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agreement to expand Paychex's services into Brazil. Paychex is a provider of payroll, human resources, insurance and benefits services for small and medium-sized businesses.

Aug. 20, 2013

Paychex, Inc. and São Paulo-based Semco Partners today announced a joint venture agreement to expand Paychex's services into Brazil. Paychex is a provider of payroll, human resources, insurance and benefits services for [small and medium-sized businesses](#).

Semco Partners is a portfolio management and investment company with a proven track record of helping market-leading businesses successfully enter the Brazilian market.

Paychex president and CEO Martin Mucci says Paychex's decision to expand its payroll and human resource services business into Brazil represents a key component of Paychex's growth strategy: product expansion through new markets.

"Brazil is the right place for Paychex's first Latin American expansion for a number of reasons. It has a vibrant market of approximately five million small businesses that account for about 40 percent of the wages paid in Brazil. Also, recent and upcoming regulatory changes there increase the opportunity for outsourcing payroll and other HR services," Mucci says. "The availability of an experienced partner in Semco that has helped other U.S.-based businesses enter the Brazilian market means we begin with valuable knowledge of the country."

"Brazil's small- to mid-sized business market is underserved in many ways, despite a lot of outsourcing activity at larger companies," Semco Partners managing partner and CEO Alexandre Bonfim de Azevedo says. "We identified the SMB sector as having

considerable potential. In fact, a wave of regulatory changes is building positive

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“In Brazil, the majority of payroll service outsourcing in our target market is provided by certified public accountants,” says Mucci. “Since Paychex was founded more than 40 years ago, our company has had a tradition of valued partnership with the accounting community in the U.S. We look forward to developing an equally strong relationship with CPAs in Brazil through this new enterprise.”

Paychex plans to begin operations in São Paulo, Brazil, in the first quarter of 2014. The joint venture in Brazil represents Paychex's second international operation. In spring 2004, Paychex expanded into Germany, where the company currently serves more than 2,300 clients.

The Paychex-Semco Partners joint venture has identified an in-country general manager for Brazil who will report to a four-member board of directors. Paychex board members will be Paychex senior vice president and chief financial officer Efrain Rivera and Paychex senior vice president of service John B. Gibson. Semco Partners board members will be the partners Michel Harari and Alexandre Bonfim de Azevedo.

Similar to other Semco Partners joint ventures, the intention of the agreement is that Paychex will acquire Semco Partners' half of the partnership and create a wholly owned subsidiary of Paychex. In Semco Partners' business model, this typically occurs five to 15 years after creation of the joint venture.

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