving them the possibility of discovering new shows according to their own activity on the site, and giving content creators the possibility of attracting new listeners through the very same algorithm.

The company is in the final stage of development of the platform and already has a thorough plan for deploying the platform in North America, as well as Latin America. Even though the concept was developed in Canada between the co-founders (Jonathan's partner is Brazilian), Brazil was chosen as the target market for the company's early stages for a combination of reasons. Firstly, the podcast industry in the country is growing at a very fast pace, although it is relatively smaller than the North American market. Secondly, the co-founders realized that in Brazil they would find a lot of the talent necessary for the development of the platform at a substantially lower cost. Lastly, Narrador decided to use the Brazilian market to further develop the product and mature the concept of the platform, for once the time came to expand to North America, the company would be better geared to confront the bigger and more saturated North American counterpart.

Jonathan Cubas, co-founder of Narrador. He has an extensive experience in the movie and audio industry in North America. He was selected for the interview due to a very interesting peculiarity that gave him an interesting perspective on the topics covered by this thesis: he is not Brazilian. Jonathan has been living in Canada for the past 11 years, but he was born and raised in the U.S. to Peruvian parents, hence he possesses a very interesting cultural background, a mixture of his Peruvian, American, and Canadian background, that gives him an unique point of view on the Brazilian start-up and born globals market.

3.7.4 UseBike - usebikeapp.com

UseBike is a relatively new start-up launched in Brazil by four co-founders in April 2015. The start-up has as its main goal making it easy for people to use their bicycles as a viable transportation method, increasing safety and availability of information regarding the use of bicycles as transport in urban areas. The co-founders noticed a global opportunity to cater for the people who either already use their bicycles as transportation and just want to improve that experience, or people who had never thought of replacing their current preferred method of transportation for the bicycle. The company also noticed a current global trend, specially in

developed nations, of an overall incentivizing of bicycles in major cities due to a handful of problems caused by an ever increasing number of over-populated urban areas, hence also resulting in concerns with traffic and pollution. In Brazil only, the company identified that there are over 1 million people who already use their bicycles every day, around 9 million use it often, and 26% of the population would be willing to change their preferred method of transportation for the bicycle if the overall safety of this option was increased.

UseBike is a platform that gathers all of the information regarding bicycle rental places, bike-friendly service providers (e.g. Coffee shops, restaurants, hotels, etc.), bicycle related stores, bicycle repair shops, bicycle-exclusive lanes in urban areas, bicycle parking spots, bike racks, parks, among other information. The company gathers the most information available about each area available, and then users feed the system with additional information. The application displays and organizes all of that information on a map, so you can check what is available where you are or where you are going. In order to tackle the safety issue the company also has a navigation feature that not only displays directions but also does so according to the safest routes for bicycles, providing a percentage of bicycle-exclusive lanes in each available route, and also taking into account topography, hence showing routes with the least inclination and slopes.

Guilherme Rovai, co-founder of UseBike, was interviewed. He is responsible for the Brand Marketing at UseBike. He is a young but experienced professional in the brand creation and brand strategizing field, his work experience includes mostly branding agencies. Academically, he graduated as a designer.

4 Analysis

4.1 Internationalization Triggers

Jonathan stated that Narrador is a platform that was designed from the beginning to be a global player. Since the company is involved in the podcasting industry, which is a global trend in the technology industry, that, apart from minor differences, has had a similar growth worldwide in terms of scope, the firm believes that the product developed is highly scalable with very minor adaptations. When it comes to adapting the product to a new market, the company needs to worry about translating the platform to the target country's language and figuring out the best strategy to acquire users in that specific market; consumer behaviour does not vary very much across countries in the podcast industry, but knowing the key players in the market and how to approach them is crucial. In addition, the company believes that there is currently no competitor in the market that offers a similar product, hence its uniqueness makes it even more scalable at a faster pace. However, there are a few competitors identified by Narrador, they are mostly very big players (e.g. Apple, Spotify, Deezer/Stitcher, etc.) but none of them is specialized in podcasts; they are mostly music platforms that added a podcast feature to it, but it was not thought out as a podcasting platform, adjusted to the podcast industry's peculiar needs.

Hatchr, on the other hand, saw its internationalization process being at first a reaction to an unexpected demand. The firm since its inception had an overwhelming demand from the domestic market, and was not thinking of expanding their business to any international market until the internal demand was met. Currently, the company has a full-blown internationalization plan, and that happened for a few reasons. Firstly, one of the reasons that led the company to look into international markets is the current exchange rate advantage that the company has by charging in U.S. Dollars, allowing the company to be very competitive in terms of price, compared to overseas' competition, while being even more profitable than it was with domestic clients. Consequently, Hatchr has been working with clients in the U.S., Canada, Australia, and Eastern Europe. Secondly, the company received an interesting amount of organic demand from clients overseas; since the company provides a high-quality service at a very competitive price, Hatchr has been acquiring several international clients through referrals. Marcelo mentions an example of a Brazilian client that, happy with the outcome of Hatchr's work, referred them to an Australian friend, who later on referred them to an European friend, and that effect kick-started the company's

international focus. Lastly, and arguably most importantly, the nature of the firm's business model does not require an extensive adaptation process to become global.

For ProvaAi, what led them to think the business model was scalable is that the business is done completely online, without the need of having a full-blown physical operation in each country operated. The company only need a few people in a sales team to acquire new shops to populate the platform's database, that effort is crucial to kick-start the operation but once established a certain number of stores, the company expects most of the growth to come organically, making the operation almost self-sustainable. The products advertised on ProvaAi are not specific to the Brazilian market, and the need for buying clothes can be replicated anywhere in the world. The company does not yet have a strong presence outside of Brazil nor has a strong international experience amongst the team, but ProvaAi is currently working changing that scenario.

In UseBike's case, Guilherme mentioned that the company identified that overpopulated urban areas and saturation of urban car fleets are a global trend. The market consequent to higher use of bicycles is not just limited to transportation aspects. After exhausting research, they realized that bicycles not only improve the transportation problems of large cities but also improves economic aspects. Guilherme mentioned a study made in New York that proved that in streets where bicycle-exclusive lanes were implemented, the revenue of businesses near that route had a substantial increase, specially in bike-friendly businesses where bike parking spots are made available. Therefore, Guilherme strongly believes that the needs that were identified in Brazil, are a global trend, and need to be tackled similarly, although it has not to its full potential been done yet.

4.2 Criteria for Selecting Target Markets

Narrador has as its main focus the Brazilian market (domestic) and the North American market (U.S. and Canada), though the company is already scouting for potential next steps. Brazil was selected due to its smaller size and, additionally, its faster growth, when compared to the North American podcast market. There are over 700 podcasts from Brazil, and a very interesting engagement level from the listeners. Over half of the Brazilian podcast listeners have purchased one or more items advertised on a podcast, and most listeners are highly educated and earn higher-than-average salaries (Podpesquisa, 2014). Narrador wants to growth alongside the Brazilian podcast market, and help motivating content creators from the country to make more content, and

be rewarded financially by doing so. Moreover, the North American market was selected due to its large size and maturity. In the US only, there are approximately 46 million active podcast listeners (frequency of once per month or more often), as of February 2015, which nearly doubled when compared to 2008 (24 million). In addition, in iTunes only, there over 250 thousand podcasts indexed (approximately 150 thousand in English). Also, in 2006, only 22% of Americans were familiar with the term podcasting, which more than doubled since then, given that in 2015 49% of Americans were aware of podcasts. Roughly one third (33%) of Americans have listened to a podcast (as of 2015), whereas in 2006 the number was as low as 11%. The average listener, consumes an average of 6 podcasts per week (Edison Research, 2015). In the future, Narrador is looking to expand its activities in Latin American, since the firm believes there is a lot of potential to grow in the market. The company plans on using Jonathan's Latin American background as a valuable asset in the process.

Hatchr's criteria for identifying potential markets for internationalization was a mixture of a few variables. Firstly, existing demand, clients, and on-going projects in the target country. It makes sense for the company to continue investing in markets they are already present, since the business model was already validated, and clients are already referring them to new clients. This option is very organic, and does not require the company to invest any major amount of money or time. Secondly, the company invests and plans on continuing investing in markets where it has an exchange rate advantage, such as North American countries, and European countries. From that perspective, it would not make sense to invest in markets where the Brazilian real, and potentially labor cost, is more expensive than the domestic currency. Thirdly, the company does not want to invest in markets that, even though might meet the first two criteria, are already relatively matured and saturated, such as the U.S. market. Hatchr will provide services for clients that approach the company organically, but will not invest heavily into marketing to those markets. In North America, Marcelo sees the Canadian market as a big potential market for Hatchr to expand, although the company does not have many clients there, currently.

Bruno mentioned that ProvaAi identifies the best markets to expand by firstly understanding consumer behaviour towards apparel e-commerce, and how fashion-driven these specific markets are. In addition, the company also gauges the size of the market, and what portion of that market is done online. Bruno points out that they noticed that in some locations people are literally afraid of spending money online, and when it comes to clothes that fear is aggravated by

the a few factors, such as item size uncertainty and disparity between virtual image of item as opposed to actual item being tried. Moreover, the company is also concerned with smartphone and overall internet penetration of each market, however this trend is already somewhat embedded in previous factors taken into account.

UseBike chose which countries to expand to based on an extensive research on three main factors. Firstly, consumer behaviour towards bicycle as a method of transportation was taken into account, along with the existence of a trend in bicycle use, and urban development. It is important (and less risky) for UseBike that their potential consumers be already somewhat psychologically prepared to adopt their solutions. Just as the company identified that a lot of people in Brazil are willing to switch to the bicycle as main source of transportation, that also needs to be true for the countries targeted by the start-up. Secondly, governmental actions such as stipulation of bicycle-exclusive lanes or any other indication that initiatives related to bicycle usage are encouraged by the government shows that the region has a certain mentality level required for UseBike to succeed, as well as indicating that potential partnerships with public initiatives could also be achieved. Thirdly, and perhaps the least concerning out of the three factors, smartphone and internet penetration in each market are important. It is counter-productive to promote a mobile application in a country which only a relatively small portion of the population could have access to it. This factor might not be very concerning for UseBike since they are mostly focused on large urban areas that typically are developed enough to have a high penetration of technology.

4.3 The Internationalization Process

Narrador was thought out was a global company, hence the internationalization happened from the inception of the firm. Both co-founders agreed that the business model was completely scalable, with very little effort to adapt the product to foreign markets, apart from translation. The company is currently focused in acquiring users in the Brazilian market, and that is where most of the investment goes, but the platform is being developed in three languages (Portuguese, English, and Spanish) and the company is making sure to accommodate all possible users from any market. The American market will be very important as well to the company, and next destination as the company's main focus, due to its size and maturity. The platform in a new market is more attractive for smaller sized podcasts since these players are looking for as many chances of sharing their work as possible, and, on top of that, Narrador adds an extreme value by giving the chance of

generating revenue regardless of their size. Once a significant number of smaller podcasts have been incorporated into the platform, along with their user base, the company starts the next phase of the process: gathering advertisers. The threshold is usually about 5 to 10 thousand users for the company to start looking for advertisers on that specific market. Having local advertisers is key to maximizing impact and catalyze monetization for both the company, and its content creators. Even though the listeners side of that user base grows organically as podcasts are being added, Jonathan mentions that a continuous but not aggressive social media interaction to bring in new listeners is also done.

Marcelo mentioned that at Hatchr no internal process needed to be changed to expand internationally, apart from their invoicing system, which is still not optimal to Marcelo's standards, according to him. He also identified a barrier in the legal side, since the company lacks knowledge of international law, and does not have enough cash-flow and available resources to start an internal legal department or hire a legal firm specialized in international affairs. Apart from these two points, the company found the internationalization process very smooth, since there was no need to be physically in the target countries, once the company's client communication routine already worked almost fully online, even with domestic clients. They only had to translate every material they had to English, and make sure to only make use of developers that spoke the English language. Currently, almost 100% of their employees speak English. Since Hatchr is currently working at full-capacity, they are currently hiring more developers in order to be able to attend even more clients internationally. The company is in a very fortunate situation, where clients are having to be turned down due to the fact that the company can not keep up with the demand they have.

Bruno Campanhã, from ProvaAi, mentioned that the first step they take once they decide to invest in a new market is understanding the regulatory and legal environment of the country, in order to better assess the best way entering the market, and making sure that they are legally covered in every move they make. After that, they need to identify the best areas to start their sales efforts, since they cannot simply operate nation-wide from the first moment, so they can recruit the right people to sell ProvaAi to stores. They believe that although the acquisition of both potential users and stores are necessary, the first one should be the stores. "Users do not usually sign up if the shelf is empty", said Bruno. Once they achieve a minimum of stores registered and items indexed they start an effort of acquiring users through social media and online mediums.

Once UseBike noticed that the business model and trends tackled by the firm were in fact in larger scale than Brazil only, they performed an extensive research process in order to identify the best few markets to focus on based on specific market and consumer behaviour trends in each country analyzed, governmental policies towards bicycle usage, and technology penetration, as fully described previously. Once the target countries were selected, the start-up focused on doing an exhausting process of data gathering, including every type of data point that the platform deals with, such as bicycle rental shops, bike-friendly service providers, bike-friendly routes and lanes, bike racks, parks, etc.; that process is crucial for the company since without that information they would not be able to acquire users. Once the company has a substantial initial database of interest points and routes, a process of online marketing takes place, in order to boost user acquisition, through social media and specialized blogs. It is interesting to note that the start-up did not find the need for being permanently physically present in these countries.

4.4 The Biggest Challenges in Internationalizing a Brazilian Start-up

Even though Narrador is scalable and is ready to be used in any of the markets it wants to operate, the difficulty in acquiring users may vary throughout different markets. Currently, the biggest challenge Narrador faces is understanding thoroughly the consumer of each market the company wants to expand. The Brazilian market is not as mature as the North American market, so the company not only needs to focus on bringing existing podcasts to the platform but also needs to educate potential users, and both listeners and content creators, on why they should listen to podcasts, in order to expand the existing market, and establish itself as the top-of-mind solution for podcasts in the country.

Marcelo mentioned that Hatchr's first challenge is identifying the best markets to invest pro-actively. Although Hatchr has been catering to multiple markets, including Europe and Asia, it has always been a reactionary expansion, that only happened in order to meet existing demands. Hatchr now wants to find out the best processes in order to select specific markets to expand and invest, regardless of existing clientele. Hatchr is screening potential markets, in order to identify markets with the most optimal competition scenario, along with the other criteria identified previously. There needs to be an alignment of several criteria, and selecting the countries that best fit the company's profile is the firm's biggest challenge. Hatchr has received indication from several different locations, through potential clientele, that certain markets have demand.

When it comes to ProvaAi, the biggest challenge it faces, when internationalizing, is acquiring the first stores that will post the first products on the tool. There will not be any potential buyer on the tool if there is no product ‘on the shelf’, and the opposite is also true, which creates a paradox situation that is tricky to be overcome. Even considering that the tool is free-of-charge, it is hard to convince the first stores that they should spend some time registering items on the tool, since ProvaAi does not have an active user base in that market yet. Also, there is always the fear that despite previous research done on consumer behaviour in the country, especially in regards to clothing e-commerce, users will not use the tool out of lack of interest in buying apparel online, prejudice, unknown competition or big local players competing for the same space, among some other worries on the client-side.

Guilherme stated that UseBike did not have many unexpected barriers in expanding their business to other markets, surprisingly. Assuming all the required procedures were dealt with accordingly, as described previously, the firm only identified a financial limitation since they need to gather and compile a lot of data before starting their operations in each foreign country, which demands time and money, and that is what limits the company for the most part. In addition, the company also needs to make their budget support the marketing related investments that need to be made in order to get as many people aware of UseBike as possible. These were the only limitations identified by Guilherme.

4.5 Brazil as A Global Player

Narrador’s co-founder, Jonathan, stated that from his point of view, Brazil is not perceived as a technology exporter globally, especially in markets that are actually perceived that way. This creates an additional barrier and a layer of difficulty for Narrador to expand brand and achieve the desirable level of awareness and reputation in some markets, such as the North American and European markets. However, the same condition also results in an interesting advantage: a different perspective, not achievable from within these established markets. Brazilian companies bring in a different culture and new perspectives on old questions, that could catalyze innovation, and create positive impact in a foreign market.

Marcelo agrees that Brazil is not perceived as a technology exporter, which might be different when compared to the Indian market, according to him. Marcelo believes that this situation needs to be mitigated by winning clients individually, with a strong portfolio, and

aggressive marketing and pricing plans, in order to build the company's reputation in the target markets. On top of that, Marcelo also pointed that, although a very small percentage, a few clients still have the need of meeting "physically" in their offices, which he believes hinders Hatchr's competitiveness with domestic competitors in target countries. In addition, Marcelo also sees all of the taxes and fees related to hiring and maintaining employees in Brazil as being very prohibitive when compared to, specially, other emerging markets, such as India and China. Marcelo mentioned that he believes Hatchr does not have any advantage in the market exclusive to being Brazilian. All of the technologies, methodologies, and frameworks the company works with are usually globally available and open-source, sometimes. Hence, Hatchr needs to differentiate itself on other individual aspects in order to acquire new clients overseas, such as individual rapport and communication.

According to Bruno, Brazil is not the optimal place to operate a global company for legal and taxation reasons. In addition, he also points out that thinks the country is not as innovative as it should be, and that most Brazilian start-ups are not innovative but simply adapt already-existing concepts from more developed nations, borrowing validated business models instead of creating new solutions. Consequently, Brazil is a country where companies regardless of size have a hard time understanding the importance of Research & Development for both the country and company, in the long-term. Brazilian firms are usually short-term oriented, according to Bruno. All of that is perceived by the global world and creates a cycle of *status-quo* inertia in the Brazilian market.

Even though Guilherme, from UseBike, also believes that Brazil is not usually perceived as a major technology exporter, he believes that Brazil has become a highly entrepreneurial country, and that vision needs to be distributed throughout the world. According to Guilherme, some Brazilian start-ups already started to become world-reference in quality, such as the famous Taxi service start-ups. The entrepreneur thinks Brazil is conquering its space in the technology world, perhaps somewhat late compared to other nations, but with the advent and rising of born-global start-ups, Brazil should start to be seen as a technology exporter in the global eye. UseBike has already started operating overseas. The company has been indexing and compiling as much information as possible, which is the usual first step to start operating in a new area for them, in order to create an initial database to be used and fed by users.

4.6 Governmental Support for Start-ups

Even though Hatchr did not take advantage of any existing governmental program built exclusively for start-ups, they need to be very knowledgeable in that area, since they assist their clients in taking advantage of and participating in the existing programs. Marcelo believes that we have fewer programs than we should, and that very few programs, he mentions Start-up Brasil as example, are matured enough to be very effective. A lot of the existing, and mostly regional, programs are poorly managed; although he sees a trend of programs becoming more and more efficient as the years pass by. Marcelo stated that a big portion of the Brazilian accelerators and incubators are very inefficient, and some of them are “rip-offs” and “scams”; these companies do not create any value to the start-ups they are involved with, and charge them for that. Marcelo goes further and says that these accelerators, in his opinion, are bad consulting firms disguised as accelerators and incubators. On the other hand, Marcelo states that we have a few accelerators, usually the larger ones, that are really good and do, indeed, create a lot of value for starting businesses. He also mentions that this is current state of the market because the largest international players are not substantially operating in the Brazilian market, yet.

ProvaAi’s CTO believes there are very few good programs for start-ups, and overall entrepreneurship, in Brazil. This reality creates an over-competitive market, decentivizing entrepreneurship in the country. In addition, the available capital for the existing programs are relatively scarce and small when compared to international programs. Despite these factors, Bruno believes that existing programs, such as Start-up Brasil, are competent, and do a good job, but should not be so rare. He also stated that due to the scarcity of funds in the country, there is an over-competitive environment that crosses the line of what he believes as being ‘healthy competition’.

UseBike has been interested on a few existing governmental start-up programs, and Guilherme believes that the need tackled by the company’s solution can particularly get attention from these types of programs since it is also interesting for governments that the issues targeted be improved by private initiatives. Guilherme sees a lot of opportunities for start-ups in Brazil with existing programs, such as Acelera Brazil or Start-up Brasil. He is very optimistic overall, his business has an additional appeal, from a social perspective, that he believes gives the start-up an edge when competing for governmental help.

Narrador did not take advantage of any existing governmental programs in order to succeed in Brazil. The company started out as a Canadian start-up, since both co-founders were in Canada when the business was thought out. By the time Brazil was selected as potential first market focus, the company had already invested the money necessary to initiate its operations, hence there was no need to look after any support from Brazilian institutions. However, Jonathan stated that he believes that the government's role should be to incentivize private investors to invest in innovative Brazilian start-ups, through tax benefits or any other form of reward.

4.7 Summary of Findings

Below you may find a summary of the main findings extracted from the interviews conducted divided into the categories analyzed.

Table 3 - Summary of Findings

Category	Main Findings – Common Patterns
Internationalization triggers	<p>Start-ups business models tackle global trends.</p> <p>Technology start-ups have most part of operations online, therefore there is a very thin entry barrier from a supply chain perspective, motivating entrepreneurs to seek for an international expansion.</p>
Criteria for selecting target markets	<p>Even for global trends, some markets are more attractive than others.</p> <p>Level of development of target markets – start-ups may target strategically lesser developed markets or more mature markets.</p> <p>Similarity of consumer behaviour towards the product or industry.</p>
The Internationalization Process	<p>Very low adaptation needed from a product level perspective. However, higher level of adaptation towards marketing strategies.</p> <p>Often there is no need for changing internal processes internally.</p> <p>From inception, start-ups are concerned about offering products in more global languages (e.g. English, Spanish).</p> <p>Even though, internet platforms may be available globally, the firm's efforts are usually focused on one or very few markets at a time. The rest of the growth from other markets comes organically.</p> <p>No need for having full-blown operations overseas.</p>

Category	Main Findings – Common Patterns
The Biggest Challenges in Internationalizing a Brazilian Start-up	There is no clear common theme in the challenges found. Challenges varied substantially across companies interviewed. Challenges seem very much specific to each business model, and not much related to an overall difficulty related to the company's nationality. Challenges may come in selecting best target countries, finding the funding to invest in foreign markets, acquiring the first clients, and understanding nuances of a more or less mature market.
Brazil as A Global Player	Brazil is not perceived as global exporter of technology. However, interviewees for the most part agree that this perception is shifting. Legal and economic scenario in the country is not optimal for running a global start-up, but challenge can be overcome. Hiring in Brazil and maintaining employees cost more than in a lot of markets. However, that can still be overcome when providing services for some countries where cost is even higher, and there might be an exchange rate advantage.
Governmental Support for Start-ups	There are existing governmental initiatives that are good and helpful for technology start-ups, but are not many and usually are scarce in resources. Although it exists, finding a trust-worthy accelerator or incubator in Brazil may be harder than in more developed countries.

5 Conclusion

Apart from understanding the rapid internationalization of born-global start-ups it is very interesting to notice the motivations that led to the thought of expanding their business models overseas. There seems to be a trend of reasoning behind this process, mostly triggered by the very high reliability of the business models analyzed on the online medium, which may seem like a bias, due to the small number of firms analyzed, but in reality is just a common theme throughout this type of business. This effect is easily noticeable on companies like Narrador, UseBike, and ProvaAi; all of them stated that the scalability that an online platform or solution has is unprecedented in business history, and that assuming the need for a certain product is existent in the markets targeted, the expansion happens smoothly, and with a very low financial risk. In addition, it is also relevant to note that companies like Narrador and UseBike pointed that one their biggest motivation factors was the identification of a global need as opposed to a local trend. During the inception process of both businesses, founders studied thoroughly the behaviour of foreign markets and realized that the variables and assumptions they were working on for the Brazilian market, were also true for other markets. ProvaAi did not state so vehemently that factor however it can be inferred from the interview that this factor also played a role to some extent. Even though very common, these factors are not always a rule for technology firms, and Hatchr is great example of that exception. The firm barely handled the demand from the domestic market when it started receiving demand from foreign clients. After working with these clients, the company realized that it was a very profitable strategy, also due to bad internal conditions due to some economic issues Brazil has been facing lately, and decided to invest on an international expansion.

When we look at the steps taken by each start-up analyzed for the internationalization in addition their criteria and assessment processes for choosing the right markets to move into, we can really look at authors Li, Li & Dalgic's internationalization dimensions in action. The way Hatchr acted is a clear-cut demonstration of the experiential learning approach, through which the company gradually acquired information about each market they saw an opportunity in and then expanded gradually into these markets as the local know-how grew. The firm also selected which markets to invest by gathering information from the recent grown international clientele. Marcelo saw an opportunity in Australia when he noticed how deprived of cheap and good programming

and technology management services the country is, and how he could tailor to that market offering Brazil-level prices (substantially lower labour cost) at the exact same or superior quality level, and that was only noticeable as the company snuck into the local market through referrals. UseBike, on the other hand, shows a strong evidence of the systematic planning approach, since the company performs extensive research and data gathering on the target markets exhaustively, in order to make the platform thorough and ready, and then execute the internationalization. Hatchr may as well be an example of the contingency dimension, since all of the context the company was involved were not only the triggers but the resources the company leaned on to structure and plan the internationalization. The signs the company's main stakeholders demonstrated (e.g. Client referrals) guided them through the expansion process.

A very common statement by most entrepreneurs interviewed (e.g. Bruno Campanhã, Jonathan Cubas, Guilherme Rovai) relates to how critical over technology penetration plays a role in their internationalization decisions, such as which countries to expand to. What can be inferred from the content of the interviews is that technology-based start-ups more than often rely heavily on smartphone and internet access for their potential customers. That might be an understatement for some business models that rely completely on that assumption. Since three out of the four interviewed start-ups are to some extent an online platform, with a live dependent website, as well as smartphone applications, it seems reasonable to understand this factor being of first importance for these entrepreneurs. In addition, another common theme was user behaviour towards the target product, preferably when analyzed in conjunction with the first factor aforementioned. ProvaAi not only needed potential clients to have smartphones and internet connections, in addition to being fashion-oriented, but also that they would be susceptible to connect both concepts, and buy their clothes online. Similarly to what happened with UseBike. Guilherme not only needed their potential clients to be tech-savvy and connected, and own bicycles, but also to be willing to connect both into a behaviour.

Although easy scalability is a very common theme when we analyze the triggers for the internationalization process of the start-ups analyzed, that does not mean that every market is equal and will be tackled the same way. This statement can easily be inferred from both Narrador and ProvaAi's interviews, where both companies express their big challenge in understanding consumer behaviour in foreign markets, in addition to figuring out the best strategy to acquire the first clients. That second issue is even aggravated in ProvaAi's case, since the users rely heavily

on the geographic location of the stores registered, meaning that once the platform expands to a new market, close to zero existing stores in the system will be reusable for that new market. Especially when you consider that a big portion of the company's stores are smaller in size and not internationalized (most barely have any action outside of their home state or even city). In addition, although in the case of platforms internationalization is not as costly as it might be for a firm in any other type of business, start-ups usually have a very limited budget which creates a barrier for investing in multiple markets, that is clearly seen in UseBike's case. Hatchr faces a big scalability problem since they rely on labour availability, human capital to cater to new markets, hence choosing which key markets to target pro-actively (they possess a significant reactive demand) is in the company's main barrier to overcome.

An omnipresent statement that can clearly be extracted from the content of the interviews performed is that entrepreneurs see the global perception that Brazil is not understood as a technology exporter, especially in countries that actually have that reputation and world-wide perception. This creates an additional constraint and a layer of difficulty for Brazilian start-ups to grow internationally. Cited by ProvaAi and Hatchr, there is also a huge concern with taxes and fees related to labour, hiring and maintaining employees in the country, which becomes an issue when Brazil is competing against other emerging markets, such as China and India. In addition, it is also important to mention that according to a few of the interviewees, Brazil is not as innovative as it should be, and that most Brazilian start-ups are not novel enough but simply reuse proven concepts from other nations, using already validated business models instead of creating new solutions.

6 Managerial Implications

Start-ups might be the easiest form of business for globalizing and internationalizing a brand or business model there ever was. Through the advent of the internet and global applications, trends have become global and new business models are easily shareable through social media at a low cost, and if done right, even freely. However, these business opportunities require faster responses and pivoting when necessary from entrepreneurs, and weeks in the start-up industry translate into years in more standard business models.

Entrepreneurs need to design their business models in a way that it can be scalable to a world-wide audience as close to effortlessly as possible, since internet-based business models are readily accessible theoretically to anyone from the moment they go live, and to ignore this opportunity is to limit the firm's reach without receiving any advantage in return. Brazilian entrepreneurs need to develop their platforms, websites, and mobile applications in multiple languages concurrently, and if only one language will be the focus, more than often the better option will be English. Start-ups need to hire English-speaking employees from the beginning in order to avoid the hassle of turn-over later on or training.

However readily available world-wide, it is key for entrepreneurs to research and decide which countries to expand their brands to. Start-ups have more than often very limited financial resources, and focusing on one specific market might be more optimal than focusing a little bit on every possible one.

Lastly, Brazil is a country where labour cost is high but not as high as it may be in more developed nations. Therefore, providing services and targeting these more expensive markets may create an automatic competitive advantage due to lower costs. Even for start-ups that require local operations to some extent, part of the business can be done domestically at a lower cost.

7 Limitations and Future Works

Even though the results and conclusions from this study may show to some extent some patterns in the entrepreneurship scenario in Brazil, larger-scaled research efforts should be performed in order to further analyze the trajectory of the internationalization of Brazilian born-globals, and the nuances particular to the country, when compared to a global trend.

Moreover, there was also a geographic limitation in selection process of the start-ups studied, other studies should be performed to compare these results with other regions in Brazil, and see if there is a difference in the entrepreneurial profile and activity throughout the country.

Lastly, in a future research there could also be included larger-scaled companies, former start-ups (perhaps similar, or the exact same ones studied in this thesis) to understand the variation in the results when applied to an already established and full-blow operating technology firm.

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9 Appendix

Appendix 1 - Interview Open Questions

- i. Could you briefly describe your company's business model and operations?
- ii. What is your role in the organization? Can you talk about your background?

Internationalization triggers

- iii. What caused you to realize that your business model could be internationalized and scaled to a global perspective? What were the factors that led you to realize that you, as an entrepreneur, and your company could compete in an international market?

Criteria for selecting target markets

- iv. What criteria did the company use to identify the most suitable markets for the internationalization (target countries/regions)? Did the company have pre-existing contacts or partnerships in the chosen markets prior to the internationalization process?

The Internationalization Process

- v. Could you please describe the process of internationalization adopted by the company?

The Biggest Challenges in Internationalizing a Brazilian Start-up

- vi. What were the biggest challenges that your company faced, or is facing, in the internationalization process?

Brazil as A Global Player

- vii. How do you see your company, being a Brazilian technology company, competing in the global environment? Do you see any advantage or disadvantage due to the company's nationality?

Governmental Support for Start-ups

- viii. How do you feel regarding existing governmental programs to incentivize entrepreneurship in Brazil?

Appendix 2 – Interview Protocols

Company Name	Hatchr	Interviewee	Marcelo Canovas
Data of Interview	27 August 2015	Position	Founder / CMO
Interview Length	55 minutes		

Questions

- A. Could you briefly describe your company’s business model and operations?
- B. What is your role in the organization? Can you talk about your background?
- C. What caused you to realize that your business model could be internationalized and scaled to a global perspective? What were the factors that led you to realize that you, as an entrepreneur, and your company could compete in an international market?
- D. What criteria did the company use to identify the most suitable markets for the internationalization (target countries/regions)? Did the company have pre-existing contacts or partnerships in the chosen markets prior to the internationalization process?
- E. Could you please describe the process of internationalization adopted by the company?
- F. What were the biggest challenges that your company faced, or is facing, in the internationalization process?
- G. How do you see your company, being a Brazilian technology company, competing in the global environment? Do you see any advantage or disadvantage due to the company’s nationality?
- H. How do you feel regarding existing governmental programs to incentivize entrepreneurship in Brazil?

Company Name	Narrador	Interviewee	Jonathan Cubas
Data of Interview	13 August 2015	Position	Co-founder / Co-CEO
Interview Length	50 minutes		

Questions

- A. Could you briefly describe your company's business model and operations?
- B. What is your role in the organization? Can you talk about your background?
- C. What caused you to realize that your business model could be internationalized and scaled to a global perspective? What were the factors that led you to realize that you, as an entrepreneur, and your company could compete in an international market?
- D. What criteria did the company use to identify the most suitable markets for the internationalization (target countries/regions)? Did the company have pre-existing contacts or partnerships in the chosen markets prior to the internationalization process?
- E. Could you please describe the process of internationalization adopted by the company?
- F. What were the biggest challenges that your company faced, or is facing, in the internationalization process?
- G. How do you see your company, being a Brazilian technology company, competing in the global environment? Do you see any advantage or disadvantage due to the company's nationality?
- H. How do you feel regarding existing governmental programs to incentivize entrepreneurship in Brazil?

Company Name	ProvaAi	Interviewee	Bruno Campanhã
Data of Interview	2 September 2015	Position	CTO
Interview Length	45 minutes		

Questions

- A. Could you briefly describe your company's business model and operations?
- B. What is your role in the organization? Can you talk about your background?
- C. What caused you to realize that your business model could be internationalized and scaled to a global perspective? What were the factors that led you to realize that you, as an entrepreneur, and your company could compete in an international market?
- D. What criteria did the company use to identify the most suitable markets for the internationalization (target countries/regions)? Did the company have pre-existing contacts or partnerships in the chosen markets prior to the internationalization process?
- E. Could you please describe the process of internationalization adopted by the company?
- F. What were the biggest challenges that your company faced, or is facing, in the internationalization process?
- G. How do you see your company, being a Brazilian technology company, competing in the global environment? Do you see any advantage or disadvantage due to the company's nationality?
- H. How do you feel regarding existing governmental programs to incentivize entrepreneurship in Brazil?

Company Name	UseBike	Interviewee	Guilherme Rovai
Data of Interview	29 August 2015	Position	Co-founder
Interview Length	40 minutes		

Questions

- A. Could you briefly describe your company's business model and operations?
- B. What is your role in the organization? Can you talk about your background?
- C. What caused you to realize that your business model could be internationalized and scaled to a global perspective? What were the factors that led you to realize that you, as an entrepreneur, and your company could compete in an international market?
- D. What criteria did the company use to identify the most suitable markets for the internationalization (target countries/regions)? Did the company have pre-existing contacts or partnerships in the chosen markets prior to the internationalization process?
- E. Could you please describe the process of internationalization adopted by the company?
- F. What were the biggest challenges that your company faced, or is facing, in the internationalization process?
- G. How do you see your company, being a Brazilian technology company, competing in the global environment? Do you see any advantage or disadvantage due to the company's nationality?
- H. How do you feel regarding existing governmental programs to incentivize entrepreneurship in Brazil?