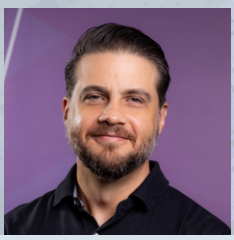
# LWSA: the pioneering Brazilian tech company built over a decade on strategic diversification



*LWSA S.A. (B3: LWSA3) is a Brazilian technology group focused on software and digital infrastructure for e-commerce. Originating from Locaweb, founded in 1997 as a hosting provider, the group has expanded primarily through acquisitions into e-commerce platforms, ERP and point-of-sale software, cloud hosting, logistics enablement and payment-related solutions. Its businesses operate under distinct brands and typically serve small and mid-sized companies that sell and manage transactions online. LWSA is listed on B3, the Brazilian stock exchange.*

*Higor Franco is vice president at LWSA S.A., where he leads the BeOnline and SaaS verticals, including web hosting, cloud and email services (Locaweb), and the group's SaaS portfolio including Bling and Octadesk. He joined the company in 2017 and is responsible for strategy and operations across these businesses, whose products are primarily used by entrepreneurs and business owners to manage their online operations.*

*With expertise in enterprise technology and cloud-based platforms as well as building and operating large-scale digital infrastructure, Higor explains how LWSA stays innovative while keeping a clear sense of direction.*

**Can you start by telling me a little bit about LWSA and your role?**

LWSA is a 27-year-old company. We started as a web-hosting business in Brazil a long time ago, and at that time we were pioneers. I believe we were one of the first internet companies in the country.

Over time we realised that we were very concentrated on websites, hosting, domains, and related services. We saw that other internet-related verticals in Brazil were growing quickly, particularly e-commerce. So, in 2012, we started a strategy of diversification through acquisitions. We began with e-commerce platforms, then moved into marketing tools. In 2020, we went public in a very successful IPO, which allowed us to accelerate our diversification process significantly to other verticals such as ERP, Payments, Conversational, and other tools for SMBs.

That is why Clairfield in Brazil (Artica) has been so important for us. We partnered with them during this phase and completed 16 acquisitions in total.

**On behalf of Locaweb, right? Tell us more about that.**

Well, Locaweb today is our brand for digital presence products and where it all begins. As the group diversified, we felt it was important to change the group name to LWSA, which is also our ticker on the Brazilian stock exchange, but also represents the broader set of solutions we have today.

Locaweb remains an important business for us, but it is relatively smaller compared to the other businesses we have grown, acquired, and restructured since the IPO. Nowadays Locaweb represents less than 30% of LWSA total revenue but is an important piece of our ecosystem.

We organise the group in verticals, starting with what we call Tech Products and what our investor market knows as BeOnline. It includes our original web-hosting products and remains very relevant as we host around 25% of all websites in Brazil.

Closely related to this vertical we have SaaS, focused on tools that help entrepreneurs and business owners manage their operations more efficiently. These include management, support, and sales tools that go beyond digital presence and help companies to scale up.

The largest vertical we have is E-Commerce, covering platforms, logistics, payments, marketplace integrations, and business management. The idea is to provide everything a business owner needs to start and run an online store and manage its operations.

LWSA holds another vertical, also focused on e-commerce, but built to serve medium and large companies called Wake. Despite being our newest vertical, the brand is gaining relevance in the market and it is growing at an accelerated pace, even in a relatively concentrated market.

The last vertical relates to payments, credit and banking-related features. This operation supports all the other verticals but also operates in an open market, offering solutions across the Brazilian payment's ecosystem.

Today the group has around 3,300 employees and generates close to BRL 1.5 billion in revenue (considering LTM Sept/2025). That gives you an idea of how much we've had to absorb and manage over the last five years.

**Do you have separate M&A teams for each vertical, or is there a central team?**

We have a dedicated M&A team, and we also have a board committee involved in that process. There is an M&A committee composed of our main executives and some board members, that discusses, votes on, and suggests transactions for the group.

**Is the growth you mentioned earlier driven by M&A, or how much would you say is organic?**

Most of the growth came from the acquired companies, but it is worth mentioning that the performance of the organic businesses has also been very strong.

A good example is Bling, an ERP company for small businesses that we acquired in 2021. This company has multiplied revenue and increased a lot in margins, exceeding by far its original business plan built during the acquisition process.

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**Was that driven by cross-selling with other units?**

Some acquisitions were focused on creating new markets for LWSA, others were focused on extending our core capabilities. But we spent some time preparing systems and integrations before launching integrations. Recently we've accelerated cross-selling, such as banking services for Bling customers. Until then, the growth was entirely organic.

In fact, we haven't made any acquisitions in the last two years, so all growth during that period has been organic. This ties directly to where we are today: we are in a focused integration and consolidation phase. We completed 16 acquisitions, but today we operate with around ten brands and channels. Consolidation has been a major focus over the past two years, and it will continue. Over time we expect to reduce the number of brands further and strengthen distribution efficiency, and we view this as important work in progress.


Each brand has its own committee that decides whether to continue investing, integrate, or rethink the business. If the business reaches the thresholds, we continue. If not, we develop alternative plans, always focusing on long-term returns and value but keeping eyes on market tendencies and movements.

**Let's flip the perspective and look at this from the seller's side. How do you decide when it's time to let go of a business line?**

We monitor financial thresholds closely. If a business consistently falls below them, we assess whether synergies or product repositioning can restore value. We also analyse market competitiveness with the help of product, strategy, and business intelligence teams.

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Another trigger is efficiency at the product or engineering level. When teams are thinking or building very similar software, we look at opportunities for synergy. We've done this extensively over the past two years, without customer disruption, while capturing efficiency and cost savings. To manage this, we operate functional "chapters," particularly in engineering and product. Engineering directors meet regularly to coordinate development and integration decisions. We also have chapters for customer success and support, product innovation and development, etc.

**Once the decision is made that a unit should be separated, how do you approach the carve-out?**

I can give you a real example, the Nextios transaction, which was advised by Clairfield. We had owned that company since 2010, and it was very important to us. It focused on IT services and cloud solutions for medium and large companies, supported by our own data centre.

Nextios grew from the large and sophisticated IT services that these customers required. Then, as global cloud providers such as Amazon Web Services (AWS), Google, and Microsoft Azure entered the Brazilian market, we partnered with them assuming that would be a good option for customers. Our AWS partnership grew very quickly, and we became one of the largest AWS partners in the country.

However, over time, we realised that selling third-party cloud infrastructure was moving in a very different direction from our core SaaS and product-led strategy. To remain relevant in that market, we would have had to invest heavily in certifications, people, and specialised skills. At some point, we said: "This is not who we are. We are developers creating platforms to help customer's businesses. We are not a professional services company that sells projects or IT consultancy for cloud providers." In fact, we provide our own cloud for customers willing to run their projects by themselves without expensive pricing or complex onboarding.

At the end of 2024, we made the decision to sell that part of the Third-Party Cloud business and contacted Clairfield in Brazil. We were very clear that we wanted to sell only the AWS portion, not the entire business, because we still had our data centre, and those customers could not simply be moved.

Our advisors were very important in this process. We knew many of the potential buyers ourselves, but Clairfield also brought in its wider network, including companies that were not obvious players but were interested in entering this space. It was a challenging environment. Interest rates were high, it was a difficult moment for investments, and this was a carve-out with many moving parts. The process took around a year and a half.

**Tell us more about the challenges of this particular transaction.**

It was a challenging time. Since we are a listed company, we had to be careful about how to communicate the transaction to our stakeholders. AWS knew from the beginning that we were looking to sell, but we had to take care of our customers and employees during this process.

As you start conversations the tension increases, due to information potentially flowing. Valuation could be unstable and buyers wanted protection mechanisms. Negotiations became tough.

Clairfield and the legal advisors were very professional throughout, helping us manage these constraints. When Ingram Micro Brazil showed serious interest, we made a conscious decision to prioritise certainty of execution over achieving the highest possible valuation. We knew the people well and trusted that they would preserve the value of the business after the transaction.

**The company kept its own brand? Were systems also separated before the transaction?**

Yes, Nextios kept its own brand throughout the process, which helped avoid some additional complexity. That said, the brand itself was not as simple as it sounds.

Nextios was used both for AWS services and for our own data centre customers. After the transaction, we had to clearly separate those two messages. For the data centre clients, the service stayed with us, so we launched a communication process explaining this part of the business was Locaweb.

For AWS customers, the situation was different. All AWS certifications are tied to the brand and to the certified employees. Because of that, the AWS business had to move entirely with Nextios to Ingram Micro.

From a systems perspective, all back-end systems were integrated at the time of the sale. As a result, we put a TSA in place to support the migration of data, users and security processes. We are now close to completing that transition.

**How did investors react to the carve-out?**

Although the business represented a small part of our company, the reaction was positive. On our side, investors clearly understood that we were sharpening our focus and concentrating on what really matters for LWSA. Many of them reached out to say it was the right move.

On the buyer's side, it also made sense strategically. For Ingram Micro, this was a way to reinforce their professional services capabilities. So, in the end, the transaction was well understood and well received on both sides.

**How do you see AI influencing your M&A strategy?**

There is a lot of smoke around AI right now. Everyone is talking about it. What we are really looking for are companies that are making a difference in customers' daily activities, companies that solve clients' real pains.

We see many AI projects that look great in theory, but they don't really move the needle for customers. Because of that, we are being very cautious.

For now, we prefer to keep looking carefully for good companies that make real impact. In the meantime we are investing in the group's AI capabilities. For example, in e-commerce we've launched AI features that help customers onboard, set up their stores, and be connected to several marketplaces and social media much faster. We've also launched a website creator based entirely on AI, where customers can describe what they want and the platform builds the site for them in minutes, using their content, branding, and social media.

These are practical use cases that customers actually use and pay for. That's the kind of value we want to see.

**How do you see Brazil's tech environment evolving?**

Brazil has never been an easy place to do business. It's been like that for many decades. We often joke that the country faces a crisis every five years, regardless of the trigger. In a way, we are thrive on that. We are used to inflation, to high interest rates, to market uncertainty.

LWSA is a 27-year-old company that has learned how to grow in this environment. We've invested through crises, we've continued to buy companies, and we've kept building technology.

This ability to handle volatility is part of our DNA. For us, life goes on, and the business continues to move forward. ■

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