

# LANDSCAPE STUDY OF ACCELERATORS AND INCUBATORS IN BRAZIL

*July 2017*

# EXECUTIVE SUMMARY

The idea for this study arose due to a perceived lack of consolidated information regarding the work of accelerators and incubators in Brazil, particularly how they engage businesses with a social or environmental mission, and also how they compare to organizations abroad that play a similar role. With these challenges in mind, the Aspen Network of Development Entrepreneurs (ANDE) and Instituto de Cidadania Empresarial (ICE) joined forces and outlined the following research objectives:

1

To deepen understanding of the operational models of accelerators and incubators in Brazil, in relation to geographic and sector focus, type of support offered and revenue models.

2

To investigate how accelerators and incubators in Brazil work with impact-oriented businesses, and what differences and similarities exist between those that do and do not work with this type of business.

3

To explore the differences and similarities between accelerators and incubators in Brazil and those in other parts of the world.

The study applies a combination of quantitative and qualitative analysis to address these objectives, and the research was carried out from May to August 2016.



## SAMPLE CHARACTERISTICS

A total of 53 accelerators and incubators are included in the study.

All 5 regions of the country are represented, with particular concentration in the Southeast (approx. 60%) and South (approx. 25%).

Around 60% of respondents can be characterized as accelerators, and the remainder as incubators or other kinds of venture support.



## SECTOR FOCUS

Less than 50% focus on businesses working in a particular sector or set of sectors.

The most common sectors of focus are ICT, health, and energy.

More than 14 different sectors were mentioned among respondents.



## OPERATIONAL MODELS

Almost half of respondents (42%) operate in more than one city.

Program duration ranges from less than six months to more than two years.

Approximately one third of respondents guarantee financing to some or all of the businesses supported, with equity being the most common form of investment.

The most common sources of funding for operations are government, philanthropy, and venture fees, with each being cited by almost half of the respondents.

On average, the funding sources that make up the largest portions of operating budgets are government (median contribution 60%) and philanthropy (median contribution 50%).



## APPROACH TO SOCIAL / ENVIRONMENTAL IMPACT BUSINESSES

Approximately one quarter of respondents intentionally support ventures with social or environmental objectives.

On average, respondents with an impact orientation run shorter programs.

Respondents in our sample that have an impact orientation are less likely to guarantee investment to supported businesses.



## COMPARISON BETWEEN BRAZILIAN AND INTERNATIONALLY-BASED ACCELERATORS

The Brazilian accelerators in our sample run longer programs on average than accelerators based in other countries.

The Brazilian accelerators in our sample have fewer program applicants on average.

Brazilian accelerators are similar to those based in other countries in terms of number of cohorts ran per year and most common funding sources.

# RECOMMENDATIONS

Based on this study's conclusions and other information available about the entrepreneurial ecosystem in Brazil, we recommend the following:



## HELP ENTREPRENEURS MAKE THE MOST OF THE CHOICE AVAILABLE

The diversity in the way accelerators and incubators operate provides entrepreneurs with a considerable amount of choice, which presents both opportunities and risks.



## TEST NEW FUNDING MODELS

Given the current macroeconomic and political situation in Brazil, accelerators and incubators should consider diversifying their funding sources, perhaps by exploring possibilities for corporate partnerships<sup>1</sup>, or expanding the use of venture fees or equity stakes. Organizations investing in the entrepreneurial ecosystem should pay close attention to the specific role and needs of accelerators and incubators when defining funding priorities.



## INCREASE DIALOGUE WITH IMPACT INVESTORS

This study shows that there may be a mismatch between the sectors that are of most interest to impact-oriented accelerators and to impact investors. Accelerators and investors should also think collaboratively about how to address the challenge of funding for early-stage ventures.

<sup>1</sup>Among those accelerators and incubators in Brazil who are also members of ANDE, there are already examples of corporate funding for supporting specific cohorts.



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