

Why Business is Booming in this Tiny Brazilian Town

There's more to love in Santa Rita do Sapucaí than coffee and mountains. With education playing a crucial role in forming talent and companies, this off-the-beaten-path entrepreneurial community is primed to become the next big scene for startups.

SANTA RITA DO SAPUCAÍ, BRAZIL, January 19, 2017 **/24-7PressRelease/** -- At first glance, Santa Rita do Sapucaí may not appear to offer many advantages to tech businesses. The city is surrounded by coffee farms and stunning green mountains and has just over 40,000 residents. It looks just like any other Brazilian small town, except for graffiti artwork on the walls and the large number of tech companies scattered throughout.

Located amongst the mountains in southern Minas Gerais state, Santa Rita, as it's called by its residents, is home to one of the most innovative tech entrepreneurial ecosystems in Brazil: Vale da Eletronica (Electronics Valley). Inspired by the American Silicon Valley, the Brazilian valley is home to more than 160 companies related directly to technology, from startups to factories, and of 50 more related indirectly to it, such as schools and consultancies. More than 12 thousand people are employed in the ecosystem and it generated more than US\$1 billion in total revenue in 2015 - twice as much as The Digital Port (another famous Brazilian technology hub in Recife) made in the same year. Santa Rita do Sapucaí also has the highest density in tech companies in Latin America - one tech company for every 250 inhabitants.

A unique history influenced by Albert Einstein

The first undertaking in the direction of technology took place in the city in the 1950's. A local citizen, Luzia Renno Moreira, was fortunate enough to watch a lecture delivered by physicist Albert Einstein in Europe. After he stated that Electronics would be the discipline to lead the future of humanity, Mrs. Moreira and Albert Einstein drafted what would be the first technical education institute for electronics in Latin America, which was founded soon after in 1959. Six years later Inatel, the Brazilian Institute of Telecommunications, was created in order to provide graduation scholarships and perform research in the telecommunications market. It was conceived by a group of visionary professors who took inspiration from the Massachusetts Institute of Technology. It was created to meet the needs of Brazilian telephone companies, and to undertake an ambitious project to cover the country with the new technology of voice transmission.

Moreira's bold attitude established a deep change in the small town's culture. Since then, the population has embraced "the new" and innovative initiatives are valued strongly, even beyond the tech business. In 2012, for instance, a local judge established that a prison sentence could be reduced by a day for every 16 hours a prisoner charged batteries by pedalling on one of eight stationary bikes in Santa Rita do Sapucaí's prison. The charged batteries are used to power streetlights in the city and each full battery can power six light bulbs. The initiative made world news in the mainstream media and the initiative has been replicated all over the country.

Creativity above all else

In order to keep the culture of innovation alive after so many years, in 2013, local residents created a movement called 'Creative City, Happy City'. In only four years since, Santa Rita's creative scene has developed immensely. A huge part of the enclave's growing artistic culture has been the movement's annual festival which presents street music, street paintings, musicals, concerts, shows and thought-provoking seminars and lectures on a diverse range of issues. "The movement is a collaborative, decentralized project which joins local tech companies and startups, with creative businesses such as bands, restaurants and acting groups, educational institutions, as well as the local government and volunteers," told Wander Chaves, vice mayor and former Inatel Chairman. "We are stronger with all of these areas working together and sharing non-financial resources," he completed. The movement then became a large platform for new projects involving creative areas and connecting them to each other. Joao Costa, Innovation Leader at Inatel, highlighted: "These sharing dynamics have allowed each cultural area to use the city's private and public structure in order to bring to life their creative initiatives." Mr. Costa added: "There's also the sharing of knowledge among the network points, which have allowed businesses to become more creative and more able to design profitable and sustainable business models."

Hack Town is the initiative from 'Creative City, Happy City' that has had the biggest impact so far. It's an annual innovation and creativity conference that gets together the brightest minds in areas such as technology, marketing, startups, education, content creation, music, arts and innovation. They come together for talks and workshops that happen all over town, in unusual venues such as bars, restaurants, classrooms, squares and even home garages. "It's a moment to celebrate the paradox which is Santa Rita do Sapucaí, where the rustic meets the modern in harmony," said Marcos David, one of Hack

Town's founders.

"The 'Creative City, Happy City' movement relates directly to the tech entrepreneurial ecosystem," stated Carlos Vilela, one of Hack Town creators. "Every tech business needs to be a creative business. Competition now requires innovation not only in the tech layer of a product or solution, which might derive from technical research, but also in the design and user-experience layer as well as in its storytelling layer. Design and Storytelling require methods which lead to creativity."

A consolidated Tech Town that grew out of education

Education has played a huge role in the ecosystem's development. "Inatel has not only been a platform for the creation of high quality engineers, but also for remarkable companies and startups, such as Digital Life, the biggest brand of Tablets and Cellphones in Brazil, who have been performing better than Apple and Samsung in the local market," added Mr. David. Datablink is another case of global success in town. Recently acquired by an investor group, the company develops strong authentication and transaction signing technology. JFL is another success case. It's a world leader company in home security and is responsible for some of the biggest innovations in their industry. "The scene in Santa Rita is starting to focus on solutions to big world problems, many involving exponential technology," stated Carlos Vilela, who is also Head of Marketing at Leucotron. The company was founded 35 years ago and is still one of the most innovative in the valley. "These consolidated companies as well as many startups," said Mr. Vilela, "can be labeled as deep tech industries due to their growing work on automation, machine learning, speech recognition, data mining, big data and deep learning." Wearables, smart home, and smart city startups also fit the bill.

"Nowadays, 80% of the companies have at least one co-founder who has graduated from either the technical school or Inatel," said Wander Chaves. "The usual development of Brazilian inland towns happens around one or two big factories. Then, the educational system develops to generate human resources for that industry. In Santa Rita it's the opposite, with the educational systems existing first, and then graduates started to create their own businesses in technology," according to Mr. Chaves.

Beyond entrepreneurship, Santa Rita do Sapucaí's educational system is also a unique platform for innovative business executives, such as the current AirBnB Brazil CEO, Leonardo Tristao, Facebook Head of Product Partnership, Dario Dal Piaz, and the current CEO for Ericsson LatAm, Sergio Quiroga. The town is also directly responsible for the creation of innovative technology, such as the direct-recording electronic voting machine, the chip for the electronic Brazilian passport and the transmitters for the Brazilian Digital TV System. Inatel has just released their "Smart Campus" which is a rich platform for innovation in IoT and Smart Cities, and has been leading the development for the fifth generation (5G) of mobile networks in Brazil.

The Startup scene

Santa Rita do Sapucaí has been able to carve out its own niche in the startup world given its electronics past, and is directed towards the internet of things, hardware and smart cities as areas of strong potential for its startups.

Put most simply, the internet of things (abbreviated IoT) refers to giving network connectivity to objects, from household appliances to vehicles, thus allowing them to collect and exchange data. Spark Telecom, a local company founded by two Inatel students is creating IoT software which will allow various government agencies as well as private enterprises to track and manage infrastructure as well as learning and reacting to the habits of its users. Santa Rita do Sapucaí is becoming a world-leader in this emerging field.

Carlos Vilela referred to company 'Das Coisas' as an example of Santa Rita's unique technical promise. The startup, "incubated" in Inatel, helps businesses and manufacturers to implement IoT solutions at every vertical, which allows them to make quicker, wiser decisions. "The startup scene is just taking off in Santa Rita." According to Joao Costa, who has just implemented a system to generate new startups based on the UN Global Goals at Inatel, "We want to be one of the first ecosystems to solve these global problems."

Recently, Telefonica and Ericsson, in partnership, chose the town to host and develop new start-ups under a program called Crowdfunding. Telefonica has been very active in Latin America by collaborating with local governments to build and extend upon emerging tech hubs. Students and alumni submitted 90 potential projects, which were shortlisted down to 42. Of those, 20 were selected to be developed into real products as part of a preincubation period. The 20 selected ideas are building products and services to cater for Internet of Things (IoT), health and wellness and smart cities applications.

The program allows young entrepreneurs to develop their ideas, test business models, gain expert guidance, form product development, market strategy and entrepreneurial management, as well as to start pitching investors during a period of eight months. These start-ups are able use Inatel's facilities, including a robotics room, a lab for creating ideas with 3D printers and access to the strong knowledge base spread throughout the institution.

Life Quality for talents leaving big cities

In 2013, renowned Cognitive Anthropologist, Dr. Bob Deutsch, who has been referred to by The Ad Club of New York as 'a truly revolutionary thinker', spent five days in Santa Rita do Sapucaí for a TEDx edition. After his experience there, he wrote a piece entitled 'Santa Rita do Sapucaí, Always in My Heart', in which he stated that this small town is "a fabulous place with smart, joyful, and creative people and with a mixture of what might usually be considered, contradictions." He stated: "The old and new, the traditional and cutting-edge, actually living not only side-by-side, but as a wonderful blend of two opposites. Donkey-drawn carriages parked in front of hi-tech startups, and engineers working with people from the creative arts." "That's," according to Mr. Deutsch, "exactly what the world needs: Things that are "This AND That". "Most things nowadays are cut as extremely separate things. This is an immature and even sometimes dangerous separation," he declared. "Santa Rita do Sapucaí is not like that. It's a great example for the world," Mr. Deutsch completed.

"It's far from being the perfect place, if actually there is such a thing," said Carlos Vilela. "But after living and spending time in a lot of different cities, states and countries, I can truly state that Santa Rita is a great place to live, and it has been very attractive for talents who want to have quality of life in a smaller place and continue working on relevant issues," he declared.

According to Joao Costa, Santa Rita do Sapucaí attracts talents not only for being a technology hub, but also for its natural attractions and creative lifestyle. Santa Rita do Sapucaí has one of Minas Gerais' most famous Carnival celebrations; it hosts several music festivals and celebrations; it's a meeting point for paragliders and cross country runners, hosting nationwide and international competitions; and has a very strong tradition of home parties and barbecues, which supports a 'Do It Yourself' mindset.

All of these, plus tax incentives, the possibility to spend more time working on your business and living your life, and less time waging war with traffic for hours each day, are great reasons to make a town like Santa Rita do Sapucaí very attractive to a startup initiative. Besides, it is just 2 hours away from Sao Paulo, and not so far from Belo Horizonte or Rio de Janeiro, the three most important capitals in the country. "A shift of scenery can be a refreshing change of pace from the concrete jungle many tech startups endure. And for those missing the perks of city life, Santa Rita do Sapucaí offers the best of both worlds," said Mr. Costa. "All of this leads to a perfect ecosystem which will soon become the next big scene for startups in Latin America, he concluded.

###

Contact Information:

John Licciardi

PressInnovation

n/a, n/a

n/a

Voice: n/a

E-Mail: [Email Us Here](#)

Online Version:

You can read the online version of this press release [here](#)

Disclaimer: If you have any questions regarding information in this press release, please contact the person listed in the contact module of this page. 24-7 Press Release Newswire disclaims any content contained in this press release. Please see our complete [Terms of Service](#) disclaimer for more information.