

LATIN AMERICAN PRIVATE CAPITAL & ESG DEAL CASE



DATE OF INVESTMENT **October 2020**

AMOUNT **USD13.6m¹**

PARTICIPATION STAKE **Undisclosed**



COMPANY NAME

Dolado

<https://dolado.com.br>

INDUSTRY/SECTOR E-commerce Solutions

LOCATION Brazil

DESCRIPTION

Dolado enables small and medium-sized retailers to connect to the digital economy. Dolado provides a simple way for retailers to integrate e-commerce, management and financial solutions in order to scale an online business model and increase efficiency and revenues.

INVESTOR PROFILE

Valor Capital Group is a private capital firm with an investment strategy focused on growth equity and venture capital. Valor is committed to unlocking value in global economies by building international connectivity. Valor's vision gives a special focus to opportunities at the Brazilian and the US-Brazil cross-border markets.

FUND NAME Valor Venture Fund III

FUND SIZE USD203m

TOTAL AUM USD2.2b

Even though small businesses account for 54% of formal jobs created in Brazil, they remain one of the most vulnerable segments of the retail chain. Dolado provides microenterprises and SMEs with access to the technology tools to manage their inventories, improve sales through a digital presence, source products through a B2B marketplace, process payments and gain access to credit. The company reduces weekly time spent on procurement from eight hours to about 15 minutes, allowing merchants to focus on the core areas of their business. Dolado is also one of the main supporters of *Instituto Responsa*, an initiative focused on non-discrimination of those affected by the justice system. Approximately 15% of Dolado's workforce was previously incarcerated.

OPPORTUNITY

Valor Capital first met Guilherme Freire in 2012, when he founded, scaled and successfully exited direct-to-consumer eyewear company LIVO. Noticing Guilherme's track record and entrepreneurial spirit, Valor Capital kept in touch and followed his journey through his other entrepreneurial endeavors, including co-founding ride-sharing company Grow Mobility (formerly Ride).

At the onset of the pandemic, many small retailers were falling behind while much of the country rapidly shifted to digital platforms. Small businesses account for 54% of formal jobs created in Brazil, but they remain one of the most vulnerable segments of the retail chain, as they are subject to limited upstream product availability and scarce working capital, and often lack economies of scale. While other solutions existed that assisted businesses with digitalization efforts during the pandemic, most of these were focused on medium and large enterprises. Small retailers – especially those in underserved regions outside of metropolitan areas – were largely overlooked, while taking the brunt of the economic slowdown from COVID-19.

In April 2020, Guilherme partnered with co-founders Khalil Yassine and Marcelo Loureiro to found Dolado (Portuguese: *by your side*) to help small merchants increase their revenue through a one-stop-shop solution. The company provides microenterprises and SMEs with access to the technology tools to manage their inventories, improve sales through a digital presence, source products through a B2B marketplace, process payments and gain access to credit.

EXECUTION

In October 2020, Valor Capital led a USD2.2m seed round for Dolado, with participation from Global Founders Capital, Provence Capital, Norte Capital, as well as executives from iFood, Stone, Olist, Viva Real and PayPal. The company was founded during

¹ Total raised across seed and Series A rounds led by Valor Capital Group, including equity commitments by co-investors.

LATIN AMERICAN PRIVATE CAPITAL & ESG DEAL CASE

lockdowns, so its initial focus was to help merchants from tier-2 cities and favelas in São Paulo to set up online stores, which allowed them to keep serving their clients and produce minimum cash flows to cover basic expenses. During its first six months of operations, Dolado served SMEs from 128 cities in Brazil, delivering over 138,000 leads for its affiliated retailers. Merchants listed over 68,000 products on Dolado, reaching over 420,000 online visits despite a practically null marketing expenditure.

As Dolado worked with retailers during the pandemic, the company quickly realized that procurement was a critical pain point for merchants, as many relied on traditional channels and intermediaries that did not guarantee fair prices, product availability or access to credit. Khalil, the company's co-founder, had experienced this issue firsthand. Coming from a family of merchants, he noticed how his father often had to rush in the mornings to the distribution centers in downtown São Paulo, often having to buy goods in a hurry before going back to running his store. In February 2021, as lockdowns began to ease, Dolado introduced an e-procurement solution that made it easy for retailers to buy and manage inventories online.

The company's e-procurement solution quickly gained traction, as it reduced average time spent on procurement from about eight hours a week to just about 15 minutes, leaving business owners more time to focus on the core areas of their operations. Dolado decided to first tackle the electronic device accessories market, which is estimated to account for USD14.3b in annual sales in Brazil. The sector presented an attractive opportunity for Dolado, as it is highly fragmented with thousands of small vendors, sales are geographically concentrated in large specialized commercial centers and the retail supply chain is full of intermediaries.

In April 2022, Valor Capital led Dolado's BRL53m (USD11.4m) Series A round, with participation from Clocktower Ventures, Flourish Ventures, IDB Lab, Global Founders Capital and Scale-up Ventures. By the end of 2022, Dolado expects to have served over 100,000 merchants, primarily focusing on suburban, often marginalized areas, as well as tier-2 cities with lower technological adoption rates.

ESG IN FOCUS

Dolado has structured a product offering focused on positively impacting and empowering entrepreneurs from underserved regions and vulnerable backgrounds. While such a strategy has mainly focused on technological solutions to increase efficiency and revenues of merchants, Dolado also empowers individuals through its employment practices. The company is currently one of the main supporters of *Instituto Responsa*, a Brazilian initiative focused on non-discrimination of people impacted by the justice system. Approximately 15% of Dolado's operational workforce was previously incarcerated. Beyond employment, Dolado also seeks to provide its employees with professional development opportunities through partnerships with technical training institutions such as the {Parças} Developers School.

As of November 2021, just over a year after launch, Dolado reached a Pending B Corp designation — the first stage toward a B Corp Certification. LAVCA granted the 2022 Social Responsibility Award to Valor Capital Group for their investment in Dolado.