

New Routes to US Tech Market



Department for
International Trade



Opportunity in the US

Opportunity Overview

- Huge Opportunity... difficult to navigate...
 - The US is the most mature and sophisticated tech market in the world. There is overwhelming competition from domestic companies who dominate & define global supply (e.g. >100,000 US software and IT services companies).
 - Reaching buyers requires a disciplined, well researched strategy; focused first on early adopters in a defined niche, then adding partners, in order to provide a solution to more sceptical buyers.
 - US buyers feel no need to source supply from outside the US. Imports remain flat (excluding hardware from Asia) due to US supply. Some large US corporates do have a requirement to source from MWBE companies – a key strength to play up if your client is in this category.
- The US is not just one market...
 - Different metro-markets and different regions. Your customers can be spread all over the country but concentrated in certain areas.
- US Startup Ecosystem...Vast
- US Buyers buy differently...
 - US buyer journey is distinct from other markets. About 60% of the customer buying decision occurs before person-to-person engagement.
- US Partnering is also different...

Comparing U.S. to Entire Countries by GDP



Article & Sources:
<https://howmuch.net/articles/comparing-us-states-to-entire-countries-by-gdp-2019>
 GDP by U.S. State - Bureau of Economic Analysis - <https://www.bea.gov>
 GDP by Country - International Monetary Fund - <https://www.imf.org>

Boston

The New England Region has some 13,500+ tech firms. There are 120+ VCs in New England of which 80+ are in the Boston region alone that collectively support and provide talent for the tech community.

The strengths in the region include **biotech**, **fintech**, **software**, cloud computing, **big data**, mobile technologies, Internet, **cybersecurity**, **robotics**, radio-frequency identification (RFID), **photonics** and nanotechnology. The tech giants Amazon, Apple, Google, GE, Facebook, Microsoft, PayPal, Twitter, IBM, Oracle, TripAdvisor, and Cisco are all present in the Boston area.



Trade & Investment Officer: Ruksona Usmanova

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New York

New York is the world's second largest start-up ecosystem, with over 7,000 tech start-ups as of 2017 located in New York City. The ecosystem, though very competitive, is very supportive, with hundreds of accelerators, co-working spaces, and mentorship programmes. With 48 Fortune 500 companies, New York's industries span across **financial/professional services, advertising, fashion/retail** and **media**. The overall business and living environment is most likened to London.

Pennsylvania's economy hosts a diverse set of industries, with the technology sector anchored in Pittsburgh. Strengths include **advanced manufacturing, life sciences, education** and **robotics**. The business environment is more likened to Liverpool, and some smaller UK companies may find it an easier region to tackle than New York.

Trade & Investment Officers: Ashley Stearns, Rebecca Kozlan
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Washington, DC

The Southern Mid-Atlantic Region centres on Washington, DC. Since the government is traditionally the largest purchaser of **technology**, the Washington DC area has a very high concentration of technology professionals and a large tech company presence that includes northern Virginia and southern Maryland, particularly in **cyber security, data centres, networking** and **cloud computing**.

Outside of the Washington area, there are important tech hubs around the major universities, in Charlottesville and Blacksburg, Virginia as well as the Research Triangle area of North Carolina that includes the cities of Raleigh and Durham and the town of Chapel Hill.



NOTE:

Virginia north is covered by NY team.

North Carolina south is covered by Atlanta team.

Atlanta

Powered by the strength of 13,000+ technology companies, Atlanta boasts strengths in **telecom**, **fintech**, **cybersecurity**, **digital**, as well as a thriving **mobility** and **IoT** ecosystem. The city has rooted itself as a leader for smart city technology development and draws support from a large ecosystem of technology innovators and global HQ brands such as: Delta, Coca-Cola, IHG, AT&T Mobility, Mercedes Benz, Home Depot, and UPS.



Trade & Investment Officer: Kathryn Shaft

Miami

Telecom and **TV Companies** have a strong presence in Florida with players including Tech Data, Jabil Circuit, Citrix, Brightstar, Cyxtera and Univision. Microsoft, Google, Uber and Yahoo all have a presence in the state as well and it is a leader for **Autonomous Vehicle** research and development. Miami is home to the **LATAM regional HQs** of many multinational companies. Florida is the 4th largest economy in the US and Tampa Bay Tech is the largest tech organization in the state.



Trade & Investment Officer: Mauritz Plenby

Houston

The Southwest Region has a robust and diverse economy spanning various industries including **healthcare, manufacturing, engineering, oil & gas, retail, media** and **technology**. Texas is home to over 36,000 technology firms and the most Fortune 500 companies outside of New York. The leading tech industry sectors in Texas are Software/Web Development, Engineering, and Telecommunications & Internet Services.

In recent years, Austin, Texas has become one of the leading places for tech companies to start new operations for a variety of reasons. Austin is also home of one of the nation's largest technology conferences, South by Southwest (SXSW).



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Chicago

The Midwest Region is one of the largest **enterprise software** markets in the world. Strong representation from a variety of industries including **financial services, healthcare, manufacturing, engineering, automotive, retail** and **consumer goods** can be found across the Midwest.

New tech incubators, accelerators and early-stage investment firms are forming in Kansas City, Indianapolis, Minneapolis and Detroit. Many Midwestern cities and regions are also updating their tech infrastructure, and there are opportunities associated with **smart city projects** being formed in Columbus, Denver, Kansas City, Boulder and Chicago amongst others.

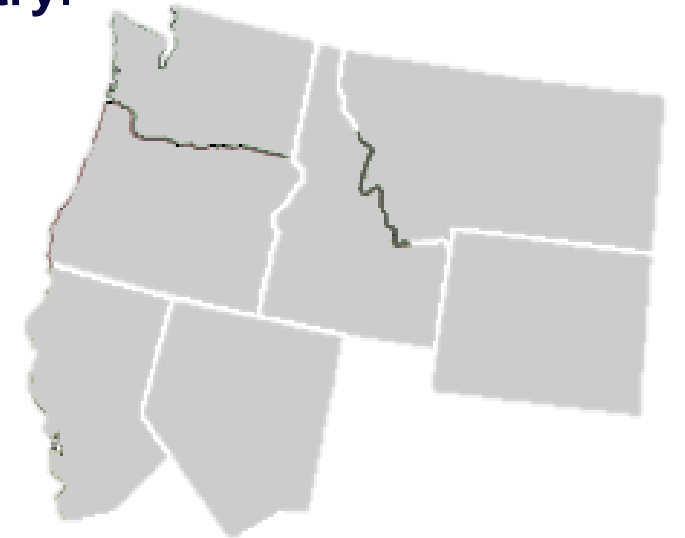


Trade & Investment Officer: Isobel O'Brien
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San Francisco

San Francisco Bay Area is the epicentre of global technology. **Technology** here encompasses everything: hardware (centre of the eponymous silicon chip industry), telecoms, software (AI, SaaS, etc), IoT/smart cities, and cyber security. Other industries represented include **life sciences, creative & media** (VR/AR), **retail** (including e-commerce), and **financial services** (including FinTech).

Washington is home to **tech industry giants**, who support a fast growing start up community, and a global leader in **gaming and VR**, with other industries including **aerospace, life sciences, retail**, and a growing **FinTech** community. Oregon is home to the '**Silicon Forest**' (semiconductors, electronics, software, and cleantech), as well as outdoor and sport **apparel**, and **forestry**.



North America Tech Sector Lead: Amer Kayani

Trade & Investment Officers: Glen Delany, Matthew Caron

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Los Angeles

This region is known for its strengths in media and entertainment and its deep history in aerospace. Its growing strength in semiconductor, mobility solutions, machine-to-machine communications, cybersecurity, cloud, eCommerce, and AI presents the most significant opportunities.

Southern California offers a large, diverse economy, including **aerospace, entertainment, medical devices, wireless communication, semiconductor, retail**, and a burgeoning start-up scene. Its traditional strengths have focused around the creative, media and entertainment.



What Technologies are US Buyers Looking For?

- SaaS
- AI
- Cloud
- Data Analytics
- AR/VR

Tech



- IoT/Smart Cities
- Robotics
- AI
- Cloud
- Digital Transformation
- E-Commerce

Telecoms



- Data Analytics
- CRM
- 3D Printing
- AI
- AR/VR

Life Sciences



- Data Analytics
- RegTech
- Identity Verification
- Digital Transformation
- AI
- CX Tech

Finance



- Robotics
- AI
- 3D Printing
- Smart Cities/Logistics/Supply Chain

Manufacturing



- CX Tech
- Logistics
- SaaS
- E-Commerce
- AI

Retail



US Buyer Journey

Targeting Buyers

- US offers huge customer opportunity but the landscape can be difficult to navigate
- Each region has different business culture
- 60% of the customer buying decision occurs before person-to-person engagement
- Buyers are used to sophisticated marketing techniques – especially via online discovery

Who to Target? Differences between:

- CIOs
- CTOs
- CDOs
- Heads of Innovation
- Director of Partnerships

Javier Soltero (CEO of Accompli) says: Be specific and detailed about the user steps. In our case, [the user] goes to Google, enters Tomcat Monitoring, goes to landing page, clicks button, fills form, picks package — I mean every single step. In our case it turned out it was 39 steps, which is a s***load of steps. So, we said, “look, this has to be 3 steps.” (<https://www.heavybit.com/library/blog/javier-soltero-first-million/>)

So where to begin?

Have a well researched strategy & specify target market – don't try to tackle all regions & sectors at once

Market like a US company – invest in marketing tools, collateral, and website optimization (and “Americanize” those resources)

Use succinct messaging that easily explains the product/service, and why it is unique

Be able to answer: “Why does X company need your technology, and why is it better than the competition?”

Promote case studies of most recognizable brands, especially if it's a US or global organization, even if it's a small contract

Focus on early adopters in a defined niche, then add partners to provide a solution to more sceptical buyers

US Partner Journey

US Partner dynamic is different to Europe.

US Channel Partners expect vendors to generate leads for them to fulfil on. Push leads to partners, don't rely on them to market/sell for you.

Winning partners is as challenging as winning customers; both require evidence of Product-Market Fit.

It is risky to depend on 1 strategic partner - don't rely on securing 1 wireless operator as your channel to SMEs.

Much like the buyer journey, have a tight proposition, know the product & roadmap, show major entrenched vendors how to deliver more money from their existing customers.

Covid-World Market Changes

Operations

- Everything has moved virtual creating new issues for companies as everyone works remotely
- Increased needs for virtual delivery options
- Budgets paused or shifted to meet immediate needs vs long-term future innovation projects

Decision Making

- More people getting involved in the process (6-7 people)
- More online scrutiny of products and services available (75% using social media channels to gather information on potential vendors)
- 90% of B2B decision makers no longer responding to cold contact.

Growth Opportunities: Cyber, Data Centres and DC Ecosystem, E-Commerce enablement tech, Supply Chain/ERP and Logistics Management and Resilience, EdTech, Wellness Tech, Automation and IoT for clean goods handling, Contactless, Sensors, Electronics and Gesture-based Interfaces

Startup Ecosystem

Position your company in a similar manner to US startups:

- Address the right points:
 - Sell your experience, your team, then your company (tech from a world-class UK University, or a 'pedigreed' serial entrepreneur? say so).
 - Explain the problem you are solving, USP, business model, TAM/SAM, position relative to competitors (they always exist), market acceptance evidence, headline customers (that they will recognise)/revenues/downloads to date/milestones achieved, GTM plan, funding needs, exit targets (for investors).
 - An Elevator Pitch: In 30 seconds or 250 words

Networking:

- People expect that it will be productive and will be keen to establish their own credibility via helping
- Key way to access all resources, advisory, and opportunities that a highly developed startup ecosystem offers

How to demo your startup:

Article from 2008 is still useful advice : <http://techcrunch.com/2008/08/09/how-to-demo-your-startup>

US VC Expectations for Companies Seeking Funding

US VCs are looking more internationally, but UK companies seeking funding can better their position by:

- Moving a founder or management position to the US (but you do not need to move your HQ location)
- Seeking & raising UK/EU funding (many VCs require home country raises first)
- Understanding differences in US v. UK funding rounds & sizes (UK series A deal size often falls into US seed round)
- Having a strategic plan for the US market and an exit strategy
- **Doing their homework!**
 - Research which firms and funds are likely to be interested (some do not invest in overseas companies)
 - Look at the investors of other UK companies - <http://www.links.vc>
www.TheFunded.com www.AngelList.com www.Angelpad.com
www.crunchbase.com www.pwc.moneytree.com
 - The DIT Capital Investment Team performs VC match making exercises for UK companies from all sectors and is happy to assist

Things That Often Surprise UK Companies

Cost of Market Entry

Most UK companies find it more expensive than anticipated

Cost of Doing Business; running costs; legal and other professional services, salaries, serviced office space rents, cost of living in major cities.

Cost of marketing, lead gen, PR, event participation, conferences, and sponsorships.



2018 average salary ranges¹⁹



	San Francisco, CA	New York, NY	Austin, TX	London, UK*
Sales	base OTE**	base OTE**	base OTE**	base OTE**
Sales Development Rep.	\$45-60K \$65-85K	\$45-60K \$65-85K	\$40-50K \$60-70K	\$33-47K \$47-67K
Account Executive	\$70-90K \$140-180K	\$70-100K \$140-200K	\$50-70K \$100-140K	\$53-80K \$106-160K
Sr. Account Executive	\$90-120K \$180-240K	\$90-120K \$180-240K	\$60-90K \$120-180K	\$67-93K \$133-186K
Enterprise Sales	\$120-160K \$240-320K	\$120-160K \$240-320K	\$120-150K \$240-300K	\$80-120K \$160-239K
Sales Operations	\$80-100K (+5-20%)	\$80-100K (+5-20%)	\$60-80K (+5-20%)	\$53-80K (+5-20%)
Sales Engineer	\$80-120K \$150-160K	\$80-120K \$150-160K	\$70-110K \$95-145K	\$53-120K \$73-160K
Customer Success Mgr.	\$55-90K \$75-120K	\$55-90K \$75-120K	\$55-80K \$75-105K	\$53-73K \$67-100K
Sr. Customer Success Mgr.	\$80-125K \$105-165K	\$80-125K \$105-165K	\$70-110K \$95-145K	\$73-106K \$100-140K
Account Manager	\$75-95K \$105-135K	\$75-95K \$105-135K	\$55-75K \$80-105K	\$71-106K \$106-113K
Sr. Account Manager	\$90-120K \$130-170K	\$90-110K \$130-155K	\$70-90K \$100-130K	\$80-106K \$113-153K
Marketing				
Marketing Coordinator	\$50-80K (+5-10%)	\$50-80K (+5-10%)	\$45-70K (+5-10%)	\$27-40K (+5-10%)
Demand Generation Mktr.	\$115-135K (+10-20%)	\$110-130K (+10-20%)	\$75-95K (+10-20%)	\$60-80K (+10-20%)
Product Marketer	\$140-160K (+5-10%)	\$140-160K (+5-10%)	\$100-120K (+5-100%)	\$53-67K (+5-10%)
Content Marketer	\$90-\$110K (+5-10%)	\$90-110K (+5-10%)	\$50-85K (+5-10%)	\$27-40K (+5-10%)
Sales leadership				
SDR Manager	\$90-130K \$120-170K	\$90-120K \$120-160K	\$80-90K \$115-120K	\$73-87K \$100-113K
Inside Sales Manager	\$120-140K \$240-280K	\$130-150K \$260-300K	\$100-130K \$200-260K	\$106-120K \$212-239K
Head / Director of Sales	\$125-150K \$250-300K	\$110-140K \$220-280K	\$100-120K \$200-240K	\$120-133K \$240-266K
VP of Sales***	\$170-220K \$340-440K	\$200-230K \$400-460K	\$150-170K \$300-340K	\$133-166K \$266-333K

• Source: [Octopus Ventures – Report on US Expansion “Question the Questions”](#); 2018

What Can Make Entry Difficult?

Is your pricing properly benchmarked for the US?

- **Many UK companies do not charge enough**
 - Under-pricing products lead to perceptions of 'cheap' alternative and in the US 'you get what you paid for' and 'cheap = junk'
 - Are you charging enough to cover cost of doing business in the US?

Have you considered your new market customer journey?

(<https://www.heavybit.com/library/blog/javier-soltero-first-million/>)

- Javier Soltero says: Be specific and detailed about the user steps. In our case, [the user] goes to Google, enters Tomcat Monitoring, goes to landing page, clicks button, fills form, picks package — I mean every single step. In our case it turned out it was 39 steps, which is a s***load of steps. So, we said, “look, this has to be 3 steps.”

Pre-Covid: About 60% of the customer buying decision occurs before any person-to-person engagement.

Pricing for the US

Enterprise

- Discounts are not needed nor expected in enterprise sales
 - Instead increase your price
 - Enterprise expect to pay for a premium
 - They want to know that they are getting solid service and a good deal
- Bill upfront
 - Deals take a long time (6-9 months)
 - Make sure you can cover costs between signed deals

Consider pricing model

- Per user per month (good for online contracts, requires low touch)
- Per user per usage per month
- Price per company size (good for detailed, enterprise contracts)

Show prices in USD, not GBP



What Can Make Entry Difficult?

Buyers and Partners expect a commitment to the market.

- 1 visit, then 6 months later, expecting to pick up... isn't going to work well
- Planning and making frequent visits: every 6- 8 weeks
- Frequent visits also allow building a peer/advisory go-to-market network

Adapting strategy sufficiently for the US market.

- Be alert to and adjust to market differences
- A lot of the adaptations successful companies make relate to:
 - Adapting process to the sheer scale of the market
 - Adapting messaging to be in the right place for customers to discover
 - Understanding the slightly different nature of the business problems you solve

Culture and Language

Cultural Difference

- Self-deprecating humour is just not funny here:

Why would anyone put themselves down in public? Not licence to be overly bullish (can be seen as arrogant). Sarcasm not frequently used (lowest form of wit, highest form of insult?) Many other ways to break the ice, be appropriately respectful (showing your listening) whilst also demonstrating that you are passionate about your tech, your company, and you really believe it is the best solution and has great potential.

- Workplace behaviour:

Humour is politically correct here. Plus, don't be misled by casual dress, skateboards etc; folks are nonetheless very professional, and the population of top University degrees and MBAs is very dense in Tech.

- Blend in but be proud of your roots:

British & overseas accents are quite common here; people may not assume you just arrived. However, be sure to mention if your technology comes from Cambridge University, or your USP in the US depends on British market factors or features.

Same Language?

2 Nations Divided by a Common Language...

- Oversight

- UK: something you've forgotten
- US: where you have remit and responsibility (eg. I have oversight of all US sales)

How DIT US Can Help

UK companies without a US office

For companies merely exploring the US market:

- Market research & lead generation via our outsourcing partner, OCO
- Signposted opportunities via Exporting is GREAT

For companies ready to do business in the US, posts offer:

- Overview of local tech ecosystem and introduction to key networks
- Mentoring & guidance on product market fit
- Buyer/partner matchmaking introductions via warm network
- Potential inclusion in post-led trade missions
- Cold lead generation via our outsourcing partner, OCO

For companies seeking investment:

- Provide guidance on US VC expectations
- Potential matchmaking introductions via US Capital Investment team

UK companies with US office

For companies setting up an office:

Connect to local service provider partners for setup support; immigration, corporate law, tax advice, real estate, recruitment, etc.

Plug into local networks and organizations (business or expat)

Assistance on US launch

For established companies:

Assistance for scaling across the US; connecting to colleagues in the 9 US offices

Amplification of success stories

Inclusion in showcase opportunities – Great Campaign activity, Ministerial visits, thought leadership panels, etc.

Use of British Consulate or Consul Generals' Residences for private events (paid service and by approval only)

Continued traditional account management support

What Does a US Market Ready Company Look Like?



Proven success in the UK / Europe

Recognizable corporate clients or partners

Already selling into 1 or 2 US companies

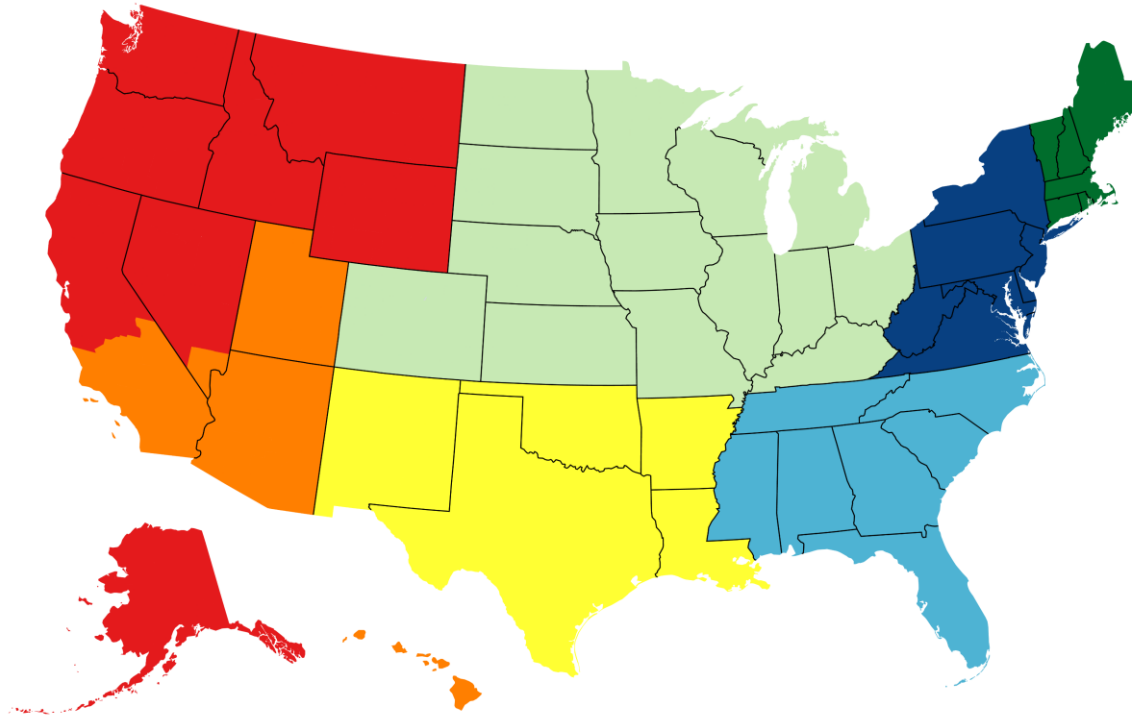
Revenue generating or solidly VC backed

Unique Service Offer; known differential from competitors

DIT US Tech Export Strategy

- Assist UK companies in understanding US market expectations and differences from the UK
- Account manage **US-ready** UK companies with proven market track record
- Use missions and events to promote US market-ready and market-active companies
- Use successful case studies to spread the word of UK capability and help UK companies strategize US market entry
- Help UK companies reach their US audience via the British Embassy/Consulate brand

DIT USA Tech Team - 8 Major Markets



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Chicago	TIO: Isobel O'Brien TIA: Mark Stephenson	San Francisco	Sector Director: Amer Kayani TIOs: Glen Delaney, Matthew Caron TIMs: Thaedra Brondum, Matt Wood TIAs: Veronica Eng, Julie Linde
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Your Local International Trade Advisor

<https://www.great.gov.uk/contact/office-finder/>

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