

# LATIN AMERICAN PRIVATE EQUITY & ESG DEAL CASE



DATE OF INVESTMENT SEP 2014; OCT 2019

AMOUNT UNDISCLOSED

PARTICIPATION STAKE 59.4%



## COMPANY NAME

Zenvia

www.zenvia.com

**INDUSTRY/SECTOR** Software/CPaaS

**LOCATION(S)** Brazil, Argentina, Ecuador, Mexico, USA

## DESCRIPTION

*Through intelligent, personalized and contextual conversations, Zenvia enables more than 8,000 companies to simplify complex processes and the experience of 200 million people through its communication platform. Zenvia's innovative technology integrates channels during the customer's journey—such as WhatsApp, SMS, or voice—to the companies' management processes and systems.*

Zenvia serves over 8,500 customers and is one of 17 companies worldwide classified as a CPaaS player based on technical requirements, and the only one headquartered in Latin America. In the five years following Oria's initial investment in 2014, revenues grew from R\$91m to R\$354m, the company saw a compound annual revenue growth rate of 30%, and its customer base grew 23% year-over-year. In addition, Zenvia's global expansion efforts have translated into double-digit revenue growth from international clients over the last two years

## SECTOR

Communications-Platform-as-a-Service (CPaaS) providers are focused on enriching customer experience by integrating communication channels such as SMS and chatbots with the internal systems of companies. In a region like Latin America that's catching up with SaaS adoption, and where many companies are rushing to digitize their internal and consumer-facing operations, CPaaS providers enable companies to better serve customers by embedding digital communications in multiple stages of their value chain (i.e., marketing, sales, customer service, and operations).

## OPPORTUNITY

At the time of Oria's initial investment in 2014, Zenvia was the leading SMS communication platform in Brazil. As digital and mobile penetration grew in the region, the company became well positioned to expand its marketing solutions and increase its footprint outside of Brazil. As an experienced technology investor, Oria was the ideal partner to support the company's growth plans across three pillars: (i) the development of new features, channels, and visual builders for Zenvia's communication platform; (ii) the acquisition of complementary technologies through mergers and acquisitions (M&A); and (iii) the formalization of an international expansion strategy.

## EXECUTION

Oria acquired a minority stake in Zenvia in September 2014, partnering with the Brazilian Development Bank (BNDES) to boost Zenvia's balance sheet and support its aggressive growth agenda. Five years later, and with support from local and international investors, Oria reaffirmed its commitment and led a follow-on round from a dedicated co-investment vehicle and additional commitments from Oria Tech III, increasing its stake to 59.4%.

Over the last five years, and in strong collaboration with Oria, Zenvia has developed thorough strategic plans to establish new channels, features, and products aligned with existing offerings. During that period Zenvia developed a virtual assistant tool—also known as a chatbot—allowing companies to engage with their customers 24 hours a day, 7 days a week. Likewise, Zenvia's

## INVESTOR PROFILE

*Oria Capital is an independent growth-stage investment firm focused on enterprise software, SaaS and software-enabled companies in Brazil. Oria aims to contribute to a sustainable world through its investments in tech-enabled businesses, which have the potential to improve productivity and reduce transactional costs for individuals and Small and Medium Enterprises ("SMEs").*

**FUND NAMES** Oria Tech I, Oria Tech III, Oria Tech Zenvia

**FUND SIZES** UNDISCLOSED

**TOTAL AUM** US\$239 million

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platform expanded to support voice, chat, email, Facebook Messenger, and WhatsApp, allowing companies to build relationships with customers across multiple communications channels.

Oria also assisted in the creation of a dedicated M&A team, resulting in the acquisition of four companies over a two-year period. In July 2020, Zenvia announced the acquisition of Sirena, a WhatsApp communication solutions platform based in Argentina and with presence in Mexico and the USA. WhatsApp's penetration in the region stood at 64% in 2018, so the acquisition of Sirena is set to further strengthen Zenvia's product portfolio and international reach. In Mexico alone, 77 million people—more than half of the country's 126 million people—are active monthly users of WhatsApp.

During the course of its investment, Oria strengthened a series of internal processes and protocols, including the establishment of monthly review committees across various functional areas (i.e., finance, sales, operations, human resources, and products), supported Zenvia's hiring and onboarding of a strong management team to execute the company's ambitious growth plan, and established a competitive variable remuneration model.

## SPOTLIGHT ON COVID-19

Zenvia recently partnered with Brazil-based data analytics company Neoway to develop a COVID-19 screening chatbot which allowed users to engage in a medical assessment and receive a recommendation that followed protocols developed by the Telemedicine University of Rio Grande do Sul. The chatbot is available free of charge for all public agencies in Brazil.

At the onset of the pandemic and during a period of great unknowns for many SMEs, Zenvia also made its multichannel service tool available free of charge for 90 days, directly benefitting more than 100 SMEs.

In addition, Zenvia took internal measures to ensure the safety and wellbeing of its workforce when operations transitioned to a remote format in March. Understanding that employees faced uneven remote working conditions, employees were provided with office chairs and given a subsistence allowance to cover additional electricity and internet costs.

## ESG IN FOCUS

Oria Capital is a certified B Corporation® ("B Corp"), a certification awarded to for-profit companies that demonstrate balance of profit and purpose by meeting high social and environmental performance standards, alongside public transparency and legal accountability. Oria's Responsible Investment Policy was developed with due consideration of the UN Global Compact and IFC Performance Standards' requirements. Portfolio companies are also required to comply with Oria's internal Code of Ethics and Rules of Conduct. ESG matters are monitored by the Oria Capital Executive Committee, along with a designated senior partner who acts as a focal point for all ESG governance topics. Oria's partners are committed to integrating ESG into the fabric of the investment selection and execution process. Oria supports and challenges investment teams to identify material ESG issues and works with company leadership to address them throughout the investment holding period.

Oria monitors and reports on key ESG metrics at the portfolio-company level annually. Notable metrics monitored at Zenvia include per capita use of water, energy, and paper; absenteeism rates; training hours and investment per employee; and percentage of women and minority groups both in the overall company and in leadership and tech positions.

Social governance principles are embedded in the company's Occupational Health and Medical Control Program (PCMSO), Environmental and Risk Prevention Program (PPRA), Zenvia's Code of Ethics and Business Conduct, and in the company's training and development policies. A partnership with Contato Seguro provides an independent ethics hotline. The company also established policies for payments, suppliers, securities trading, material information disclosure, as well as a security policy based on international security frameworks-

To ensure gender diversity within its workforce, Zenvia has implemented company-wide efforts to increase women's inclusion in technology teams and in leadership positions. As a result of Zenvia's active recruitment efforts, the percentage of female employees across the organization increased from 35% in 2017 to 41% in 2020. The company also engages in initiatives to support more women in technology, including hosting a series of events featuring women leaders in the tech space, requiring staff to complete unconscious bias training, and adopting gender-neutral language across all communications.

