Insider’s Guide to US Expansion & Scaling

Navigating Startup Entry to US Market

Powered by Frazier & Deeter UK

Why Expand to the United States?

Investment Opportunities

The US venture capital market is the freest flowing in the world.

- Over **$170.6B** invested in 2023 alone, dwarfing the UK's **£20.1B.**
- Over **$14B** in annual debt financing available to startups.

Market Size

US GDP is **$28.63T** as compared to the UK that is **£2.27T**, offering substantial growth opportunity to scaleups.

Skilled Workforce

Tap into a large pool of talented professionals.

- The tech sector in the US employs approximately **5.6M** workers compared to **3M** in the UK.

Pro Tip:

Evaluate wage structures and compliance costs early with a relationship-driven partner to manage your strategy and budget effectively.

Geographic Proximity

Leverage proximity to supply chain partners in North America. Our experience is that US companies want to trade with US entities so boots on the ground are hugely advantageous.

Entrepreneurial Economic Environment

While complex, navigating the US economic environment is a dynamic and rewarding experience with tremendous growth potential.

Planning Startup Expansion: Partnering with a Trusted Expert

Thousand have tried; many have failed. Frazier & Deeter UK (FD UK) has helped more than **400 businesses** with their US expansion strategies since 2021. We've seen firsthand the challenges of navigating American tax laws, accounting practices, marketing landscapes, legal frameworks, talent acquisition and administrative hurdles, but we've also witnessed the immense potential for growth and success for businesses expanding to the US market. The key is preparation with a trusted thought leader in the space.

Navigating US Business Practices

01. Legal & Regulatory Risks:

Litigation in the US is far more common; legal contracts and licenses should be reviewed to ensure they comply with the US law.

02. Longer Market Entry:

Complex ecosystem needs strong relationships for successful US entry.

03. Tax Complexity:

US tax laws can be intricate and vary by state. Even foreign companies may face unexpected US tax liabilities.

04. Complex Employment Laws:

Broad employee protections and benefits, which can vary state-to-state.

05. Cultural Nuances:

Strong entrepreneurial history in US that values direct and assertive business style.

06. Higher Wages:

Expect to pay higher wages in the US compared to the UK for similar roles.

Why Most Startups Fail in the US

34% of startup failures are due to poor product market fit

22% of failed businesses implement incorrect marketing

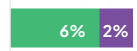
→ **Consideration:** Marketing & go-to-market strategy

18% of startups fail due to human resource related issues

→ **Consideration:** People

16% of fail due to cash flow problems and other financial issues

→ **Consideration:** Tax & accounting



6% of startup failures are due to tech-related problems, including poor cybersecurity and outdated solutions

2% of startups fail due to sub-optimal operations

→ **Consideration:** General & admin

2% of startups fail due to legal problems (licensing, registration, etc.)

→ **Consideration:** Legal & regulatory

Source: Failory, Business News Daily, Investopedia, CB Insights, Review 42

Strategic Considerations for US Expansion

People

- Company identity & culture
- Share schemes & investments
- Talent identification
- Team collaboration
- Global mobility
- Labor cost & benefits
- Payroll

Business Setup

- Environmental & social regulatory
- Processing after payroll
- Registration & licensing
- Name & trademark
- FDA approvals
- US contracts
- Local compliance
- Foreign qualification
- IP protection
- Patents & trademarks
- Trade name research
- Registered agent

Tax & Accounting

- International finance reporting
- US GAAP conversion
- Transfer pricing
- Group reporting
- Federal & state registration
- Grants, credits & incentives
- Federal Tax ID
- Tax compliance
- Company structure

Other Considerations

- Transaction readiness
- Funding readiness
- Banking relationships
- Operational logistics
- Foreign exchange
- Supply chain management
- Import & export regulations

Marketing & Strategy

- Market demand assessment
- Product testing viability
- Go-to-market strategy
- Regional positioning
- Adaption needs

Pro Tip:

Avoid shortcuts in market research to ensure a solid foundation for your US operations.

Essential Preparation for Expansion Steps with Frazier & Deeter

International Group Structure:

- ☐ Entity type
- ☐ Transfer pricing
- ☐ Operating model

Federal Tax ID & State Registration:

- ☐ Employer Identification Number (EIN)
- ☐ State registration

Tax Compliance & Financial Reporting:

- ☐ UK > US GAAP
- ☐ UK/US tax compliance
- ☐ IFRS conversion
- ☐ Federal & state tax returns

Share Schemes/Employment Taxes/Human Capital:

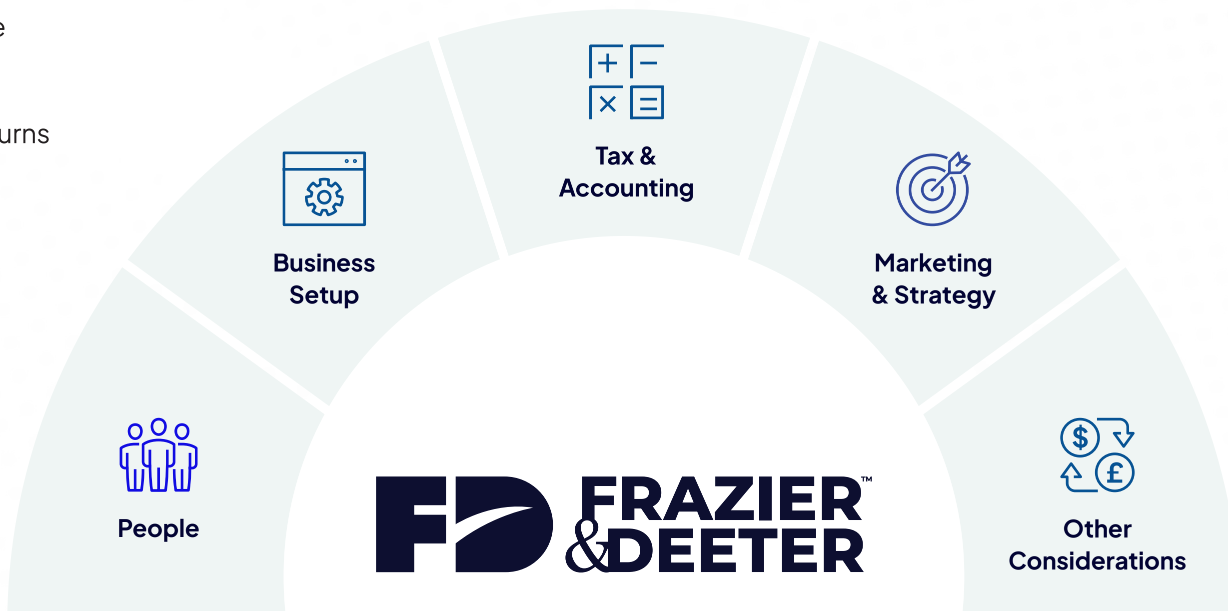
- ☐ Global mobility
- ☐ Personal tax planning
- ☐ Share schemes & incentive plans

Additional Considerations:

- ☐ Grants/credits/incentives
- ☐ Company identity & culture
- ☐ Transaction readiness – funding

Pro Tip:

EIN is essential for opening a bank account and operating payroll .



Sample Journey to the US

UK-based Startup
Processing after payroll
ESG
Registration & licensing
Name & trademark
FDA approvals
Registered agent
Local compliance
US contracts
IP protection
Foreign qualification
Trade name research
Patents & trademarks
Company identity & culture
Marketing & strategy
Talent identification
Share schemes & investments
Global mobility
Team collaboration
Payroll
Labor cost & benefits

FD UK: Expansion Experts For Growth

A New Business Model in the Global Accounting Profession

While traditional firms operate as one global brand, within their respective countries they are independently owned and operated firms often with different focuses and client service models. This creates challenges for SME and middle-market companies seeking to do business across borders. FD's common ownership structure and single-firm approach means we are uniquely positioned to support businesses with activities in both the UK and the US. We've eliminated internal competition for resources and communication challenges that are typical within traditional network-based accounting firms.

Scale-Up Focused, Fee Structures

We offer transparent and predictable costs, making our services accessible to companies at various stages of growth. We remain committed to our clients throughout the entire life cycle, from initial formation to public listing and liquidity events.

Strategic Guidance & Support

Since partnering with us, our clients have collectively raised billions of dollars in funding, a testament to the opportunities and growth that our expertise facilitates. At FD, we are dedicated to helping companies thrive in their international endeavors, providing the strategic guidance and comprehensive support necessary for success.

Targeted Sector Specific Expertise

Our dedication is to helping entrepreneurial SME and scaleup companies (particularly in technology and life sciences) lay a foundation for expansion across borders. Giving our clients an early understanding of the numerous and lasting implications regarding cross-border expansion provides them the strongest foundation for success. FD has deep expertise in serving industries facing complex tax and regulatory requirements, including technology, healthcare, energy, entertainment, hospitality, life sciences, manufacturing, private equity, retail, real estate, restaurants and more.

A Full-service Firm

We offer a comprehensive range of services to UK companies, managing every aspect for both their UK and US entities in-house; this cohesive approach ensures a seamless and efficient expansion process so founders can truly focus on business success. Our partners in the UK and US bring unparalleled experience and knowledge, having come from a mixture of Big 4 and Top 10 firms, as well as serving in leadership roles in the industry. Our deep experience allows us to provide exceptional support to our clients, tailored to their specific needs.

FD UK: A Trusted Expert in UK to US Expansion

FD UK has built a reputation as a strategic leader in the UK to US expansion space since its 2021 establishment.

We are proud to have supported more than 400 companies in their expansion journey in the last 3+ years. Our expertise ensures the expansion process will provide the foundations needed to support your US growth.

Our clients are primarily venture-backed, high-growth startup and scaleup innovators in their respective sectors.

FD UK offers a comprehensive range of advisory services to UK companies, managing every aspect of their UK and US entities' tax and accounting affairs in-house. This cohesive, single-firm approach ensures a seamless and efficient expansion process, allowing founders to truly focus on business success.

Unique Business Model in Global Accounting

Common ownership structure & single firm approach

400+ US expansion projects successfully completed

Domain Experts

Technology

Life Science

Climate Tech

Dedicated Experts to Bring Your Plans to Life in the US

- Top 50 Firm
- Top Firm for Women
- Best Places to Work
- Best of the Best Firm
- Top Firm for Equity Leadership

Let's Get Started

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