

MAYOR'S INTERNATIONAL BUSINESS PROGRAMME

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& PARTNERS

ROUTES TO MARKET

INTERNATIONAL EXPANSION
STRATEGIES FOR LONDON'S SMEs

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INTRODUCTION

There are unprecedented opportunities for small and medium-sized enterprises (SMEs) to grow in today's globalised world. And Britain's small firms are being encouraged to widen their outlook to achieve their growth ambitions, as our relationship with the EU evolves.

For London's SME community, international expansion offers many benefits: from expanding the market for their products and services, to driving economies of scale and reducing costs.

But it also presents unique risks. "You must go in with your eyes wide open," cautions Kevin Smith, Chairman of KPMG's London Region and a specialist in international trade. And importantly, as a business you need to know which route to market you plan to take before plunging head first.

ABOUT THIS REPORT

Routes to Market is brought to you by London & Partners, the Mayor of London's promotional agency. It looks at how SMEs can go about expanding into overseas markets, and examines some of the principle routes to entry.

London & Partners delivers the Mayor's International Business Programme, which helps London's SMEs to accelerate their international growth. This report contains the views of the programme's mentors and delivery partners, and the experiences of businesses that have benefited from its support.

FIRST THINGS FIRST

Entering a foreign market isn't a step to be taken lightly. A lot of important groundwork needs to be done before deciding whether – and where – to expand.

“Businesses need to go through a comprehensive due diligence exercise before setting up an overseas operation,” advises Arbinder Chatwal, Head of India Advisory Services at BDO, one of our delivery partners.

If you have international growth on your radar, spend some time going through the following steps to help you understand the task ahead.



Businesses need to go through a comprehensive due diligence exercise before setting up an overseas operation.

Arbinder Chatwal, BDO

1. Be realistic

Ask yourself: is now the right time to expand? Are your business, and your senior team, ready to take on a foreign venture?

2. Do your homework

This couldn't be more crucial. Analyse your target market in detail. Make sure there's a genuine market opportunity for you, and that you understand the competitive landscape you'll be going into.

Undertake a customer validation exercise in the territory. You'll need to confirm not just that your product or service is needed in your target market, but that you have a compelling offer.

You also need to find out about the local landscape, rules and regulations, customs and culture, business etiquette and practices, and so on.



3. Cost the exercise

It goes without saying that finance will be the lifeblood of your overseas expansion. How much will you need to make it happen? How will you raise the capital? Where will you raise it – at home, or in the local market?

4. Hone your proposition

Identify what your product's USP will be in your target market. Why should customers buy from you, rather than the big established brands, or from local suppliers of the same products or services?

Then prepare promotional materials in the local language to communicate the unique benefits of your offering.



Without careful planning using local expertise, there are many unexpected pitfalls to catch the unwary and opportunities that could easily be missed.

Kevin Smith, KPMG

5. Plan your venture

Create a project plan for your market entry. What milestones should you expect to reach by when? How will you reach them? What possible barriers might you encounter – and what are your contingency plans if you do?

6. Think compliance

When setting up abroad, there will be a host of complex legal issues to deal with: employment, commercial and contract law, tax rules, sector regulation, and much more. These will be different in every market – and they will be constantly changing.

Tackling compliance alone is likely to be overwhelming for an SME, so seek specialist legal help in the local market.

7. Use the support available

Familiarise yourself with the resources on offer for firms looking to grow overseas, here in the UK and in your target market.

The Mayor's International Business Programme offers a wide range of support, from trade missions in local markets, to introductions to mentors, potential investors and legal experts.

Similarly, delivery partner to the programme, London Chamber of Commerce and Industry, runs its own trade missions, training courses, seminars and business clinics.

Other Chambers of Commerce (in the UK and abroad), national, regional and local governments, and workforce organisations.

Banks and financial institutions can also assist.

One of our expert mentors, Maggie Zhao, points out that the Bank of China has a department dedicated to helping foreign firms looking to enter the Chinese market.

“This network can help you understand the market you're entering, and mitigate any hidden risks,” says Kevin Smith.

ENTRY STRATEGIES

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This report looks at four routes into foreign markets typically taken by SMEs:

1. **Sending your people abroad**
2. **Hiring local talent**
3. **Working with local partners**
4. **Entering as part of a corporate supply chain**

We'll explore when each approach can be most effective, and spell out the advantages and drawbacks of each strategy. We'll also provide some essential advice on how to make them happen.

When it comes to identifying the right entry route for your foreign venture, remember that there's no one-size-fits-all approach. You'll almost certainly find yourself using different routes as you enter different markets.

The right route will depend on a host of factors, including your scale, your team's capabilities and

capacity, the nature of your products or services, the rules and culture in your target market, and the availability of local talent and/or partners.

"Your approach must be tailored to the realities of the market: price, consumer preferences, distribution, local competition, tastes, and local and national culture," says Arbinder Chatwal.

"The biggest mistake you can make is thinking you have the perfect recipe for your target market. That's a sure-fire way to miss a vital ingredient."

Let's take a look at each strategy in turn.

1

SENDING YOUR PEOPLE ABROAD

When does it work?

Using your senior people to spearhead your move into a foreign market has obvious advantages. They know your business, can draw directly on its resources, and will instinctively make the right decisions, fast.

“Initially send someone from HQ who knows the business and can make decisions on the ground without delay”, advises Peter Bishop, Deputy Chief Executive at the London Chamber of Commerce and Industry

Importantly, clients and prospects in some markets, such as the US, prefer to deal directly with a ‘face’ of the firm when negotiating with a potential supplier. And there are obvious linguistic and cultural compatibilities with a market like the US, which British entrepreneurs may want to exploit.

Conversely, sending in your own people may not be recommended in markets where there are enormous cultural differences with the UK – China, for example.



What you need to know

Sending the founders

When using your own people to break into a foreign market, mentor Alastair Paterson recommends sending the founders in.

He points to the many benefits that the creators of a business bring to its fledgling overseas operations.

Firstly, they live and breathe the business, and have an inherent passion for promoting it. Plus, the founders promoting the firm drives brand consistency, says Valerie Jenkins, Director at Benoy, one of our delivery partners.

The founders will more naturally make business and recruitment decisions that are right for the company – and can do so quickly, without referring back to HQ.

What's more, they know the firm's culture and values, and can embed these in the local operation from the start. This helps foster a feeling of togetherness between HQ and your overseas offices.

Finally, the founders' presence on the ground also sends the right messages. It shows that they're committed to the market, and that the firm has the scale to deliver what customers want.

Sending employees

As your business expands into more new markets, the founders may find themselves tied up elsewhere. At this point, you'll need to consider sending longstanding, senior employees instead.

Even so, you should commit what Alastair Paterson calls 'founder time' early on in your entry strategy – maybe for the first month or two. He advises founders to get involved in the recruitment of the first few local hires.

This not only provides valuable initial support to the employee leading the expansion; it also helps the new overseas office to feel less like an offshoot.

Creating one culture

Whether your founders or employees take your business abroad, they must work hard to create a unified culture throughout the newly expanded organisation.

Strength of culture is an advantage many SMEs have over large corporates. Start-ups can foster a sense of excitement, and of belonging to something special. As you expand, you'll need to maintain that perception across your HQ in London and your overseas operations.

Communication is vital to this. Alastair Paterson says technology like video-conferencing, collaboration platforms and Google Hangouts can bridge distance and time zones, and make sure foreign employees feel part of the nerve centre.

He also underlines the importance of getting people together.

Bring overseas employees to London for a week, to let them get to know who they're working with, and get a feel for the culture. Also, send your top managers abroad to visit your different offices, and encourage them to get involved with the local culture while there. Paterson's own business, Digital Shadows, rotates senior management meetings around its various international offices.



Initially send someone from HQ who knows the business and can make decisions on the ground without delay

Peter Bishop,
London Chamber of Commerce and Industry

CASE STUDY:

EARLY METRICS

The company

Early Metrics is a world first: a rating agency for start-ups and innovative SMEs. The firm provides ratings of tech ventures across Europe, assessing their growth potential by analysing key non-financial measures.

This helps start-ups to establish credibility. And it gives potential corporate customers, investors and partners an impartial view of their strengths, weaknesses and growth prospects.

Ratings are free for the start-ups, which eliminates any conflict of interest, and establishes Early Metrics as a true independent third party.

International expansion

A unique offering, Early Metrics experienced strong demand at home in France. Just two years after inception, the firm was working with 60% of the CAC 40, Paris' equivalent to the FTSE 100.

It also discovered an appetite for its service abroad, and initially expanded its operation to

the UK. Then from its London base, it saw an opportunity to enter the German market.

Route to market: sending staff abroad

Rather than hiring a local representative, the company understood the importance of having the face of the company represent Early Metrics in Germany. The move has been spearheaded by one of the founders of the business, CEO Sébastien Paillet.

"Sébastien's presence on the ground in Germany gives us firepower," says Soline Kauffmann-Tourkestansky, Head of Ecosystem at Early Metrics.

Potential clients like to deal with the person who knows the business best. And there are other benefits. As co-founder, Sébastien carries the company vision with him. He can make fast decisions without having to constantly revert back to HQ. And knowing the company's culture, skills requirements and long-term goals, he can make the right local appointments.



Programme support

As part of its launch activity in Germany, Early Metrics joined a trade mission to Berlin on the Mayor's International Business Programme.

The visit brokered introductions to public bodies similar to the Mayor of London within Germany, which could provide practical support at a local level.

What's more, being part of a Mayor of London delegation helped raise Early Metrics' brand profile in the German market.

"Mayor of London trade missions attract a lot of media attention, which is helpful when you're looking to establish your brand," says Soline.

A Meet the Corporates event organised by London & Partners gave Sébastien access to senior-level corporate decision-makers, to whom he could introduce the Early Metrics proposition.

"Entering a new market means identifying the right people to talk to, and getting in front of

them to sell your product," Soline explains. "The Meet the Corporates session did this for us. It brought them to us, all in one room, saving us the initial legwork."

Being part of the Programme has also given Early Metrics a network of like-minded entrepreneurs, who have taken their own ventures from start-ups to established, international businesses. "Their market insight, and the exchange of information we've had with them, has been invaluable," Soline points out.

Looking forward

In addition to its presence in Germany, the UK and France, Early Metrics also operates in Israel. The company now has Asia in its sights.

Soline expects to continue to draw on London & Partners' support in these ventures. She says: "I've no doubt we'll be taking advantage of the Mayor's trade missions as we look to expand the business further afield."

“

Mayor of London trade missions attract a lot of media attention, which is helpful when you're looking to establish your brand. I've no doubt we'll be taking advantage of the Mayor's trade missions as we look to expand the business further afield.

Soline Kauffmann,
Tourkestansky, Early Metrics

2

HIRING LOCAL TALENT

When does it work?

Come the time to go into your chosen market, your senior people may not have the capacity to fully commit to the venture. That's when you should consider hiring local talent to lead your entry.

Using local representatives can be effective if your business has already reached critical mass. Before that stage, ask yourself whether you're ready to invest in building a workforce in your target market.

Hiring in-market is also necessary when the linguistic and cultural differences are stark.

And it will be essential if local knowledge and relationships are important to your sales process. Recruiting an experienced senior employee locally could save you having to build a network from scratch.

What you need to know

The ground rules

Finding the right talent in a new territory can be challenging. You may know what skills you need, but you probably won't understand the dynamics of the local market for them.

However, a few basic principles apply wherever in the world you're recruiting, says Shaun Delaney, Partner at delivery partner PA Consulting. You need to:

1. Make sure you're clear about the skills you need.
2. Research the local labour market dynamics and employment laws.
3. Get started immediately: finding and recruiting talent can take time, especially if you're searching for particularly scarce skills.
4. Dedicate the resource that the task deserves. You're looking for someone to entrust with your business in their market – commit time and effort to it.

Delaney also underlines the importance of using as wide a variety of sources as possible in your search.

You'll no doubt engage local recruitment agencies, but don't forget to comb social media communities such as LinkedIn. Find out if any

of your current staff have useful contacts in your target market. Build connections with well-connected locals, and tap into their networks. "Never underestimate the power of your professional and personal networks," says Benoy's Valerie Jenkins.

Making the right decisions

Having found promising candidates, how do you make sure you hire the right ones?

Not just in terms of skills, but also cultural fit?

For Alastair Paterson, this comes back to getting your own people involved. "Your senior team should be involved in the interviewing process," he says. "Fly them out to meet potential recruits and carry out the later-stage interviews."

He also recommends making the interview process as close as possible to the job itself. "Where possible, test candidates with real-world case studies or actual technical tasks," he advises.

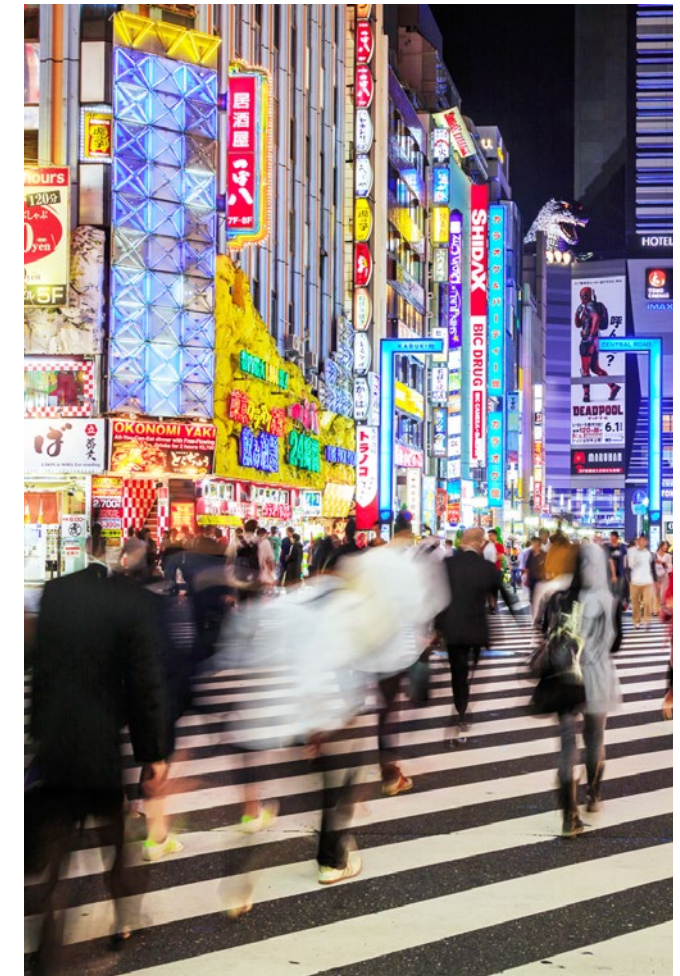
And to gauge cultural fit, spend time with them in social as well as professional settings. At Digital Shadows, says Paterson, this includes taking them to the pub.

Finally, carry out careful background checks and obtain references, just as you would at home.



Never underestimate the power of your professional and personal networks.

Valerie Jenkins, Benoy



CASE STUDY: **TAKUMI**

The company

Takumi has a unique proposition in social media marketing. The company delivers influencer-led Instagram campaigns for brands.

Its app connects a community of around 20,000 influential Instagram users with brands seeking ambassadors for their marketing campaigns. The community's influencers have at least 1,000 followers, and are experts in their chosen fields – everything from fashion to extreme sports.

International expansion

A London-based start-up, Takumi had global growth ambitions from the outset. Once its community reached critical mass, the company took its offering to Germany. Then came the jewel in the crown: the US.

“We always had the American market in our sights,” says CEO Mats Stigzelius. “It’s the world’s largest advertising market, but one where nobody offers what we do in term of social media micro-influencer campaigns – particularly on Instagram.”



Route to market: local hires

Given its business model, Takumi knew two things would be critical when entering foreign markets. Firstly, an instinctive understanding of the nuances of the local market. And secondly, on-the-ground relationships with major advertising agencies.

“We couldn’t expect our guys in London to have that local knowledge,” Mats points out.

As such, the company hired local representatives to get established stateside – and was soon hiring a new team member every month for its New York office.

To find the right local talent, Takumi uses two recruitment firms, one in London and one in New York.

The recruiters source candidates with the right skills and experience, and Takumi’s Sales Directors explore their abilities in more depth at a first interview. One of the senior management team then takes the second interview when visiting New York (which happens every few weeks).

“We invest heavily in the interview process, to hire people with not just strong local market experience, but also the right cultural fit,” says Mats

Programme support

Takumi made full use of the support available through the Mayor’s International Business Programme. “The key to getting value from the programme is putting the effort in,” says Mats.

One of the co-founders joined a trade mission to New York and Chicago arranged by London & Partners. He went to several Meet the Mentor sessions, and a Meet the Corporate event with ad giant WPP. The programme also introduced him to potential investors.

“This gave us a strong early sense of the market potential for our service in the US,” Mats explains. “Not to mention some really important contacts.”

A breakthrough for Takumi was being introduced to a legal mentor with expertise in helping UK tech start-ups enter the US. He was able to smooth the technical process of US incorporation, and introduce local banking and accounting contacts.

Another important factor was access to advice on whether to seek UK or US funding for its American venture. It was clear from the advice received from London & Partners’ mentors that raising US funding would be a challenge, until Takumi had a more established presence there.

Looking forward

Next on Takumi’s horizon is France, a market the firm plans to enter during summer 2017. Mats fully intends to call on London & Partners’ support once again.

“It’ll be our first port of call,” he says. “We’ve found every event we’ve been to valuable.

“Working with the Mayor’s International Business Programme demystified the process of entering a foreign market for us,” he explains. “It helped us realise that, while it’s a major undertaking, it’s easier, and not as scary, as you think.”



Working with the Mayor’s International Business Programme demystified the process of entering a foreign market for us.

Mats Stigzelius,
Takumi

CASE STUDY:

DEONTICS

The company

Deontics is a clinical decision and pathway management tool. The highly innovative, artificial intelligence-based solution analyses medical evidence to produce treatment recommendations for clinical decision-makers.

The product is the result of cutting-edge research carried out at AI centres of excellence at Oxford University and University College London.

International expansion

Initially launched in the UK, Deontics soon expanded into Germany and the US.

At the time of writing, it was still in the early stages of its overseas ventures.

The firm had secured a major American client, and was in conversation with several other US healthcare providers. Negotiations were also ongoing with several German prospects, including a hospital chain planning to open a facility in London.

Route to market: local hires

During his US discussions, chief executive Guy Wood-Gush encountered a couple of seasoned business consultants to the US healthcare sector.

Realising their expertise could help, Deontics hired them to help establish its presence in the American market. One of them helps the firm with business development on the East Coast, the other on the West Coast.

This immediately injected valuable local market knowledge and relationships, Guy explains. “Plus, using consultants has allowed us to sidestep some of the risks and legal complexities of taking on employees,” he says.

Programme support

Guy joined a trade mission to Berlin organised by London & Partners, where he met the German prospects mentioned above.

He also attended a Life Sciences event hosted by our delivery partner KPMG, which led to contacts

with potential US investors. “Raising finance in the US will enable us to scale up Deontics’ presence in the market more rapidly,” says Guy.

The programme also put him in touch with US-specialist mentors.

Guy believes working with the Mayor’s International Business Programme has improved Deontics’ network in the US and Germany, by introducing potential clients and investors. “The programme has helped us to network globally from here in London,” he says.

“It also gives you a feeling of support. As a London technology start-up, we want to be promoted internationally as one of the capital’s cohort of leading tech businesses. The programme does that.”

Looking forward

Further international expansion is firmly on Deontic’s radar. The firm is in conversation with contacts in Canada and New Zealand, and intends to target Singapore in the future.

3

WORKING WITH LOCAL PARTNERS

When does it work?

Appointing a local agent, representative, or distributor to act on your behalf can be a quick and inexpensive way into a new territory.

It's better suited to certain countries, such as Japan and India, than others like the US, where people prefer to deal direct.

Local partners can be effective if your product has wide market appeal – particularly in the consumer space. But more complex B2B propositions can be harder to sell indirectly.

The intermediary route can also work for niche offerings, if you can find an on-the-ground agent with strong expertise in your specialist area.





Using a local partner can help avoid costly mistakes through a lack of local expertise.

Shaun Delaney,
PA Consulting

What you need to know

Strengths and weaknesses

Using a local partner has its advantages and drawbacks.

On the plus side, it reduces time to market – though as we'll see, you still need to put in the hard work upfront to find and assess potential agents. And it streamlines the initial cost of entry, as partners generally work on commission.

It also gives you rapid access to local knowledge and networks. PA Consulting's Shaun Delaney points out that this can help avoid costly mistakes through a lack of local expertise.

However, paying an agent's commissions increases the cost of your products in the target market, and/or reduces your profit margins. And of course, you lose a degree of control and visibility over your foreign operation, which can increase the risk of your intellectual property being abused.

Finding partners

When looking for a local partner in a foreign market, make sure you draw on the resources available to you.

The Mayor's International Business Programme can provide valuable practical support. Our trade missions, for example, can be a great way of meeting local partners.

You should also engage with the government's Department of International Trade (DIT), as well as Chambers of Commerce and inward investment agencies. Trawl social media too, is the advice of Peter Bishop, of the London Chamber of Commerce and Industry. "LinkedIn is a powerful, and underused, tool for finding foreign partners," she says.

Assessing partners

Just like when hiring local employees, careful evaluation of potential partners is critical. Assess

whether they can really add value to your business before establishing a relationship – no matter how positive the initial meetings might be.

With this in mind, it's important to gauge how well aligned your partner is with your business. Not just commercially, but also in terms of understanding your culture, values and long-term goals.

This takes time and hard work. There's a whole range of factors to consider in a potential partner:

- reputation (of the business and the senior management team)
- financial and other resources
- creditworthiness and banking relationships
- willingness and ability to invest in its activity on your behalf
- coverage and expertise in the market
- industry and product knowledge
- workforce size and skills

- marketing capabilities
- infrastructure and facilities (warehouses, workshops, showrooms, logistics, customer support, etc.)
- supply chain
- licences and regulatory permissions (if appropriate)

Kevin Smith of KPMG says that having looked at these aspects, you'll need to make a judgement on what they'll mean for your relationship with the partner.

Does the company have a genuine interest in representing your product? Can they benefit from actively promoting your interests, so that working together is a win-win? Can you communicate effectively with them? Do they represent any competing companies or products?

Maintain the relationship

Once selected, working proactively and collaboratively with your partner will optimise the value you get from the arrangement.

Help the partner to prepare sales and marketing plans. This not only gives them a concrete plan of action; it also demonstrates how they can profit from your agreement. Set sales targets, and link the partner's financial reward to them. Provide training on your products for their sales and customer service staff.

Visit the partner as regularly as possible. This shows an interest in them, and a commitment to the market in which they represent you. It also helps you to get accustomed to local market conditions, and allows you to keep tabs on how business is progressing.



CASE STUDY:

BLOOM & WILD

The company

With a mission to 'make gifting easy', Bloom & Wild is a next-day flower delivery service. Customers order online, and their flowers are posted through the recipient's letterbox.

International expansion

As business grew in the UK, Bloom & Wild looked at three options for international expansion: the US, Asia and Europe.

Given regional supply chain complexities in America, and cultural differences in Asia, the decision was made to target the relatively under-served European market. At the time of writing, the firm is gearing up for launch in France and Germany.

Route to market: local suppliers

Speed of distribution is vital to Bloom & Wild's offering, for two reasons. Flowers are a fresh, perishable product, and the firm offers next-day delivery on orders placed before 5pm.

As such, serving European markets from the UK was not an option.

"Taking an extra day to fulfil orders would mean a loss of competitive edge," says Bloom & Wild's head of International, Clémentine Contat. "We knew we'd need local producers and distributors in France and Germany."

Bloom & Wild looked to its internal network to find these. Its UK distributor had a French grower within its supply chain, and was part of the same corporate group as a German producer.

Programme support

Clémentine joined a trade mission to Paris, where she met entrepreneurs who had taken their businesses into the French market.

"Their advice and networks were priceless," she enthuses. "In particular, the founder of Made.com became a mentor to us."

The trade mission also introduced Bloom & Wild to organisations similar to London & Partners

in France, and to valuable marketing contacts including PR agencies and influential bloggers.

"Media awareness is everything when establishing a consumer brand in a new market," explains Clémentine. "Having access to PR contacts was vital."

Looking forward

Bloom & Wild hopes to enlist more support from the Mayor's International Business Programme – for example, when localising its brand proposition for the French and German markets.

"Translating our 'letterbox flower delivery' offering isn't easy," Clémentine says. "It will be good to get some expert advice to help with the process."

CASE STUDY:

TEVVA MOTORS

The company

Tevva Motors is shaking up the logistics industry. The clean truck technology company has developed a range of electric range-extended vehicles which meets the environmental needs of modern legislation, whilst delivering full low emission benefits and cost savings for fleet managers.

Their ultimate goal is to deliver a sustainable alternative to diesel-only trucks in the £4.5bn back-to-base urban delivery segment, giving fleet managers a lower total cost of ownership (TCO), while maintaining operational efficiency and reliability, albeit with zero tailpipe emissions.

International expansion

2016 saw the business emerge from being a pre-revenue, IP-rich startup to a growth company with a solid order book. Last year, the company completed a successful one-year operational trial of a prototype vehicle within the UPS fleet. It expanded operations into new premises in

Chelmsford with the capacity to build 2,500 vehicles per annum.

The business currently works with UPS, DHL and Kuehne+Nagel and has ambitions to grow internationally.

Asked why international expansion is so critical for the business, Tevva's sales and marketing director David Thackray explains: "The UK market is in the order of 15,000 vehicles in the weight classes we presently produce – but that is less than 2% of the global market. China represents an enormous opportunity not only because of its size, but also because of the speed with which it is embracing clean technologies."

Route to market: working with a local partner

In preparations to grow overseas, Tevva sought a local partner in China. David explains, "We're a disruptive technology. An established manufacturer in Europe wouldn't want to partner with us."



“We have a partnership with JAC, the second largest truck manufacturer in China. As part of the partnership, Tevva’s electric powertrain will be incorporated into their production line, making them a Tier 1 supplier to JAC.”

For this reason the company looked at logistics giant, JAC – the second largest truck manufacturer in China. As part of the partnership, Tevva’s electric powertrain will be incorporated into their production line, making them a Tier 1 supplier to JAC.

The partnership goes two ways – JAC hopes eventually to be able to supply Tevva and break into the European market. Whilst it’s still early days, David is confident the venture will prove a success. “From an investor standpoint it’s makes us hugely more investable with a partner like JAC on board.”

The company is currently seeking other partners to work with, including Hitachi Capital – whom they were introduced to via a Mayor’s International Business Programme mentor. The Hitachi partnership will provide full repair and maintenance lease for Tevva’s clients making it much simpler for clients to justify using electric vehicles. Everything will be “baked into one simple monthly number”, explains David.

And there are hopes that Hitachi won’t simply be a delivery partnership in future. “There’s a potential for them to become a channel partner and for us to sell into their existing client base,” says David.

Programme support

Since joining the Mayor’s International Business Programme in 2016, Tevva has made full use of the support on offer. CEO Asher Bennett spent much of 2016 in China including joining a Mayor’s International Business Programme trade mission to Shanghai, which helped to develop the networks and profile of Tevva.

“Even though I had initial access to China, within a few months of joining the programme a whole new level of access opened up,” says Asher. “It introduced me to a whole level of contacts in this important market.”

They also joined the #LondonisOpen trade mission to Madrid with Deputy Mayor for Business Rajesh Agrawal in March 2017. With Madrid

committed to being diesel free by 2025, it was an obvious choice for Tevva.

Since attending the mission, the company has had follow up calls with Ferrovial as well as Endesa and is hopeful for a fruitful outcome. “The extent to which the mission to Madrid catalysed our relationship with Ferrovial is immense. You can’t buy that level of introduction,” says David.

Looking forward

In addition to Spain and China, the company also has its sights on the US. With fiscal incentives for electric goods vehicles available, Tevva is considering doing business in the states of California, New York, Washington and Oregon.

As their international growth journey continues, the company will be drawing upon support from London & Partners. “You can never do too much networking. And if you mix with people who also run high-growth, high-ambition businesses, you are simply bound to learn a huge amount,” says David.

4

CORPORATE SUPPLY CHAIN

When does it work?

'Piggy-backing' a corporate client's existing business in a foreign market can be a ready-made entry strategy for trusted SME suppliers.

Such partnerships are good at generating value during the early, proof-of-concept stage of a small firm's product lifecycle. This is when it can be tempting to focus too closely on product development. Corporate partners can bring the knowledge and expertise to keep everyone focused on the bigger picture.

But if you don't have an established corporate client relationship, fostering one can be a complex, lengthy and time-consuming process. According to a survey by Startupbootcamp, almost half of SMEs said it took at least 6 months¹.

1. Startupbootcamp, *Collaborate to innovate: How can corporates and start-ups partner for success?*



What do you need to know?

Going into a partnership with a corporate in a foreign market can be complicated – and daunting – for a small business. Here are five tips to consider when evaluating a potential deal:

1. Research the corporate

What is the company's reputation for innovation? How quickly are they likely to move things forward? Is it the first time they've worked with an SME in your target market? If so, progress may be slower than you'd like.

2. Clarify their objectives

What does the corporate stand to gain from introducing your product or service into the market in question? How will working with you enhance their offering?

3. Know what they want from you

Is your corporate client demanding exclusivity in the market? If so, will you be cutting yourself off other potential opportunities?

Are they looking to package your proposition wholesale, or initially seeking just a pilot or proof of concept? If the latter is the case, then financial reward may prove to be further down the line.

4. Understand their structure

What are the firm's procurement structures and processes? Who are the ultimate budget-holders for your venture? How can you establish a relationship with them?

5. Read the small print

Corporate terms and conditions will inevitably be complex. Make sure you seek legal expertise before signing a deal.



CASE STUDY: **SOLUTIONPATH**

The company

Solutionpath offers a sophisticated student engagement analytics solution called StREAM for the higher education sector.

Its StREAM solution gathers and mines extensive data on student behaviour, identifying students at risk of early withdrawal from their studies as well as forecasting attainment outcomes. This helps institutions to plan engagements and interventions and optimise the deployment of their tutor and student support resources to ensure students have personalised support where and when it is needed to enhance their learning outcomes as well as their experience at University.

International expansion

Having achieved impressive results in the UK – initially at Nottingham Trent University (NTU) – StREAM soon attracted overseas attention.

Compatibility of language, culture and academic systems made Australia and New Zealand natural targets for overseas growth at Solutionpath. Then the doors really opened in Australia: the head of IT at NTU was headhunted by Sydney University, thanks in part to the successes he'd achieved at NTU using the power of StREAM.



Route to market: corporate supply chain

The market opportunity in Australia brought about a natural progression of Solutionpath's relationship with Hewlett Packard Enterprise (HPE).

The firm's parent company, DTP, already had a long term partnership with HPE, which resells StREAM as part of its higher education portfolio. This was easily replicated in Australia, where HPE now recommends StREAM to the universities it works with.

"Becoming part of HPE Australian supply chain saved us time, effort and resource compared to setting up in-market," explains Solutionpath chief executive Howard Hall. "It also did away with many of the compliance headaches of an overseas operation."

And for HPE in overseas markets, using an existing supplier is simple and cost-effective. "We're already part of their current proposition, so it's a win-win in new HPE regions," says Howard.

Programme support

Following its success down under, Solutionpath has been scoping the US and European markets, and is planning its US launch at the time of writing.

The Mayor's International Business Programme has provided significant support. As well as a wealth of International experience and expertise the Programme offers, Solutionpath also plans to leverage future trade missions to markets such as Silicon Valley and Europe. "The programme's support has given us real confidence," Howard points out.

"The European missions that the programme recently offered really opened our eyes to that market. And being associated with the Mayor of London encourages people to engage with us. It grabs attention and open doors."

London & Partners has also introduced Solutionpath to mentors in the US, and experts on the technicalities and legalities of setting up

stateside. "Access to the knowledge, contacts and market data these people can provide is extremely helpful," says Howard.

The firm also attended a Meet the Corporate event hosted by IBM and helped co-ordinate a similar one with HPE for other Programme members to attend. "These events help us understand what corporates like IBM look for in suppliers and partners, and what they want from tech start-ups," Howard explains.

Looking forward

Scandinavia is next on Solutionpath's list. The firm plans to enter the Danish market initially, via a local corporate IT reseller introduced by HPE.

Howard knows who to turn to come the time. "We'll no doubt call on the Mayor's International Business Programme, for access to that pool of knowledge that's proved so useful to us in the US and Europe."

CONCLUSION

Expanding overseas requires a great deal of time, hard work and financial investment. Without careful planning, there are many pitfalls that can derail a foreign venture, and many opportunities that could be missed.

“Before you do anything, understand the potential return on that investment,” Shaun Delaney advises.

And keep in mind that you’ll be entering a fiercely competitive landscape, says Maggie Zhao. “You’ll be up against bigger players and local suppliers who are already established in your target market. Think about how to position your offering.”

Whichever route to entry you take, spend time in-market as often as possible. Learn about the business culture in the countries you’re operating in. And foster local relationships. “People do business with those they trust, and sustainable relationships are developed through personal interaction,” says Delaney.

That means getting out and about, BDO’s Arbinder Chatwal points out. “Talk to your customers on the ground, as well as your partners,

to get a better sense of the market,” he says. “If you don’t get out of your hotel room, you’ll never understand the market you’re in.”

Set realistic expectations for your overseas ventures. “Success may well take time,” warns Alastair Paterson. “Do it right, and the rewards will come. But it may not happen during those first few months.” A strong, united culture will encourage people to stick with you and see it through, he states.

Above all, remember that you’re never alone.

There are many valuable resources, such as the Mayor’s International Business Programme, which provide extensive support networks of peers, mentors and advisors ready to share their experiences, contacts and expertise.

Head of the Programme Sara French says “There’s never been a better time to export. And the Mayor’s International Business Programme is poised to help you realise your international expansion ambitions.

Perhaps the best advice we can give you to ensure success is: be proactive and make the most of the support network available to you.”



Success may well take time. Do it right, and the rewards will come. But it may not happen during those first few months.

Alastair Paterson, Digital Shadows



READY TO GO TO GROW IN 2017?

The Mayor's International Business Programme supports the global growth ambitions of London's businesses. The 12-month programme includes mentoring, expert advice and real business opportunities for high-growth companies in the life sciences, technology and urban sectors.

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