

[Fleur Doidge](#) - Dec 18, 2019



"The US national religion is Darwinism – evolve or die"

The UK government reckons [more SMEs should explore opportunities in the US](#) and beyond – especially after Brexit. Could a channel solutions or services provider do something like that? Dave Stevinson, managing director at QBS, says the vanilla reseller or distributor would struggle. "Having just been in Silicon Valley for a week, unless you can own the category, you are worth little. Their investors are not looking at double-digit percentage growth but more like 10 or 100 times," he says.

Instead, the channel can develop collaborative networks to take a unique offering abroad. As Agilitas IT Solutions operations director John Street [explained to Channel Pro last month](#), many channel companies are keen to globalise their businesses, but haven't really done much about it. This is notable as many of the practical, logistical and financial challenges can be mitigated, and rewards could include reducing exposure to risk in any one market, and expanded participation across a vendor ecosystem.

Street says Agilitas, with 92 UK-based staff and a Nottingham head office, works with partners across 60 countries to do just that, staying on target to grow their £12m turnover.

"In the US we're seeing more requests, helping predominantly UK customers with their US clients. We've been investing more into our logistics and expertise. Certain countries will always need expertise to move stock in or out – with Brexit that could become the norm, possibly with more opportunities on the US side," he confirms.

[Agilitas](#) works with customers and partners across jurisdictions to produce bespoke solutions, with or without products that must be licensed to move across borders. Typically there'll be a framework agreement – perhaps a statement of work – and legal collaboration can be three-way.

"The partner we go to normally depends on the service offering their customer wants, location and time-frame. It's not a one-stop-shop; we have to be agile, delivering a solution in the most cost-effective way," says Street. "If it's complex, whatever it is, we'll turn it into the norm. We've found our US partners more than accommodating in what we've wanted to achieve."

Of course, it's not easy, explains Street, "or everyone would be doing it! But in our experience, it's something that people can do. Companies we do business with have technical engineers in country. What they don't have is the logistics network behind them. They need a partner to do that."

Boots on the ground?

Joanne Farquharson, US expansion advisor at Foothold America's London office, says IT firms often seek her organisation out once they have US clients and want "boots on the ground".

Services, such as SaaS, won't have tax issues after Brexit, she points out. However, if the pound falls, US expansion might get more expensive. IT industry salaries are already 15%-25% higher in the US, with an average of \$10,000 a year for health insurance.

"Ballpark? An employee making \$100,000 will cost approximately \$135,000 after taxes, insurance, benefits, 401k (pension) and administration," she explains. "Yet British goods and services are perceived to be high-quality and innovative. And Americans just love the British."

She agrees that doing business with some 50 states, each with different regulations, employer and corporate tax arrangements, can be daunting. It can help to divide it into regions: the North-East, Mid-Atlantic, South, Mid-West and West Coast; Boston for biotech, New York for fintech, California for AI, and Washington, DC for cyber security.

"A co-employment arrangement may help reduce the tax complexities that come from setting up a US entity. I highly recommend identifying trustworthy partners for tax and labour," she says. "Connect with people who know US regulations and understand UK business. Others may assume a level of knowledge that can leave a UK company exposed."

Farquharson says much credibility can flow from having a US phone number and address on a business card. Foreign-exchange companies like transferwise.com offer US routing and account numbers for payments from US clients. But take it one step at a time, avoiding long-term commitments initially, she says.

"One US-based employee can capture business and funnel it to the UK to deliver the service. You can withdraw without the messy wind-up of a company."

And yes, there are cultural differences. Americans have different communication styles, for instance – and if you don't have US staff, you should count on working late. "US businesses expect immediate access," Farquharson warns.

International marketing consultant Allyson Stewart-Allen, who co-wrote *Working with Americans*, says British people can run into trouble by assuming too much similarity.

"It's 'how will we cope with success and the scale of demand?' Not 'how can we mitigate against the risks of failure?'" she says, adding that US negotiations are transactional rather than relationship-based. It's about how you can help them profit and grow, and what you can teach them that's beneficial over time.

"The US national religion is Darwinism – evolve or die," she says. "Immerse yourself, and spend time there. Read books, business/trade press, and websites to learn how the market is different: structure, shares, players, and new developments."