Opportunity in the US
Quick Reminder…

- 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).
- **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

What the UK is good at (in the mind of an American Techie):

- AI
- Data Analytics (but be careful…)
- AdTech (Creative & Media Team)
- FinTech (FPBS Team)
- Cybersecurity (AEM Team)
The USA: 50 different markets?

This shows just how vast the US market really is. It is often more prudent to approach it as 50 individual markets.

Comparing U.S. States to Entire Countries by GDP

Article & Sources:
https://howmuch.net/articles/comparing-us-states-to-entire-countries-by-gdp-2019
GDP by Country: International Monetary Fund - https://www.imf.org
New England Region - Boston Post

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
Northern Mid-Atlantic Region - New York Post

Widely recognised as the second largest tech ecosystem in the US behind Silicon Valley, New York offers a large concentration of companies across financial/professional services, advertising, fashion/retail and media. The start-up & scale-up ecosystem is thriving, with hundreds of accelerators, co-working spaces, and mentorship programmes.

New Jersey offers a rich and growing technology cluster, with a broader industry base, including medical tech, bio tech, pharmaceuticals, and telecoms. Pennsylvania’s economy is anchored by a diverse set of industries, such as life sciences and healthcare, education, technology, robotics, financial/professional services, nuclear engineering, advanced manufacturing and logistics, hospitality and a growing start up community. Connecticut’s technology industry contributes about $16.2 billion to the state’s economy with the leading sub-sectors information technology services and custom software services.

Trade & Investment Officer: Ashely Stearns
Trade & Investment Associate: Daniel Halpin, Josh Goldsmith
Southern Mid-Atlantic Region - D. C. Embassy

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, 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.
Southeast Region - Atlanta Post

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: Ian Stewart
Southeast Region - Miami Post

**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 4\textsuperscript{th} largest economy in the US and Tampa Bay Tech is the largest tech organization in the state.
Southwest Region - Houston Post

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).
Midwest Region - Chicago Post

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.

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

Trade & Investment Officer: Isobel O’Brien
Trade & Investment Associate: Mark Stephenson
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**.

Trade & Investment Officer: Helen Moore, Glen Delany, Matthew Caron
Trade & Investment Associate: Thaedra Brondum, Matt Wood, Veronica Eng, Elizabeth Metrulas
Pacific Southwest - Los Angeles Post

The areas of need in the Pacific Southwest are machine-to-machine communication, cybersecurity, cloud services for media and entertainment companies, data analytics for media and entertainment companies, fin-tech, cloud file management and administrative productivity, e-commerce marketing and outreach tools, and artificial intelligence, specifically machine vision and bots.

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.

Trade & Investment Officer: Matthew Melling, Malek Lewis
What Technologies are Buyers Looking For?

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

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

- **Life Sciences**
  - Data Analytics
  - CRM
  - 3D Printing
  - AI
  - AR/VR

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

- **Telecoms**
  - 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
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

• 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.
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:

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)
  - The DIT US 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
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, sponsorships.

Source: Octopus Ventures – Report on US Expansion

"Question the Questions"

Department for International Trade
## Cost of Top Technology Conferences (2018 prices)

<table>
<thead>
<tr>
<th>Event Name</th>
<th>Entry Level Exhibitor</th>
<th>Basic Level Sponsorship</th>
<th>Top Level Sponsorship</th>
<th>Pass Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gartner Data Analytics</td>
<td></td>
<td>50,000</td>
<td></td>
<td>3,400</td>
</tr>
<tr>
<td>AI Summit SF</td>
<td></td>
<td>10,000</td>
<td></td>
<td>1,999</td>
</tr>
<tr>
<td>Photonics West</td>
<td>7,720</td>
<td>750</td>
<td>90,000</td>
<td>1,040</td>
</tr>
<tr>
<td>Internet of Things World</td>
<td>6,500</td>
<td>15,000</td>
<td>200,000</td>
<td>2,995</td>
</tr>
<tr>
<td>MWC Americas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semicon West</td>
<td></td>
<td>650</td>
<td>80,000</td>
<td>1,075</td>
</tr>
<tr>
<td>NAB</td>
<td>3,150</td>
<td>3,000</td>
<td>26,000</td>
<td>185</td>
</tr>
<tr>
<td>Smart Cities Connect</td>
<td>3,000</td>
<td>20,000</td>
<td>100,000</td>
<td>1,495</td>
</tr>
<tr>
<td>Strata Data Conference</td>
<td></td>
<td></td>
<td></td>
<td>1,046</td>
</tr>
<tr>
<td>Disrupt</td>
<td></td>
<td>1,995</td>
<td></td>
<td>1,195</td>
</tr>
<tr>
<td>RSA</td>
<td>13,000</td>
<td>40,000</td>
<td>380,000</td>
<td>2,395</td>
</tr>
<tr>
<td>AI Summit NY</td>
<td></td>
<td>12,000</td>
<td></td>
<td>1,999</td>
</tr>
</tbody>
</table>
## Marketing Costs

<table>
<thead>
<tr>
<th>Tool</th>
<th>Example Companies</th>
<th>Average Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Podcasts</strong></td>
<td>Podfly Productions LLC</td>
<td>$25-40 per 1000 listeners per ad</td>
</tr>
<tr>
<td></td>
<td>Freedom Podcasting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strawberry Hill Productions</td>
<td>$0-100 to produce podcast</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Media</strong></td>
<td>Facebook</td>
<td>$0-300/month</td>
</tr>
<tr>
<td></td>
<td>Instagram</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SnapChat</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LinkedIn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Twitter</td>
<td></td>
</tr>
<tr>
<td><strong>Web Banners</strong></td>
<td>Banner Design</td>
<td>$0.25-$100 per 1000 impressions</td>
</tr>
<tr>
<td></td>
<td>Bannersnack</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crowdspring</td>
<td>$20-50 to create banner</td>
</tr>
<tr>
<td></td>
<td>DesignPax</td>
<td></td>
</tr>
<tr>
<td><strong>Twitter</strong></td>
<td>Twitter</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Twitter Cards - Free</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoted Tweets - $0.50-$4 per engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoted Accounts - $0.50-$4 per engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoted Trends - $200,000 per day</td>
</tr>
<tr>
<td><strong>Marketing Automation</strong></td>
<td>MailChimp</td>
<td>$0-8,000 per month</td>
</tr>
<tr>
<td></td>
<td>Hubspot</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adobe Campaign</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Infusionsoft</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kahuna</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MAPP Digital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oracle</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eloqua</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salesforce Pardot</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salesfusion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SharpSpring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Act-On</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Autopilot</td>
<td></td>
</tr>
<tr>
<td></td>
<td>eTrigue</td>
<td></td>
</tr>
</tbody>
</table>
Pricing for the US Market

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)
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.”

About 60% of the customer buying decision occurs before any person-to-person engagement.
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, & 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 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 merely exploring the US market:

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

For companies seeking investment:

- Provide guidance on US VC expectations
- Potential matchmaking introductions via US Capital Investment team
UK companies with US presence

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
Success Story - Onfido

**Onfido** helps businesses onboard customers & users faster. Their ML technology verifies user identity documents and checks their facial match from a selfie, preventing fraud and impersonation.

**How DIT US Teams helped**
From 2015 to 2018, DIT helped Onfido set up and grow in SF (US HQ) and NY; and included Onfido in multiple trade missions across the US (SxSW, AI Summit, Money 20/20, and more!). The DIT Tech and FPBS teams worked closely together across posts to raise Onfido’s profile with our contacts and at events, leading to multiple export wins. Onfido won DIT North America’s Board of Trade Award 2018.

**What we told Buyers & their influencers:** Onfido has raised over $60m in funding from Salesforce, MS Ventures and other VC firms. A unique application of machine learning born from Oxford University founders, Onfido is now recognized as a thought leader and services over 1,500 fintech, banking, & sharing economy customers globally with identity verification solutions.
DIT USA Tech Team - 9 Major Markets

- **Atlanta / Miami**: TIO: Ian Stewart, TIO: Mauritz Plenby
- **Boston**: TIO: Ruksona Usmanova
- **Chicago**: TIO: Isobel O’Brien, TIA: Mark Stephenson
- **Los Angeles**: TIOs: Matthew Melling, Malek Lewis
- **New York**: TIO: Ashley Stearns, TIAs: Daniel Halpin, Josh Goldsmith
- **San Francisco**: Sector lead: Helen Moore, TIO: Glen Delaney, Matthew Caron, TIAS: Thaedra Brondum, Matt Wood, Elizabeth Metrulas, Veronia Eng
- **Houston**: TIO: Lara Purser, TIA: Kate Wilkinson
- **Washington DC**: TIO: Millar White
Contact

Your Local International Trade Advisor

North America Export Portal

This presentation is based upon materials either compiled by us through independent research, or supplied to us by third parties. Property particulars are for information only, and to give a general idea of the property. Whereas every effort has been made to ensure that the information given in this document is accurate, Department for International Trade does not accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.