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# HFS Highlight: Wipro acquires IVIA to tap into the Brazilian IT Services market

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Defining Future Business Operations

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Latin America (LATAM) accounts for only about 5% of the global market share according to HFS estimates. While the region has picked up as a hotbed for nearshore delivery, the domestic market for IT services continues to be untapped and underpenetrated. The primary reason is that the global operating model predicated on an offshore delivery does not often work for the region given the language barriers and regulatory challenges.

2020 has witnessed a surge in interest by global system integrators to grow their LATAM business through acquisitions especially in Brazil - the largest economy among the LATAM countries with long-term growth potential. Accenture acquired Organize Cloud Labs, a Brazil-based company operating as ServiceNow's first Elite partner in Latin America. IBM acquired WDG Automation to advance AI-infused automation capabilities for enterprises. And [Wipro](#) acquired a Brazil-based IT services firm. IVIA Servicos de Informática Ltda. The objectives of these acquisitions often include both specific technology capability augmentation and expansion of client portfolio in Brazil. We caught up with Wipro recently to better understand their rationale and the market outlook for the industry in LATAM.

## Brazil – an attractive but complex market to serve

Wipro has around 100+ clients in LATAM across BFSI, retail and CPG, agriculture, and communications among others. Brazil is the largest market amongst other countries within LATAM. However, Brazil is a very region-centric market with complex financial regulations and specific Portuguese language requirements making it difficult to create a business case for third-party services. For instance, it levies a 40%+ import tax to deliver projects for Brazil-based clients from other countries. Culturally also, Brazil's local regional clients want to work primarily with the providers of that region and the cost structure widely varies across different regions of the country. To become a major end-to-end IT services provider to effectively serve Brazil, you need global expertise while operating as a local company in Brazil.

Wipro's foray in the LATAM market was with its 2006 acquisition of the Europe based retail solutions provider, ENABLER that had delivery centers in several European countries (the U.K. and Portugal among others) as well as Brazil. It also established multiple nearshore centers across LATAM including Mexico, Columbia, Chile, Peru, Costa Rica, and Brazil. But Wipro's real entry as a credible provider for Brazil started with in 2017 when [Wipro](#) acquired Brazil's IT firm InfoSERVER for \$8.7M. The IVIA acquisition further expands Wipro's presence and capability in Brazil.

***“LATAM has unexplored potential for growth and this acquisition will help Wipro address the needs of clients across multiple industries in the north and northeast region of Brazil. Wipro's digital capabilities combined with IVIA's strengths and expertise will maximize benefits for clients. We continue to make investments in Latin America in line with our long term strategy for maximizing growth and provide global practices for local clients.”***

- Mukund Seetharaman, Vice President and Head of LATAM, Wipro Limited

Founded in 1996, IVIA is headquartered in the Northeast of Brazil, with offices in Fortaleza-Ceará, Recife-Pernambuco, and Natal-Rio Grande do Norte. It provides IT solutions including system development, maintenance, consulting, and project management services to clients in sectors such as financial services, transportation, retail, healthcare, consumer goods, and manufacturing in Brazil. As a part of the acquisition, all of the IVIA resources will join Wipro's existing employees in LATAM. The acquisition was closed on August 14<sup>th</sup>, 2020.

The synergies between Wipro and IVIA are compelling:

- Access to the North East Brazil market. Wipro also plans to set up delivery centers in the North East of Brazil leveraging IVIA's workforce.
- IVIA's strong focus on quality and process management including ISO 9001, MPS.BR and CMMI rating is also a differentiating factor for clients in Brazil
- A new source of the talent base. For example, IVIA has delivery centers within local Universities, tie-up with R&D departments
- IVIA's core set of capabilities revolve primarily around application development, security, data center services. Wipro's global experience and digital expertise will allow the combined entity to offer transformational capabilities to its clients in Brazil
- A client base of non-overlapping client base, enabling Wipro to increase its wallet share with additional services
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**Bottom Line: Go global to thrive in the new economy.**

The diversity of Brazil's landscape, complementary client portfolio, and IVIA's local talent connect makes IVIA a timely and attractive acquisition. Combined with the appointment of Thierry as the new CEO (one of the most international executives that we know and who used to run Capgemini's LATAM business at some point), Wipro's investment in IVIA is a good example of the need to go global to survive and thrive in the new economy!

## HFS Research authors

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**Saurabh Gupta, Chief Research Officer**

Saurabh Gupta is Chief Research Officer at HFS. He oversees HFS' global research function managing the global team of analysts across US, Europe, and Asia-Pac. He works closely with the CEO to set the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.



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Tanmoy Mondal is an Associate Director of Research at HFS, identifying global trends in engineering services from both industry & technology perspectives, tracking global outsourcing deals & investments including partnership agreements & R&D announcements in the sector and supporting the domain leads in secondary research, data analysis, PoV's and research writing.





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HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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