

Crossing the Atlantic

Think Big. Start Small. Move Fast



NOTION INSIGHTS

Build. Scale. Succeed.

Notion Insights is published by Notion Capital,
91 Wimpole Street, London W1G 0EF.
Registered address: Third Floor, 1 New
Fetter Lane, London EC4A 1AN

Contact

+44 (0)845 498 9393
info@notioncapital.com

Content

For opportunities to contribute to future editions
of Notion Insights please contact Kate Hyslop.

Design

paul.jason@pauljason.co.uk

Notion Capital is a trading name of The Fund
Incubator Limited - registered in Scotland Co No
SC218683.

MBM COMMERCIAL, 5th
Floor 125 Princes Street,
Edinburgh, Scotland, EH2 4AD.
Authorised and Regulated by the Financial
Conduct Authority.

Reproduction in whole or in part without written
permission is strictly prohibited.
© 2017 Notion Capital. All rights reserved.

Crossing the Atlantic
is brought to you by:

D'ALESSIO
LAW GROUP

**HARVEY
NASH**

The Power of Talent.

salesforce

TriNet 
Ambitions Realized™

W&R
Wilson Sonsini Goodrich & Rosati
PROFESSIONAL CORPORATION

N Notion
Capital

Contents

6 Introduction

Jos White
General Partner, Notion

8 - 49 Ten Steps to creating a category leader in the US

50 Pioneer Stories

Brynne Kennedy
Chief Executive Officer, MOVE Guides

54 Pioneer Stories

Ed Barrow
Chief Executive Officer, Idio

58 Professional Perspectives

Abbie Pugh
Partner, Multiple

62 Pioneer Stories

Christian Lanng
Chief Executive Officer, Tradeshift

68 Pioneer Stories

Conor O'Loughlin
Chief Executive Officer, Glofox

72 Professional Perspectives

David Skok
General Partner, Matrix Partners

76 Pioneer Stories

Gareth Davies
Chief Executive Officer, Adbrain

82 Pioneer Stories

Jos White
President US, MessageLabs

86 Professional Perspectives

Jacco Van Der Kooij
Founder, Winning by Design

90 Pioneer Stories

Mike Laven
Chief Executive Officer, Currencycloud

94 Professional Perspectives

Elizabeth Jamae
Partner, D'Alessio Law Group

98 Pioneer Stories

Nikos Moraitakis
Chief Executive Officer, Workable

102 Professional Perspectives

Ryan Floyd
Managing Director, Storm Ventures

106 Pioneer Stories

Jonathan Gale
Chief Executive Officer, NewVoiceMedia

110 Professional Perspectives

Daniel Glazer
Partner, Wilson Sonsini Goodrich & Rosati

116 Pioneer Stories

Mathew Bruun
Chief Revenue Officer, Brightpearl

122 Professional Perspectives

Alistair Robinson
Managing Director, Harvey Nash Executive Search

126 Pioneer Stories

Paul Watson
Chief Executive Officer, Volo Commerce

130 Professional Perspectives

Cassandra Anderson
HR Consultant, TriNet

134 Pioneer Stories

Charlie Osmond
Chief Executive Officer, Triptease

138 Closing words from Notion...

Jos White
General Partner, Notion

A FEW WORDS FROM JOS WHITE, GENERAL PARTNER, NOTION

We are delighted to share the second edition of Notion Insights, our series of industry reports taking a comprehensive look at some of the critical challenges facing early stage European enterprise software companies.

Every technology executive worth their salt knows the seminal work of “Crossing the Chasm”. Here we are proud to introduce “Crossing the Atlantic” - the journey we believe every ambitious European enterprise technology business must make, and make fast and well, to create a global category leader.



In preparation for this project we interviewed many founders from the Notion family, each of whom have has successfully launched and continues to scale their business in the US market - making mistakes and learning valuable lessons along the way. We have also grilled US VCs and experts in a range of areas including immigration, HR, law, tax, culture and building high-performing teams for their specialist knowledge, best practice and insights.

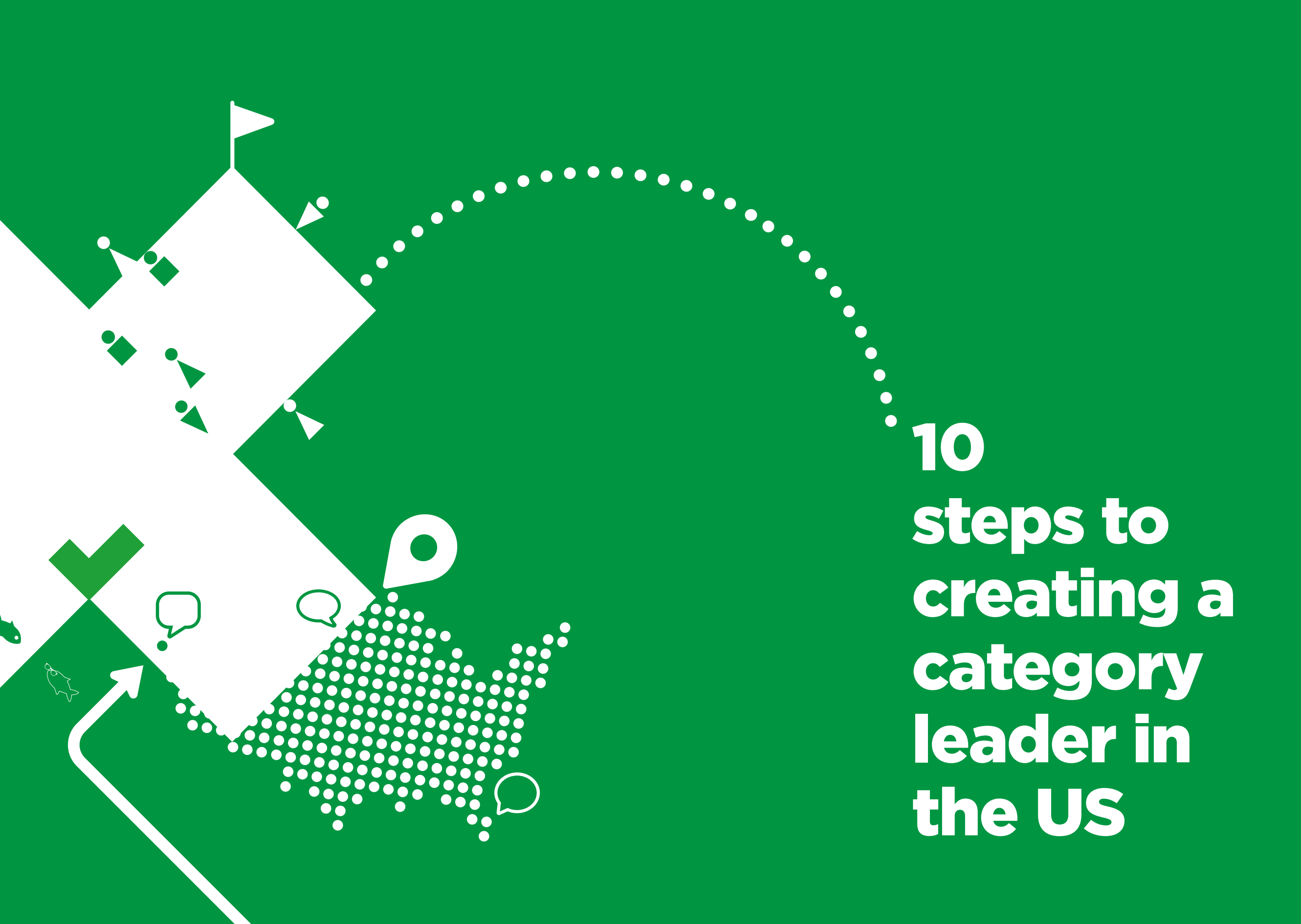
Whilst each story we heard was different, it became clear that there was also much in common. We have drawn on these common themes to develop what we believe are the 10 most important steps a founder needs to take if



they are to successfully launch in, scale in and dominate the US market and get it right first time. We hope you find this report as interesting and insightful to read as we did creating it.

Here at Notion we are on a mission to help nurture a thriving ecosystem that builds, connects and recycles knowledge, ideas and skills for our portfolio and the wider community and we would therefore like thank each of the founders that have been so candid and forthcoming in sharing their experiences for others to learn from. Likewise, a huge thanks goes out to each of our partners for helping us in bringing this report to life.

Jos White



**10
steps to
creating a
category
leader in
the US**

Step 1

Get the business right at home,



then leapfrog the rest of Europe

Establish a strong domestic business

Focus on your local market, not the European market

Engage with your local VC and investment ecosystem

It's a platitude to say that you need a high-functioning business before you consider expanding to the US. What's more important is to note that scaling across Europe is heterogenous (cultures, languages, buying behaviours, regulatory environments etc.) and therefore complex and fragmented.

Step 1

Get the business right at home, then leapfrog the rest of Europe

When you're selling in Europe, especially in the UK, many SaaS companies are country-centric. It's very hard for French companies to buy a British SaaS service if there's a decent competitor available on the French-speaking part of the continent.

Jacco van der Kooij
Founder, Winning by Design

We could've gone earlier but we needed to get comfortable that we had everything shipshape in the UK. That meant people, process and also that we could implement customers in the UK and service people in the UK and support them from the UK. We contemplated it seriously 2-3 years earlier and decided that we didn't have our house in order here, and it would be a dangerous distraction. It was when we felt that we had the right team that we were ready: we don't have all the answers but when we find challenges, we've got the team to overcome them.

Paul Watson
Chief Executive Officer, Volo Commerce



Some of our founders have European connections which presented an opportunity but nobody has ever built a category-leading enterprise software business in Europe by slowly beating down the doors of every European nation state.

Rather, every enterprise software venture that has succeeded in becoming a global category leader has done so by building a significant North American presence.

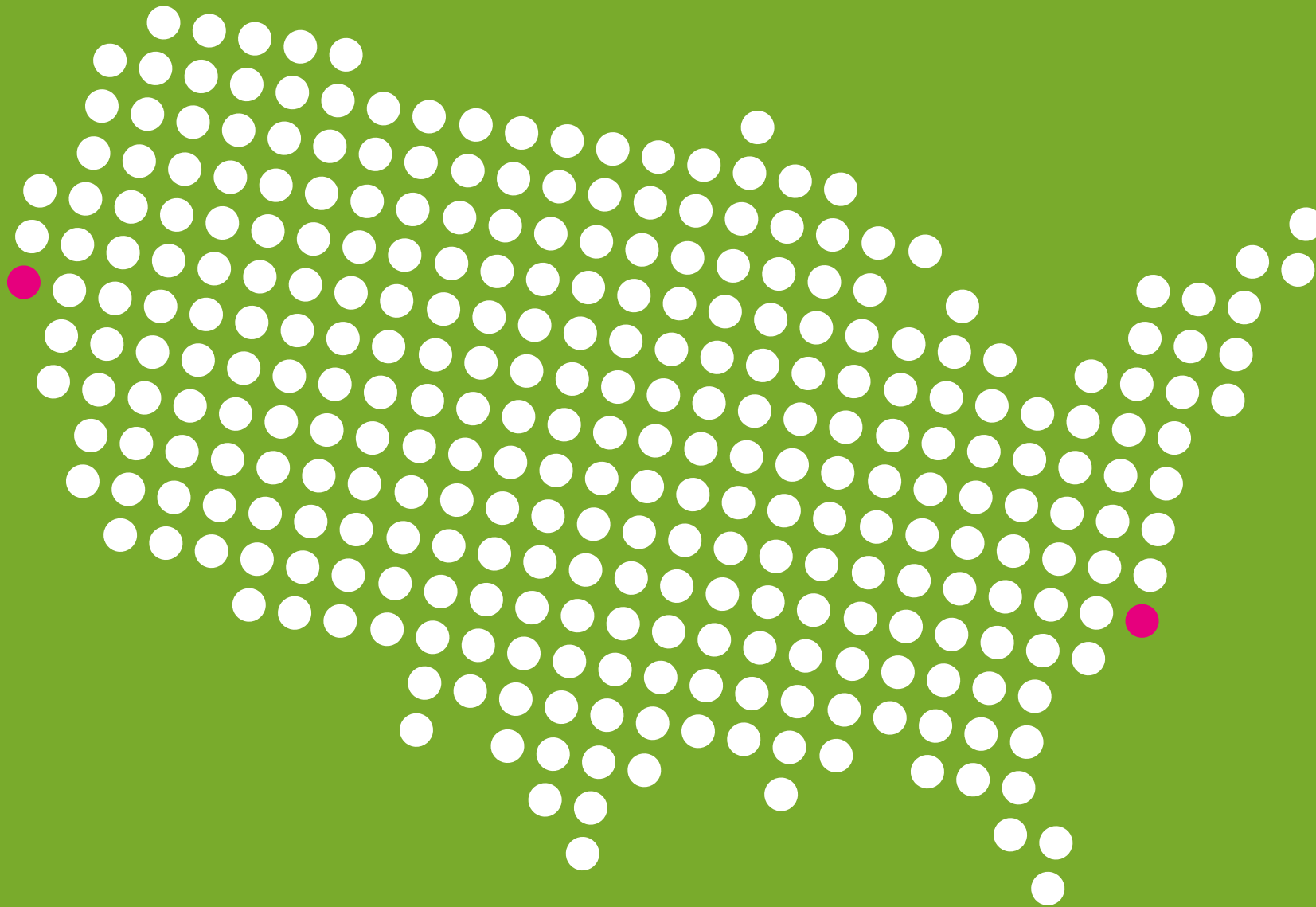
The answer, then, is to light the touchpaper on a local market: if you are a French business, focus on the French footprint. Sell to French multi-nationals, work with the French government, and leverage the French ecosystem because French multinationals are proud to buy from French technology companies.

Then, leapfrog Europe and go straight to the US. The European expansion route makes little sense to most early stage enterprise technology companies. The individual countries have little affinity to buy from other countries, each must be addressed individually, and many are relatively small markets. The US is visionary in early adoption. A transactional attitude means that – particularly in the low-risk, 'switch off whenever I want' SaaS world – you should have a large, welcoming, and reasonably homogeneous market to address.

Attitudes among the investment community are also changing, with US VCs looking to Europe for a steady dealflow of good ideas, talent (particularly from UK and Scandinavian universities) and very friendly tax environments for capital seeking a home. European expansion can follow; so think big, and plan to go directly from your home market to America, on the foundations of a strong domestic business.

Step 2

Build a beachhead



Preparation is everything, of course, but few businesses think globally from the outset. As so many businesses (and SaaS ventures in particular) leverage stacks of technology to go to market rapidly, it makes sense to structure it with the US market in mind. Can your providers scale? Is localization built in at every level? Use American English throughout.

Think global from the outset

Use domestic customers to cross-sell to the US and secure referenceable US clients from home before putting people on the ground

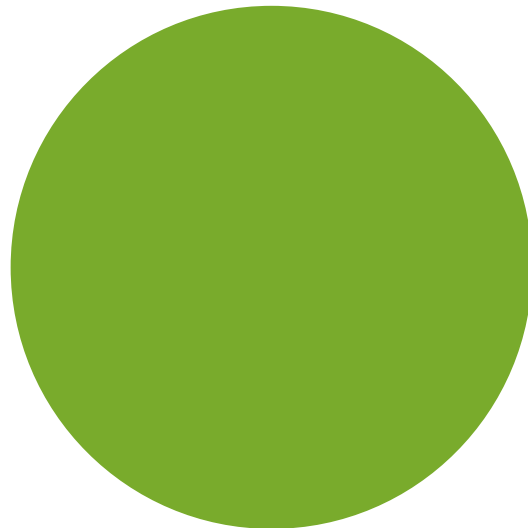
Validate the US opportunity

Step 2

Build a beachhead

We didn't have the luxury of winning many customers in Greece. We didn't care about our local market - we built for a global audience and in particular in the US. Perhaps in the UK or Germany companies have the convenience of selling to local customers but something that works for the US will work for the rest of the world. And that's rarely true the other way round.

Nikos Moraitakis
Chief Executive Officer, Workable



At MessageLabs we had a handful of names who were prepared to be early adopters before we had any presence in the US; and I think that's a really good way to seed the market and get a sense of how responsive to your value proposition it will be. They were prepared to take a risk with us before you even have a presence in the US and that really helped us in creating a foundation to build on.

Jos White
President US, MessageLabs

We've been global from day one. The nature of the business is international, above borders, and with no barriers to entry. The UK was the most logical place from which to capture that international footprint. As we got bigger, we shifted more of the business towards the US because much of our buying happens in the US. And then we raised some capital in the US and that pulled us over there, too. So it was customer and funding led - a little chicken and egg. We balanced it pretty well: there were flexible office spaces so it was easy to dip our toe in.

Brynne Kennedy
Chief Executive Officer, MOVE Guides



Every decision you globalize in the early days will make life exponentially easier later on. The team at Athens-based Workable set out to present themselves as a global business from day one - and that's not just ruthless ambition - although the Workable team have that in spades. It was a conscious decision to sell to the world that has positively affected the culture, outlook and effectiveness of the whole business.

Where possible, secure your initial US customers from your home base. Among the companies quoted here, Glofox found that a significant proportion of its business, a healthy flow of inbound leads, was coming from America while the company was still based in Dublin. MessageLabs, meanwhile, used prestige UK clients (the Bank of England) to sell to parallel US organisations (the Federal Reserve).

Our founders vary dramatically in opinion on when and how to move. Some of our founders moved to the US, some sent representatives, a couple are still commuting the Atlantic. There's not a perfect answer. But de-risking the process by putting effort into validating the US opportunity and confirming product-market fit is something they all agree on. Mike Laven at Currencycloud, knowing that he had regulatory hurdles to climb anyway, put some pre-sales experts in a serviced office and tasked with nothing more than understanding the market and building relationships. Other businesses won't have such a generous timeframe to hand. Either way, understand the market before you commit.



Step 3

Get good professional advice



Advice is expensive – but forewarned is forearmed. The collective advice of our founder community is that it's worth investing in advice in three key areas: the legal aspects of company structure, formation and tax; HR and employment law; and immigration – what Elizabeth Jamae of immigration lawyers D'Alessio Law Group calls 'the Holy Trinity' of building out a US operation. It would also be fair to add a good recruitment advisor and a capable bank to this list.

Get professional advice early: on legals & tax, employment and immigration

Use your network, and if you haven't got one, talk to Notion!

Take advice as to whether to 'flip' to a Delaware holding company

Step 3

Get good professional advice

It will typically make sense to set up a US subsidiary as opposed to a topco, and to separate the US and non-US businesses, and therefore your US and non-US taxable income. This is particularly important since US corporate tax rates (federal and state), totalling about 40% are typically twice the level of the UK and three times the level in Ireland.

Daniel Glazer
Partner, Wilson Sonsini Goodrich & Rosati

I think one of the indicators of success is people's ability to work their network and to get things done - and the European expat community in the US is enormous. It's not like we're expecting people to connect with a Senator or something - it's very achievable. If you're an entrepreneur in the UK, you ought to be able to connect the dots and make contacts.

Ryan Floyd
Managing Director, Storm Ventures



In all these professions, there are plenty of charlatans – including those who monitor lists of company formations for suitably green targets. Get recommendations from either your network, or from people who have been through the process before. All of our founders have spent time building strong networks (indeed this might be one of the defining skills of successful high-growth entrepreneurs), and it is here, on the cusp of a major move to a new territory, that those relationships can really pay dividends. Gareth Davies of Adbrain – himself a Googler and so by no means unconnected to the Silicon Valley ecosystem – talks about a ‘VIP curtain’ behind which everyone in an industry knows everyone else. This is where great advice comes from.

The big issues which deserve professional assistance fall broadly into two categories: decisions which have long-term ramifications, and which are therefore high-risk and harder to fix if you make a mistake; and issues which require the experience and relationships of an insider to produce the best outcomes.

A good example of the former is your company structure: a well-trodden path has traditionally been to ‘flip’ a UK business and install it under a US (usually Delaware) holding company – or ‘topco’. Five years ago, many US VC firms would have insisted on this before investing, because, for example, it’s easier for a US company to execute a US IPO and US customers are more comfortable contracting with other US companies. Today, however, the favourable comparable UK and Irish corporation tax regimes in particular have made flipping less attractive and many VCs are seeing value in making the US company the subsidiary. In short, it’s a big decision, and one which deserves up-to-date (and personalised) advice.

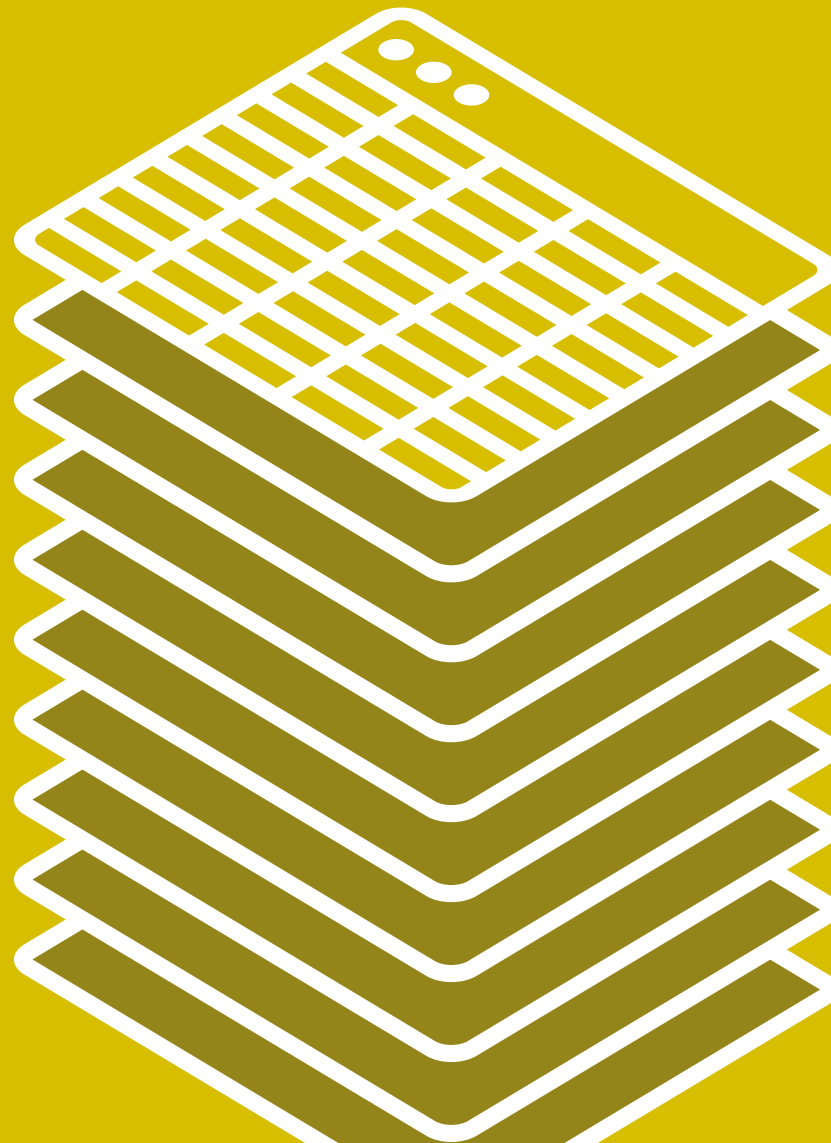
A good example of the latter is immigration. The visa regime is complex but not incomprehensible. However, where a good immigration lawyer adds value is in their personal relationships with the US Citizenship and Immigration Service and the collected, refined experience of hundreds of applications – which for a tech firm includes articulating the value of your complex proposition in terms which a disinterested (and likely underpaid) assessor can appreciate.

Founders and investors underestimate how hard immigration is. The US has very restrictive attitudes to immigration and applications will be denied unless you come up with creative ways to solve what they're looking for.

Elizabeth Jamae
Partner, D'Alessio Law Group

Step 4

Sort out the basics



Several housekeeping considerations deserve your attention at around the same time you incorporate your business on US territory.

Implement key international practices

Establish share schemes

Set up a US bank account

Step 4

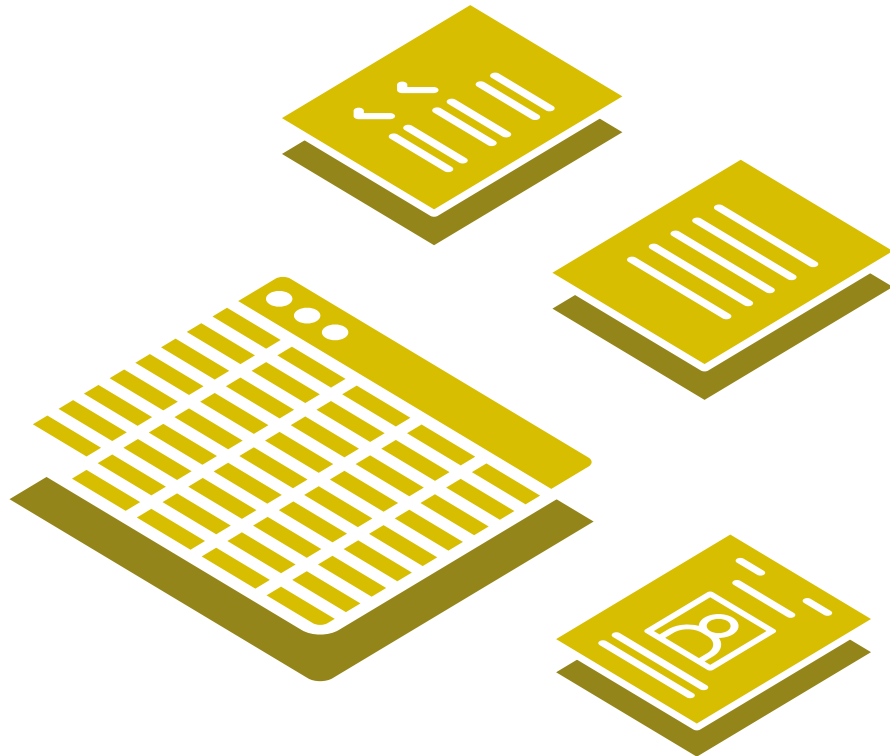
Sort out the basics

An early start will allow you to obtain a Federal Tax ID number. This can take time, but it's necessary for unlocking other aspects of your company admin, for example opening a US bank account.

Cassandra Anderson
HR Consultant, TriNet

SVB has an unparalleled network of innovators and investors, great brand recognition in the US for businesses looking to break America, high quality, content-led events here in London, as well as access to market leading debt financing.

Sonya Iovieno
Head of Venture & Growth Banking,
Silicon Valley Bank



Ensure the right employee and customer protections

IP is territorial, so your UK or EU protections won't carry over to the US. What's more the US can be highly litigious. Lawsuits are relatively inexpensive to file and, thus, are often used as a way to negotiate – and that's before we account for 'patent trolling'. Most cases will end up being settled out of court, often at significant expense. To eliminate as much of the risk as possible, cultivate strong local contracts (not "Americanised" contracts from your home country) and have compliance programs in place. All US employees should sign an "IP and Confidential Information" written agreements.

Furthermore, at the point of exit, an acquirer will be far more sceptical about aspects that at the outset seem unimportant. Kevin McGovern, Notion Expert and exitteering specialist explains: "Buyers and later stage investors are really hot on issues that to them represent potential downside risk: particularly employment contracts – what is owned in terms of IP assignment and what is owed in terms of payments; they are also hot on customer contracts; again, in terms of IP but also the predictability of revenues.

International transfer pricing

Acquirers also focus on transfer pricing, due to the long-term tax advantages but also because of the risks associated with tax avoidance. So the advice is simple: get the fundamentals of a global business in place, while it is still relatively small. Transfer pricing may seem unimportant early on, but hard to rectify at a later stage and can put an acquisition at risk.

Manage cap tables and share schemes from day one

Any offer of equity or stock options to US based individuals will have tax and US securities law implications, so discuss it with an attorney. "Most commonly, a US sub-plan will be created to the

stock option scheme to deal with these issues and where possible to take advantage of US tax breaks," says Karen Cooper of Cooper Cavendish.

If an employee makes equity investments in your business, the stock purchases must comply with US federal and state law. Every offer and sale of a security (including options) must be registered with the Securities and Exchange Commission (SEC) or an application for exemption from registration must be available. Each state also has its own laws governing the offering and sale of securities – also called "Blue Sky" laws. Furthermore, California imposes certain requirements on options granted to residents of California, including a stipulation as to the maximum duration of the options and the minimum exercise period following termination of employment.

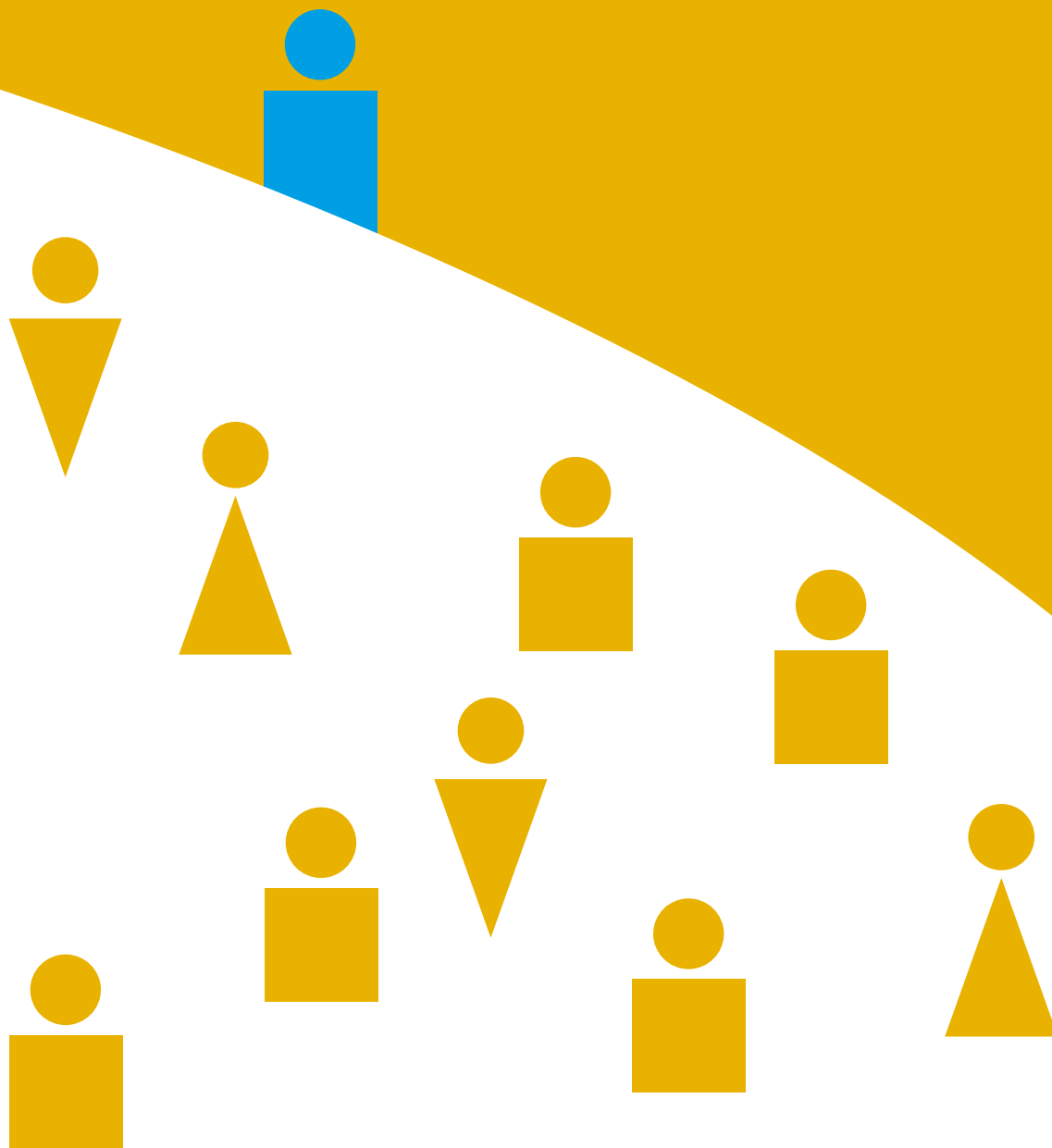
Kevin McGovern continues, "Messy cap tables can also create headaches at a later stage so get those right from the start. Option schemes are expensive to administer and differ by state (you create a taxable presence in the US in every state in which you have employees or customers) creating a significant admin burden, so get good advice on the structure.

Banking

Lastly, it is essential to bill US customers through a US bank account – not just because it's easier, but also due to the brand comfort it provides to customers. Our recommended provider in this space is Silicon Valley Bank (SVB), used by many of our portfolio. With a large presence across Europe and of course the US, SVB offers much more than just banking solutions. It is an experienced, committed partner with the scale and the determination to take clients from a small business to a large corporation. You're also looking for relationship managers who are client-focused – ensure that (as is the case with SVB) you can speak to the same named contact rather than being passed around from one department to another.

Step 5

Lay the groundwork to employ a team in the US



Recruiting a team takes time, and along with all the other challenges of developing a high-growth business through each evolution of scale, you need to be thinking about your talent needs six to twelve months ahead of time. And even before that, you should lay the groundwork of HR (policies and procedures), payroll (process and compliance) and your benefits architecture.

Don't hire anyone until you have HR, payroll and employment law and compliance structures in place

Get help designing a workable benefits package

Develop a talent-facing PR campaign

Think 6-12 months ahead

Work out the structure of your US and European offices, and how they will work together

Make sure the new office is seen as a proper business, not an outpost

Step 5

Lay the groundwork to employ a team in the US

Nobody is going to join an organisation that doesn't have basic benefits and infrastructure from an HR perspective in place. Then organise your messaging and the website. You need to market to candidates up front and then sell to them, as well as interviewing them to get them bought in to the process.

Alistair Robinson, Managing Director, Harvey Nash Executive Search

You can't just have a sales outpost. You have to question what kind of sales person joins a remote satellite of an unproven startup in a very competitive US market? The right approach is taking some home grown talent over to the US market. You need people with a deep understanding of the product, if nothing else to give confidence to the sales team that they're not talking bull.

Ed Barrow
Chief Executive Officer, Idio

No matter how familiar you are with HR and all things people-related in your home market, the US is a very different beast. You should start thinking about HR, payroll, benefits and compliance at least six months before you plan to have your first employee on the ground in the US – whether that's you or another employee.

Cassandra Anderson
HR Consultant, TriNet



Cassandra Anderson of HR specialists, TriNet is particularly vocal on benefits. In the US market, elements of a benefits package like healthcare are financially burdensome but crucial for attracting talent. Thus, the headline earnings potential of a salary is comparatively less important to US candidates than the cumulative package. Even more challenging, the US system means that your benefits offer can be set in stone for 12 months at a time – again, this requires that you pre-empt the labour market.

Similarly, Alistair Robinson of Harvey Nash recommends a six-month runway before recruiting in the US; not just to familiarise yourself with the market, but to engage in a talent-facing PR campaign. In all the US tech hotspots, supply of talented product, engineering and sales professionals is vastly outstripped by demand. You won't just be competing for talent with Google, you'll be competing with the startups founded by people who have served their tech apprenticeships with Google and used the profits and their networks to create the next generation of home-grown high-growth SaaS businesses. As a foreigner and an outsider, recruiting in that market is a big ask, so you need to start building a reputation before you hit the ground.

You should also be thinking about what skills you will need in the US, what your leadership team in each office will look like, what skills you will seed with home grown talent, and how the new office will work with your European office. Our founders have varying approaches here, but in general, matrices with duplicated roles is only a solution once the business has grown significantly. Instead, the most effective and efficient structure is to ensure each office focuses on a local specialism. For example, not just for reasons of cost, engineering may stay in Europe, while the US becomes the commercial and product lead. This ensures that both offices flourish and are forced to work collaboratively, rather than one becoming the unloved outpost.



Perhaps one of the most interesting aspects of the interviews we have conducted with founders is their approach to the simple question of where to set up in the US. Many of our founders for whom confidence, determination, grit and gut-feel are key skills (e.g. Christian Laang of Tradeshift, Jonathan Gale of NewVoiceMedia) said that despite all the complexity of Silicon Valley – insane talent costs, eye-watering living expenses, intense competition etc. – there really was zero choice; and they stand by their decisions to this day. Other contributors who are led more by metrics and careful assessment (e.g. Matthew Bruun of Brightpearl) are more measured – indeed Matthew architected Brightpearl’s move away from San Francisco to Austin, Texas.

Location, location, location

If there is a trade-off between access to customers and access to talent, choose talent

Everyone in the US flies, it’s just expensive (and unpleasant) so get used to it

You can’t beat the Valley as a location, but you also can’t win the talent war there

Don’t underestimate the power of being close to your network

Time zones are important in the early days of having two offices

Find a well-connected space to land – you’ll extend your network and have like-minded folks to talk to

Don’t open a complex network of branches – fragmentation is your enemy

Location, location, location



Base yourself on access to leadership, talent, access to partnerships, and early stage customers not long-term customers. Overpriced as it is, the Bay area is still the place to be.

Christian Lannig
Chief Executive Officer, Tradeshift



Austin is like Seattle: it's a very tech and entrepreneur friendly place without being New York or San Francisco. By moving there, we weren't doing anything radical, but we also weren't just being a follower. I'd say we were an 'early stage follower'.

Matthew Bruun
Chief Revenue Officer,
Brightpearl



Don't create islands of people. You simply create unnecessary complexity. Minimise the number of locations, and create just two hubs if possible.

Nikos Moraitakis
Chief Executive Officer, Workable

The location of customers is clearly important; but many of our founders pointed out that everyone in the US is prepared to fly to meetings, so that mitigates the location challenge to a degree. More important – although nobody admits it – is the fact that American cities are like universities. San Francisco and New York have the credibility of Harvard and Yale. Seattle and Austin are like MIT and Princeton; and so the list continues – perception is the important factor. Setting up in the Valley automatically confers credibility – at a price. The other key considerations are:

- Talent: can you get good people at the right price, and if not, are people prepared to move?
- Network: the best argument for the Valley is that 'even your next door neighbour is pretty much bound to be working in tech'
- Time zones: the US is five to eight hours behind the UK, and particularly during the transition period when you're juggling two offices, the difference in those three hours (both operationally and for the wellbeing of stressed founders) can be huge.

You can, of course, begin with short-term offices: they're cheap today, and (especially folks like WeWork and RocketSpace) also mean access to a ready-made network of similarly ambitious businesses and entrepreneurs.

Don't expand beyond two offices. Many of our founders mentioned the importance of bringing the US and home teams together at least every six months for a social/business/alignment meet-up, even though it's extremely expensive; because fragmentation is a costly enemy. To attract great people, they need to feel that they are going to work in a strategic part of the business, where decisions matter and influence resides; and any dilution by opening branch offices spoils that intensity. You may save a few pennies on office rent, but the cost in motivation, coherence, critical mass and collaboration is incalculable.

Step 7



Founders migrate, then assimilate

Our founders all discussed the pain of moving wholesale to the US – many had young families who also had to be uprooted. But there is, ultimately, no alternative: you have to commit. Many were honest about vacillating: some have spent 12 months or more criss-crossing the Atlantic. Eventually, you'll have to make the move.

As a founder, you have to make the move

Don't fall into the trap of hiring a big US General Manager


Decide who will be your domestic office leader – if you don't have a co-founder, nurture your #2

Consider bringing some superstars from your home team

Use your cultural networks, but be 'more American than an American'

Step 7

Founders migrate, then assimilate



We sent a young product guy to live in the US, so we had product expertise on tap. He was 22, willing to travel, talked to everyone, understood everything, and now he's the guy who sells for us in China. People love that job - opening doors in a new country. He comes from Windsor!

Mike Laven
Chief Executive Officer,
Currencycloud

Don't underestimate the importance of your physical presence in the office, in terms of aligning the team, setting the picture of success and getting them focused on delivering. Choosing the right person to succeed you when you move to the US is critical.

Gareth Davies
Founder & Chief Executive Officer, Adbrain

The US is clearly the most important territory, but I don't think like that. We are a truly global player, and it's a massive differentiator. We invested in Europe, AsiaPac and the US.

Jonathan Gale
Chief Executive Officer, NewVoiceMedia

Importantly, the alternative has been discredited. Both our VC contributors, Ryan Floyd (Storm Ventures) and David Skok (Matrix Partners), along with many founders, cautioned against hiring a US General Manager to somehow rebuild a facsimile of the European operation. It just can't be done: replicating a business is a little like mouthing the words of a foreign language - the sound might be the same but that doesn't mean you know what you're saying. The business will be a poor copy. The phrase that came up several times is "an empty suit" - your new leader will be someone who looks the part but has no loyalty to your business and probably lacks the skills to get work in their home market.

So you have to make the transition - but that brings its own problems. Many of our founders reported that it was extraordinarily hard to maintain a corporate culture without a co-founder to keep the home fires burning when they moved to the new US office. It takes only a matter of weeks for motivation to drop off a cliff edge. Get it wrong, and you will have two underperforming offices: a new US office with a sales team that feels like a bolt-on, and a European office which feels like the kid that's no longer cool. Gareth Davies from Adbrain told us that motivation 'dropped like a stone' when he moved to the US; and it remained a major challenge. Charlie Osmond of Triptease, conversely, was lucky enough to install the ideal co-founder in his place: his brother James (despite swearing he would never work with a family member).

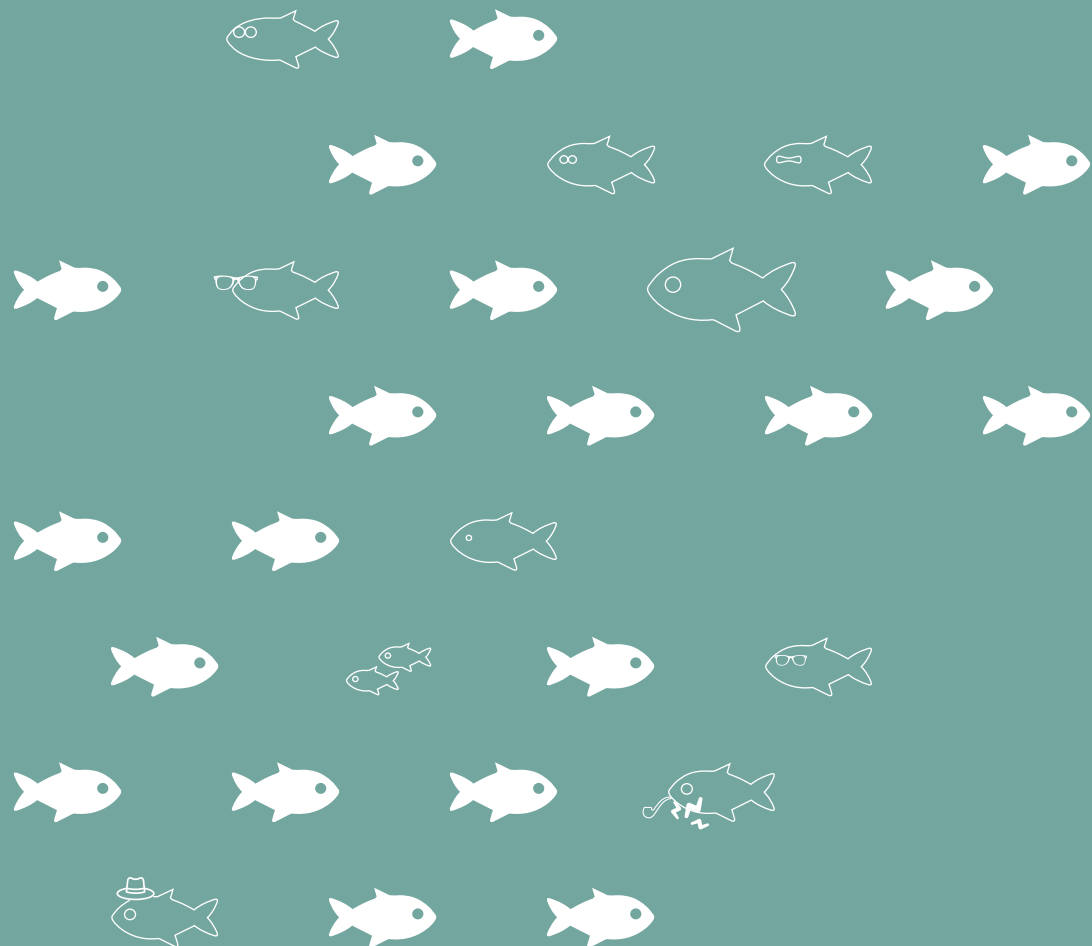
The other big question is who to bring with you - and here the jury is out. There is little to learn from functional structures - the challenges of hiring are well known, and if you happen to have a sales or engineering specialist looking for a new challenge, well that's great. Much more useful is to look at softer skillsets. Many of our founders had already recruited young (yes, they will usually be younger), hungry, pioneering, bang-on-doors types in the UK. These are the people who might not only be ideal and keen to join you in the US, they can probably take a leap in role and responsibility, too.

Another interesting split in opinion is the value of cultural networks. All our founders are expert networkers, and all of them have grown their connections rapidly before and after moving to the US. Some have chosen to leverage their 'cultural mafia' - Conor O'Loughlin of Glofox, for example, is landing in Manhattan with help from the Bank of Ireland, along with seven other high-growth Irish businesses. Nikos Moraitakis at Workable, however, says he has no Greek friends in the US, and consciously tried to rapidly assimilate and naturalise the whole business. Perhaps the real answer comes from Charlie Osmond of Triptease and Jonathan Gale of NewVoiceMedia, both of whom point out that businesses which think globally become stateless - they transcend the Europe/US distinction entirely.

Step 8

Empathise with your new buyer

- it's a different market



Despite the fact that SaaS propositions are global by design, consumers (and this includes buyers in big companies) are parochial at heart. That means entrepreneurs must make some consideration for the differences between buyers in European and US markets.

Understand the differences in the US market – there will be plenty

Appreciate how this will change your go-to-market and segmentation

US buyers are forthcoming, so use them to learn

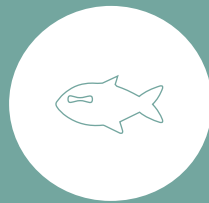
Stay uncomfortably narrow in focus

Step 8

Empathise with your new buyer - it's a different market

Be cautious until you understand the go-to-market differences, and don't throw yourself at it before you know what you're doing. Talk to customers. By the time we'd figured it out, we had 15 customers – learning on the job is a very de-risked way to operate.

Mike Laven
Chief Executive Officer, Currencycloud



The biggest difference between the US and Europe is that it's very noisy. You have to find a way to stand out from the crowd. You have to get creative.

David Skok
General Partner, Matrix Partners

The more we started to serve [our US] clients, the more we started to see that these were our ideal clients. They gave a lot more concise feedback, and more feedback we agreed with in terms of the industry and where it was going. As we started to develop the product more in line with the expectations of the US client, we started to see more growth in the European customer base as well.

Conor O'Loughlin
Founder and Chief Executive Officer, Glofox



Mike Laven at Currencycloud, for example, explains that in Europe his business is purely a B2B proposition. Yet in the US, he is obliged for regulatory reasons to have a relationship with his end customer – and that means he has had to become a consumer-facing operation. This is the most dramatic example we have found of business being different in the US, but he is not alone – indeed all our founders were surprised at the social and technical differences. Americans use cheques, they don't have Chip & Pin. In the UK, list marketing is easy; in the US it's illegal.

This extends to customers, too. What might be a visionary sale in Europe might be a late majority sale in the US, with all the go-to-market and pricing differences that entails. You must re-evaluate who will use your product, how and in what context, what they will value, how much it is worth, and how to package it. You must develop new personas and value propositions from scratch for a US audience.

There are benefits, too, though. American buyers are generally more predisposed to operate transactionally – if a product makes sense, they will give it a go – which suits the remote/distance selling of a SaaS proposition. That enthusiasm can help spin the SaaS cycle of Delivery > Feedback > Product Development: Conor O'Loughlin of Glofox says that his US customers gave better and more valid feedback, which has now been used to build a better product which is also appreciated by European customers, too.

Then, there's the size of the market to consider. There is the challenge of 50 state legal frameworks and then the market differences between different parts of the country – at the very least, the East Coast, Midwest and West Coasts have different sensibilities.

Far from trying to bag every possible customer, you should start small and keep narrow. In a market with 330m people and 20m corporates, you can make a perfectly good initial living operating in a tight niche, and that's the best way to establish a beachhead without wasting time on travel or reworking marketing materials for new sectors. Jos White of MessageLabs, for example, focused on banking in New York until the business had the credibility and resources to expand. Establish key segments, rank and prioritise your markets and understand which channels will reach those markets most economically. Stay uncomfortably narrow in focus, despite the temptation to reach further out, until you have an enviable and credible track record.

Culture: Think global — act local, keep refining



So by sheer hard work, determination, and not a little luck, you are successfully juggling two offices; one in Europe and one in the US. It's a mighty achievement, because in a high-growth business, almost everything is stacked against you – every switchback or point of inflection is a risk – and now you're doing many things twice.

Define a culture, what it means to be an employee of the business

Align the behaviours and values of the organisation

Look for cross-fertilisation of different cultures and working practices

Use US working practices to drive the effectiveness of the local business

Step 9

Culture: Think global, act local, keep refining

Use the move to the US as a launch pad and rallying cry for the whole organization to step up; because if it doesn't, especially as they're supporting you remotely anyway in the early days, you have to work really hard to stay competitive. It's like training at altitude: you're going to be under more existential pressure, so everyone has to step up their game.

Jos White

President US, MessageLabs

Culture matters because it's all about optimising team performance. If people hold the knowledge and ability to build the business and deliver value, then culture is how we create the conditions in which they'll deliver their best work.

Abbie Pugh

Partner, Multiple

It's hard culturally to create a global organisation later on. Your culture is less settled in the early days so it's easier to shape, and you can inject a lot of positives from the US like aggressiveness and competitiveness, which Europeans lack.

Christian Lannig

Chief Executive Officer and Chairman, Tradeshift

Obviously, you will want to insulate yourself from complexity and confusion in running those two offices, and to some degree that will come down to process. Matthew Bruun of Brightpearl talks about the importance of playbooks: processes which can be exported and which are rigid enough to enforce best practice, but flexible enough to allow the freedom to localise.

However, that's a functional approach, and whilst it will keep your business safely on the straight and narrow, you should also invest in ways which will help you not only survive as a two-hub business, but improve and thrive.

Most important here is the culture of the company. By moving to the US, perhaps with some key European employees, a founder is already setting the tone and culture of the firm. But you should also articulate what it is that makes the business, the business. What approaches add the most value? What sort of people make it tick? As one of our founders said, "Can I imagine this person jumping up and down on a bouncy castle at 2am? If not, then they won't fit in."

Of course, some ventures will be considerably less fun, and culture is much more than a Fussball table - it's a set of values, behaviours and shared purpose. But the fact remains, your corporate culture is the best short-hand for any operations manual you can conceive. That culture will also bind your two teams across the Atlantic: as our Culture expert, Multiple's Abbie Pugh, says, people who don't feel aligned with each other are less likely to be proactive in reaching out to each other. Sharing of ideas and collaboration throughout distributed offices is much easier to deliver when you've got a clear and codified culture and narrative.

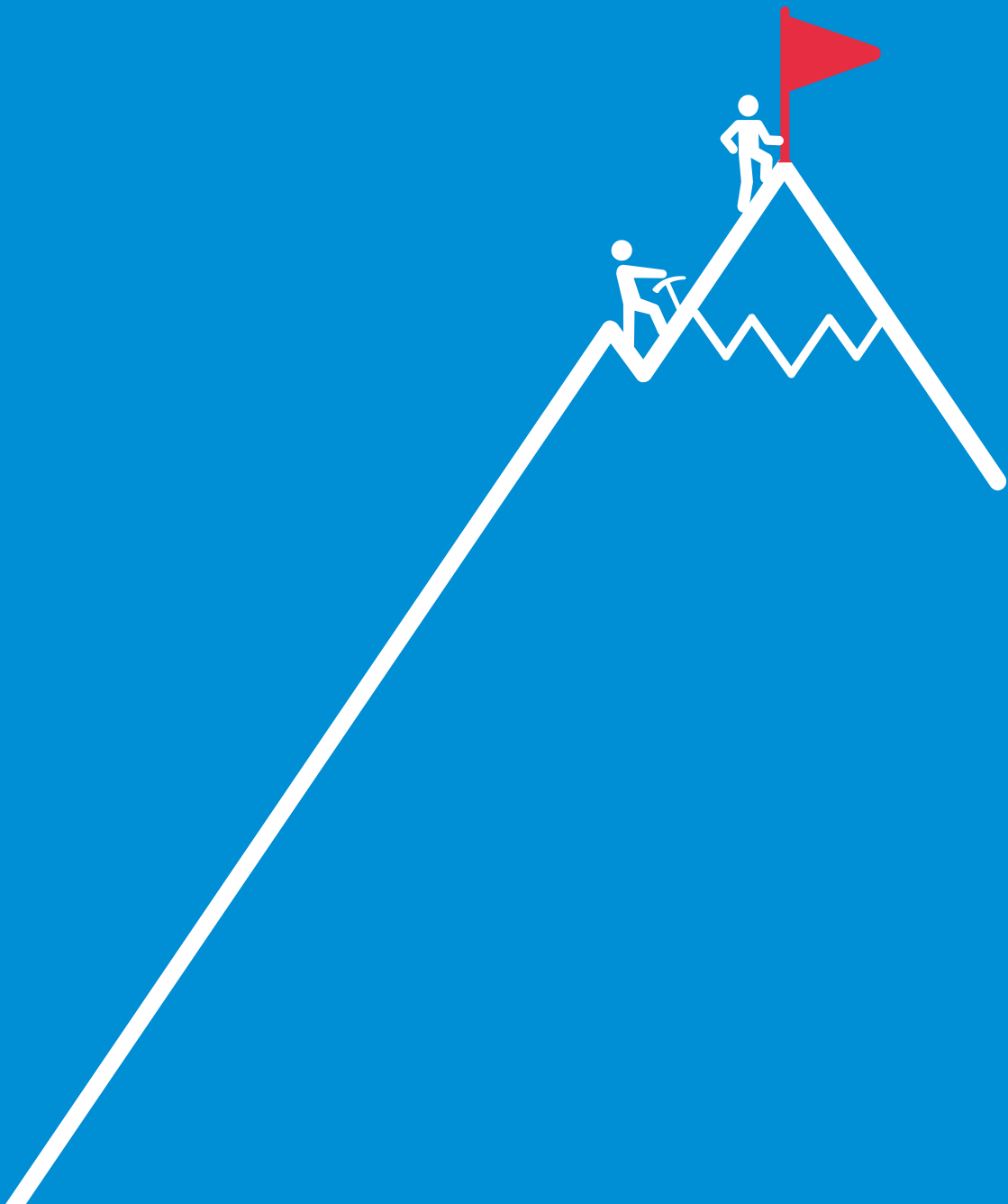
Second, with two offices, you can begin to optimise - effectively A/B testing processes globally - to take the best of one territory and see if it improves results in the other. This too can be process-oriented or cultural: Jos White says that at MessageLabs the US work rate and appetite for success, instantly forced his UK team to 'move up a gear', significantly improving the pace and quality of execution across the business.



Step 10

Build

a no-compromise team



We've already seen that finding pioneering leaders is expensive and complex; now imagine scaling up the team. Mistakes will be amplified (you'll just be running down the wrong road faster). Luckily, there is a formula to SaaS sales, and a formula to building out 'sales success pods'.

Scaling up talent amplifies risk, so minimise it with a 'pod' approach

Use recruiters strategically rather than transactionally

Replicate pods to create economies of scale

Build a no-compromise team

If you master your online sales techniques, you need less people on the ground, you'll change the whole dynamic of the sales organisation.

You have to excel at online selling – tap selling on a browser. Do you want your sales team selling, or driving?

Jacco van der Kooij

Founder, Winning by Design

You have got to lead with someone who can demonstrate capability of selling SaaS based solutions. Then, your commercial organisation will need strong players in customer success, pre-sales and solution architecting; services areas that can functionally combine to present clients with end-to-end SaaS solutioning.

Alistair Robinson

Managing Director, Harvey Nash Executive Search

People, people, people. I'm sure everyone says the same, but hiring salespeople throughout the world is hard, hiring salespeople in America if you're British is on another level. Because they all sound like they're the best salespeople in the world in their last job they did. It just takes a while.

Charlie Osmond

Chief Executive Officer, Triptease

Most importantly, as Jacco van der Kooij of Winning By Design points out, the structure of an effective SaaS sales team is service-oriented. Instead of a hunter-gathering salesperson who hands over to a delivery team, the modern SaaS sales team is continuously invested in every client's success across the midterm. A salesperson therefore works hand-in-hand with a customer success rep. The salesperson also needs to be:

- technically aware (not the oldschool salesperson who “never speaks to the tech team because we keep them in the basement”)
- a capable pre-sales consultant, focused on client needs rather than monthly targets
- and also skilled at remote-selling through screen-sharing presentations, because even after the early days, there won't be time to travel to every client

These people are hard to find – especially as most salespeople have grown up steeped in a target culture. To solve this, our recruiter commentator, Alistair Robinson of Harvey Nash, says it's essential to use recruiters strategically rather than on a slot-by-slot basis. You know you're going to scale up, so share your talent roadmap and have your recruiter identify the challenges, characteristics of ideal candidates, resourcing pinch-points and key motivators for the community of people you wish to attract.

Once you have an initial commercial pod, led by that rare beast, the competent SaaS salesperson, and you know what business they can bring in per month, you can then start to optimise those pods. For example, if your first commercial pod requires one salesperson and 50% of the time of people in customer success, demand generation and marketing, your second commercial pod will just need a salesperson to start the wheel turning. Every time you add a new pod, you can begin to enjoy economies of scale.



"We found building our culture and benefits challenging in the US. You have to think about employee retention very differently in the US compared with the UK."

Pioneer Stories

BRYNNE KENNEDY

CEO, MOVE Guides

MOVE Guides is redefining the corporate relocation category with an offering that meets new needs for businesses on the one hand and an increasingly globalised workforce on the other.

For companies, MOVE Guides offers a platform on which an HR team can manage all of its mobile employees. Complex and burdensome processes (tax, immigration, medical, housing, shipping etc) are all dashboarded for easy management and suppliers optimised with centralised visibility and full analytics to reduce costs. Interestingly, where relocation consultancy was once very hands-on and only economical at the long-term executive level, MOVE Guides makes proactive management of travel valuable for e.g. the field engineer on a one-month project. Both the employee and the business get a better mobility experience.

And the employee? They get an interface through which they can manage their mobile life, to settle into a new city, connect with suppliers, manage their projects and feel at home (and add value to their employer) fast. MOVE Guides taps into the latent value in a workforce which now feels at home on the road: most current HR technology is built on the premise that workers go to the same office every day, yet this is looking increasingly outdated and fails to recognise the value to enterprises who can benefit from leveraging a team in a borderless world.

The epitome of a business with a global outlook

CEO Brynne Kennedy is unsurprisingly a global citizen, and MOVE Guides had a global outlook from the start. An American, she founded MOVE Guides in 2012 while she was studying for her MBA at the London Business School. “We were based in the UK but we’ve been global from day one”, she says. “The nature of the business is international and above borders; and the UK was the most logical place from which to capture that international footprint. As we got bigger, we shifted more of the business towards the US because a lot of our customers are there. And then we raised some capital and founded the executive team there, which has shifted the balance.” Brynne commuted between London and San Francisco from 2014-16, finally moving to the Valley full-time at the start of this year.

But that’s not to say that the soul of the business has moved. If anything, a global perspective has made MOVE Guides rational to the point of statelessness. Product management is split between the US – where customers are, the UK – still the engineering centre and Tallinn. “We acquired a technology company in Estonia, so we decided to double down on the idea of an engineering hub between Estonia and London, and it’s worked well from many perspectives”, says Brynne. San Francisco is the operating HQ, the UK remains the legal headquarters, and there is a maturing field sales organisation in the EMEA, the US and Hong Kong.

The engineering talent challenge

“We like Europe as an engineering hub. There is really great talent, strong company loyalty and a unique global perspective that combines to build great products. We combine this with a US product management team to ensure we are driving our roadmap from our customers, many of whom are US HQ’d,” says Brynne. MOVE Guides truly has built a global product and engineering team across the Atlantic.

But it has not all been smooth sailing as the company expanded.

“We found building our culture and benefits challenging in the US. You have to think about employee retention very differently in the US compared with the UK.”

We make a big effort to be equitable globally, but it was a big surprise to me, not having worked in Silicon Valley before, how benefits-heavy the culture is here. You’re surrounded by companies that are growing very quickly, and they’re lovely places to work day-to-day. So it’s crucial to consider that as you build your culture the employee experience is important and expectations are high. It’s also important to consider what is important to you as a company -- for us it’s

“You have to think about employee retention very differently in the US than the UK. It was a big surprise to me, not having worked in Silicon Valley before, how benefits-heavy the culture is here. The employee experience is important and expectations are high.”

fulfilling work, deep learning and family balance -- rather than overt benefits like free lunch.”

De-risking US expansion

Even with plenty of connections across the globe, Brynne de-risked expansion wherever possible. “Opening US operations was led by customer demand and funding. So it’s a bit chicken-and-egg. We needed enough interest from a customer and funding perspective to do it, but you need the office setup to interest them. We balanced it pretty well: there were flexible office spaces so we dipped our toe in. It’s low-cost and low-risk. We got a junior American employee in the UK to be our first member of staff in the US, so we didn’t have to deal with the immigration issue. And then I’m American, so it was easy for me to go back and forth. Yes, we then recruited a couple of key executives in the US, but only after a lot of travel from me. Now that I’ve moved here, I’m maturing the US office into our Headquarters from a cultural and leadership perspective; but we grew from very basic beginnings.” Brynne had, like all the founders we have spoken to, initially planned to hire a US sales team; and her first hires were indeed the heads for a field organisation. Many founders opening operations in the US make this a key aspect of their sales strategy, realising that an essential function of working across continents is to feed customer insight into the (remote) development team. Similarly, a Customer Success appointment followed –

again a commitment to the rounded customer experience required for successful territory sales.

Today, finance, product, marketing, and other functional teams have made the US office a fully-fledged HQ, and in January Brynne moved full time to the US herself. This US presence is critical as the company scales. “In the US, there is more of a playbook for creating a category in the enterprise software space. It requires engaging with analysts and influencers, lots of writing, work on the brand side and getting customers to validate the way you’re creating the category and your hypotheses. We’re quite early in the journey - we just had the first Research Note about the global mobility management market published. So it’s early days, but here there’s a real roadmap and for the first time we can say that our category is defined in the market.”

Key takeaways

- You will keep a more reasoned approach with a global outlook rather than seeing the US as a behemoth.
- Keep R&D in the commercial shell location of the business.
- Talent expectations, often relative to actual skill, are unreasonably high in the Valley.
- De-risk your expansion plans where possible: at the very least, get clients in place first.
- SaaS sales is always about service: you won’t sell without a customer success organisation.
- To lead in your category, invest in PR and brand.



Pioneer Stories

ED BARROW

CEO, IDIO

Idio is a marketing technology business which uses content choices to predict a user's interests and generate relevant and appropriate marketing messages and actions.

Idio is particularly attractive to businesses in sectors like financial services- where customers invest or buy products on an annual basis rather than day-to-day: where purchase history may be sparse, but information is key to product familiarity. Idio will track a user's content choices as they progress through a website and then use machine learning to make relevant ongoing content recommendations, all of which generate an appreciable uplift in monetization.

Like so many of the businesses featured here, Idio started out as something else - but rarely has the leap been greater. It began life in 2006 as a personalised music magazine, automatically aggregating content from music sites like NME and Rolling Stone to the tastes of each individual user. Co-founder and CEO, Ed Barrow, says, "There was no great business model, but we created a great technology which was able to predict someone's interest in music depending on the articles they were reading. We then pivoted that technology over to a SaaS software platform in 2012 and expanded it to cover everything in the world; so the AI is able to understand over 25 million topics and is fluent in all European languages." Since then, the Idio engine has learned from the reading habits of over 130M people.

A great pivot, a challenging transition: the business with three restructures

With investment and renewed confidence, Ed wanted to expand immediately to the US, to ensure that the product they were building was suitable for the US market. "Big mistake", he says. "We were much too early. We didn't have enough traction with a client base to give us credibility, or a sales team whose expertise of selling the product we could export. Certainly, we learned about US product-market fit, but it ended up being too early to have a team on the ground.

"We also brought in people who, in hindsight, were familiar with the market, but who didn't understand Idio.

Everyone thinks that 'America is different', and in some aspects it is. But hiring an entirely local team can reinforce that message; so you spend far too much time catering for perceived market differences rather than trying to make sure they understand your company and your product.

"Until you have proven traction in the US market, it's hard to hire the people you want, both in terms of cost and quality.

Who would join a start-up with zero revenue? You have to question what kind of person joins a remote satellite of an unproven start-up in a very competitive US market! In retrospect, the right approach is to take some home grown talent over.

But don't rush: build solid traction in your home market, because client success in the UK can translate to the US. Identify one or two people from your UK team, for whom starting in the US would be a career defining opportunity. Give them that opportunity and the responsibility that goes with it, so they work their asses off to make it happen, and support them aggressively from the UK. "We went through three restructures and have finally got it right, and are now seeing exceptional growth in the market when we sent our main UK sales guy over in 2015."

"You land in New York and the vultures start circling. People will take advantage of your lack of awareness, your fear that everything is different, and your desire to get something happening. You can burn money very quickly."

"The other crucial aspect is that your culture is built out of your HQ, so unless you make a conscious effort, you can rapidly end up with two companies. Again, taking home grown talent is pivotal because they will also export the knowledge and culture that you need.

"All that said, our initial efforts weren't wasted: our initial VP, Solutions has become our Chief Strategy Officer; he's at the core of our global business and our product-market fit in the US is now solid because of him". Today, 70% of the sales team is based in the US and the global sales organisation is centred there. Engineering, Marketing, and a small sales team remain in the UK.

Hold your nerve

If you're fresh off the plane, Ed says you need to keep your nerve. "You land in New York and the vultures start circling. People will take advantage of your lack of awareness, your fear that everything is different, and your desire to get something happening. You can burn money very quickly. There are no shortcuts – especially in business development - so don't try to outsource it!

"There will also be US-based startups with US-level funding and crazy marketing budgets who will splurge on every event sponsorship and employee perk that you can't afford. And that means staff who want to know why they haven't got free socks or a foosball table. But don't panic. Hold your nerve. Some of our best people approached us, and asked for nothing other than the opportunity to perform."

Whilst Idio was early to open a US office, the business did use its connections once it had a stronger UK client base. An enterprise play focusing primarily on the financial services

vertical, there were plenty of connections between London and New York. "With a company like JPMorgan, half the team is in New York, half the team are in London, and that gives you reference work in the UK that translates well in the US. Yes, there are cultural differences; and they've seen more technology – everyone's passed through their doors to pitch something – but commercialism and referenceability count for a lot.

Doors open far more easily in the US than the UK. Meeting people face-to-face is important too, so get used to spending a lot of time on planes.

"But it's all worth the effort. US companies are more mature in their strategies, so there are more accounts to go after, with higher deal values and a greater propensity for risk. So the sales cycle is faster and you win bigger. To set up for that, I think it's valuable for Solution Engineers and Product Management people to join your US market effort because they can support the local team and also feedback requirements straight into the product."

Key takeaways

- The US is a different market. Seek product-market fit first, and gain some happy clients, before tackling the physical and intellectual stretch of moving across.
- That said, don't rebuild the product to match the expectations of a US sales force.
- Bring local talent to the US, and they in turn will bring your culture.
- It's a tough labour market, but if you're good, eventually people will want to work for you and beat a path to your door.
- Referenceable clients are invaluable. If you have European clients with US offices, leverage those bridges.

A portrait of Abbie Pugh, a woman with long dark hair, looking directly at the camera. She is wearing a dark top. The background is a light-colored, possibly windowed area with soft lighting. The portrait is partially overlaid by a dark blue semi-transparent box containing text.

Professional Perspectives
ABBIE PUGH
Partner, Multiple

Abbie Pugh is a founding Partner at Multiple, a boutique strategic consultancy devoted to helping high-growth businesses achieve scale without falling into painful pitfalls along the way. She and her colleagues are all ex-investors, startup founders and operators in blue-chip technology businesses; Abbie herself served as Chief of Staff to angel investor, Shakil Khan, and Facebook EMEA Managing Director, Joanna Shields.

In conversation, she reels off a raft of ways in which SaaS businesses can slip off the rails. There are external factors – market scenarios like being too early or having a large competitor moving into the space; and internal factors: failing to articulate a product or service in a compelling way to the target audience, hiring the wrong staff, hiring at the wrong speed and failing to envision the market horizon. Then there's customer acquisition: spending on the wrong channels, not spending enough (or too much) and neglecting to leverage every opportunity to engage – for example via PR.

Why culture matters

There's plenty to go wrong, so it's perhaps surprising that Abbie puts culture at the top of the list of resources to manage. "Culture matters because it's all about optimising team performance", she says. "It exists whether you want it to or not, and whether you cultivate it or not. Culture enables you to fulfil your ultimate purpose as an organisation. Therefore, the 'warm fluffy stuff' of everyone feeling happy to work there is a byproduct, not the core aim, of getting a culture right. And the nature of your company culture will be different, and must be managed and nurtured accordingly, depending on that ultimate purpose. An army of PhDs in machine learning are not going to enjoy working in the same environment as the trading floor of Morgan Stanley." (Abbie is clearly on-the-money here: the week after our interview with her, Goldman Sachs announced that it was relaxing its dress code in order to attract what the press called 'hipster coders'...)

"If people hold the knowledge and ability to build the business and deliver value, culture is how we create conditions in which they'll deliver their best work. It's not immutable and it will change over time, but culture fundamentally unlocks value."

Culture becomes acutely more important when a business scales internationally. The 'home team' should represent a repository of business best practice, one of the few firm foundations which the new office can rely on as it ploughs forward into an emerging market. Get it wrong, and instead you will have two divergent and possibly competing cultures. This sort of confusion does not attract and retain the best talent. "If you don't know and constantly reinforce who you are; and your narrative is unclear as you move into a new market, you're more likely to attract the wrong people", Abbie explains. "Without a vision, you're creating an opportunity for highly subjective individual perspectives to run riot on the strategic direction of your business."

There's a retention cost too. "Attrition is expensive: as well as recruiters, there's the cost in morale and productivity. In San Francisco, in particular, it's easy to find good talent but very hard to retain it, because competition is so high. Culture is the factor which will keep people who aren't purely compensation-driven working for you."

A weak corporate culture also sacrifices collaboration – an essential commodity in a high-growth venture. Abbie says, "People who don't feel aligned with each other are less likely to be proactive in reaching out to

each other. Humans want to see consistency, and managing communication and strategy in distributed offices is much easier when you have a clearly codified culture and narrative.”

Nurturing your corporate culture

Of course, culture isn't enforceable, but you can create a direction, a banner around which the company can congregate. It's amazing how little is required to create this momentum (upfront hint: it's not a 200-page document).

- **Purpose:** Start with the purpose of the organisation. It may not be a formalised Mission Statement, but it's certainly an answer to the question: “why do we get up in the morning?” Says Abbie, “As you grow or move into new markets, this purpose will help you judge new opportunities. It's particularly good for early stage organisations which can fall prey to mission creep and being pulled in different directions. It can be very powerful in driving focus and helping the team to understand what they're really not here to do”.
- **Vision:** “Next comes a vision: if we succeed, what does the world look like? These things may not be achievable, but they are the fuel that pushes you forward. Google's purpose, for example, is to make information more open and accessible. In a world in which that happens, everyone can access everything”.
- **Values:** “And then we create values: how we will behave to make that purpose and vision a reality. What are the characteristics we want to see in the candidates that we're hiring which will give us a greater chance of success? If, for example, our purpose is altruistic, hiring people who value individual success over collective benefit is unlikely to yield fruit”.

“Attrition is expensive: as well as recruiters, there's the cost in morale and productivity. Culture is the factor which will keep people who aren't purely compensation-driven working for you.”

A company needs no more than five values to live by – and they should offer realistic guidance. “Imagine a junior staff member working out whether to spend time on something or not. One of Facebook's values was 'Move fast and break things'. The business prioritises shipping quickly. That tells the junior staffer exactly what to do: get it out the door and move on. That's when values can be really powerful.”

Everyone can survive in the good times – culture sustains the tough times

Culture will also hold your team together during the bad times. All of our Founders have war stories: some have been days from the brink of financial ruin; all will testify that there will be bad news someday. Employee perks like a Fussball table will power up the good times, but they won't be remembered when life gets tough.

“Especially in America, you can be outgunned on perks all day long. So to compete with corporates, you need a cultural offering: learning and development opportunities, more autonomy, respect, freedom to set your own goals etc. And when staff are signed up emotionally, they'll stick with you for much longer through the tough times.

That's why streams of people are passing out of corporates and going to startups; and why corporates are looking at their own cultures and asking what they need to do to stop seeing people as human capital and start seeing them as actual humans.”

Leaders are also human and, among their mistakes, most Founders will admit that at some stage they

have stuck too long by a bad hire. Abbie says that a defined culture will both prevent bad hires and give leaders a metric against which their suspicions can be quantified. “You just can't be in every interview after a certain number of hires”, she says. “Invest heavily in onboarding and hire slow, fire fast. With a culture codification in place, you can hire more successfully because you've got a better employer brand and a clear idea of who you're looking for. And when firing, it brings confidence and conviction but it also brings perspective and clarity by removing any psychological bias when you're under the huge pressures of running a business. It can really hold you to account.”

The move to a new territory – particularly the US, where time is poor, talent expensive and competition fierce; is an inflection point for any business. It's one of the hairpin bends in a company's evolution during which it is most vulnerable – particularly to hiring mistakes. A strong corporate culture will insulate the business, making complex questions easier to answer and providing guidance to a new and often inexperienced remote team.

Key takeaways

- The culture of a business will attract the best employees and optimise their performance.
- A company culture keeps distant offices aligned around common goals.
- You can't dictate culture, but it's not hard to define and influence.
- Culture is worth more than incentives – it will keep employees motivated during bad times as well as good.



Pioneer Stories

CHRISTIAN LANNG

CEO, Tradeshift

Tradeshift is the world's largest business commerce platform, connecting buyers and sellers to simplify transactions between commercial entities of all sizes. Its SaaS offerings improve processes like eProcurement, invoicing, workflow and supplier financing; whilst making business more collaborative. Enterprises get more productive relationships with their supply chain, anywhere in the world; and suppliers get predictability and improved cash flow from a suite of e-invoicing and fast payment tools.

The company was founded in Copenhagen, Denmark, in 2010 by the team behind EasyTrade, an open-source trading platform, which is still used by 95% of Danish businesses today. The business has attracted \$187m in funding in six rounds and is headquartered in San Francisco.

"In Europe people will be impressed that we help big U.S.-based global brands with their supply chains. But It doesn't work the other way round."

America offers more than just money

But why come to the U.S. in the first place? According to Tradeshift co-founder and chief executive officer, Christian Lanng, it's not just about access to America's 30m businesses and larger contract size. The U.S. has a unique set of benefits to offer:



Openness to the new

"Business is very conservative in Europe", he says. "If you want to be a category creator, the U.S. and China are great markets, whereas Europe tends not to adopt new services until they have been exploited in the U.S. In the U.S., companies are willing to experiment."



Tomorrow's tech in-house

"Just as businesses here will buy from newcomers, they use more innovative tools themselves. European businesses are happy if they're using Salesforce, but we have over 20 applications in play, including the latest AI, to manage sales optimisation. It's a different world. The wave is three to four years ahead of Europe, so when you come to the U.S., you are able to ride the latest wave of evolution."



Forward vision

"In Europe, people are operationally cost focused. In the U.S., companies are willing to invest in future revenue."



Reputational translation

"In Europe people will be impressed that we help big U.S.-based global brands with their supply chains. But It doesn't work the other way round."



Leadership talent

"In the U.S., there's plenty of talent to take companies from \$50m to the IPO range, which is hard to find in Europe. You need to be bold and hire the right people, and be willing to listen to what they have to say. Also, people find their niche and have another go. So a leader who has worked the startup-to-\$50m scene will go back and do it again, taking everything they have learned. People who have made mistakes and got experience are far more frequent here."



A proactive venture community

"VCs in the U.S. have more credibility to articulate new categories. They will get together and do an off-site day on a category, even inviting competing companies. We saw that with trends like on-demand, cloud, and AI. And they will ask, 'what can we do to boost or protect this segment?' Better still, they will help to define early on the winning metrics for the category, building out the story of what success looks like. It's invaluable: we know that in SaaS, category leaders dominate their market; yet when you make something that doesn't exist and you have no benchmark KPIs, you have to work much harder."

“The most repeated advice from other founders I got was: don’t hire someone else to run the US company for you. My own feeling is that if you’re not here, it’s an expensive market to grow. Salespeople are expensive, and nobody will be as committed, effective or articulate as you are. So make the move.”

“For these reasons, the enterprise SaaS market in the U.S. is probably 20 times the value of the UK market because of the scale and propensity to invest.”

That propensity to invest may – counter-intuitively – be strongest before you open up shop in the Bay. “In a European startup, you’ll have an easier time raising U.S. money from Silicon Valley before you move. Because all the VCs want to show that they got you here. They want to be cool. If you’re in town as a European founder, you’ll get more Partner time than if you live here. Unfortunately, those partner meetings are at a significant discount in valuation to European standards because they see themselves as a significant brand; but I would still say that if you can close off some investment before the move, that would be good.”

Think talent, not customers

As for where to land, Christian is clear. “Don’t locate yourself in the U.S. based on commercial closeness. Everyone flies, so it doesn’t matter if you’re East Coast or West Coast.

Base yourself on access to leadership, talent, partnerships, and early-stage customers rather than long-term customers.

Overpriced as it is, the Bay Area is still the place to be: some of the best partnerships we’ve built have come from meeting people in coffee shops. But

talent, not customers, should be the deciding factor.” That’s not to say hiring is easy. All of our contributors are wrestling with the spiralling cost (and sometimes overt sense of entitlement) of engineering talent. “You unconditionally want to get the best talent,” says Christian. “And I would put my commercial, partner and sales operations here, plus some of my product leadership. But we’ve given up hiring engineering talent here – the prices are absurd. There’s a strong talent base in product management and engineering across Scandinavia, and if I started over, I’d focus on Northern Europe. Scandinavia has free university with a high degree of engineering and technology expertise along with the Scandinavian model of teamwork and problem-solving in school, which is globally unique.”

Plan early, plan global

Smart housekeeping starts early. “We flipped everything into Delaware holding”, says Christian. “But that worked because we were set up well for it beforehand: all our IP was offshore already. You need to prepare for this because U.S. status matters a lot. If you’re out of Delaware, that’s well-known. Also, clients and partners want to meet you as a founder. I think the most repeated advice from other founders I got was: don’t hire someone else to run the U.S. company for you. My own feeling is that if you’re not here, it’s an expensive market to grow. Salespeople are

expensive, and nobody will be as committed, effective or articulate as you are. So make the move.”

“An early move is also wise because it’s hard culturally to create a global organisation later on. Your culture is less settled in the early days, so it’s easier to shape and you can inject a lot of positives from U.S. culture like aggressiveness and competitiveness, which Europeans generally lack. We even deliberately hired a U.S. head of HR which shaped the global organisation more than if we’d taken on a European HR head. We never settled long enough to be called a European company, and when we expanded to China, being culturally stateless made it much easier to grow.”

“It’s the sum of your failures that makes your success”

Ready? You’ll need to be made of Kryptonite. “It’s all about growth”, Christian says. “Every time you go from \$5m to \$10m then \$10m-\$20m, you’re levelling up, and everything gets more difficult. That never stops – ever. You have to recognise the next challenge and you won’t know what it is until you get there. As soon as things finally get easier, you’ll know it’s because you’re about to level up again.”

“And you have to figure out what the next set of challenges is going to be at every single level, and then deal with them. It’s excruciatingly hard mentally, and it’s not for everyone. Most

companies win purely on ‘survivorship bias’. I cannot tell you how many times I thought we were out for the count. We closed a round once with just three days before we were out of money – it’s not something I ever want to repeat. You just keep fighting and find the solution, but it takes immense mental strength to see it through. If you’re alive you can win. And the thing is, in SaaS, if you’re first in a category, surviving is often winning: without someone else’s roadmap. It’s the sum of your failures that makes your success.”

Key takeaways

- The US isn’t just a big market. It’s receptive, forward-looking, and rich with talent and investment funding.
- It may be easier to raise money from a US VC before you move there, but it will be at a lower valuation.
- Move early – it’s much harder to revise an organically grown organisation later on.
- Pick your location based on talent, not customers – although you may prefer to keep engineering operations in Europe.
- If things feel like they’re getting easy, you’re just on the brink of the next point of inflection in your company’s growth.



Pioneer Stories

CONOR O'LOUGHLIN

CEO, Glofox

Glofox is a SaaS business management software tool for group exercise and training: recognising that many fitness professionals are small or even one-person businesses, Glofox's mission is "Helping fitness entrepreneurs win". Its clients are therefore mainly fitness studios and gyms, but also include dance studios, Pilates yoga businesses etc. Clients get an elegant management dashboard plus a white-label mobile app for their members, through which they can book and pay for services. Glofox takes a monthly subscription from clients plus a small percentage of all services sold. That accounts for 20% of revenues today but is growing rapidly.

The system includes full class booking/availability management and flexible membership and entitlement structures. This increases service usage and therefore retention, keeps the gym brand front of mind and improves raw revenues by making participation frictionless. Particularly for smaller and one-person operators migrating from spreadsheets, Glofox can represent an admin saving of over two hours per day.

CEO Conor O’Laughlin was a professional rugby player in his ‘previous life’, and had been thoroughly exposed to the fitness and training sector. He realised that it was fragmented, especially in his country, Ireland. Glofox began as a consultancy, offering web and app development services to these businesses; but as it became apparent that they all faced the same challenges, it soon made sense to build a coherent cloud solution. It took a year to build the platform (including testing with an eager cohort of early adopters), and in May 2015 the legacy consultancy business was wound down.

Since then, Glofox has grown at 12%+ month-on-month to almost 600 clients in 20 countries – and 50% of those are from the US. It also became clear that Glofox was successfully gaining market share in the US from an incumbent competitor (a much more mature, quoted company with a more generic product).

Being an SME product selling in the \$100-per-month bracket rather than a \$50K-per month enterprise play, Conor has attracted plenty of interest from US clients prepared to give his product a try – which has allowed him to gain traction before making any big decisions. Today, he is on the brink of moving to the US full time to grow Glofox to its full potential.

It sounds like the SME space is ideal: big enough revenues to develop the product, small enough to be low-risk for new customers. But it makes the growing pains acute, too. Says Conor, “Yes it’s a light-touch sales process in that most customers find us online. But in our industry, and at our price-point, most will go through a personalised demo with an account executive. It was in the last quarter of 2016 that we saw that the vast majority of our inbound opportunities were coming from US clients. We had to re-engineer the Dublin office to sell, on-board and service US time zones. We had to sort out split shifts. And the more we got the servicing right, the faster we grew.”

The effort has been worth it – the US market is attractive beyond its size and scale. “US clients are higher converting”, says Conor. “They are also cost in terms of activation channels, more likely to self-serve, more likely to place value on the basic instruments of our product, more trusting of the mobile experience - and ultimately more successful businesses in their own right as well. The more we started to serve those US clients, the more we started to see that these were our ideal clients for product development. They were ahead of the curve. They gave us more concise feedback - feedback we agreed with in terms of where the industry was going. And that’s given us a virtuous circle: as we have started to develop the product more in line with the expectations of the US client, we have seen more growth in the European customer base, too.”

Today, the Glofox team is 31-strong in Dublin (product, marketing, European sales and support) and Conor has just opened an office in New York. Glofox’s top salesperson is moving permanently, and will build out local sales, technical support and customer success functions. Help has come from the Bank of Ireland, which as a national bank “is really good at supporting Irish start-ups. As one of seven fast-growing Irish start-ups, they’ve given us office space in Manhattan for a year, which is a great landing pad. It’s not just an office in Midtown, it means we can step off a plane and have a ready network. By the time we’re at capacity, we should know where to set up next and be able to take advantage of any government opportunities that are available to us. We’ve always been careful to do everything as capital-efficiently as possible and avoid costly mistakes or commitments that would be hard for us to reverse. The Bank of Ireland is really helping us to build our team without burning through the runway.

Keeping the culture

“The culture is going to be the hardest thing to replicate”, Conor continues. “It’s been one of my big learning curves as the team has grown. If you don’t pay attention to it, you can easily get the wrong culture and the wrong behaviours.

We have a great working environment today and it means we’ll be able to make some really great hires on the back of it. We’re trying to emulate that in the US, and the more people I can have involved that are used to the culture back home, the easier it’ll be for those teams to operate in tandem.

“That’s the other challenge I think: I’m very conscious that we don’t create two separate businesses. We’re operating in different time zones, but we should be in the lucky position where we can lean on the infrastructure back home and the US is an extension of our core business. Yes, we want to localise our product, but I think

we can still maintain that Irish-ness. I still think there’s a place for a little bit of a shamrock!” If anything, the need for localisation will not be linguistic, but technical. “Our planned organisation wouldn’t have scratched the surface of the expectations that a US client has” says Conor. “For example, they require the ability to put different tax rates into products. Or, in the UK, we use more direct debits; in the US they use ACH. They’re also very sensitive to credit card processing fees. So in terms of our roadmap, there were a lot of little subtleties.”

But then, there’s payback: “In general, the US customer is more likely to give you time remotely. They’re more likely to do business with a company of our size; you don’t have to be a behemoth for them to give you a shot. They have higher expectations of service and functionality, but they will flag it quicker if they are not having a fantastic experience, in terms of quality control. In the US, we feel like we are really getting to know our customers.

Writing in Summer 2017, Conor is taking his first steps into the US market, before moving continents fully. His key strategy for the rest of 2017 is to tap into the network of social ambassadors in the sector, recruit a top-table team for the US, and leverage existing happy clients for a reputation that will “dominate the category of group fitness”.

Key takeaways

- Get traction in the US with demonstrable product-market fit before committing to a move.
- US customers are often advanced: use their feedback to build a better product, faster
- Get a low-cost, low commitment launchpad. Shared workspaces are great: you’ll meet similar entrepreneurs.
- Don’t lose your home culture; instead, suffuse your new US operation with the attitude that got you this far.

A portrait of David Skok, a middle-aged man with short, graying hair, smiling slightly. He is wearing a dark blue quilted puffer vest over a light-colored collared shirt. The background is a plain, light blue-grey color.

Professional Perspectives

DAVID SKOK

General Partner, Matrix Partners

David Skok is a General Partner at venture capital firm, Matrix Partners, where his credits include Zendesk, Hubspot, JBoss and Cloudswitch. A serial entrepreneur, he has founded four businesses, two of which have gone public. With a broad focus on enterprise software, his key market segments are SaaS, cloud, mobility, marketing automation and infrastructure.

When it comes to understanding how to grow a business from Europe to the US, Matrix is a good VC to ask, as they were the lead investor in the second round of funding for what David believes may be “the best European company to come to the US in the past five years”: customer support business, Zendesk. What did they do so right?

“Zendesk’s key achievement was the realisation that great product design could lead to a simple product; and that a simple product could take a lot of friction out of the sales process. At the time, that really wasn’t well understood - how product complexity impacts sales viability. We realised that there was a new model of sales coming that used the product itself as the sales tool, and they had a brilliant execution of this model. The free trial of their product was so compelling that it effectively replaced the sales function. That is a key to what made them so successful.”

And a move to the US? “Zendesk’s second achievement was to embrace US culture in a major way”, says Skok. “CEO Mikkel Svane was a huge fan of the US scene, and along with another founder he didn’t hesitate to move his family across. Any business from Europe, if they are serious, must relocate the CEO to the US. In terms of business growth, it’s simply the best thing they can do. There are so many mentors and advisors you can connect to, so many other founders and CEOs you can talk to. In Europe, it’s much harder to find those people.”

David’s other example of a great transatlantic playbook is GrabCAD, the digital manufacturing hub with a community of over 4M designers, engineers and manufacturers which was successfully sold to Stratassys for \$100M. “Founder Hardi Meybaum was exceptional”, he says. “His genius was to meet anyone and everyone who was key in his industry.

He knew everyone in CAD and opened endless connections for himself and those around him. He used his own charisma and hard work, so when it came to fund-raising or hiring, he had an amazing network". Many of our other commentators and founders have noted that the ability to build and capitalise on a network is a crucial, perhaps even non-negotiable CEOs skill. It's important for raising finance, and it's just as important for developing beachheads in a new continent.

Europe is a key source of new deals for American VCs

David says that entrepreneurs will find surprisingly open doors at US VC firms. "I'm interested in Europe as its great source of deal flow", he says. "European entrepreneurs are every bit as good, and there are some great ideas". In particular:

- SaaS, David's speciality, and very much a mature category, has been a profitable seam of productive businesses coming out of Europe.
- The start-up ecosystem is now evolved and as substantial as that in the US.
- Europe has excellent talent and ethical zeal.
- And as the VC focus begins to look beyond SaaS to the next wave of technologies and business models (from mobile, SaaS and big data to AI, augmented reality and even brain machine interfaces), Europe hosts many great universities and their associated academic and funding ecosystems; so that there is plenty of room for evolved businesses to incubate.

"Any business from Europe, if they are serious, must relocate the CEO to the US. In terms of business growth, it's simply the best thing they can do. There are so many mentors and advisors you can connect to, so many other founders and CEOs you can talk to."

Europe has excellent talent and ethical zeal.

If you were to approach David tomorrow, he would be looking for some reasonably obvious commercial metrics: early evidence of a repeatable sales process bearing fruit thanks to evident product-market fit (e.g. \$1M ARR) and clear evidence of bookings ramping up. He would like to see at least two sales people who are productive, to demonstrate that the product will sell on its own merits rather than thanks to the efforts of one superstar salesperson. And there should be some marquee deals in the US to show that the product translates well.

The founder is key

None of this should be surprising. Much more important, though is his high quality bar for the founder.

"The founder is important beyond compromise", he says. "They must have a ton of drive to make it in America – their drive needs to be head-and-shoulders higher than their peers in the US. And they have to have the segment insight – I want to know that they are the right person to solve the problem they claim to solve. If we don't see that kind of entrepreneur, even great numbers won't really turn our heads."

Get a US VC on board, though, and they can help with the challenge that all our founders have said was their greatest in making the move to the US: talent. Says David, "A 'Grade A', brand-name VC can make a real difference. Their brand will be a real asset to attract and close the best talent. Most founders don't know how high they should be aiming and the best VC can help them understand

what exceptional talent looks like, and introduce them to some examples to set the bar (or even ideal candidates) and proven recruiters who can broaden the pool. They can help with referencing, benchmarking, credibility and ultimately closing the candidate." To access that knowledge, though, founders must travel. In the eyes of the VC, commitment from the top is imperative.

Key takeaways

- For SaaS businesses, great (read: simple) product design is a huge contributor to frictionless sales. The product itself is its best sales tool.
- To be serious, any European business must move its CEO to the US. Leaders must commit - the founder is everything.
- Get to know everyone in your market. Your network is the most powerful free tool in business.
- US VCs are very open to European business ideas.
- Europeans bring to the table a mature academic system which breeds technical talent.
- A good sign of product-market fit is that more than one lucky superstar salesperson can sell it.



Pioneer Stories

GARETH DAVIES

CEO, AdBrain

Founded in late 2012, Adbrain is an 'identity resolution platform' which uses machine learning to take raw browser information from billions of connected devices to create a holistic identity map of individual users. The company has mapped over 1B people globally across more than 8B devices – a factor which is becoming exponentially more important as we interact with smart TVs, connected home devices, smart cars and IoT.

Today, Adbrain is the most scaled and privacy-safe solution to help anyone marketing online discover who their customers are, on any device. They can then be targeted with more relevant, impactful marketing, or the data used to gain a better understanding of the path to purchase. The company has partnered with over 500 leading brands, deployed by some of the largest enterprise technology companies in marketing, and was voted one of the UK's 50 Hottest AI Companies.

“There’s an inner club of senior executives - CEOs, COOs and VPs, CROs - in every industry, and everyone knows everyone; they invest in each other’s companies and they hang out at each other’s houses. My GM connected me to that inner circle.”

Product-market fit for enterprise plays

As an enterprise play, Adbrain operates on a longer timescale than a consumer business – and that made identifying the right time to conquer the US more opaque. CEO Gareth Davies says: “The most elusive challenge for every start-up is product-market fit. But there are typically more, or more immediately available, data points to identify user growth in a consumer business: user engagement, LTV, customer acquisition cost... In the enterprise space, you have fewer customers, more complex and lengthy sales cycles and deeper engagement; so you need to look for a different set of signals. For us, we had a number of key early adopters who had found success with the product. And then we had some key wins against competitors. Every pitch you go into, you’re going up against a competitor – particularly in the US. Few buyers sign a quarter-million-plus annual enterprise contract without going through a product testing and evaluation process. That was the litmus test: early adopters, the ideal customer profile mapped in the UK, coupled with quantitative results and customer integrations that told us that we were effective against our US competitors. That plus a macro understanding of the market and a realisation that we needed to move much faster than we could as a UK focused company: if your main customer base is the States, you need to get out there early. However, unless you’ve already achieved product-market fit, I wouldn’t do it in a million years.”

Buy people who can open doors

In 2015, Gareth opened a small office in New York and hired an ex-Google GM, “someone I knew in my network who I felt was strong enough to build presence and awareness”, to pursue US business while Gareth himself became an Atlantic commuter. An ex-Googler himself, Gareth is at pains to point out how crucial an existing network is.

“The challenge for me going into New York wasn’t sales, it was accessing the right people. If you’ve got the right senior sales person or GM, they can open doors for you very quickly. The good thing about the US is that whilst the relationship can be transactional, if you’ve got a warm intro, you’ve got a meeting. If you don’t know who you need to meet with and you don’t have that network, you won’t get through the door.”

I don’t think it would have worked for us to hire a GM and me not be present but that first hire was essential in opening doors.

“I spent five years at Google, which is a breeding ground for talent. I met entrepreneurs who had been brought into Google through acquisition and folks who had left Google and set up other companies. In the start-up world, I built a whole other network of partners and vendors and so-forth. So I spent several years cultivating a high-quality, international network. And our guy in New York literally lifted the VIP curtain: there’s an inner club of senior executives - CEOs, COOs and VPs, CROs - in every industry, and everyone knows everyone; they invest in each other’s companies and they hang out at each other’s houses. My GM connected me to that

inner circle. Once I was in through the door, I was able to build valuable relationships. The US is a good environment for that, if you’re genuine and you’ve got something interesting to say.

“Then you start getting invited onto industry panels. I built relationships with bankers and VCs, with public company execs, start-up CEOs and with journalists - it happens organically. That network of trusted, high-quality people was the catalyst for all our sales and market awareness. Finally, in San Francisco, even your next-door neighbour may well be the founder of another, relevant technology business. The calibre of the people you meet is just phenomenal, that scene is much bigger than it is in London.”

Yes: when Gareth moved from the UK full time, he settled in San Francisco, not New York. It comes down to his perception of the job of a CEO. “Beyond setting the strategy, culture, hiring, and making sure money is in the bank, my job as a CEO is to evangelise and build strategic partner relationships”, he says. “The functional sales were happening on the East Coast, but many of our important partnerships were West. If you want to deal with Google, you need to be in San Francisco”. He moved his CRO over from New York, too.

You can’t be in two places at once. And that costs.

But being fully absent from London for the first time put new pressures on the business – especially as the centre of gravity would ultimately migrate fully. “I underestimated how important my physical presence was, in terms of aligning the team, setting the picture

of success and getting them focused on delivering”, says Gareth. “Without me there, motivation dropped and I ended up spending more time trying to remotely manage the team. And then also dealing with an unhappy, disgruntled UK team saying that ‘this doesn’t feel like a start-up anymore.’

“I see two sides to the early stage, operational CEO role: offensive and defensive. The defensive side is making sure that core operations, legal and HR are all taken care of. The offensive side is defining what success looks like, holding people accountable for delivery, and developing the company culture. That offensive side is what will suffer when you suddenly disappear to another country. So choosing the right people to succeed you or manage that transition is critical.

That was only the initial shock. The London team is now 25% smaller as Engineering has also migrated Stateside. Gareth says,

“Once you’ve got major customers and 80% of your revenue comes from the US, you need to be a US company. So be wary of what you wish for. Suddenly, all the exciting stuff happens in the US and the more operational work is in the UK. Suddenly you need to step up and support those customers, and the UK team is working nights.

We’re very dispersed - we ended up migrating our whole engineering team from London to Seattle and churning a whole lot of people. There’s no simple answer - it was brutal. You’re shedding your skin like a snake, and it can be a painful exercise. A year later, I can step back and see that we’re delivering a much better product at a fast pace, we’re getting better customers and we’re winning bigger deals. It was absolutely the right thing to do, but incredibly hard to pull off.

“The number one learning for me is to leave a really strong cultural ambassador and leader in your home base, who can continue to communicate your core values, set the direction and reassure the team that they are still integral to the success and part of the story of the business. I didn’t have that, and I had to keep flying back and forth. We’ve now invested in making sure that my COO and I regularly spend time in all the different locations. We spend time together as a company. It’s absolutely manageable, but if you don’t have a co-founder to be that leader, you must instate someone who can embody the values.

Key takeaways

- Consumer businesses have clearer data points to help you decide when the venture has traction. Enterprise plays are more opaque and operate on longer sales cycles.
- In enterprise sales, a good recruit is someone with an on-the-ground network who can open doors. The product is less important than access.
- You need a co-founder to manage the business back home when you move. Otherwise motivation will suffer – fast.
- A CEO has a defensive role – core operations, keeping the business tight – and offensive – defining a vision of success and exceeding it.

The Offensive and Defensive CEO

Finally, Gareth offers some advice on the administrative concerns – which he again divides into defensive (short-term or low impact, like office space) and offensive (long-term or high impact, like stock option schemes):



Office Space

We got a WeWork because it’s so flexible – everywhere save from Seattle we’ve stayed there. Don’t take real estate unless you need to.



Housekeeping

Be aware that basics like company phone lines can be a lengthy affair to set up in the US.



Silicon Valley Bank

Banking

US clients want to see a US bank. We went with Silicon Valley Bank (SVB) which gives us a full international US banking facility.



Employment Law

We used Trinet for all of our HR and employment set-up. It’s perfectly suited for the US market and ensures that you can set up employee healthcare, too. You also cannot hope to hire staff without benefits, so think about your package. You want to get great employees.



Legal

Every function of law is a lot more expensive than the UK. Budget more.



Stock Options

Your EMI stock option scheme in the UK won’t translate to the US: you’ll have to build a new one from scratch, with vary different structural and tax implications.



The exit

Another long-term consideration. Assuming it’s likely to be an M&A, you need to ask, for example, where your IP lives in a cross-border environment.



Pioneer Stories

JOS WHITE

President US, MessageLabs

When Jos White co-founded MessageLabs with his brother, Ben, in Gloucestershire in 1999, the concepts of cloud and SaaS services were practically incomprehensible. To paint an appropriate picture, in 2000, AOL and FreeServe were blocking almost all of Europe's CD printing facilities in a trade war to put dial-up internet access CDs through every letterbox in Britain. It wasn't even a broadband world.

But it was a virus-ridden world, and the internet had created new attack vectors. Quaintly, the security industry was remarkably lax, still relying mainly on offline installs and updates. A whole decade before the cloud, the visionary MessageLabs was the world's first SaaS security service. Specialising unsurprisingly in the most security-sensitive segments (finance, public sector), MessageLabs expanded into the US in 2001 after successfully signing a deal – from the UK – with the Federal Reserve.

“Get help and advice from wherever it is on offer – not just the well-trodden paid-for services for immigration, tax and company formations; but the unofficial networks of friends and advisers who will be there when you need it most.”

The right time to jump: clients and product-market fit

Security is, of course, an easier sell than some services – especially when the product is transformative. But Jos has identified several success factors for businesses expanding to the US. The Federal Reserve deal, for example, came off the back of local success with the Bank of England. “We had a handful of names who were prepared to be early adopters before we had any presence in the US”, says Jos. “It’s a really good way to seed a new market and get a sense that it’s going to be similarly responsive to your home market”.

That’s by no means guaranteed. Jos says, “We were over-eager to get into the US and so we expanded in the wrong way in 2001. The lesson is, you need to have product-market fit in your home market before you start to think about any growth strategies.” Product-market fit means:

- A clear value proposition
- A defined customer segment evidenced by a representative group of customers
- Established pricing which yields a good margin, with customers happy to pay those prices

Only with product-market fit in one territory should you try to scale to another – particularly the US, where the culture will be challenging. “The US market is a huge opportunity but it’s also more demanding and competitive than any other”, says Jos. “To be successful there, the whole organization needs to step up a gear and increase its work rate. My experience in the UK, particularly on the product and engineering side, was that we didn’t have a ‘do whatever it takes’ culture. We were working more to the timesheet. That’s changing now, but even so, the US is much more motivated. And that’s important, because *if you’re not competitive in the US, eventually your US competitors will just roll you over: if you don’t learn to win on US terms, you’ll certainly be wiped out when a US player brings their business savvy to the European market.*”

“You can use that fear as a launch pad to encourage the whole organisation to step up”, he continues. “It takes a long time to change a corporate culture, but you can use US expansion as a trigger to inspire your team to help you build a valuable and competitive business – it’s an opportunity to hit a reset button on both your UK and US team expectations.”

Hit the reset button: a new evolution of the business

That US team should include all the elements of a mature sales operation, depending on the nature of your product (enterprise v. consumer, for example, will see some differences).

“We were over-eager to get into the US and so we expanded in the wrong way in 2001. The lesson is, you need to have product-market fit in your home market before you start to think about any growth strategies.”

It’s not sustainable in even the medium term to have a US sales team, but with support still located in Europe (especially on European hours). “A credible organisation needs more than just sales people”, says Jos.

“Americans want to know that there’s going to be customer support teams in their time zone. They want localised marketing, product teams feeding requirements back into your core engineering work, and customer success so that you can be seen to have skin in their game. It’s a big commitment, financially.”

Jos sees this commitment as a chance to refresh (which may actually mean ‘completely revise’) your brand and marketing approach. “We became ‘the world leader in cloud-based email security’”, he says, “‘headquartered in New York and London’. Position yourself as a global business, and even though it may be emotionally painful, put the US at the centre. You don’t have to completely lose touch with your roots, but make sure that your messaging and brand fit with the US market as the priority.”

Building a brand in a new territory

It takes time to build a brand, and it takes time to mould it to other territories. But you can leverage other people’s heritage to gain extra traction. “One of the best ways to build a brand, particularly when you’re new to market is through third party endorsement. There are four key groups: customers, partners, well-established journalists, and analysts. If you can get credible, US-facing names to say good things about your brand, it can really accelerate your position in the market.” MessageLabs did a remarkable job of cross-border reputational sales: with the Bank of England under its belt, the business sold its services to the Federal Reserve by saying ‘We’re

good enough to protect Tony Blair’s emails’; and then sold its services to other US companies by saying ‘We’re good enough to protect Alan Greenspan’s emails’. Similarly, whenever a virus outbreak hit the news, MessageLabs was able to offer credible real-time intelligence to the press, which again led to exceptional PR.

Finally, Jos says you should get help and advice from wherever it is on offer – not just the well-trodden paid-for services for immigration, tax and company formations; but the unofficial networks of friends and advisers who will be there when you need it most. “In a home market, we all have people that we can turn to. We build those networks up over time. But when you enter a new market with just your suitcase, you can feel very isolated. So take the time to nurture a small number of advisors - maybe a European founder who’s been successful in the US, also someone who’s US-based on the go-to-market side, maybe some product or finance help. Buy them dinner every month, and keep that subject matter expertise close to you. It won’t cost much, and it will really help you navigate the challenges.”

Key takeaways

- Establish product-market fit at home before considering a move to the US.
- Use your move to the competitive US environment to force your local team to up their game.
- A US SaaS sales team must include the full breadth of customer success. This will build your sales success and feed your engineering roadmap, too.
- Revise and grow your brand when you migrate, with customers, partners, the press and analysts.
- Get advice from everyone you can: professionals, your network and mentors.



Professional Perspectives

JACCO VAN DER KOOIJ

Founder, Winning by Design

Jacco van der Kooij is the founder and Managing Partner of Winning by Design, a Silicon Valley based B2B sales expertise firm with offices across the globe. Winning by Design helps the next generation of SaaS businesses transform their sales operations. His team's work is based on experience gained from working with over 150 SaaS startups and corporates, which has led to two significant outcomes.

First, Jacco believes that customers, their needs and their buying process has changed forever. Secondly, that a new customer-centric sales methodology is demanded by customers.

If you launched a business 20 years ago, the window of opportunity was measured in years, offering a bit of leeway for failure.

The trends in the SaaS world that are changing sales

That is no longer the case. Jacco says that today, two trends are ripping up the rulebook. "First, in the platform world, the difference between first position and third is radically greater. It's not like Pepsi and Coke. LinkedIn, Twitter and Facebook are uncontested leaders. There's room for second and third players – especially in different markets – but there's no profitable player in 8th position.

"Second, the window to success is much narrower. Modern companies use SaaS platforms: containerised development, marketing automation, ERP and Salesforce.

With a SaaS stack, you can launch a reasonable company within 2-3 months – and know that it will scale from a laptop to global reach seamlessly. So if the window of opportunity two years ago was 18 months, it's more like 9 months now."

For all the talk of 'pivots', there's little to no room for error.

In parallel, the SaaS revolution has changed go-to-market strategies, too. After the financial collapse of 2008, discretionary spending across commerce simply disappeared. Nobody was prepared to take risks on new products – and they didn't have to; because SaaS pioneered the remodeling of service provision onto a low-risk OpEx basis. Clients from SMEs to corporate giants could turn the tap on and off at will and pay only for what they used.

However, companies delivering on an OpEx basis make their profits not at the time of closing a sale, but on expansions, upgrades and renewals, and Jacco says this has required a similar refactoring of sales operations. "We call it impact", he says:

"The sales effort must shift from being volume-centric and focused on leads and closing, to impact - making the customer successful."

Both American and European companies have had a hard time adjusting to this – because sales is no longer one-size-fits-all or built around your organisation; it's built around customer personas and their varying needs. Different customers respond to different models (provocative selling, consultative selling, solution selling, transactional selling), and you will find yourself selling to many different people in an organisation at different times; each demanding a different value proposition.

“For example, if you thought that only CXOs made purchase decisions, you're very wrong. Now that services are OpExed, decisions that were \$50,000 across five years are now \$8,000 per year – and that sort of decision is delegated not just to line managers but ultimately to users. Services like Marketo are successful because the user experience and interface are superb. Similarly, Dropbox remains overwhelmingly popular despite security concerns, because effort has gone into the end user experience: it's a product that users endorse. Today's sales process engages with users, managers, technical evaluators and senior strategists all at once. This makes a mockery of old sales mantras like BANT (Budget, Authority, Need, Time). BANT validates customers to deliver value to only one party in the conversation: the wrong party.

Jacco continues, “Similarly, traditional sales teams also like to negotiate. But there's no discounting in OpEx sales. Most SaaS products have transparent pricing, listed on their websites. Plus, if you discount OpEx, you're discounting across months and potentially years – repeatedly reducing your rate, despite the fact that your true value will be delivered in the service you give across those months and years. In the old days, discounting mattered because a customer might only have a \$50,000 budget for a \$60,000 product. But today, across five years, that's \$1,000 per month – are you really going to engage in discounting over that?”

In short, he says: “Think big, act small, move fast.” Have an eye on the scale of the opportunity

and what the sales organisation might therefore look like. But treat every customer as though they were your whole world. And assume that speed is of the essence as never before; because there will always be someone as hungry as you, pushing for market share.

Key takeaways

- The top two players in a SaaS market will win big. The rest will never be more than also-rans
- With launch cycles for tech products down to 2-3 months, your window of competitive opportunity is 12 months at most, and shrinking.
- SaaS requires that service providers invest in the success of their customers. It's a consultative sell, and to many different people in an organisation.
- To succeed in the US, you must cut your operational costs by learning how to sell at a distance.
- Sell from your home market first – if you can do that, you will have refined your product enough to succeed.

How to win at SaaS sales on any deal size

So, your task is simple: set up a sales operation, with no margin for error, in a new country, and using evolved models. What can you do to maximise your chances? Jacco offers several priorities:



Excel at online distance selling

In Europe, we're used to driving everywhere to see clients. The US is too big. So, you need to get good at distance selling online – for example, “tab based-selling” with slides in a Powerpoint are replaced by tabs in a web browser. “It's the only way you can hope to see everyone you want to see fast enough”, says Jacco. “It's also how you avoid building a complex regional sales force – expensive people who don't know the DNA of your business, don't understand this high-velocity environment and aren't committed to it.”



Sell collaboration, not value

“Europeans still like to sell value propositions: how much they can lower costs or increase revenues”, says Jacco. “But in SaaS, that doesn't work. You can't keep reducing costs or increasing revenues – and after year 1, the client gets used to the benefit they receive. Instead, we must get used to selling partnership, collaboration, security and shared goals.”



Sell from home first

“You should always be willing to travel, but you can also sell from your home country first - if nothing else, to get to know your market. This is another good reason to refine your online sales skills.”



Go where your customers are

When you (or a co-founder or trusted early hire) make the move to the US, Jacco advises locating where your customers are. “Focus on your best customer base rather than the whole of the US”, he says. “Most SaaS companies will gravitate towards San Francisco, but if the customer base is Chicago's creative agencies, go there. Traditionally European companies will choose New York because of the time zone - but if their customers are on the west coast sooner or later they will end up quitting the New York and rebuilding it all over again in the Valley. This costs time.”



Build out your relationship sales operation

“Your sales organisation must include a product expert. You're no longer 'selling what's in the truck', you need to listen to the market and feed needs back to base in order to refine and define the product appropriately for the American market.”

Pioneer Stories

MIKE LAVEN

CEO, Currencycloud



Currencycloud is a cloud based, cross-border Payment Engine. In the complicated payments processing ecosystem, its clients are businesses who want to build an international payment component into the transactions that they handle.

Financial Services, however, is a highly regulated business, and with that comes regulatory divergence across different territories which meant significant differences for Currencycloud when they expanded into the US market.

"We sent our top product guy to live in the US for a year, an extraordinary young man who truly rose to the occasion. We're about to do the same in Singapore: send a young, ambitious product specialist to make a territory their own."

“I wanted early stage sales people, pioneers, people who don’t need marketing collateral to paint the picture, because they know the customers, not the product.”

High growth under the yoke of regulation

In Europe, a Currencycloud client like Travelex is regulated in their own right, which means that Currencycloud doesn't have to contract with the end customer. In the US, many of the businesses Currencycloud work with are not regulated and so Dodd-Frank requires that they have a relationship with the end users.

Harder still, the business has had to cater to federal and state legislation, which means over 50 types of regulatory relationships. In Europe, UK regulation through the FCA is 'passported' automatically across the continent, whereas in the US, Currencycloud has to be approved in every state and the cost for the whole process can be as much as \$5m. California and New York are of course priorities states for the business, and by the end of 2017 it will have the necessary approvals across half the country.

The US is the world's single largest market so you'd think it would be a simple market when it comes to making cross border payments. Combined with federal and state regulations, the country is so diverse and widely spread across regions, sectors and cultures, that this is not the case. Compare this to the EU, which taken as a whole, is equal in size to the US and even more diverse, yet business are much more familiar with making cross border transactions.

So, should FinTech firms be expanding into the US? Absolutely! The US is poorly served by banks and existing cross border solutions. As a result, the potential for businesses that can provide a straightforward but truly innovative solution is huge.

Selling a promise instead of a product

Currencycloud CEO Mike Laven (a career transatlantic CEO) says his approach to the US was simple: “In 2014, I hired a couple of sales guys and asked them to help us understand the market by talking to customers.”

While some early stage companies looking to crack the US require the CEO to relocate to start the business, Currencycloud entered the market by bringing knowledgeable US employees on board, first.

“I wanted early stage salespeople, pioneers, people who don't need marketing collateral to paint the picture. Their job was to fully understand US customer requirements so that we could get market knowledge and feedback,” continued Mike.

“For about a year, it was anecdotal, not analytic. We were cautious until we had grasped the go-to-market differences. Through this approach we learned a lot and before we knew it we had 15 clients.”

That said, there are significant market differences. “In the US, sending money to Latin America and the Philippines is important, which we didn't fully appreciate. Also the banking infrastructure is significantly behind Europe. For example, in the US everyone still pays by cheque. Whereas in Europe, sharing bank account details and moving money digitally is the norm.”

Building the borderless business

Currencycloud is practically borderless. Regulatory and service complexity means that every continent has its own identity, and its own team who understand the clients and the market.

“At the moment, most Currencycloud US employees come to the UK for training, but by 2018, that won't need to happen as we'll have enough local

expertise.” By the end of 2017, the company will have around 20 employees in New York, in product, marketing, sales and service roles; and the US will match Europe for revenues by the end of 2019.

This is also reflected in the go-to-market strategy. Cross-border payments to power borderless commerce is Currencyclouds mission, regardless of region. But customer context, customer sophistication, priority of feature set, sales mechanism – all are different.

The big challenge now is how to drive a global business strategy, incorporating the US priorities. “We have to balance competing customer needs, to factor in what each market thinks, and make competent decisions, all while we scale,” continues Mike, “Right now, we're a global business with an increasingly American accent.”

Key takeaways

- Particularly in a regulated business, building out a proposition state-by-state can be challenging.
- That enforced inertia can also give you time to gain deep customer understanding and market knowledge.
- Aim to be global and borderless, nuanced to local needs but with a fundamental proposition at the core of the business.

A professional portrait of Elizabeth Jamae, a woman with long brown hair and glasses, smiling. She is wearing a dark blue blazer over a teal top. The background is a soft-focus office setting.

Professional Perspectives

ELIZABETH JAMAE

Partner, D'Alessio Law Group

Elizabeth Jamae, partner and Head of Emerging Markets of D'Alessio Law Group, an immigration practice specialising in visas and naturalization for entrepreneurs. She has a reputation for taking cases which other attorneys have turned down and her focus on building a holistic case – sometimes working for a whole year to do so - has led her and D'Alessio Law to achieve a 99.9% success rate.

Let's get the bad news over with first. Elizabeth is clear: immigration is not a simple or black-and-white process. "People think it's going to be a breeze, but founders and investors both underestimate how challenging and time-consuming immigration can be", she says. "And it's not just a function of the Trump administration – corporate immigration has been stalled for many years. The US immigration process is still in a 1980s mindset that has not necessarily caught up with the tech environment. They want to see businesses with thousands of employees, millions in the bank and a bricks and mortar opportunity. These restrictive attitudes lead to applications being denied unless you come up with creative approaches: many tech companies have millions of dollars but few employees, so you have to work the assets you do have on your application".

Connect with professionals to hack the 'Holy Trinity'

Immigration 101 is this: don't incorporate your business, take a lease in New York and then try to get your work visa as an afterthought. It's not a rubber-stamping exercise and you will fail.

Instead, immigration forms part of a holy trinity with taxation and corporate structure. You must work well in advance to connect your tax and immigration professionals to work together to produce a compelling case. "Most US visas require a special relationship with the US company, so you must understand those rules early on. That way, when you're taking on investment or setting

up the US structure, you also consider your long term visa goals. If we talk early on about tax, incorporation and immigration together, then the company is going to fare far better."

"From the moment you have traction as a business in the US, pick up the phone and talk to an immigration attorney. You don't need to engage them, but get a high level view of the visa options available to you, and start getting your documents together.

Three months out, engage them and have a first call with your tax and corporate professionals too, to identify any red flags and/or opportunities to shine.

Your three month evidence plan

Three months out is also the time to decide what visa you should aim for. The likely candidates for UK founders are E2, E1/L1 and O1A. All but the O1s are guaranteed to undergo heavy scrutiny, so bank on several additional weeks of complexity, even though some Immigration professional staff will claim that a two-week window is fine – it isn't!

In fact, assume that despite your best efforts, the US Government will ask for additional evidence. There will also be a period of time during which you can't travel; because your passport is at the US Embassy in London.

The most flexible visa is the O1 (Extraordinary Ability), and Elizabeth again recommends a proactive approach to evidence-gathering. "Often, for UK founders, the O1 is the only

“Some Immigration Service staff will claim that a two-week window is fine – it isn’t!”

avenue, so we have to work to build their case over a period of months. We will give you a very focussed questionnaire that outlines all the criteria of an O1 that you need to meet. You can build your case as you grow your business: receiving press and presenting talks to build your public reputation. We help founders to build a case over time to get the visa that otherwise they would not have been able to get.”

Even big companies can struggle with the Immigration Service. “A Tech Giant wanted to bring a UK-based engineer over”, says Elizabeth; “and the only visa available was the O1B, a ‘unique skills’ visa. We worked to build his case, paying attention to the uniqueness of his contribution, in his case where virtual reality and art come together in digital experiences; a fascinating merger of two dramatic and powerful industries. That’s a good example of the creative way we have to work.”

Positive contributors to an immigration case include:

- A unique skillset which will potentially contribute dramatically to the US economy
- A company which is scaling fast and hiring locally
- Investment which demonstrates the funds to hire
- Exceptional creative ability, which is being visibly used to drive major change
- Serial entrepreneurship – a track record
- The platform of a business which is engendering plenty of buzz: press and market interest
- Employees who will rapidly want to fully naturalize

Know your target: the psychology of immigration

It’s also worth remembering your audience. Immigration officials are not necessarily well trained, unlikely to have been significantly exposed to entrepreneurship. Elizabeth says, “They are training officers in business skills but we are now talking about exceptionally complex digital products and it is essential that you learn to write about your business with clarity; especially as you will never actually get to speak to the officer.

“That’s where the psychology of immigration comes in. You cannot know the personality of the officer who’s going to look at your case, but you can appeal to the human nature of the individual and speak to their creative side: try to show that your company is really going to contribute to the US economy.

“The traditional way of submitting an application would be to provide a dry, technical 100-page business plan. That’s never been my approach - the officer will get bored, and they would rather read something shorter and do something more productive with their day. Instead, we’ve developed something that’s somewhere between the traditional plan and a pitch-deck; a middle ground that conveys the facts succinctly, but also invites excitement and is easy to understand. The officer’s are happy with this approach and they appreciate the fact that we recognise that they don’t have a lot of time and need to get to the crux of the business.

Don’t throw everything at the officers’ just because you’re afraid you don’t have a solid case. Start early and build a solid succinct case and don’t submit hundreds of pages and the officer simply doesn’t understand – you’ll be denied.”

The first and the followers

Remember that your pioneer is only the first of your team likely to head into the Wild West. Other members of your European staff are bound to follow, and that demands a co-ordinated immigration programme – one which recognises that the first mover will be the most complicated case. Elizabeth says “You need to get over the first hurdle, so consider which of your founders is going to have the strongest application”. (If you have an Australian on your founding team, they will qualify for an E3 which is unique to Australia – and practically bulletproof with a turnaround of 2-3 weeks!) And of course, when facilitating your follow-up applications, make it eminently clear to the US Government that you already have boots on the ground.

But don’t forget that, as well as the immigration workload for a high-growth business, those follow-up staff will have ever more complex needs. The immigration package in a competitive labour market like the Bay Area or New York could be the defining factor as to whether an employee joins your business or not. These employees will have families, and their immigration needs (and costs) must be factored in, too. You also cannot be seen to offer an overly preferential package to one member of staff against another; as you can

be sure that foreign nationals on your payroll will talk to each other. So, again, upfront planning and an understanding of the local and industry standards for immigration benefits is essential. “The questions are simple”, says Elizabeth. “How are we going to get there, and who are we going to bring. And once we’re there, how are we going to use the immigration system to our advantage – take control of it, rather than let it push us around”.

Key takeaways

- Immigration is one of the key areas in which you should seek professional advice.
- Engage with an immigration lawyer at least three months before you aim to immigrate.
- Different visa types demand different evidence and different approaches.
- Immigration is a campaign, not a process or a formality. You are building a case.
- Convey your case concisely and clearly, and remember that you are being judged by someone without tech credentials.
- Those following you will also need effort and may have exponentially more complex needs – including families to consider.



Pioneer Stories

NIKOS MORAITAKIS

CEO, Workable

Founded in 2012 in Athens, Greece, Workable is a SaaS software solution to streamline and improve the recruitment and applicant tracking process. The market was already saturated with individual tools for candidate management; complex enterprise systems which put data and process above the hirer and candidate experiences.

Workable reinvented the segment with a simple SaaS offering that put enterprise-grade hiring in the hands of even the smallest businesses. Workable recognised that the SME sector would see the most value in improved recruitment processes, and this would then feed through to larger enterprises – because the individual experience was so much better. Their software connects instantly to the leading job sites and improves the quality of job posts automatically. It makes communicating with candidates simple, transparent and auditable – so applicants don't get lost in the system. And working on any platform and with full reporting and analytics, Workable is effectively a digital talent management department.

“We intended to build a global business, so we built a platform that was global from the outset. We didn’t care about our local market, so we built for the world and the US in particular.”

Built for the US from the outset

CEO Nikos Moraitakis is brutally direct. Workable was not a speculative bet which worked out, it was designed to scale from the start. “We intended to build a global business, so we built a platform that was global from the outset. We didn’t have the luxury of winning many customers in Greece, we didn’t care about our local market as a customer base, so we built for the world and the US, in particular. Perhaps in the UK or Germany you have the convenience of selling to local customers, something that works for the US will always work for the rest of the world, but it’s rarely true the other way round. In fact, from the start, we just followed the style and language of US companies. Make it US centric. Make it familiar.”

Barely two years later, the time was right to conquer the US; although Nikos characteristically feels that he was late. “The right time will never come. It’s a bit like joining the army: in Greece, all men have to join the army but you can always make excuses and put it off. The truth is, it’s never going to be convenient. So the sooner you make the move, the better.” That said, it’s important to appreciate Workable’s positioning. It’s a mid-price SaaS product with plenty of low-touch online sales and a short sales / decision-making cycle. 60% of business was already coming from the US, thanks to a more mature and open-minded SME marketplace. Nikos had the benefit of solid metrics and a clear trajectory.

Committing to the US experience

Nikos’ move process was equally forthright. “At that point, I just decided to move to the US, hire some people and start building a company. It’s a very important part of the process: people make the mistake of commuting back and forth, but I just went - I took my wife and children too - so that was a big decision. For the first year, I was sitting alone in Boston with 50 people back in Greece. There is a ‘Greek mafia’ here, but I consciously avoided it. You need to assimilate - I came here to build a US business.” In fact, Nikos feels that leading the lifestyle of a transatlantic commuter fails to show commitment to the new office - it will

always be perceived as a satellite; whereas the CEO’s presence will show new hires that they are joining the epicentre of the business. “Every mid-level hire has asked me where I live”, he says. “I say I live in Brookline, a typical Boston suburb, with my wife and two babies, and then they know it’s real”.

But to make the leap, you need an exceptional co-founder to keep the original office afloat. “Spyros [Magiatis, co-founder and CTO] isn’t just a technical guy, he’s also a very experienced manager - good enough to be the CEO”, says Nikos. “So he stayed behind and ran the business.

I see people getting stuck with no co-founder to perform this role, so if you don’t have someone, hire senior people as early as possible, who you can leave behind.”

Building out the team

Next to travel over was one of Workable’s first support team member: she knew the product and the culture and stayed in the US for two years, training ten key staff and developing a mirror corporate culture in the new office. Nikos’ first local hires were sales oriented (demand generation, an inbound marketing function and customer support) and the Boston team is now 55-strong; about equal with Athens. The Boston headcount will grow, but Nikos says it’s not numbers that matter, but functional clarity. “We’ve always had a very clear narrative”, he says. “Athens is the operational hub - product, innovation and engineering. Boston is the commercial epicentre - sales, marketing and finance. When you create islands of people, you create unnecessary complexity. So instead, we have

got two hubs which must constantly interact. “It’s hugely valuable in the long term: instead of competing structures and wasted effort, our employees can see their function in one location, they know that they can further their careers with us and without moving house. Every quarter, we bring our entire senior team together. It’s expensive, but I think we have got a great structure. We were tempted to create a hub in London too, but it would have created an exponential rise in complexity.”

And complexity is Nikos’ enemy.

“We have a simple approach. Don’t do things that are non-standard. Keep the business simple and clean.

I made two clean decisions: we are going now and we’re going to make it work; and clear functional differences between the teams.”

Key takeaways

- Build to be global (including considering the US market) from the outset - it will make scaling simpler.
- A European audience won’t balk at US language, so make your product US-centric.
- It’s never ‘convenient’ to move to the US - it’s disruptive and challenging. So go early.
- Commit fast. Being a transatlantic commuter is draining and prevents you from fully assimilating.
- You need an exceptional co-founder or #2 to run the local office when you migrate.
- Build functional hubs, so that each office adds and demonstrates clear value.

A portrait of Ryan Floyd, a middle-aged man with short dark hair, smiling warmly. He is wearing a light-colored button-down shirt. The background is a soft, out-of-focus grey.

Professional Perspectives

RYAN FLOYD

Managing Director, Storm Ventures

Ryan Floyd is the founding Managing Director of Storm Ventures, a Menlo Park, CA based venture capital firm which invests exclusively in enterprise SaaS businesses. Ryan specializes in identifying early stage candidates for investment and has primarily invested in applications and cloud/infrastructure-related companies.

And the good news is, he feels that many investors are warm to introductions from Europe. “The entrepreneurs, engineering talent and product vision in Europe are all incredibly good. And there’s a diversity of thought too: European CEOs are not all talking to the same customers, they don’t have the same experiences. That diversity generates some interesting ideas. There are pragmatic reasons, too: building engineering teams here in Silicon Valley is incredibly hard because you’re competing with Facebook and Google and Amazon and Microsoft. If you want to hire AI experts here in the Valley, it’s incredibly difficult, yet at the same time, for example, Cambridge has ample AI expertise and hiring them in the UK is probably easier. Ten years ago, VCs found Europe hard to figure out, but the tide is changing.”

Get networking

Entrepreneurs should pursue those introductions fast. “There’s no sense in moving here until you’ve talked to venture investors”, he says. “Get to know people ahead of time. The first important thing is to find a good fit - an enterprise focussed VC firm is not going to be interested in meeting a consumer oriented company. And then you need to make connections. I try my best to respond to cold emails, and I’d probably give myself a B+! But I think one of the indicators of success is a CEO’s ability to work their network - and the European expat community in the US is enormous. It’s very achievable, so you ought to be able to connect with other entrepreneurs who are happy to make introductions. It’s helpful for us too, as venture investors. The success rates are high.”

You’re also looking for a VC used to investing in a business of your size, scale and maturity - and this will influence the right - or wrong - way to approach a move to the US. “Storm invests in early stage companies. The backbone of our portfolio is businesses which have just found product-market fit. Companies in the enterprise sector tend to find product-market fit somewhere around \$50,000-\$100,000 per month in revenues. Their founders have been doing evangelical selling successfully, and they are ready to hire their first sales reps. They feel there’s repeatability in their sales process and they broadly know their customer profile. The product is resonating with a select group of customers. That’s where we want to invest.”

The must-haves for a successful transition

And at that early stage, businesses which have made a successful transition have been easy to characterize. The playbook is simple:

Get a couple of customers in place from Europe. “Some people take what we might call geographical market fit for granted”, says Ryan. “But sometimes a business just doesn’t translate across the Atlantic that well. When you already have a couple of customers for whom

the product is resonating, and you've closed those deals from Europe, that's significant".

Get a CEO committed to living in the US. "Ten years ago, businesses would hire an 'empty suit' GM of North America and then get them to hire a sales team. It doesn't work. It's different when you've got \$30M in revenues, but as a minnow, you've just got to commit. It doesn't have to be the whole company, but I think there needs to be a full-throttle commitment to the CEO moving over and hiring 3-4 people to build out a US go-to-market strategy".

Ryan bears the scars of ignoring this advice. Storm invested several years ago in an Israeli security company which, like European businesses, benefits from a tight local market. Culture and language meant the company was thriving locally – yet the US outpost found itself miles away from market expectations. The business also hired a US GM so that the senior team would not have to uproot and move – and when the CEO did finally transfer, he did so in an 'uncommitted' fashion. Finally, US marketing was conducted from Tel Aviv. Says Ryan, bluntly, "It almost killed us. Don't create an outpost. An outpost is a frontier you're investigating, and if that's what you're doing, then fine. But if the US is going to be one of your major markets, it's got to be a hub. The US is not an outpost".

There are good reasons why. European startups must compete for talent in the Valley (or anywhere else for that matter) just like any other business. And first up will be sales.

"Ten years ago, VCs found Europe hard to figure out, but the tide is changing."

"If you're trying to recruit great salespeople, it's pretty straightforward: you've got to prove to them that they're going to be able to make money! They don't get hung up on whether you're from Europe or the US. But they don't want to feel like they're in an outpost because it's a risk."

If you're not fully committed to the US, so you won't give them all the resources they need, or you won't give them time to succeed, that's terrifying because for a salesperson, that's their career. Salespeople have so many choices; why would they take that sort of risk?"

You have nothing to lose but your accent

There are softer arguments beyond the market for an early move and rapid assimilation to US culture; lessons which can be learned even if only the founder has made the transition. Take, for example investability: "European companies, especially spin-outs from academic institutions, can often be too focused on the technology. But if they've shown no progress with the business, then it's not something we're going to be interested in. We're looking for something with customer traction, and that's true of any investor", says Ryan. Go-to-market may be a little different too: "I'm generalizing horribly here", he says, "but US companies can be more decentralized than their more hierarchical European neighbors. So the buyer profile may be more line-of-business, which can affect your marketing strategy. Similarly data privacy: in Europe, especially Germany, privacy is a massive issue. Here in the US, well, we're kinda ho-hum..."

"Even so, the startup techniques that work in Europe will work here, too: the marketing campaigns, the account strategies, the working the floor at conferences". The greatest challenge remains talent – which is why Chicago and the Flyover states are starting to reassert themselves against the holy triumvirate of San Francisco, New York and Seattle. "You need to be here", Ryan adds. "It's a tight labour market, and when people have choices, these things become more important. They just would prefer to not spend their time on an aeroplane going back and forth to Frankfurt."

Key takeaways

- US VCs are highly receptive to European propositions. Diversity of opinion generates interesting ideas and Europe is a hotbed of talent.
- Building a network among the US VC community – and particularly appropriate VCs for your business - is essential.
- Product-market fit in the US is not a given. Build a small customer base from Europe first.
- The local North America GM is a busted flush. It's essential for the CEO to move across.
- The earlier you move, the earlier you can 'think global'.



Pioneer Stories

JONATHAN GALE

CEO, NewVoiceMedia

NewVoiceMedia is a cloud-based customer engagement suite, including virtual contact centre functionality ('contact centre as a service' and distributed call handling), inside sales and integration with CRM systems, including Salesforce.

That said, the business was founded in 2000, long before SaaS was on any technologist's agenda (and parallel with the founding of Salesforce). Jonathan Gale joined as CEO. Jonathan was also Global VP, Sales at MessageLabs, and is one of a handful of executives credited as having had the greatest impact in scaling the business from \$0 to more than \$150m in revenues in 8 years, so NewVoiceMedia is his second category-leading SaaS exit from European beginnings.

It also means that he can compare and contrast the two experiences.

The key difference between the two in terms of US expansion is that MessageLabs set up shop in New York, whereas NewVoiceMedia's US headquarters are on the West Coast. All of our other contributors have wrestled with the expense of a Silicon Valley operation; some have opted for the new technology hubs in e.g. Seattle or Austin. Jonathan says, "The logic for MessageLabs was that New York was less competitive, but still gave us access to significant numbers of enterprise decision-makers. Today, New York is just as competitive, and our ability to win customers on both coasts has also been similar. But more importantly, if you want to win then you need to 'run with the big dogs' and San Francisco is the place to be. Being there is healthy - it's incredibly competitive, and if you can succeed there, then you can succeed anywhere. Silicon Valley has certainly cemented its dominance in technology beyond anyone's imagination in the past decade."

The other crucial lesson from MessageLabs which carried through to a radically different approach with NewVoiceMedia was the go-to-market partnership strategy. MessageLabs was heavily reliant on established Systems Integrators (SIs) to leverage credibility and market advantage in the large enterprise space. "It allowed us to chase market growth", says Jonathan, "but it came with gross margin implications which in some cases cost us unnecessarily. Whilst NewVoiceMedia is also very focused on partnerships (and is predicated on the Salesforce platform), the business is almost entirely marketed directly to clients, and that has given us far more ability to create and deliver value and growth". Equally, this is as much a function of the improved stack and integration opportunities of the modern SaaS world: as SaaS services have flourished by offering easy integration and connectivity, so the fortunes and influence of the traditional SIs have waned.

Stop seeing the US as a unique challenge

Businesses looking to expand to the US might be well advised to take a step back from what looks like a hard mountain to climb and re-evaluate the challenge. "In terms of the size of the market and the number of customers, the US is clearly the most important territory, but I don't think like that. We are a truly global player and entirely focused on our ability to service customers who we know want what we offer. The strategy we have developed has been driven out of five key insights and we then use those insights to identify customers who we can serve uniquely well."

Some of those insights are only applicable to the CRM and service industries, but the refinement of those insights into a reliable go-to-market strategy is a plan which any business can follow, and which will give leadership teams confidence that they can meet the needs of customers in any territory:

1. **Have confidence in a disruptive vision.** "In 2005, NewVoiceMedia founder Ashley Unitt believed what no-one else did; that call centres would move to pure cloud. At the time, the received wisdom was that a contact centre could never achieve the scale or reliability to live 100% in the cloud. He was right."
2. **Focus on doing one thing exceptionally well.** "We knew that our customers all needed a CRM and already had an integration to SFDC (the Salesforce Developer Community - Salesforce's wealth of integrated third party technologies). Many of our stakeholders wanted us to have an open strategy and to integrate to multiple CRM systems, but we had limited resources - I wanted to focus from a product, sales and customer perspective. So instead of supporting everyone

else in our space, we bet the farm on SFDC. We decided to be as Salesforce-like as possible."

3. **Tackle the challenges in your industry which most irritate customers.** "The contact centre market at that time was opaque and unreliable. We had a good product, but like many, we had our own challenges with reliability. We made it a fundamental tenet of our business to be entirely transparent about our uptime and downtime, which forced us to deliver a better quality product and at the same time drove a dramatically visible wedge between us and the competition."

"We were pure-cloud (with all the flexibility that brings), we were the best contact centre on Salesforce, and now we were the most reliable provider, even publishing our uptime statistics - which is what drove our impressive increase in revenues. It was then insights 4 and 5 which allowed us to define our category and to become the dominant global player in our sector."

4. **Integrate and optimise.** One of the most powerful aspects of the SaaS ecosystem is the power to integrate with partners in the connected ecosystem or design in new services. In 2013, the outbound calling business was again plagued by low customer satisfaction - the market consisted mainly of low-quality "predictive dialler" businesses which were hated by consumers and hence could damage clients' reputations. Again, Jonathan saw an opportunity for disruption. "We saw an emerging business in high quality outbound 'sales acceleration'", he says. "We figured that if you were on SFDC and you were plugging an inbound call centre into CRM, then it would make complete sense to integrate outbound

sales telephony too. So we set out on a strategy to build a true inbound/outbound customer management platform covering all touchpoints and fully integrated into Salesforce.

5. **Globalise.** NewVoiceMedia already operated the only true SaaS cloud contact centre application. The contact centre market was highly fragmented, driven in large part by the geographic focus of traditional telcos with their regionalised cloud contact centres businesses built on top. Yet the reason many customers bought Salesforce was to be global; and with a SaaS architecture, this was less challenging for NewVoiceMedia than for other providers. "Being truly global is a massive differentiator. We invested in Europe, AsiaPac and the US. The customers we choose - and who choose us - are obsessed with the quality of the customer experience regardless of which region, country or market they're in. So when I think about internationalisation I don't think market first, I think customers."

Key takeaways

- If you can succeed in the competitive cauldron of San Francisco, you can succeed anywhere.
- Direct sales of technology in the enterprise space, rather than through traditional systems integrators, dramatically improves margins.
- The US is challenging, but if you build to succeed globally, you will succeed in the US, too.
- Bet the farm. Do at least one thing exceptionally well.
- Concentrate on the challenges your customers face: what in your industry most irritates your customer base? That's what you should disrupt.
- Integrate. The SaaS ecosystem is collaborative.

A portrait of Daniel Glazer, a man with short brown hair and glasses, smiling. He is wearing a dark suit jacket over a light blue shirt. The background is a plain, light color.

Professional Perspectives

DANIEL GLAZER

Partner, Wilson Sonsini Goodrich & Rosati

Wilson Sonsini Goodrich & Rosati (WSGR) is the acknowledged leader in corporate legal services to the high-growth technology and life sciences sectors. Indeed, Dow Jones VentureSource has just ranked WSGR as the #1 law firm for US venture financings during the first half of 2017.

NYC/London-based partner Daniel Glazer leads WSGR's US Expansion team, which focuses on advising UK and other non-US technology and growth companies on US expansion, fundraising, and strategic partnership transactions.

The business opportunities in the US can be massive, but the US is not an easy place in which to do business. European companies accustomed to working with outside advisors on a "problem-solving" basis soon learn that savvy US companies work with advisors on a "problem-avoidance" basis to avoid the often-exorbitant costs of rectifying mistakes in the US.

Gaining access to the world's largest commercial market is well worth the entry costs but the strict US tax and regulatory environment will materially increase your costs if you're not paying attention.

Here are just some of the issues Daniel advises every business to put on their agenda:

Corporate Structure and Tax

"It will typically make sense to set up a US subsidiary to separate the US and non-US businesses, in order to keep separate your US and non-US taxable income. This is particularly important since US corporate tax rates (federal and state), totalling about 40% are typically twice the level of the UK and three times the level in Ireland. Your US subsidiary will need to appoint a registered agent, and 'qualify to do business' in every state in which you have employees, an office, or other similar presence.

"You also should put in place appropriate compliance procedures to address federal and state corporate income tax, as well as other potentially relevant tax regimes (sales tax, personal property tax, etc.), particularly at the state and local level. If you send

over personnel from outside the US, they will need expat tax advice and support. "You will also need advice on how best to capitalize your US subsidiary. Parent companies frequently lend money to their subsidiaries for working capital. While some element of debt makes sense, the IRS will recharacterize all of the debt as equity if the debt equity ratio is too high. Tax accountants can provide this advice cost-effectively.

"Finally, it is very important to understand the interaction between the tax systems of your home country and the US, as it affects the company and its founders, shareholders and employees.

This is influenced by a variety of factors, including the home country's domestic tax legislation, US domestic tax legislation, and the home country's tax treaties with the US.

Compliance

"The US is a highly regulated environment for businesses, often with regulations at the federal, state and local level. Non-US companies entering the US market must understand which laws apply and how to comply with them, especially in heavily regulated industries such as financial services and healthcare.

“The key asset of your business is likely to be your intellectual property.”

“To provide just one mundane example, every non-US person establishing a Delaware corporation or other US business must file a foreign investment report with the US Department of Commerce within 45 days of setting up the company. An exemption should be available if the investment is under \$3 million, but an application for exemption needs to be filed. The mechanics of this aren't difficult and can be handled online, but the form is confusing and we often find companies request assistance to complete it correctly.

“Non-US companies must pay particular attention to immigration laws as they pertain to their work force. Visa requirements and related reporting obligations can be complex and time consuming and a startup-friendly US-qualified immigration lawyer should be high on any entrepreneur's list of contacts when setting up in the US.

Intellectual Property

“The key asset of your business is likely to be your intellectual property. In certain businesses, like medical devices, patents may be critical to protect your inventions. In others, like many SaaS businesses that rely on algorithms and machine learning, your intellectual property may be best protected through maintaining confidentiality.

“In nearly all cases, it will be important to protect your key names and brands through trademark registration. Note that, under state law in the United States, a business can get unregistered rights to a trademark through use.

Before filing for a trademark, it's therefore important to conduct a trademark search in order to identify potentially conflicting uses.

“You can also embed good IP practice into your day-to-day operations. Anyone who has access to your intellectual property, including contractors and employees, should sign a written agreement binding them to confidentiality and providing an assignment to the business of any IP that they develop which relates to the business. IP assignment agreements also need to meet certain standards to be enforceable in California (particularly permitting the employee or contractor to schedule IP that he or she has developed previously).

“Note also that non-disclosure agreements in the United States typically have term limits, often only one year. We think that, for emerging companies, it is reasonable to ask for three years (or more) since your business is still being developed. Additionally, you can try to obtain an unlimited period of protection for trade secrets (which will need to be properly labelled), although this is not always possible. Finally, simply be careful about what information you share, and when you share it.

Employment

“You will need US employment advice. UK employee compensation and benefits packages often are more generous than in the US, and UK companies can right-size overhead costs for US employees by adapting to US market norms. Additionally, many employment terms are handled differently in the US than in the UK; UK employers would be wise to ask US legal counsel for a typical employee handbook to better understand usual US employee policies. Most US employees don't have employment contracts, but you should have confidentiality and IP assignment agreements with all employees. You'll also be bound by offer letter terms, employee manuals and other undertakings.

“Non-US companies also face special challenges in managing employees out of the organization if they fail to perform. The US is, for the most part, an “at will” employment jurisdiction where employment contracts are uncommon, so there are no rights of statutory redundancy or notice (except in certain “plant shutdown” circumstances). However, it is customary to pay employees a termination benefit that is negotiated and to secure a release. Non-US companies that approach their US employment relationships from the starting point of their home country arrangements sometimes take on contractual redundancy or notice obligations – these may become simply the starting point for a negotiation upon termination. Additionally, a lack

of care in managing employment relationships may, on termination, facilitate claims of discrimination, sexual or other harassment or hostile workplace environment, or whistleblower claims, that are easy to assert and potentially expensive to settle.

Dealing with a litigious culture

“No, not everyone sues all the time, but ... litigation risk is higher in the United States than in most other countries. There are several of reasons for this. Above all, in general the US does not have the “loser pays” rule common in the UK and many other countries. Consequently, relatively weak claims by plaintiffs have settlement value because the defendant's cost of settlement may be less than the cost of the defending the claim. Plaintiffs (and their contingent fee lawyers) know this and may bring claims they wouldn't otherwise assert if they were at risk of paying the defendant's legal fees.

“As a result, the threat of litigation is a common tool of business negotiation in the United States, whether the potential claimant is an unhappy contractual counterparty, a disgruntled employee, a third party or class that claims to have been injured, or an aggressive regulator. Your approach should be multi-faceted:

- **Pro-active management. Make sure that contracts accurately describe services and performance obligations, that HR matters are**

handled sensitively, that early indications of problems are taken seriously, and that regulatory and tax issues are addressed in advance.

- Compliance. Some person or persons in your organization need to have clear responsibility for ensuring compliance with contracts, laws and regulations, and your systems need to permit appropriate tracking of compliance.
- Insurance. Finally, it is critical that you obtain appropriate insurance advice from a broker with North American experience. You need to know what kinds of coverage (and with what limits) a company in your business might be expected to procure in the US. Some of these are mandatory (such as workers compensation insurance for your employees), some will be required by contractual counterparties (such as evidence of professional liability insurance, which in the US is generally referred to as errors and omissions insurance, or certain kinds of automobile coverage), some are highly prudent (such as directors' and officers' liability insurance), and some may depend on the nature of your business (such as employment practices liability insurance, IP liability insurance and cyber insurance). In any case, you can only reach appropriate conclusions as to what makes sense once you have obtained the advice, and you should revisit your conclusions at least annually.

Keeping the fees down

Given all of the issues we have covered here (and we haven't even touched immigration, premises, dealing with investors and raising funds or the

“In nearly all cases, it will be important to protect your key names and brands through trademark registration. Note that, under state law in the United States, a business can get unregistered rights to a trademark through use.”

complexities of transferring or matching UK incentives to the US environment), it's hardly surprising that lawyers recommend emerging companies secure good legal counsel. Let's finish with some ways to keep the legal costs manageable:

1. **Seek fixed or capped fees for standardized work.** Many top law firms provide various early-stage legal services for pre-agreed prices, including incorporation, form terms and conditions, employment agreements and trademark filing.
2. **Your own good forms are a good investment.** Sample legal agreements are readily available on the Internet, but paying a pre-agreed fee to have your form reviewed by counsel is a solid investment. Your lawyer should ensure the contract adequately protects your company and accurately reflects the business deal you're offering.
3. **Consider forms prepared by lawyers with experience advising both mature and early-stage companies.** Those lawyers have handled contracts in many different contexts, and you'll be receiving large-company legal advice for a start-up fee.
4. **Allocate legal work efficiently.** Try initially discussing disputed matters at a business person-to-business person level, rather than instructing lawyers to trade drafts. If you and your counterparty agree on changes, strongly consider having the other side's lawyers revise the contract, and then review those revisions yourself. If the changes are clearly unacceptable, send back the contract. Only when you believe

your counterparty has correctly implemented the agreed changes should you pass it to your own counsel to confirm your initial analysis, make any further revisions, and help you finalize a few highly technical provisions (e.g., intellectual property indemnification).

5. **Pick your battles.** Keep an eye on the bill if you're negotiating a contract for which fixed or capped legal fees may not be appropriate. It's not worth fighting every point if the deal's strategic or monetary value doesn't warrant it.

Key takeaways

- Get professional legal advice – it's expensive, but not as expensive as fixing mistakes.
- A key decision is company structure – creating a US sub is for many the better route.
- The US is heavily regulated, and penalties for non-compliance with even seemingly minor hurdles can be draconian.
- Consider protection of your intellectual property with patents and trademarks, but don't think that's 'job done'. Ongoing protection comes from careful agreements with employees and partners.
- Get advice on employment law – it's very different in the US, and as a litigious culture, the law is often a tool of business-as-usual, rather than for handling exceptions.
- Build a bespoke insurance package from a broker with North American experience.

This article does not constitute legal advice and should not be relied upon for business or legal decisions.

Pioneer Stories

MATTHEW BRUUN

CRO, Brightpearl



Founded in 2007, Brightpearl describes itself as a specialist retail management and automation system. Particularly targeting mid-tier retailers with ambitions for growth, the company offers a full suite of integrated inventory, accounting, CRM, POS and purchasing tools to reduce the cost and complexity of scaling a retail operation.

This in turn allows retailers to smoothly support omnichannel activity – by synchronising the back office for online, mobile and traditional bricks-and-mortar retail. Brightpearl can help smaller retailers to unlock global business opportunities for the first time, and larger retailers to meet every customer's expectations and scale to the next level of growth.

The business originally set up its first US office in 2013 – and for all the right reasons: despite being a UK business, Brightpearl had achieved sufficient product-market fit in the aggressive and price-conscious e-commerce community and it was attracting significant US sales. Like many before, the company took some of its best performing people and set them up in San Francisco. Business continued to roll in successfully.

“You have to have a clear strategy to move locations, and for us it was about the target adjustable market: what can we do here versus what we could do if we just stayed in the UK?”

From a good business to a great business – and out of the Valley

A change of management team in 2016 has seen Brightpearl grow its midmarket proposition to more than double its average deal size, and a forensic review of the business resulted in a move from San Francisco to Austin, Texas.

Matthew Bruun, Chief Revenue Officer, also joined the business in 2016 and says “San Francisco is a big centre for retail, but the talent pool in the Bay area is quite limited for what we needed to do and the cost base is very expensive. We had some great people there – in fact one of our best customer success managers is going to stay in San Francisco – but both salary expectations and staff churn can be high, whatever industry you’re in. We weren’t seeing much upside for being located there, especially when our customers and addressable market are all over North America, so we started the search for a new US base from which to accelerate our growth.

“We chose Austin for a number of reasons. The time zone: six hours behind the UK rather than eight, so we have an extra 2 hour window overlap. Then, some of our competitors (e.g. Netsuite) and partners (e.g. Big Commerce) were there. “That’s useful – not just for convenience, but because when you’re out to recruit talent in a small space, you can recruit from your competitors and build better relationships with your partners. Austin is also a big university city and technology hub, and a great lifestyle choice that attracts talent in from across the US. More people than I expected moved with us from San Francisco, and they’re delighted. Sure, we had relocation packages to help with moving costs, but we have team members who can suddenly

get a much bigger house with a garden and cycle to work. Other companies are heading to Austin, so it really felt right: we’re not doing anything radical or risky, but we’re also escaping some of the complexities of the Valley.”

The decision to move was made in Q3, 2016; the company took its first shared workspace desks in February 2017, and by mid-year had moved into its own offices in downtown Austin, with a staff of 16 set to double by the end of the year.

Playbooks: firm but flexible

If there’s one philosophy which has been instrumental in guiding Brightpearl’s successful migration to San Francisco and then Austin, it has been the use of playbooks – a way of creating clear guardrails with some elasticity.

“Brightpearl did what a lot of people do which is to take the best-performing people from the UK and put them in the US”, says Matthew. “But you don’t want to move all of your talent to the US and kill off the business that launched you in the first place. If the short term strategy is to land and expand with your own talent, very quickly you have to find talent locally and educate them on how to sell your product. That means you need to apply some structure to the process.

“When we moved to Austin, we had two senior people from the San Francisco office come over, because that would be enough to maintain the Brightpearl culture – the cadence and heartbeat of the business. Then they deployed our playbooks. We live by playbooks in Brightpearl: documented processes as to how we go to market for any particular role. Whether it’s support, customer success or product management, a playbook defines their approach. These give structures and guardrails within which anyone in any role knows they can achieve the outcome we need. But our playbooks also give everyone the flexibility to make course corrections because there’s a change in the market or a cultural difference to consider. The Austin team has updated the playbooks to account for some differences in the US (particularly the number of larger customers, which is great!”

And there are plenty of differences, both in the market and in the way companies can acquire, retain and grow their talent. Operationally, for example, email marketing on bought lists is illegal, so lists must be built. A whole new marketing effort around shows, events, publications and LinkedIn thought leadership was required. Or there was the surprise at how prevalent cheques still are in the US: says Matthew “Our CEO was over there last month and was surprised to find \$60,000 of cheques waiting to be banked”.

Tackling the talent market

The talent market is also different. "In the UK, we'd look to hire graduates into junior sales development roles", says Matthew. "We can't do that here - there's no time to either make mistakes or nurture people from scratch. So we've had to bite the bullet and recruit more experienced people from our competitors, people who know the landscape. Yes, that costs us more upfront, but we've already proven product-market fit; so ours is now a race to capture market share. The effort of recruiting people who we know will execute quickly and establish a beachhead in terms of acquiring new customers is well worth it.

We are paranoid about making sure we recruit well. We don't just allow the hiring manager to recruit: there's a process of several interviews with peers; plus our CEO interviews everybody. Just because you're trying to grow quickly doesn't mean you can skip on the rigorous process of acquiring great talent for each role.

Those roles are also subject to scrutiny. "As CRO, the job of my team is to acquire, retain and grow customers. When I joined the company, I realised that the sales function was built entirely around a traditional sales model. It was focused on Brightpearl instead of the customer, and we had to pivot the sales operation to make the customer journey paramount. For the customer, their journey with Brightpearl really only starts when they sign up. Yet for the sales team, that had always been the point at which it finished; and for a SaaS business, that's the wrong way round. We had to align ourselves to the customer journey, because our acquisition cost is high and our money gets made on recurrent revenues in subsequent years.

"My first decision was to treble our investment in customer success managers, all of whom have deep retail expertise. So they can help customers learn about ways that they could be improving efficiency in their businesses. We're invested in their success, and that's why our churn rates have come down and growth in our customer base has grown dramatically. Interestingly, that go-to-market approach also means we have been able to acquire new talent in the US, because top performers in our sector realise that we understand the segment and the SaaS model; and that we are proud to invest in our customers. It's made it easy for us to recruit some very good people from some very good companies.

A model move

In essence, Matthew credits Brightpearl's successful US expansion to a four point model: Incidentally, for answers to all of these questions, you should seek help from everyone you can. Sometimes these will be paid advisors, but there is no substitute for using your network. "Our first Austin office was an entrepreneurial workspace", says Matthew. "They gave us lots of advice on local employment regulations, for example. But it's also the small stuff - like parking! Most people drive, but parking is expensive - so parking



Strategy

What is the opportunity, which location will maximise the chance of success?



Structure

How do we go to market with the discipline of our home operation, but flexibly enough to handle differences?



Roles

What roles do we need and prioritise to gain quick and sustained wins?



People

How can we attract, incentivise and retain the best?

that comes with the office, or is close by, is a big employee incentive. It's the kind of thing that you would never think of in the UK, yet in the US these are the things that can block a positive decision from a great hiring candidate." Paid advice is also worth it - especially aspects of your move like HR or legal which don't justify a full-time employee but which do demand expertise on an ad-hoc or outsourced basis

Brightpearl has gone from 2 staff to 16 in the US in six months. "Having taken our own office space, it feels like we've properly landed, and we're recruiting more and more great people", says Matthew. "We have proven that we can hire, retain and grow really good talent in Austin - and we've only really just got underway hiring the people we need."

Key takeaways

- A US move should be the result of a strategy: what more can we do in multiple locations rather than just one?
- Culture and lifestyle is as important as business considerations in deciding where to locate.
- The ideal blend is process and flexibility: replicable processes which worked in Europe which allow you to scale, but the flexibility to account for local market needs.
- Align everything you do around the customer because, in SaaS, profit only comes with recurring revenues.
- Lock down your recruitment process. Give everyone a say in each hire.

HARVEY NASH

The Power of Talent

Professional Perspectives

ALISTAIR ROBINSON

Managing Director, Harvey Nash Executive Search

Alistair Robinson began his career as a chartered accountant in the UK. In 1997, he joined Michael Page International and after 3 years relocated to New York as part of MPI's US Management Team. He joined Harvey Nash in 2004 to build the company's U.S. Executive Search Business where he is now SVP & Managing Director, Executive Search. He specialises in all aspects of software and digital.

Every one of the founders we spoke to identified talent as the outstanding challenge of their expansion and naturalisation into America. Understanding, recruiting and retaining talent in the face of rich competition from world-leading players seems an unconquerable mountain; and Alistair says there are no easy answers – indeed, he calls it “the war for talent”. But it’s worth framing the problem first. The challenge is multi-layered:

1. **It’s not just the Valley and New York City:** “Take Atlanta or Austin which are very much emerging technology hubs; tech will find a home anywhere there is an evolving tech ecosystem”
2. **Talent is nurtured early:** “The Amazons, Google’s and Microsoft’s are effective machines in leveraging the network of new talent that comes out of the best technology universities and aggressively recruit them”
3. **Today, every business is or needs to leverage technology:** “There are a lot of non-traditional companies that are going through significant strategic pivots to become digital and technology-centric companies. Traditional businesses like GE, for example, have built software businesses from the ground up in the past five years – from a zero base in the East Bay San Francisco to employing 2400 people building IoT IP” This means that the demand for talent is being driven by both tech and traditional non-tech, private equity and venture capital...

There are differences between commercial and technical roles compensation but the compensation packages and financial rewards that established tech companies can offer can be above and beyond what start-ups can typically afford: individuals working in product and technology leadership roles in Tier 1 companies, with 15 years’ experience, will be earning between \$1m – \$2.5m annually in total comp And there is no sign of this pressure abating; if anything, the tech engine is inflating prices in other sectors and locations.

Get kitted out to fight the talent war

The first non-negotiable for a European business fighting the talent war is basic HR infrastructure. Even junior employees will not join an organisation that does not have the basic benefits, healthcare, 401k and administrative platform. You will need a clear understanding of employment law, not only to stay the right side of it but also to optimise your offering to meet the expectations of your talent pool. A US employment lawyer will help you navigate the complexities of state-by-state differences: for example, in California, non-compete clauses are unenforceable and illegal; in New York, they’re accepted and enforceable.

Then, you will need the finances to invest in talent.

“One of the biggest mistakes that UK and European companies make is to say, ‘We’re coming into the US market but we’re not going to be able to be market competitive’. Unfortunately that position is a non-starter in this industry.”

“You can position your business effectively. You can message the talent you seek to employ, throughout your landing and interview processes.”

“If you’re looking to low-ball talent, then you’re really minimising your ability to tap into a talent pool - the first hires are so critical in facilitating success.

“However, you can position your business effectively. You can message the talent you seek to employ, throughout your landing and interview processes”.

For example, many people who have worked at Microsoft or Google will want to move beyond the big-name competitors and either transform an iconic business or transform a sector with which they have real affinity; something that they cannot do if they just move between tier 1 software companies.

There is also a right time to catch talent. “Many younger millennials coming out of university are going to want to do a tour of duty. They’re going to want to earn their stripes in progressive organisations where the compensation is matched by projects they can engage with”. None of this makes the funding squeeze any easier, but European companies coming to the US can at least present a credible image. They are already beyond the start-ups phase, they are financed, they offer international opportunities, and the effort to present a credible front to talent - a branding exercise - should ideally begin months before you land on US soil.

Build a credible image for the talent market

Your executive search partner is a crucial part of this image definition. (No executive search consultant worth their salt will focus only on the transactional opportunity of individual placements; they should help position your business and

understand your talent requirements and facilitate future pipeline as you build your team). They should be briefed effectively enough to seamlessly deliver your messaging with conviction.

Your vision, technology, innovation and opportunity should also be all over your website. And your entire leadership team - whether in the US or not - must be both engaged in the process (including meeting and interviewing candidates) and committed to the narrative.

“It’s imperative that the founders are willing to jump on a call, and assist your search partner in pitching, positioning and selling the opportunity to candidates far earlier in the process. They must understand that it’s a two way street: you need to sell to candidates as well as interview them - speed of process is also an essential process construct”.

The new sales team: modern sales for SaaS

So far, we have focused mainly on engineering and product. Unfortunately, in the SaaS world, there is a similar supply challenge in the commercial disciplines as in technical talent. “Just like GE building its software business on a proprietary cloud platform (Predix), traditional software companies are pivoting from on-premise to SaaS. Giants like Oracle and SAP, who have been tremendously strong in terms of selling licensing, are having to restructure their sales operations to drive their solutions into the cloud. So, again, the demand for professionals who can sell cloud and SaaS-based solutions versus traditional on-premise is an issue that permeates throughout the whole software marketplace. True SaaS leaders like Salesforce - who understand the model, the incentives, and how to build a SaaS-skilled sales team, are few and far between.

“And again, there’s no easy game plan here. I think you have got to lead with someone with experience, who can demonstrate the ability and sophistication to sell SaaS solutions and importantly can develop sales plans that reward and attract. Behind them, you’ve got to have strong players in the customer success, pre-sales and solution architecting areas who can functionally combine to present that focused, solution-driven value proposition. The pain is the same - these contemporary digital skillsets are rare.

It’s far harder to recruit commercial leaders who possess the strategic mind-set that is needed to sell SaaS, because so many who have the maturity and credibility you want are still focused on making a monthly number.

“For modern SaaS sales, look for someone who is completely aligned with the voice of the customer.

The best SaaS sales leaders are typically those who have started their career in product and engineering, evolved into pre-sales and then become a commercial leader. Those who come at it purely from an execution perspective are fast becoming irrelevant”.

Many of our founders were contacted by recruitment specialists within hours of opening their US offices, but the quality of their experiences varies dramatically. Alistair offers some insight to what your search and talent consultancy should contribute.

“First, my team is domain-deep in disruptive technology, digital transformation, SaaS and cloud. We have to understand the business models, and the talent implications of the innovation that is currently taking place.

“Second, we come at it from a strategic programme perspective. It’s not a one-off recruitment: we will meet with talent, HR and technology leadership on an ongoing basis to understand the requirements over the medium term and proactively identify a funnel of candidates to keep the business growing. Interestingly, Notion Capital is looking to develop a talent roadmap to help their portfolio of companies grow at scale; this is exactly the strategic mind-set we look to contribute. Nobody should be conducting a search without an idea of what the six- and twelve-month picture looks like.”

Key takeaways

- Demand for talent in the tech industry dramatically outstrips supply, and that’s not going to change
- SaaS also presents a new sales discipline: SaaS commercial leaders are rare, too
- Trying to lowball remuneration will just switch off your access to talent
- Create a workable benefits, healthcare, 401K and administrative platform before recruiting
- Run a talent-facing brand and PR campaign for at least six months before landing on US soil
- Work with a recruitment consultant with a strategic viewpoint, not a transactional approach



Pioneer Stories

PAUL WATSON

CEO, Volo Commerce

Volo Commerce is an end-to-end retail ERP suite which takes the pain out of multichannel retail and fulfilment whilst optimising business processes along the way. Volo presents brands and retailers with a stack of modular solutions which, for example, manages stock to ensure that they only sell what they have available, handles inventory across multiple platforms and channels, and simplifies warehouse and pick-and-pack operations, right through to booking couriers and printing labels. UK clients include Superdry, Dixons and Tesco; in the US Volo's enviable partner base includes Amazon, eBay and Wal-Mart

Although Volo had been active for over a decade, CEO Paul Watson (ex Star Internet, another Notion venture) joined the company in 2013 to capitalise on its market leading position. The business had acquired US customers but there had been no formal strategy. It was simply a respected solution in a focused market segment – not least because Volo had solved problems which its US competitors had not yet tackled: “In the UK market we’d had to overcome challenges that the US hadn’t experienced yet, like multi-currency, multi-language and cross border trade challenges”, Watson says.

“We don’t have all the answers, but when we find challenges, we’ve got the team to overcome them.”

Low-risk and ahead-of-the-game

Volo’s steps to the US were low-risk. In a very controlled approach, the team conducted highly targeted campaigns (advertising on Amazon’s Seller Central portal, for example), exhibiting at trade shows and operating a postal address and phone line in New York. Demand from the US began to grow rapidly in 2015. Watson says “I decided to hire a sales guy here in the UK, but who had the ambition to work in the US. Our prospecting was very light touch in the US. It was very much a controlled entry and that allowed us to understand the product localisation need”.

As ever, global SaaS products need more localisation than one might expect. “In the UK, it’s common to have one warehouse, in the US they have several. It’s also common in the US that retailers don’t hold their own stock - it’s held with Amazon”. Furthermore, Volo, like most SaaS businesses, delivers most value when it is integrated; indeed Volo is an API hub to other e-commerce systems. In the US, Volo had to work with a new raft of ERP and sales tools, plus retailers like Wal-Mart and Jet without a European footprint. “We committed to stuff that was more difficult than we thought”, says Watson, “because we made changes to the product as we went. We probably should have done more analysis. If I was doing it again, I would probably have brought over a product marketing function,

someone to collect market data alongside sales and some engineering resource to interpret it. In the long run, that would have saved time and money”.

“But it was the right time, and we didn’t want to wait. We finally had the right people and processes to onboard and service customers from the UK. I figured: we don’t have all the answers, but when we find challenges, we’ve got the team to overcome them. And that felt better than doing a year of analysis and coming back with a more focused plan”.

Designing the US team

Today, Volo has a team of seven in the US. The UK-sourced salesperson slowly spent more time in the US, ultimately moving over full-time. The next hire was an inside sales specialist, handling inbound sales and running outbound campaigns supplemented by ad-hoc support from the UK-based marketing team.

Crucially, Volo has benefited from several hires who have more than exceeded their roles. Watson says, “We have a very commercially-oriented CFO who took the opportunity to move to the US. That’s been a great enabler. And then I knew that we needed people in customer success and sales engineering. We managed to find a guy who had done both”.

The focus now is on continuing to build out the customer-facing team. Product, engineering and back office all remain in the UK. “The plan is to have a US sales leader and localised marketing and PR; more people to close out the pipeline and then bring in more people to implement the product and support it on a first-line basis. The intent is not to bring too much of the operational part of the business to the US, but that said, in 12 months the US business is likely to be the same size as the UK”.

Now that the culture is defined and local hires are the priority, Volo is investing heavily in the process. “The heads we hired are all still there and have a great dynamic because we took more time to hire them”, says Watson.

“We use two interviews, set each candidate a task, conduct a values-based interview and then of course there’s the ‘pub test’. That process generally turns up the right people”.

Every US recruit also spends time in the UK to meet the team and understand the business. “Like everyone, we’ve made our mistakes with advisers”, he adds. “We interviewed three different sales recruitment firms, and the first guy we bought into was full of hot air. We went back to our second-placed firm, and they’ve proven to be excellent. They take their time, they understand the market and our cultural needs more than

anything”. Whilst almost everyone making the move across the Atlantic has a horror story to tell, these advisers are crucial. “You get a leg up faster. You get to understand the market quicker”, says Watson. “We leveraged our existing partnerships in the UK – technology partners like Amazon and Magento; and we’ve been very fortunate that they provide us with leads and support. And then of course there’s the legal and financial piece.

Choose solid partners who are based in the US to guide you through the tax, legal and employee minefields”.

Key takeaways

- Use controlled prospecting in the US from the UK to understand the need for localisation before scaling up.
- A product and customer success function is ideal early on, to understand the market dynamic
- People who can exceed their job descriptions are worth their weight in gold.
- Invest in culture, particularly ensuring that everyone meets key hires. Bring US hires to the home market regularly.
- Advisers are expensive, some are full of hot air, but they are essential – and should be judged by how well they accelerate your understanding and eliminate mistakes.



Professional Perspectives

CASSANDRA ANDERSON

HR Consultant, TriNet

For over 25 years, TriNet has offered HR consultancy to cover all aspects of the employer-employee relationship throughout the entire lifecycle of that relationship (from offer letter through to termination) and through all stages of company growth.

In today's technology-enabled world, its range of services include HR, payroll, benefits and compliance, with the economies of scale of a fully-featured online platform. For growing businesses, TriNet also offers group-pricing which gives smaller organisations leveraged buying power and the chance to offer healthcare and benefits packages that compete with much larger organisations in a way that they would otherwise be unable to do.

Cassandra Anderson is an HR Consultant for TriNet, specialising in helping companies headquartered outside the US looking to launch and scale their operations in the US market. It's a challenging transition for even the most adept entrepreneurs because the US presents its own unique challenges. Where Europeans expect employment contracts, US employees are used to offer letters - a dramatically looser legal arrangement. Then there is the burden of state-by-state differences: entitlements to personal time off, for example, differ between states; and the enforceability of individual terms can be polar opposites depending on where you intend to set up shop. In New York, for example, there's nothing wrong with asking an employee to sign a non-compete agreement; in California... it's against the law. US employees are also generally paid every two weeks rather than monthly.

“Don’t believe the shiny online ads: do your research and get recommendations and advice from people you know and trust.”

Think six months ahead

It’s a different world, and one that demands some familiarisation, which is why Cassandra recommends that anyone opening a US office starts thinking about HR, payroll, benefits and compliance at least six months before the first employee hits the ground. “In particular, because of the challenges of state law, you need to have a clear strategy as to where you will be based. It will dictate the laws under which you operate, and to add further complexity, any remote hires may operate under a different regime.”

“An early start will also allow you to obtain a Federal Tax ID number”, she says. “This can (although not always) take time, but it’s necessary for unlocking other aspects of your company admin, for example opening a US bank account. Plan early, and you can avoid painful hold-ups. Staying on the banking front, you have a wealth of options – and they are not all good. We find that even those banks claiming to have a global network – something which can sound very appealing to a growing firm with global ambitions – often in practice have a disconnect between the countries in which they operate, resulting in huge service challenges. The problem is, of course, that you can’t try before you buy. So, don’t believe the shiny online ads: do your research and get recommendations and advice from people you know and trust.”

Start on employees 2-10 at the same time as employee #1

As a high growth business, you should be thinking about employees 2-10 even before employee #1 has his/her boots on the ground.

In particular, Federal Career Law gives employees rights to participate equally in employee benefits, for example the Patient Protection and Affordable Care Act. Those rights will often also extend to spouses and dependents.

To simplify things, the US operates an ‘open enrolment window’, which means that a business can decide during a predefined time period at what level to set its benefits contributions for the upcoming year.

“However”, says Cassandra, “this means that the decisions you make early on regarding benefits for your first US employees will then apply for every other hire you make during that period. Given the supply-side shortage in some sectors (engineering, for example), making that commitment for 12 months can seriously backfire if you’re not generous enough to attract the best talent.”

Navigating recruitment

Finding, hiring and retaining staff in the US will almost certainly be surprisingly costly, relative to most European countries. “It’s not all bad though: company payroll tax is significantly higher in the UK than in the US, for example, so it’s important to understand the total cost of all things people-related in the US in order to make an informed decision”. Those differentials can also mean that while, in some instances, the total cost to the business might only be negligibly different, the value and incentive to a potential employee might be dramatically different. You must consider every role from the perspective of the hire as much as your own commercial needs.

This is particularly true in the overheated world of SaaS. Technology businesses coming to the US are competing not only for customers, but for talent. Your business will be a less-known brand than the Google-Amazon-Apple-Microsoft-Facebook axis of global giants with pockets of unlimited depth. And beneath them are all the other companies from whom you are most likely to want to poach talent. The numbers may be eye-watering, so do plenty of research before making any sort of commitment. Cassandra says,

“Know your competition. What salaries are they paying? What do their healthcare and benefits packages look like? Know what you’re up against and craft your compensation plans accordingly.”

“Finally, don’t start recruiting – and absolutely do not extend any offer of employment – to a US-based candidate until you have provision in place for HR, payroll, benefits and compliance. These are not box-checking exercises in the US, nor are they subsidiary in importance to basic salaries. A disorganised HR regime will be noticed by candidates and it will turn them off. You will also risk huge penalties and leave yourself at risk of legal action further down the line.”

Key takeaways

- Get good, paid advice: not only is the US dramatically different to Europe, state differences increase the complexity.
- Work on a six month runway: it takes time to get a Federal Tax ID number, find a good bank etc.
- As a high-growth business, you should be thinking about employees 2-10 before #1 has even landed.
- Understand your talent market: remuneration is a complex blend of money, incentives, promises and brand cachet.
- Don’t recruit anyone before you have a rock-solid legal, payroll and compliance regime.

Pioneer Stories

CHARLIE OSMOND

CEO, Triptease



For most people booking a hotel, their initial instinct is to go to an aggregator: from TripAdvisor to Trivago, Expedia to Booking.com, it's a competitive market. But are you getting the best deal? Commissions are high and, even (as is the case in Europe) where hotels and third parties contract that they will charge the same rates, the aggregators can manipulate the position of search results. It's a murky world, and Triptease wants to put things right. The hotel business is fragmented, with tiny mom-and-pop B&Bs up against the major chains. Triptease levels the playing field by giving hospitality businesses a platform to handle bookings directly. It creates a smoother customer experience and transparency for everyone – including telling customers “this is what you would pay elsewhere”.

Founder and CEO, Charlie Osmond says that the goal was always to improve the booking experience – after all, why should we always end up with thirty open tabs? Yet Osmond's first product was “a sort of Instagram meets TripAdvisor”, a socialised version of reviews where pictures of customers' experiences could be processed with photo filters for a sharable review. It was weak. Two pivots followed “and it was pretty bleak for a long time. We'd raised money and then stopped doing what we'd said we were going to do. We had one last roll of the dice and suddenly everything changed. We went from having thirty hotels to three hundred in a few months.”

With a credible take-up in the market, expansion to the US was inevitable and rapid. Triptease co-founder, Alexandra Zubko, was based in New York and handling business there already. The leading hotel chains (Marriott/Starwood, Hilton, ICG) were predominantly based in the US – as were the majority of mid-sized chains. And with the company’s rate of expansion, another round of funding was going to be required; and Charlie felt that he could raise on better terms in the US. “I also felt that they were most open to adopting new technology”, says Charlie, “They would push our thinking, and that would help us evolve our category.” In late 2015, just six months into “the business that could work”, Charlie Osmond uprooted to the US.

He is sanguine about the complexity of setting up in the US. On the one hand, “I realise now how fabulous the company creation process is in the UK. I don’t think enough people realise how good we’ve got it and how easy it is to set up a business in the UK, compared to anywhere else in the world. There is far more paperwork and friction here.” Equally, though, he says: “Having said that, thousands of companies do it every year. Yes, there were new laws that we needed to understand, but you just get on and do it. There are plenty of people to help you - a lot of lawyers and advisors who will happily take your money!”

Today, the business employs around 100 people, 70 in London and 30 in the US. But Charlie says the biggest surprise was that the centre of gravity of the business did not follow him. “Because I had my finger in everything, I assumed that when I got to the US, the headquarters and the weight of the business would shift with me. But it didn’t! It didn’t matter where I was: it wasn’t about me.” Most entrepreneurs would count this as an exceptional

success – and it’s partly down to Charlie’s brother, James. “Alexandra refused to let me leave the UK until I’d found someone else to run that operation. Alastair (CTO), the other co-founder, had his hands full running the product. It just so happened that my brother had just sold a business and was looking for his next step. Now, I’d sworn time and time again that I would never work with my elder brother, but moving to another continent, the one thing I was looking for was trust, and obviously, I knew him better than anyone else!

“You don’t want to be hiring someone for nepotism, you want to hire them because they’re the right person; so I made him go through the interview process and I think everyone quickly realised that actually, we wouldn’t be able to find someone of his calibre, if he hadn’t been my brother!”

The US team is, of course, sales focused, partly because it’s the obvious priority, and partly because, in Charlie’s words, **“The idea of hiring developers in the US totally put me off. It’s harder and it’s more expensive”.**

There’s no substitute for local sales. “In many ways it’s a truism and wonderful thing, that when I open my mouth in front of an American audience, they for some reason give me a ten-point IQ benefit of the doubt”, says Charlie. “They assume you’re smarter. I’ve definitely felt that”. But scaled-up sales demands more. Selling to both very large and very small businesses, the US operation includes a sales team, a strategic accounts team for the major players and a customer success team to manage standards, ensure value alignment and feed customer insight back into the product. “Because we had quite a bit of confidence about the market, we very quickly hired a senior management team.

“You don’t want to be hiring someone for nepotism, you want to hire them because they’re the right person”

“But one of the big issues for us was: do we hire a global Head of Sales who commutes between London and New York, or do we hire a head of sales in each? We had to make that decision for both the sales organization and the customer success team. For the sales organization, we got lucky and we hired a fabulous VP, Sales with experience of the global role (along with bringing a Head of Sales over from the UK). For the customer success team, we handled it differently, we’ve got different leads for Europe and the US. But there’s no right answer: two people in two different parts of the world building processes for the first time can be problematic; equally we might not have been able to find an individual leader capable of moving the customer success function forward. You work with what you can get.”

That said, investment in leaders reduces the pressure on mid-level hires – including the notoriously expensive sales talent. “Hiring sales people anywhere in the world is hard. Hiring salespeople in America if you’re British is on another level; because they all sound like they’re the best salespeople in the world in their last job. Because we had an experienced sales person from London coming over to the US who could manage a team and because the product is straightforward, we were able to hire straight graduates. Many are still with us. I wouldn’t have had the confidence to do that if we hadn’t had a Sales Manager who knew what he was doing.”

The value of an experienced transfer from the UK and the cultural value they bring is a sentiment expressed by many founders making the leap across the Atlantic. “We had a system in the UK and we were able to replicate it and hire people for whom it was their first role and get things done our way. Every time I see people from the company cross

the Atlantic, it kills me – I think, ‘this is costing us a fortune in travel’- yet it has such value. It really is driving a much stronger connection across the business. We do an annual Christmas party and we actually fly the entire US team to meet the British team, so we bring everyone together globally. Again it’s expensive, but I think it’s really worth it.”

Triptease today has hundreds of US clients, as expected. But it didn’t attract US money. The business is celebrating a \$9m Series B from BGF Ventures, Notion Capital and Episode 1 – all based in London. Charlie is philosophical. “It wasn’t a waste of time because there is always a benefit in understanding other points of view and I always learn from every time I pitch the business. But the bar on American VCs investing in British businesses is surprisingly high. Even though I moved out here, ultimately they could see that this company was really being run from the UK. One of them said to me, ‘I really like you, I love the business; we would definitely invest in you if the whole business was based in the US. But I can’t be bothered to get on a plane six times a year to fly to London’. I think you would have to have significantly more of the business here to get a US VC involved.”

Key takeaways

- US customers will help you refine and improve your proposition.
- Leave a capable and credible leader in your home base when you migrate.
- An English accent can work wonders!
- Sometimes it makes sense to matrix roles, sometimes you need a single leader.
- Get things done ‘your way’: export best practice from home rather than rewriting the rulebook for a new territory.

and...

CLOSING WORDS FROM NOTION

We would like to thank the sponsors of this report and all of the founders and industry experts who have generously shared with us their experiences of navigating the perilous move to the US. They have given us their stories with disarming honesty, and the result is a remarkable insight into the complexity of this essential inflection point in every high-growth SaaS business.

And it is essential: history tells us that category leaders grow to fill their segment with little room for also-rans; and any European tech company seeking to be a category leader will need to conquer the US.

Every one of the businesses here is on their way to cracking the US market, but like every metamorphosis, it comes with growing pains; this time including unfamiliarity, commercial risk and often great personal upheaval. These stories are therefore a critical guide for founders and entrepreneurs from people who bear the scars of real experience. It is only a guide though. Our founders have taken varied – occasionally contradictory – routes to success, and those routes often depend on the nature of the business, the leadership team and, crucially, the motivation and personality of the founder.

That said, there are three pieces of universal guidance:

1. Establish product-market fit for the US market with early adopters first.
2. When you go, go. Commit fully, lead your US operation and leave a strong #2 at home.
3. Talent is, as ever, the big battle, so create a credible culture which attracts the best.

The VC commentators quoted here clearly agree that Europe offers a steady flow of ideas and talent of exceptional quality. At Notion, we are immensely

proud to be working with all of these founders and their ventures; not only because they are building category-leading technology businesses, but also because we are committed to learning more and growing the ecosystem of talent, knowledge and skills which will create continued extraordinary success across our industry. This report is part of that commitment, and we hope you found it as valuable to read as it has been to us in creating it.

Jos White
General Partner, Notion

“Any European enterprise tech company, with the ambition to be a category leader, must conquer the US.”

D'ALESSIO
LAW GROUP

HARVEY
NASH
The Power of Talent

salesforce

TriNet
Ambitions Realized™

W&R
Wilson Sonsini Goodrich & Rosati
PROFESSIONAL CORPORATION

Notion
Capital

www.notioncapital.com

© 2017 Notion Capital. All rights reserved.