

SPONSORED CONTENT

Presented by



HSBC



Bloomberg Media Studios

TURNING POINT

THE STARTUP OPPORTUNITY

In Latin America's pre-owned car market, an estimated 90% of car transactions takes place in informal settings, leaving buyers as well as sellers vulnerable to fraud, opaque ownership and poor after-sales support.

Mexico's KAVAK was determined to change that. Discover six turning points in the online marketplace's journey from inception to unicorn – and the road ahead.

INCEPTION

After being defrauded – once through vanishing payments when selling his car in Colombia, and again through forged documents when buying a car in Mexico – co-founder Carlos García Ottati decided to create his own solution for Latin America's secondhand car market in 2016.



BUILDING FROM SCRATCH

A key challenge in raising early capital was explaining the systemic challenges of the Latin American car market to external investors. "In Silicon Valley, founders are building that extra block that a product needs. Here, you're building the entire block, from warehouses to payment solutions," says Ottati.

HITTING THE GAS

From its foundation of mobile-first services, which spans financing, logistics, after-sales maintenance and repair, KAVAK scaled an "unimaginable" 35 times in 2020.

KAVAK soon needed capital to support its rapidly growing financing business, and began discussions with HSBC.

REACHING NEW HEIGHTS

That same year, KAVAK expanded from Mexico City to Buenos Aires by merging with Argentine startup Checkars.

A little over a month later, a fresh round of funding tipped KAVAK's valuation past \$1.15 billion. Instead of resting on its laurels, the new unicorn knew there was far more work to be done.

SERVING NEW MARKETS

That redirection has enabled KAVAK to focus on new markets like the United Arab Emirates, a more luxury-driven market than the emerging markets in its traditional portfolio. When fully operational, KAVAK'S facility in the Gulf will employ 150 expert mechanics and staff, and handle up to 1,300 vehicles every month.

CHANGING LANES

KAVAK's decision to pause operations in Peru and Colombia in early 2024 highlighted how even market leaders need to shift gears.

"At the end of it, it was a matter of focus. We were selling more cars in Mexico by noon than we did in both of these markets combined in a month," reflects Ottati. "The obstacles become the journey – that's part of the game."

Business is rarely a straight line.

