



LATIN AMERICA ENTRY POINTS

White Paper Startup Ecosystem—Peru

LATAM

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The Startup Ecosystem in Peru

GENERAL ASPECTS



Peru is booming. And not just tourism, either—the high-tech sector is about to explode.

Peru is a dynamic market and one of the most important economies in Latin America having already growing and consistent numbers since a decade.

Peru is part of the Pacific Alliance. This economic block represents 51% of the commerce in the region and attracts 40% of

the international investment in Latin America.

This white paper highlights the developing tech sectors in Peru and offers insights on how best to take advantage of the opportunities available right now in the Peruvian market.

The tech sectors that are being developed in Peru include: ICT, Fintech, Agtech and Energy & Mining.

The startup ecosystem is flourishing, programs as Startup Peru, venture capital and angel investment firms have been growing in the past years.

TECHNOLOGY SECTORS



Image by I-DEV International – original report [Peru Snapshot Startup Trends](#)

Most of the platforms emerging in Peru right now are covering the demand of the growing medium class in that country. Business models as freemium are very popular, and the new startups emerging in the market are either improving traditional services or complementing existing services creating a good competitive environment. These startups are capturing new market segments that have been ignored by big corporations.

In 2012 Startup Peru emerges as an initiative from Government of Peru to support new companies in the technology sector. The program helps with funding local companies, and some international companies—all in early stage. Incubators and accelerators and international programs cooperating with the ecosystem are also funded by this program.

By early 2017 more than 300 startups have received benefits from the Startup Peru program, generating more than 2,000 jobs in Peru—the majority of this jobs are full time positions.

The Ministry of Production is expecting to increase the startup production by 60% in a year with the goal of positioning Peru as third in the top Latin American ranking for the Global Entrepreneurship and Development Index.

In general the ecosystem is becoming stronger every year, in 2017 the Global Innovation Index has shown some progress in the innovation capacity in the country, but the ecosystem still have some challenges ahead specially to find people specialized in technology.

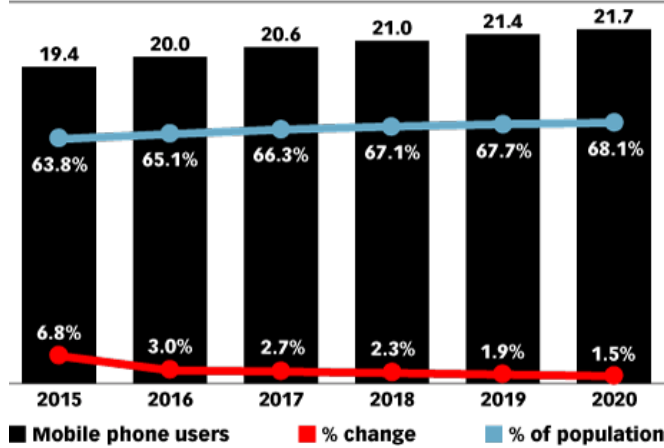
Traditional careers are still the motivation in the educational market, and young people are not necessary opting for a career in technology, there's low investment in R&D in universities and other supportive institutions—for now, those with some investment in this area could take several years to present a solution that can be commercialized.

FINTECH

Latin America is a region with a growing middle class, growing mobile and internet penetration, growing economy especially in Pacific Alliance countries but low financial inclusion. In Peru 80% of the population don't have a bank account, the government is committed in improve this situation and work harder and faster in financial inclusion.

Mobile Phone Users and Penetration in Peru, 2015-2020

millions, % change and % of population



Note: individuals of any age who own at least one mobile phone and use the phone(s) at least once per month
Source: eMarketer, April 2016

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www.eMarketer.com

Regarding Fintech solutions Peru ranks sixth in the region. The financial sector in Peru has been for years recognized as solid but conservative—the lack of services for a good part of the population in the country have motivated startups to create new companies that won't depend necessary from bank services.

The Fintech sector is growing so fast that some incubators and accelerators in the country have decided to focus just in this specific vertical cultivating and accelerating more startups in this area.

In Peru over 65% of the population has mobile phones, having this number in

consideration the National Strategy to connect those people with mobile phones access with digital payments, adapting to the new necessities of the population.

Some Fintech startups in the region are looking at Peru as a good market to adopt early solutions in the financial sector. Tech companies from the neighbor countries have been able to capture new customers in Peru before start expansion in bigger markets as Brazil and Mexico,

AGTECH



Peru didn't have this sector in the map five years ago, besides the fact that the country has been traditionally recognized as exporter of agricultural products and a rich gastronomy.

Technology companies didn't have much interaction in the past with new agricultural initiatives or the food sector.

Now due the growing number of startups in agricultural technology in countries as Brazil and

Argentina, Peru is also adopting technology to facilitate the production and commercialization of agricultural goods, as well taking advantage of the already recognized food sector in the country creating a movement of food-tech companies.

Government of Peru is investing more than US 1,800M in technologies related with agriculture between 2015 and 2019. Currently Peru is exporting US 6,000M in goods in this sector, and it's expected that this number will increase to US 10,000M by 2021.

Smart agriculture is important for the country, especially technologies related with water effectiveness have a good point of attention from the government to different types of communities.

In the north of Peru through all the deserted pacific coast the problem has been always the lack of water to have efficient farming. Since the communities are implementing technology in this area, the traditional desert has become a big and productive garden.

Currently the market size of the food sector in Peru employs more than 60,000 people and more than 20,000 SMB are commercializing products in this sector representing the 6% of the country's GDP.

MINING AND ENERGY

Mining in Peru, like many countries in Latin America, remains a big part of the economy.

Innova Peru, an initiative of the Peruvian government, has invested in more than 700 startups to innovate new solutions in the mining sector.



Innova Peru is also sending local engineers and innovators to visit other countries in the region, to identify new developments in the mining sector and encourage regional cooperation.

In the Energy sector, the government is exploring how to deploy more renewable energy sources in the country. Peru is especially interested in solar energy, wind farms, geothermal energy and biomass. Over the last decade renewable energy production in Peru has increased an average 7% per year, with geothermal leading the way at an average of 14% per year. By comparison, traditional hydroelectric power increased at an average rate of 10%.

Many rural and regional parts of Peru remain without electricity. The Peruvian government is especially interested in low-cost methods to bring solar or wind power to these small, isolated communities.

Initiatives like The National Awards of Technology and Innovation in the Mining and Energy sector by the National Society of Mining, Oil and Energy ([SNMPE](#)) is one of the examples that the private and public sectors are putting an effort to find solutions in the market and also promoting R&D in these two sectors in order to improve the efficiency in projects related with the Mining and Energy industry.

Just recently Deloitte has presented the 10 most important points the mining industry most considering in adoption of new technologies.

1. Digitalization
2. Overcome Innovation Barriers
3. Profile of Future Employees
4. Image of the Mining Industry

5. Better interaction between Stakeholders
6. Water Management
7. Managing expectations from Shareholders
8. Face problems regarding replacement of reserves
9. Redirection of board of directors
10. Future commodities

ABOUT LATAM STARTUPS

LatAm Startups is a not-for-profit organization based in Toronto dedicated to helping startups scale. Our mission is to connect the Latin American and Canadian startup ecosystems by supporting crosslanding and softlanding programs that will benefit startups to expand globally.

For more information please visit LatAmStartups.org