

Digitron

Enabling dramatic growth in an expanding market.



In 2005, the PC market in Brazil was dominated by gray market activities due to high import tariffs. The Brazilian government realized that it needed to incentivize domestic production, ensure its people had access to quality PCs and protect local manufacturers from gray market sales. For 17 years, Digitron had been a local manufacturer of PC motherboards. As one of few Brazilian motherboard manufacturers, Digitron was poised to grow its business with the impending market changes, but found itself in need of new production facilities to meet the anticipated increase in demand.



“Our work with Intel Capital has resulted in significant growth, both as a result of our licensing arrangement with Intel and our overall expanded capacity. We have added 800 new jobs and are excited to see the continued growth that will come from this mutually beneficial relationship.”

Sung un Song
President and Founder

Quick Facts

Industry: Hardware

Products: PC motherboards

Founded: 1987

Headquarters: Sao Paolo, Brazil with manufacturing facilities in Manaus, Brazil

Intel Capital Investment: 2005

Highlights:

- New factory completed November 2007
- 400% increase in production
- First licensing arrangement in Intel history for local production of Intel motherboards

The Investment

In November 2005, Intel Capital led an investment in Digitron, the first infusion of venture capital in the company's history. As Brazilian PC manufacturers increasingly wanted to produce computers in the country, there was a huge boost in demand for locally produced motherboards to maintain cost efficiencies. Digitron needed additional working capital and a new factory with state-of-the-art quality capabilities to meet this demand. The Intel Capital investment addressed these needs, positioning the company for dramatic growth.

The Intel Capital Advantage

In addition to the funding infusion, Digitron directly benefited from Intel manufacturing expertise in the building of its new facilities. Experts from Intel facilities around the globe were brought in to help design and build the company's new factory. Access to experienced Intel professionals enabled Digitron to enhance its manufacturing, quality assurance, and testing processes to conform to world-class standards. Digitron was also able to boost yields, thereby increasing margins as a result of the insight it gained from its relationship with Intel.

The advances the funding from Intel Capital enabled in the company's manufacturing facilities also offered important benefits once the factory was operational. In the past, there was no market for Intel branded boards in Brazil because of the import restrictions and the resulting high cost of Intel motherboards. With its new world-class facilities, Digitron was now able to meet the stringent quality standards for Intel manufacturing. As a result, for the first time in Intel's history, the company is licensing its brand to enable Digitron to produce Intel® Desktop boards in Brazil. Intel benefits from Digitron's superior manufacturing capabilities and strong, well-established distribution channels in the country, while Digitron now has the advantage of being able to be the first Brazilian company to bring locally manufactured Intel technologies to market.

In the past, the limited supply of motherboards has restricted the penetration of PCs in Brazil. With the recent government influence and Digitron's new facility, this bottleneck has been minimized. Today, the new factory has enabled Digitron to increase its production by 400%. The company estimates that it has a 45% share of the domestic motherboard market and now approximately 30% of all Brazilian produced PCs include a motherboard manufactured by Digitron.

