

The background of the entire page is an abstract digital composition. It features a dense network of glowing, translucent lines and planes in shades of blue, purple, and gold. These elements create a sense of depth and movement, resembling a complex data structure or a futuristic architectural design. The overall effect is one of high-tech sophistication and digital connectivity.

CLOUD COMPUTING IN LATIN AMERICA

A decade of transformation and its
impacts across businesses in the region

White Paper developed by GlobalData

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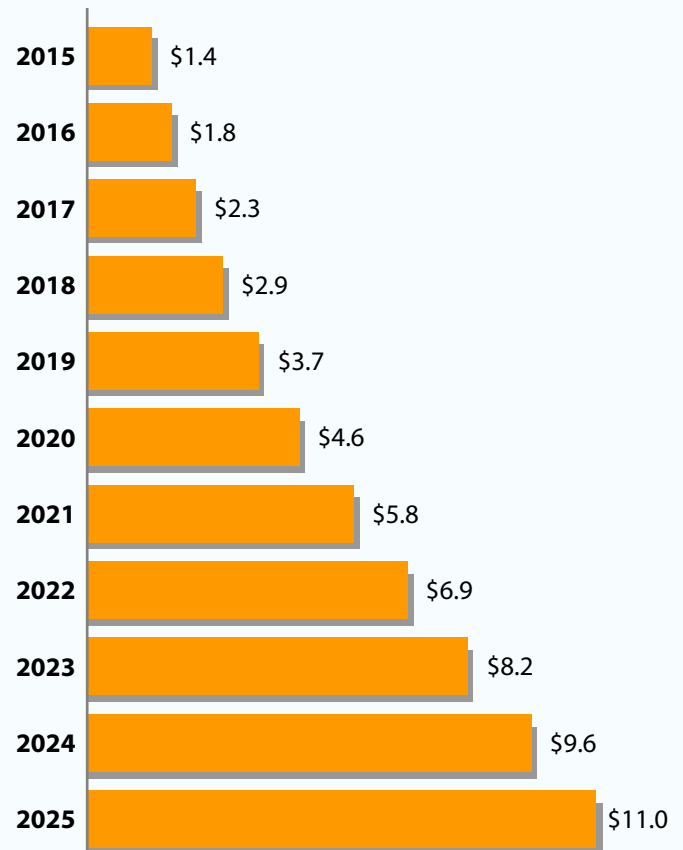
Looking back 10 years, it's astonishing to observe the evolution of the cloud computing market in Latin America. At its early stages, so much of the discussion around cloud were focused on adoption where many were still grappling with how to define what the on-demand model was all about and how it would impact IT and the business. At that time, questions about the potential instability of cloud services, and more specifically, the security of on-demand environments were frequent headlines, and cited as a major challenge for the adoption of cloud by enterprises in the region and across the world.

There was little doubt of the tremendous room for growth that cloud computing would mean for the region. Nevertheless, the adoption didn't explode overnight. Instead, the transition to more of an on-demand world happened gradually over years, and it has been an exciting journey for enterprises in Latin America to witness the transformation that cloud has enabled in their businesses.

If we all recall, 10 years ago, large customers that were planning to underwrite a massive data center capacity expansion were just beginning to experiment with IaaS (Infrastructure-as-a-Service) and other on-demand services. In many cases, given existing infrastructure investments and their current and near-term future capacity needs, they had no pressing reason to make a major shift to the cloud. Additionally, security concerns about cloud computing drove many to choose for private cloud environments.

Back in 2015, when GlobalData started publishing its cloud computing forecast in the region, the market in Latin America was worth \$1.4bn. In 2020, the cloud market closed at \$4.6bn, a growth of 228%. GlobalData expects that the cloud market will reach \$11bn by 2025 in the region, with cumulative revenue of \$41.1bn from 2021 to 2025.

Total Cloud Computing Revenue, 2015-2025 (US\$Billions) – Latin America



Source: GlobalData
Note: it includes SaaS, IaaS and PaaS cloud segments.

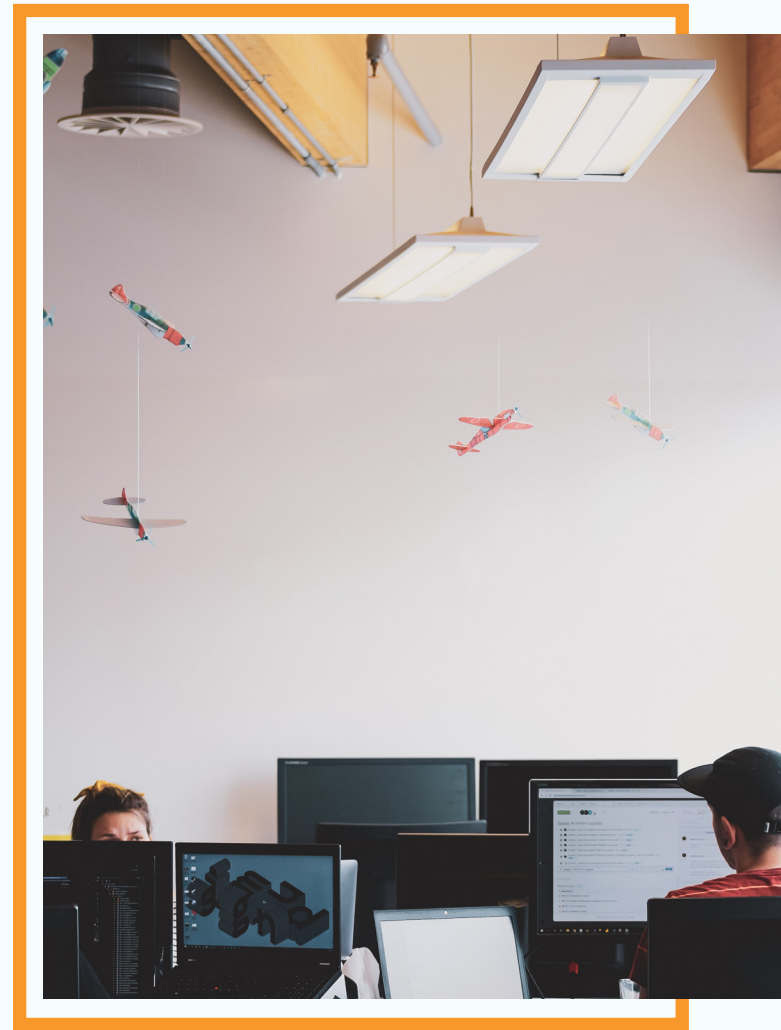


A lot has changed over the last years in the region, and security is no longer a market barrier for cloud adoption – it has actually become a key driver. With the advent of cloud computing, enterprises can leverage a mature and highly scalable infrastructure that recognizes the importance of security standards and regulations and that is capable to address vertical industry specific needs. Some of the benefits of cloud-based security vendors include low infrastructure cost, rapid scalability, and easy “upgradability”. When it comes to the more macro-level demand drivers behind cloud services market growth, the embrace by enterprises of digital transformation is serving to create demand for more capacity of base-level compute and storage, as well as backup and recovery services, due to the increase in enterprise functions and processes going digital. There is little to no disagreement that customer and supply chain processes across all industries must adopt digitalization if only to remain on the same playing field as their incumbent peers in their market.

It is now widely accepted that the future of enterprise cloud is hybrid, as enterprises of all sizes look for ways of harnessing the benefits of both private and public clouds. The hype on hybrid multi-cloud implementations that began to gain traction in 2016 will continue to be a key market driver for cloud computing growth in the short and medium term. Additionally, with the growing adoption of IoT in mission critical business processes, the need to perform analysis of the data at the edge of the network is set to gain momentum. GlobalData expects that in the coming years, vendors will manufacture network equipment, IoT sensors, and connected devices with inbuilt computational capacity for providing a higher level of edge computing in the cloud.

Driven by an increasing migration of enterprises to the hybrid cloud IaaS business model, and the growing adoption of Infrastructure-as-a-Service (IaaS) solutions by small and medium businesses, the IaaS market in Latin America will grow close to a 24% CAGR from 2020 to 2025, reaching approximately \$5.5bn by the end of the forecast period. Platform-as-a-Service (PaaS) segment is the fastest growing market in the region with a CAGR of 30% during the same period.

As businesses of all sizes and across all sectors advance their digital efforts, corresponding demand for cloud services is inevitable. There is no option for digitalization that involves legacy computing infrastructure and software; all such efforts must utilize the efficiency and ubiquity of cloud-based IT consumption in order to accomplish their goals within a sustainable model. With that in mind, we will discuss the main transformations that different industries went through over the last 10 years in the region, and how cloud computing played a critical role in this process.

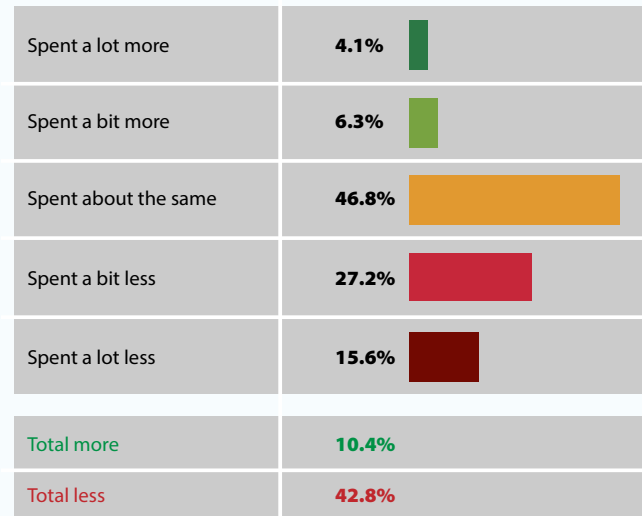




Over the last 10 years, the disruption within the retail sector in Latin America was undoubtedly one of the most significant in the region – from the astonishing growth of e-commerce to the increasing power of consumer, retailers had to reinvent themselves and the way that they do business. Online retailers exploit weaknesses within the traditional retail model, shaking out companies that were slow to react. Power is now firmly in the hands of the consumer that sees everything connected, or should we say the smartphones in the hands of the consumers, who interact with retailers across a host of channels to suit their lifestyle. E-commerce allows quick and easy browsing across multiple retailers to ensure the best price and service. As a result, “connected customers” became increasingly savvy and less loyal in the last decade.

We also observed the role of the physical store to change in the region; customers are drawn to in-store experiences where stores function more like a showroom than a place to purchase goods. The rise of online shopping, and of other shifting habits, is changing how consumers use traditional stores. Our consumer panel below shows how spending in the center aisles of grocery stores has changed compared to five years ago. As we can observe, people are spending less money in the center aisles of supermarkets. There are a variety of reasons for this, including increased buying of essentials online – including via subscription services for some regularly purchased products.

How consumers say their spending in the center of the store has changed to five years ago



Source: GlobalData consumer panel

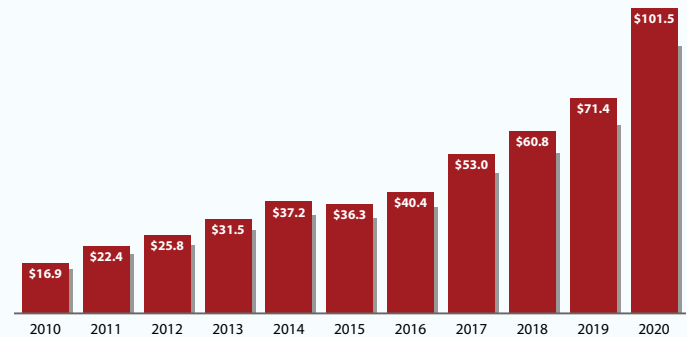
Navigating the maze of disruptive technologies and understanding how they can be of benefit is a significant challenge for retailers, who are feeling the pressure to keep up with the pace of technology.



Some of the main transformations in the retail sector in Latin America over the last 10 years are:

- **Change in the customer journey:** Consumers in Latin America are spending less, forcing retailers to adapt to consumers' busy, on-the-go lifestyles. Omnichannel strategies that enable customers to interact with companies across multiple interconnected channels are being adopted by retailers to improve customers' retail experience.
- **Continuous growth of e-commerce:** Traditional brick and mortar retailers are facing fierce competition from e-commerce pure plays and discount retailers in the region, causing them to reduce prices to remain competitive. E-commerce market size in Latin America reached over \$100bn in 2020 – a near sixfold increase over a 10-year period. Successful retailers are increasingly turning to technologies to reduce operating costs to manage their eroding margins.
- **Shift from product to experience:** Stores used to be the only place consumers could go to buy products, so they served a variety of needs. The rise of digital has created shifts in the reasons why people are using physical shops. Over the past five years there has been a clear move away from consumers using stores for basic purchases and replenishment trips. A lot of this more functional shopping activity has shifted online. What consumers increasingly want from physical stores are things that online struggles to deliver such as inspiration and ideas, or the ability to speak to staff to ask for support or advice.

E-commerce market size in Latin America*, 2010 to 2020, US\$ billions



Source: GlobalData

Note: Latin America numbers include Argentina, Brazil, Chile, Colombia, Mexico and Peru.

With major changes taking place within the retail sector, retailers have turned to cloud computing to foster their capabilities to transform themselves and enhance customer journey. A good example of a retail company that transformed itself in the last ten years in Latin America is Mercado Libre, a regional e-commerce platform that has digital in its DNA since its inception back in 1999. Over the last decade, Mercado Libre quickly understood the fast empowerment of consumers, and the need to go beyond a simple transactional product-delivery platform in order to enhance their experience – and needless to say that cloud computing was a key technology enabler that supported the company throughout its transformation process.



Being a regional enterprise allowed Mercado Libre to better understand the local challenges of consumers – and one of them is payments. Access to banking services and credit card is still relatively modest in Latin America, making it more difficult for customers to buy goods and services online. With that in mind, Mercado Libre launched its digital payments platform, Mercado Pago, in 2003 and a financial services unit, Mercado Credito (2017), aimed at facilitating loans to consumer and merchants operating in Mercado Libre's platform.

“Mercado Libre is not only an e-commerce platform for consumers to buy products anymore. Our goal is to empower our clients within the entire customer journey: from the selection of products and fast delivery to finding the best payment alternative.”

Rafaela Paiva
Internal Systems IT Director Latam at Mercado Libre

The growth of Mercado Libre and the development of its adjacent business units were part of its digital transformation journey, where cloud computing played a pivotal role. The company has always focused on implementing scalable and secure technological solutions that did not hamper its developers and that could be adapted to its existing tools – and thus allowing developers to devote their time and energy on building the apps and features that customers demand. With the goal of digitalizing their entire value chain process, Mercado Libre was able to continuously improve their operations and innovate with new services, responding to consumer trends within online commerce and payments.





The banking sector has traditionally pioneered in regards to the adoption of new technology, but that was not the case with cloud computing. Not that long ago, banks in Latin America still kept to their long-standing position of in-house and complete control of all IT activity. The transition to the cloud environment took time and the process was slow, mostly due to fear regarding potential cybersecurity failings of the cloud, and cloud service providers' (CSP) compliance with the complex regulatory framework that stringently governs the industry.

Due to highly sensitive customer data and security concerns (plus local banking regulations), many banks opted to adopt private clouds or keep their infrastructure on premise – nevertheless, this mindset has changed over the last few years. The banking sector has passed through an impressive rapid transformation, putting an enormous cost pressure on banks in the region that have resulted in widespread branch closures. It also drove many enterprises within the banking sector to migrate towards a hybrid cloud computing model in order to help them with a faster time to market to keep up with the increasing competition from startups, more notably fintechs, and to deal with the exponential increases in data volumes required to exploit new technology opportunities and bring new experiences to clients.

The main trends and transformations that shaped the banking sector in Latin America over the last 10 years are:

- **Non-bank digital players:** (i.e. Apple Pay, WhatsApp Pay): these new market players are reshaping the broader financial services landscape and presenting increased competition for traditional banks. While start-ups had generally not been seen as a major threat to the banking industry, this has changed in recent years. The prominence of smartphones as a channel to execute financial transactions and the rapidly evolving customer expectations have exerted more pressure on banks.

- **Digital-only banks:** (i.e Nubank, Neon, Uala): digital-only banks are rapidly impacting the market share of incumbent banks in Latin America. Whilst the primary reason for this emerging trend has been the superior levels of service alternative providers offer as standard, they are also benefitting from a technological landscape that is becoming increasingly consolidated and centered on the use of a narrow range of apps that offer a wide range of services – so-called “super apps.”
- **Migration from online banking to mobile:** within the increasing trend of multichannel, we observed a migration of consumers preferring to use their mobile devices to execute banking transactions rather than the online banking or telephone – for instance, banking customers mentioned mobile as their preferred channel to check account balance and send money to other people. It's also important to mention the growth of other digital channels as part of the mix such as chatbots, and third-party channels, powered by the Open Banking concept.





What is your preferred channel for the following activities?

	 TELEPHONE				 ONLINE				 MOBILE			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Checking account balance/ recent transactions	5%	4%	14%	12%	57%	50%	36%	34%	23%	33%	34%	38%
Making complaint	7%	9%	25%	25%	48%	45%	22%	23%	10%	14%	18%	19%
Paying regular bills	3%	4%	8%	8%	62%	58%	40%	39%	18%	24%	32%	37%
Sending money to other people	3%	4%	9%	8%	59%	54%	36%	34%	20%	28%	35%	40%
Transferring money between accounts	4%	4%	10%	9%	59%	54%	37%	36%	21%	28%	34%	39%

Source: GlobalData's 2020 Banking & Payments Survey

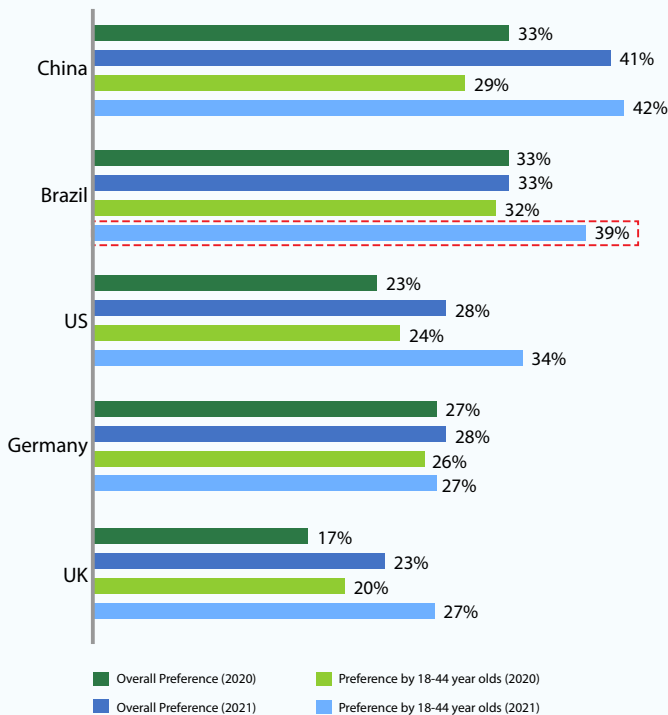
Note: the remaining percentage to add up to 100% regards to other channels including "branch"

As mentioned above, a major trend that recently started to disrupt the banking industry in Latin America is the accelerated growth of digital-only banks and non-bank digital players acting in the financial space, also known as fintech companies that are digital from the get-go, and thus, cloud native. These companies are highly tech-savvy, and, driven by the lack of legacy infrastructure, have cloud as a key enabler to lower run-costs and time-to-market. Cloud computing also enables fintech companies to consolidate disparate data sets without

the cost, expense, and time of core system replacement, providing them a competitive edge to innovate and improve the experience of their customers. Our survey indicates that customers in Latin America, specifically in Brazil, are very open to switch banking to alternative providers – 39% of interviewees between 18 and 44 years old stated a preference for an alternative provider for their banking transaction and saving accounts, a percentage only behind China.



Change in Preference for Transaction/Savings account from Alternative Providers



Source: GlobalData's 2020 Financial Services Consumer Survey.

Within this context, banks in Latin America had to quickly transform their businesses and operations in order to remain competitive (and face new competition), and enhance customer experience, with more security and following local regulations. Banco Itaú in Brazil has always been a pioneer in the banking space in Latin America. Observing these key market trends impacting the banking sector in the last decade, the bank has rapidly transformed its operations towards a full customer-centric strategy, where IT departments are fully integrated with other business areas, and with all converging into the same goals. This strong client-focused orientation demanded Banco Itaú to be agile in addressing new customers' requests in the increasingly competitive banking market in the region – and cloud computing was a key component to accelerate its digital transformation and enhance the banking experience for its 55+ million customers.

“IT is no longer the support department – we are a business area, fully aligned with all others, and with the same customer-oriented goals. This mindset allows us to have the necessary agility to deliver the products and services that our demanding customers need.”

Fabio Napoli
 Chief Technology Officer at Banco Itaú



The financial institution follows the strict guidelines set by Brazil's Central Bank regarding cloud adoption, which was defined in 2018, and internalized all its cloud platforms through the bank's processes before making them available to its engineers and IT staff. In order to create a more efficient technology architecture that would allow the bank to have a faster go-to-market approach to address its clients' needs, Banco Itaú has started the migration of its IT infrastructure off mainframes and out of its on-premises data centers to the cloud – including banking platforms and customer service solutions, such as online and mobile banking.

Banco Itaú is just one example in Brazil, but the move to cloud has allowed many banks in Latin America to redevelop their design processes and concentrate on their customer focus rather than maintaining back-end infrastructure. This powered agile DevOps process is helping financial institutions to bring new features and products to market in weeks instead of months or years – an essential aspect for traditional banks to compete with digital-only providers.





Startups would require an entire paper just to discuss the evolution of this sub sector that spans across other industries that is discussed in this document. By nature, startups are defined by their concepts of innovation and transformation, it is part of their DNA, and to talk about startups and technology can sound a bit redundant. However, the concept and culture of startups in Latin America is relatively new – the region only observed a more supportive ecosystem to leverage the creation of startups since the early 2000s. For a startup to thrive, it needs an environment that combines investment activity, a supportive regulatory framework, and available technology and tools, beyond mere creativity. It's no news that Latin America has always faced instability in economic and political areas, which has posed some challenges, but also leveraged great opportunities, to startups and investors.

Despite all challenges, the region has demonstrated an enormous inventiveness to disrupt the status quo of many sectors, and overcome barriers to succeed – which consequently has attracted venture capital funds. According to an article from Forbes, in 2017, Global Network Perspectives classified Latin America as the second most enterprising region in the world, and that was before the explosion of tech-enabled startups, a category that multiplied its value 32 times in the last 10 years to reach \$221 billion in 2020 according to a study from IDB Lab¹. This is the result of a growing number of entrepreneurs with a global outlook with keen awareness of the diverse population and their specific needs in Latin America, who's hunger to bring innovative solutions to improve people's lives and the way that business is done.

Some of the main trends that impacted the startup space in Latin America are:

- **Internet Of Things (IoT):** after years of hype around IoT technology and steady uptake, IoT is all set to become a part of the mainstream. Startups across the region have quickly adopted the IoT concept to

develop IoT-enabled solutions and applications ranging from connected cars, automated home, and wearable technology to smart cities and agribusiness. This level of uptake is due to the technology advancement in IoT, making it easier to implement and helping companies as well as investors to seize new opportunities.

- **“Appification”:** the trend toward ‘appification’ of brand websites, mobile commerce, content services, gaming, and routine daily tasks has created multiple new growth avenues for digital service providers and startups. Traffic from mobile apps continues to rise at the expense of regular browsing and mobile apps have proven to provide a better customer experience and a channel for personalize services – allowing businesses to interact with users and obtain valuable data.
- **Collaboration platforms:** startups in region have strongly leveraged the usage of crowd-innovation platforms and partnerships to co-create solutions with companies, governments, and academia. Crowd-innovation platforms provide startups the horsepower and speed they need to quickly build apps and services for their solutions.



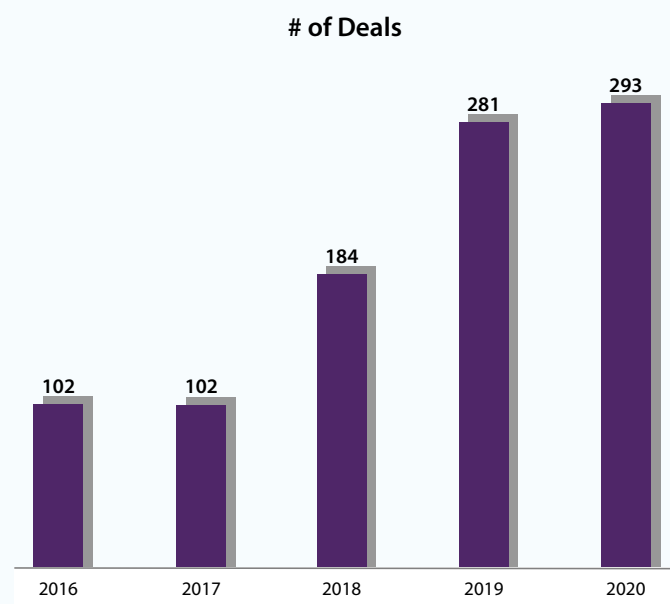
¹ The Rise Of The Latin American Tech Startup, May 28, 2021 - <https://www.forbes.com/sites/forbesbusinesscouncil/2021/05/28/the-rise-of-the-latin-american-tech-startup/?sh=1a2f76e85346>



The irreversible value shift sparked by startups stems from their ability to leverage the power of digital computing to invent new and better ways of doing things. These companies recognize that technologies empower ecosystem members to play a central role to provide the most value for their business and end-customers.

The growth of startups in the region is evident when we observe the number of venture capital funding in Latin America over the last five years – the number of venture financing deals that were concluded almost tripled from 2016 to 2020.

Number of Venture Financing Deals Concluded in Latin America (2016 to 2020)*



Source: GlobalData

*it includes deals under the following sub-categories: start-up, seed, growth capital/expansion

Among the startup sector, one is particularly worth noting: fintechs. The rapid growth and development of fintech, or financial technology, has gripped the banking world over the last few years. The proliferation of fintech startups, incubators, and accelerator programs, together with associated events and gatherings around

the world, is testament to the impact that fintech will have on the delivery and use of financial services in the coming years.

Nubank, a tech company providing financial services in Brazil, is a good example of the revolution in the sector. Nubank is a startup that was born in the cloud and mobile built with a distributed system from the ground up. Nubank's mission is to simplify and redefine the relationship that people have with financial institutions. While many enterprises described their transformation as a journey towards digitalization, Nubank was built as a digital mobile company from inception.

“Nubank has been a highly-dynamic company since its founding, eight years ago. Technology is the key ingredient that drives our innovation at scale as we work to offer new products and services that surprise and delight our customers.”

Matt Swann
CTO at Nubank

With a customer-centric approach, Nubank's business was built for digital products powered by technology platforms and DevOps models, allowing a faster time-to-market with less complexity which enables fair prices for customers.

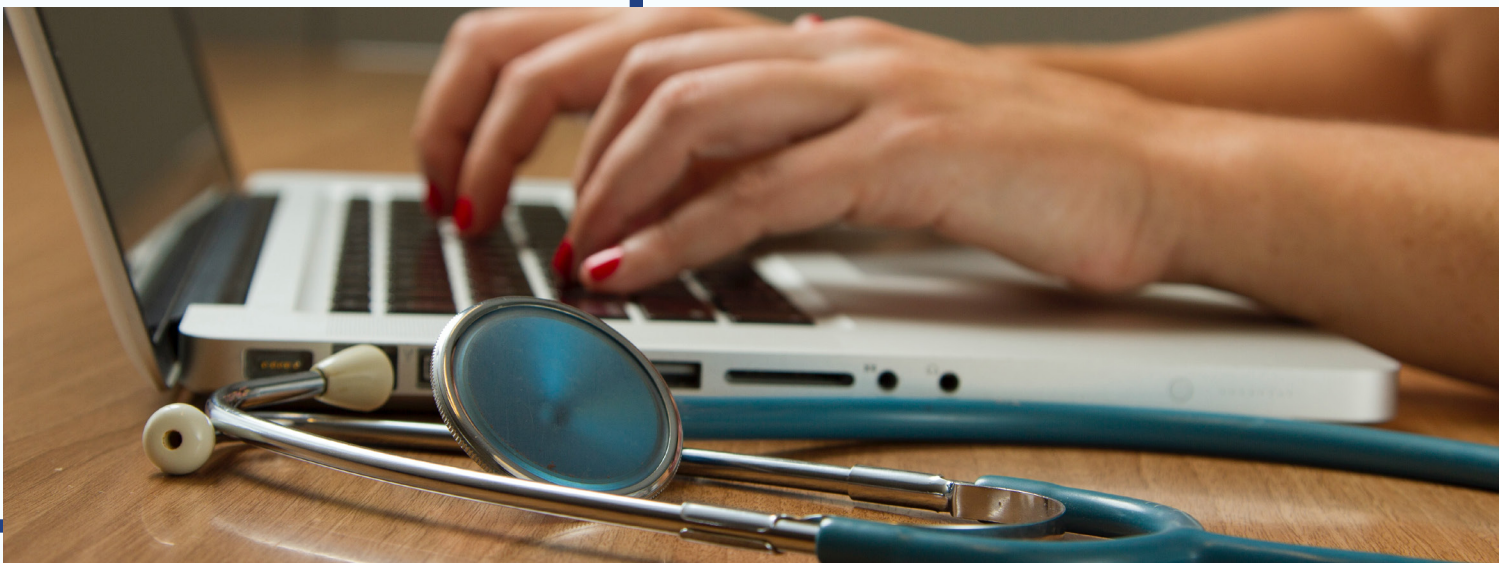


Comparable to other sectors, healthcare is considered slow in adopting new technology, primarily due to concerns about data security and privacy, and restricted budgets - and this is not exclusively in Latin America but across the globe. Nevertheless, in the last decade, the healthcare ecosystem started to face new threats and challenges thwarted by multiple technologies that disrupted how care is delivered, especially the Internet of Things (IoT) and data analytics.

The healthcare industry generates a vast amount of data in the form of physician notes and pathology reports to mention a few. However, the appropriate interpretation of the data is critical for providing actionable insights that lead to better care. The proper use of data analytics can offer healthcare organizations valuable insights to improve their business models and increase efficiency. Along with strengthening the healthcare provider, analytics plays a crucial role in patient empowerment by providing them with accurate and actionable insights leading to more effective and faster decision-making.

Some of the main digital transformations that impacted the healthcare sector in Latin America are:

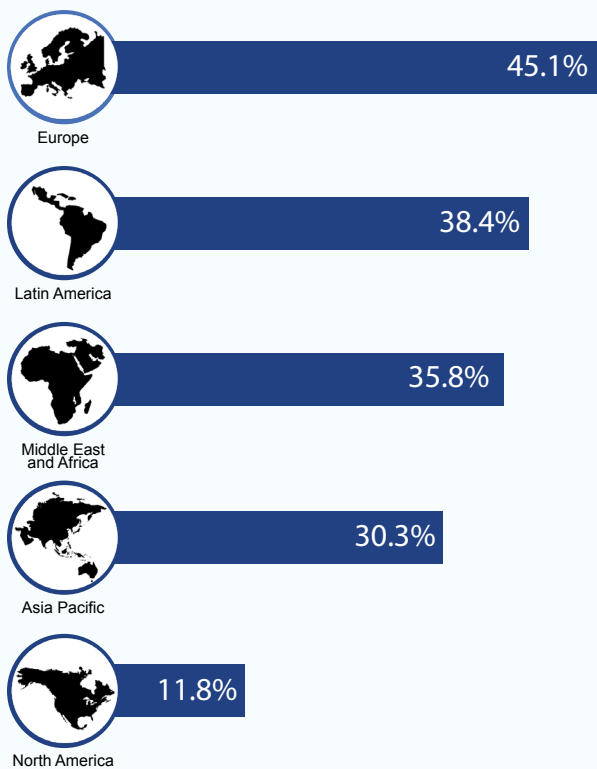
- **Virtual and Augmented Reality (VR, AR):** because healthcare is very complex and has a low margin for error, VR and AR have been adopted at a slower pace compared to other technologies. However, recently, VR and AR have been increasingly used in medical training, medical analysis, and surgical support as aids to improve treatment and answer patient queries.
- **Remote Patient Monitoring:** In the past, patients could suffer long stays in the hospital while being monitored. Once home, they might have to visit clinicians regularly for check-ups. Alternatively, care workers could be sent to a patient's home to monitor their progress at great cost to a health service. Remote patient monitoring became a reality in Latin America in the last couple of years where devices can dramatically reduce patient monitoring costs while making the recovery process less intrusive, and providing clinicians with more accurate and timely monitoring results.
- **The Internet of (Healthcare) Things:** IoT is transforming the healthcare industry at a rapid pace. IoT has the potential to enhance almost every aspect of the healthcare industry, ranging from clinical trials, drug disclosure, manufacturing, and supply chain to remote patient monitoring and access - and because of that, it has unlocked nearly unlimited possibilities for healthcare enterprises.





In the last five years, the Latin American healthcare sector observed a rapid digitalization process – as a reference, within healthcare IoT, the region had one of the fastest growth rates across the globe, with a revenue CAGR of 38.7% from 2015 to 2020, only behind Europe. A good example of this digitalization process took place at Sírío-Libanês Hospital in Brazil, that applied the key transformations mentioned in this paper to improve its internal processes, financial performance, patient experience and patient journey through digital solutions.

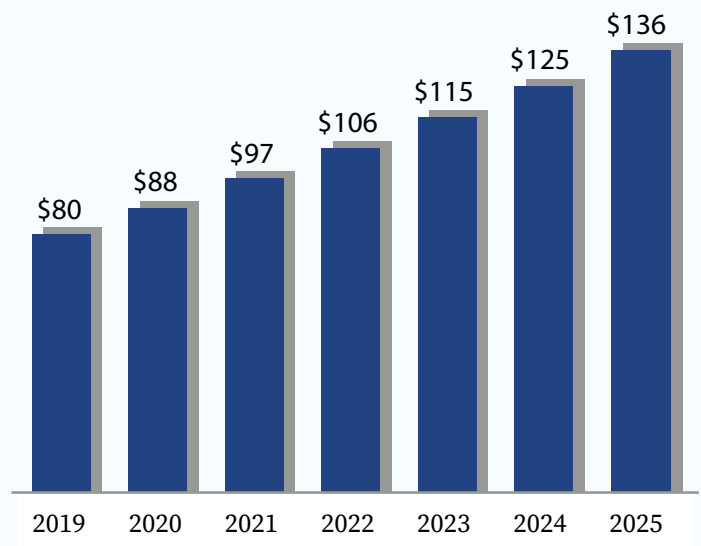
Healthcare sector's IoT devices market – Revenue CAGR by region, 2015 to 2020



Source: GlobalData consumer research and analysis

One of the main projects implemented at Sírío-Libanês Hospital involved the application of artificial intelligence (AI) to leverage its transactional data and transform those into strategic actions impacting internal operations, cluster communities, and patients. Before the implementation of AI and data analytics as core components of its data analysis process, the hospital spent 70% of the time extracting the data and only 30% analyzing it. Thanks to the digitalization of its data processors, migrating its workloads to the cloud, and the development of a data lake, the hospital switched these percentages. Today, they are more focused on analyzing the data and developing solutions based on it. As a reference, data analytics software solutions in healthcare will generate a cumulative revenue of close to \$600 million in Latin America from 2021 to 2025.

Data and Analytics Software Revenue in the Healthcare Sector, Latin America, 2019 to 2025 – US\$m



Source: GlobalData consumer research and analysis



For its internal operations, the hospital applied AI to manage its financials better and have more visibility of its costs and revenue. For its patients in the ICU, the hospital combined IoT, data analytics, and machine learning (ML) to predict potential patients at risk of sepsis. Through transactional data collected in ICU-connected equipment, Sírío-Libanês Hospital can predict patients with a high risk of infection and take proper actions in advance to save lives. These are just two examples that show how Sírío-Libanês Hospital uses data analytics and AI to innovate in the provision of health services.

“Sírío-Libanês Hospital became a data-oriented organization over the last years, with key projects focusing on the improvement of our back-end operations and patient experience. We created a dedicated data department with highly skilled staff that includes data scientists, data engineers, and doctors, fully dedicated to analyze the data and identify how we can benefit from it.”

Ailton Brandão
CIO at Sírío-Libanês Hospital

Although this paper has the intention to look back and reminisce all the transformations that technology, mainly cloud computing, enabled across different sectors in Latin America, it is impossible not to mention the pandemic. COVID-19 has given businesses an unprecedented opportunity to accelerate and implement technology-fueled changes to the way they operate, even if those changes had already begun to be implemented pre-pandemic. For healthcare companies, the pandemic forced many to rethink and readjust their processes, operations, supply chains, marketing strategies, and end-customer reach. While healthcare-related companies mainly relied on technologies before the pandemic to enhance internal processes, now digital technologies are becoming necessary to ensure business continuity and to gain a competitive edge.





Travel and hospitality companies in Latin America can no longer satisfy their guests only with standard amenities and offerings. Expectations of guests have dramatically increased in the last decade, as they seek a place to stay that can provide them more personalized services and control of their choices, following a global trend. Personalization is one of the most important ways in which travel and hospitality companies are trying to benefit from developments in digital technology.

With the wider adoption of a range of smart and mobile devices, technology started to use data to provide greater personalization of the customer experience across many industries, with travel and hospitality companies benefiting from this trend. In the last years, we observed consumers in the region using smartphones to plan trips, search for places to eat or spend their time, compare deals, read reviews, and book travel tickets, events and accommodation. Consumers also share their own reviews readily, and comment on their experiences on social media, something that started to give travel and hospitality companies immediate feedback on their customers' experience. It has become important for the sector to carefully understand how customers feel about their interactions with hotels and travel companies, and behaves when they use travel and hospitality services. Travel providers, hotels and others in the sector are much more interested in adopting digital strategies and using data analytics to benefit from their customers' data and enhance their relationship with their customers and improve loyalty.

Below are some of the main transformations that the Travel and Hospitality sector in Latin America went through in the last 10 years:

- **Demand for even more niche experiences:** according to recent survey, 49% of Gen Z and 53% of Millennials are 'always' or 'often' influenced by products and services that are tailored to their needs and personality. This need for personalization created higher demand for niche tourist experiences. Cultural tourism, sports, dark tourism, agri-tourism, dance tourism, wildlife tourism and adventure tourism are all key examples of niche tourism trends within the travel industry that are being spurred by Generation Hashtag. Capitalizing on experiences, Generation

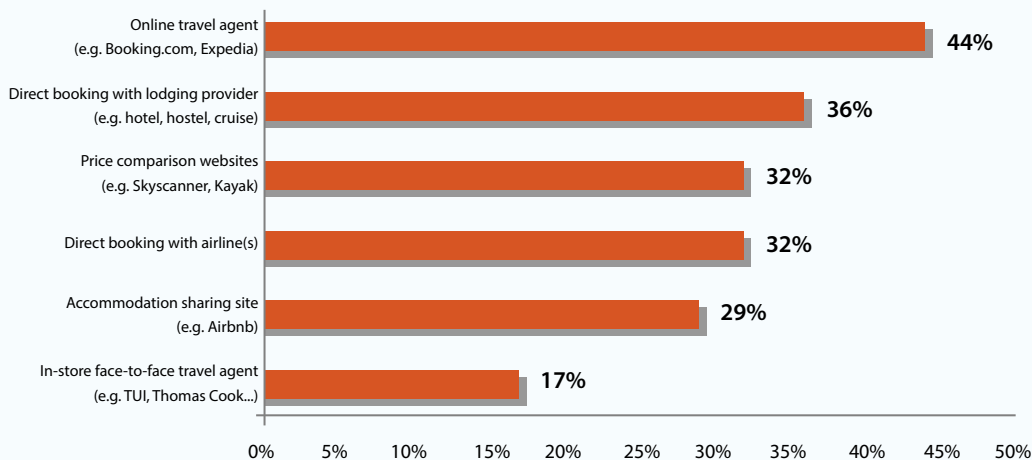
Hashtag are key adopters of niche tourism trends, typically venturing to destinations that are authentic to national or regional culture.

- **The sharing economy:** The sharing economy has completely revolutionized the online travel space and provided a new way to connect travelers with services across many different sectors. The ability for a 'host' to be connected through the internet to a buyer has changed the way home sharing and ride hailing transactions are made. Firms have been able to utilize technology in the online space to excel. According to survey 29% of travelers already use sharing sites in Latin America.
- **Increased importance of loyalty schemes:** Loyalty schemes have become increasingly popular in Latin America, especially given the experience-based awards that can now be earned from a travel provider by demonstrating a high level of loyalty. Loyalty has become a buzzword within the online travel and hospitality space and is an extremely powerful tool for businesses to deploy and foster long term relationships with customers. They often result in years of repeat business from a customer and could be used to help companies excel post-pandemic.





Which of the following do you typically use when booking your holiday? - Latin America



Source GlobalData 2019 Q3 Consumer Survey

Note: Latin America sample includes Brazil, Mexico, Argentina and Chile.

The younger generation of travelers in Latin America became increasingly demanding, and expects personalization, as well as offers and content that are tailored to their interests. In exchange for this, they don't have much constraints in allowing travel brands to collect data about their behavior and characteristics, if that data is used for more personalized rewards. Younger consumers in the region started to share much of their lives and travel experiences through social media and have not shown concerns by data collection in comparison to older generations. This relaxed attitude has given travel and hospitality brands unprecedented access to their attitudes, motivations and preferences; which is now a priceless thing to have access to.



Smiles, the fully digital company responsible for managing one of the largest multi-loyalty programs in Latin America, has perceived the rapid shift in consumer behavior of this new generation of travelers. With so many options at the palm of their hands, customer loyalty became more challenging within Generation Hashtag. Smiles quickly learned that in order to succeed in this new digital era, they needed to keep its constant improvement regarding personalization that would guarantee long term relationships with their customers.

“Our entire society showcased an enormous advance in the way that we consume digital products and services. And the digitalization benefited the travel and hospitality sectors once there’s a vast array of information that you can consume digitally (such as videos and images) in order to conclude a travel transaction.”

Luiz Borrego
CIO at Smiles

A key project that the company implemented as part of its digitalization process was the migration of its data analytics to the cloud aiming a significant improvement within the tool’s functionalities that the data scientists need. The migration also improved the way Smiles processed information and delivered it to other business units. With a much more flexible and streamlined data analytics architecture, Smiles teams were able to better consume data and tailor its programs to different types of customers.

The new architecture, with all its data layer being online, allowed business teams to track campaigns and promotion performance in real time, and empowered them with the ability to quickly respond and adapt, if needed, to customers’ needs.





Over the last 10 years, Latin American companies across all sectors have capitalized on the digital revenue opportunity by disrupting the status quo and focusing on the user. The digital ecosystem is being shaped by advances in broadband and cloud computing technology, coupled with the rising influence of mobility and a new kind of customer empowerment.

As businesses of all sizes and across all sectors advanced their digital efforts, corresponding demand for cloud services was inevitable. There is no option for digitalization that involves legacy computing infrastructure and software; all such efforts must utilize the efficiency and ubiquity of cloud-based IT consumption in order to accomplish their goals within a sustainable model. Additionally, as more next generation technologies – such as IoT, artificial intelligence (AI), and augmented reality – started to build their foundations within the digital transformation journey of companies, cloud computing became a crucial element acting as an enabler for all these solutions.

One of the main drivers for transformation is the increasing number of companies shaping their business with a customer-centric mindset. This is the catalyst driver to all digital technologies that have been emerging over the last years, and that will transform the way we live and do business. The adoption of cloud computing not only impacted the way companies do business, but also transformed their culture and gave organizations a myriad of new possibilities to innovate. The borders of the IT staff expanded, their work integrating with the core business of companies. And the transformations were not only felt within the IT departments of companies – full transformations unfolded across different business units.

Despite the challenges that enterprises of all sizes face in Latin America, many have demonstrated a forward-thinking approach and have used these obstacles as an opportunity to implement profound changes to their core businesses and find new business opportunities to leverage growth. With that in mind, nothing will stop the growth and innovation in the region that will serve as content for the next chapter to be written over the next 10 years.





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