

# BR.IS: How to operate towards success and avoid failure

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## Hello!

- 20+ years providing legal, regulatory and anticorruption advice to multinationals
- Four times ranked by C&P Global Guide as the first ever BR lawyer expert in IL
- Managing partner at SPLAW, a specialized BR lawfirm providing advice to tech-driven companies
- Advising 90+ IL enterprises of all sizes, structures, levels of maturity and investment
- Proudly supporting, sponsoring BR.IS trade relationships, cultural bonds and links
- High concentration of INTL companies forging a “benchmark house” for legal+ matters
- Continous visits to IL and assistance to IL missions to BR, e.g., fairs, roadshows
- Strong interactions with IL missions to BR, e.g., trade, diplomacy, defense
- Enough marketing! Let us get to business

## Overview of lessons

- Euphoria years: World Cup, Olympics, 210+mi people
- Euphoria lessons: In Brazil, expectations and reality tend to difer. Substantially
- From 2011 to 2018, SPLAW incorpoated 32 BR subs of IL companies (with our without locals)
- By November 2018, 76% of them either closed, gave up or “allowed it to die. Slowly”
- High goals, trade culture ignorance, short timelines and faulty business plans
- Tax structure, mismanagement, strong competition, IP issues, corporate conflicts, corruption
- Change of plans, divestment, IL exits and “bad luck”
- No time, no funds, no team, little knowledge: do not go! Risk hunger will lead starvation
- Start small grow tal: Trial periods, associations and co-ventures. Smaller chunks, smaller risks

## The Survey

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- Questionnaire for 30 IL companies (leaders of BR-looking efforts)
- 20 responses. 3 denials. 7 did not respond timely
- Internal mechanism (survey monkey), direct methodology (questions and answers)
- Internal uses only. Confidentiality vows. No names. No direct access. No sharing
- 100%: Global revenues ranging from USD10mi - USD40mi: SMEs, maybe
- “Top Ten” out of survey, e.g., no Teva, Rad, IAI, Elbit, M.A.
- 10 questions followed by a 10m interview by phone. 10 days from 1st to last email
- “Denials”: No authority, “too angry to respond”; “ask me about China”; “never again”
- “No-answers”: All 7 gave up and lacked interest to respond

## The Failures

- 70% failed, according to their own responses
- Market responses did not meet expectations
- “We knew little about that”; “We paid the price”; “Lack of flexibility from locals”
- Failure 1: Mostly complete absence of “pre work”: Defense, cyber companies (2)
- Failure 2: Failure to acknowledge bureaucracies (“I did it before”) and competition: Medtech
- Failure 3: Cost reduction-only (almost) approach, lack of space for growth
- Failure 4: Start-up mentality: All, food and cosmetic company
- Failure 5: Inadequacy of solution: “too high end”: Cyber and industrial technology
- Failure 6: Going alone MO: Testing, A.I. and medtech

## The Goals (so far)

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- 30% are doing well, according to their own responses
- Market responses are either meeting expectations or expected to meet. Soon
- “JV worked well”; “3L rule”; “Focused point” and “adaptability”: Agro; industrial tech
- Success 1: Distribution, small “batch” or trial approach: Industrial tech and agro
- Success 2: Work began 6-9 before launching: Defense and UAV
- Success 3: Cost efficiency approach: Avoiding wrong costs rather than cutting corners
- Success 4: “Samba componente” to the IL approach (BR manager and team, including mkt): All
- Success 5: Simple, low tech, easy to implement : Agro, diagnostics, IP-driven (software)
- Success 6: Securing local assistance, cooperation, guidance “it did not hurt”: All

## Tachless

- No such thing as “one” country
- Prepare ahead and make it jointly with local players. No time, no go
- Corporate, tax, legal: As complex as the one for a 200+ country
- Experience with other markets is great, while not enough. Savlanut! Strategic approach
- Talk to other IL companies. Make it a priority before even checking the internet about Brazil
- Check your competitors! You will not (at all) be alone.
- Prepare and study the Market, rules. USD20k is a reasonable and anticipated “planning fee”
- IP, IP and IP. And contracts, of course
- For BR, goals, chances, expectations and reality may define distinct concepts. Plan ahead!





I'm all ears!

# OBRIGADO!



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