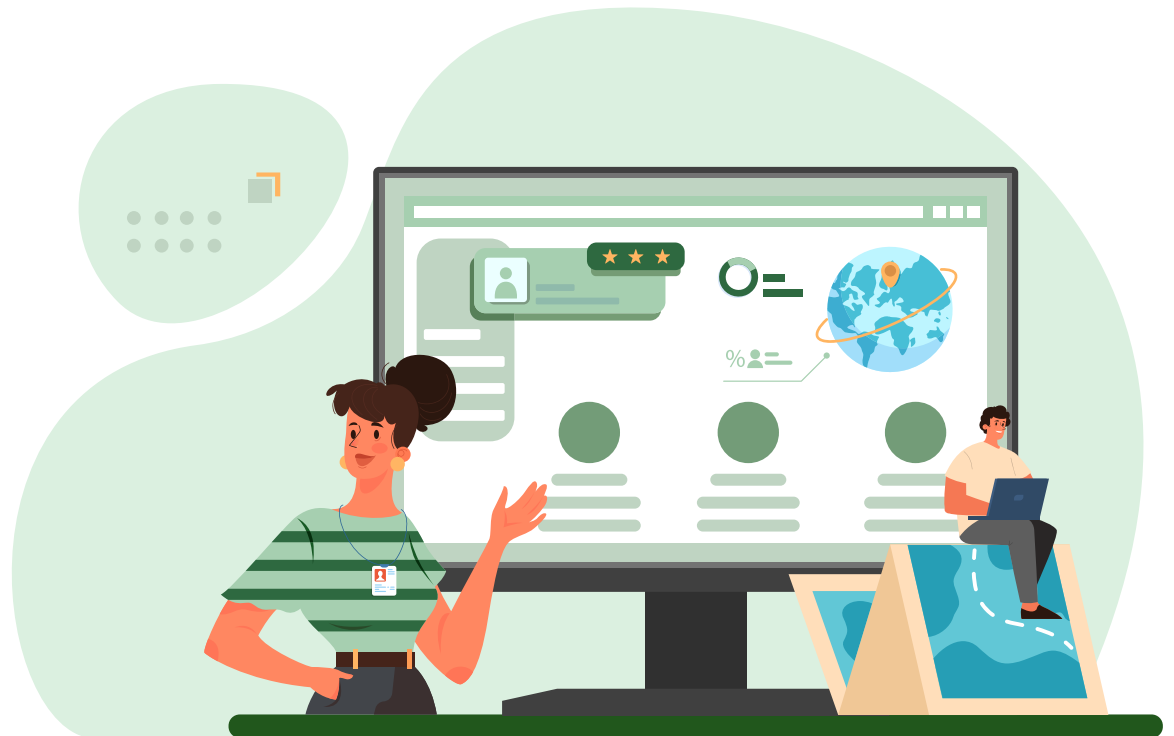


# Going Global

How an expanding FinTech company overcame cross-border challenges to find international success.



# Going Global – Finding International Success

Expanding internationally is often one of the best decisions your company ever makes. Yet, it is also a complex undertaking. The path to growth inevitably comes with hurdles. Spread across multiple markets, companies that are going global often see their network of providers – from payroll, to immigration, to tax law – balloon until management gets so complex that it can divert attention from the core business mission.

When a fast-growing FinTech company reached out to HSP Group to become its sole expansion partner, it was looking to achieve a more stress-free and efficient approach to cross-border growth.

The challenges that an innovative builder of AI-driven marketplaces experienced will ring familiar to many other companies that quickly expand their global footprint. But, as this story also shows, it's possible to succeed even in the most complex environments if given the right support.

This guide will share real-world experience to take you through four common challenges that your organization may encounter as you cross borders, the variables you need to consider and the know-how services that can help you thrive.



# Meet the client

Our customer is a high-growth FinTech that offers a SaaS cloud-commerce platform designed to empower banks to quickly launch their own AI-driven marketplaces. On a mission to democratize access to personalized finance while improving the customer experience, the company has attracted a wide range of customers, from the largest global banks to other disruptive FinTechs.

With hundreds of millions in gross merchandise volume (GMV) each year and a geographic footprint spanning 11 countries, this company is poised for continued and significant global growth.

In this e-book, the Head of Finance and Operations, and the Financial Controller, share their thoughts on the experience of expanding globally.



## Challenge #1

### 'Too many providers in multiple markets'

During a rapid international expansion, our customer had, like many organizations growing at speed, strung together a network of advisers providing different services in lots of countries. In any given country, it typically had not only one but several providers for payroll, accounting, taxes, and more. "Multiplied by several countries, it quickly became unwieldy and difficult to manage. We were using considerable resources to ensure we remained on top of our activities and complied with all regulation."

#### Considerations

The need for change became all the more urgent after they completed a sizeable funding round. Substantial growth in even more countries was certainly good news, but each country would also generate additional providers which were bound to compound existing issues. Seeking to expediently mature the back-office infrastructure, including people, process, providers and technology, they began to evaluate potential global expansion partners.

The search centered on finding a single provider that could:

- Service payroll, accounting and tax
- Service existing countries and future growth markets
- Offer expert advice, ranging from potentially entering complex countries to efficient entity structuring
- Conduct market entry analysis
- Provide HR services to support growth



## The solution: An expert growth partner

The FinTech company identified HSP Group as the provider that met all the criteria, and more. In line with the HSP scoping process, a Solutions Architect initiated the new partnership with the creation of the scope and solution. The completion of such essential details right away allowed the client's assigned Global Services Director ("GSD")—who acts as their single point of contact—to move straight to execution.

Unlike a central point of contact that provides a pool of people for client communication, the GSD is an HSP hallmark, allowing clients to tap into the expertise of a single partner. Working through their GSD replaces the need for multiple providers and helps the client improve management of its global operation.

### The solution enabled our customer to realize these key benefits:

- **Gain holistic view:** "The global scope of HSP Group, both in terms of market expertise and experience from working with countless companies, allowed us to leverage cross-border knowledge throughout our entire organization, thereby avoiding the risk of making repeat mistakes as we expanded into new countries."
- **Cut out redundancy:** "We no longer have to repeatedly explain business goals and operations for each additional service and market entry since the GSD understood all aspects of the business and could support all initiatives."
- **Foster true partnership:** "While local vendors tend to primarily care about their sliver of the business, HSP Group is, as the single provider, fully invested in the success of the entire organization."
- **Improve transparency:** "HSP's user-friendly expansion platform, **GateWay**, provides full transparency and gives us immediate access to activities in each country." (more on **GateWay** below)
- **Expand with ease:** "Whether we need help with implementation or recurring services, the GSD can help without our team having to source more providers."

## Challenge #2

### 'Lack of transparency, information, and control'

"The proliferation of providers in multiple countries brought a range of management challenges." As systems did not connect across markets, information and processes remained siloed. With no way to gain a cross-organizational view of everything from payroll status to tax deadlines, our customer found it challenging to manage its global footprint in a holistic manner, increasing the risk of costly errors."

#### In summary, challenges spanned several areas:

- Hard to see and compare operations across the entire footprint
- Challenging to stay on top of what is happening where and when
- Inability to connect the front-end to the back-end
- Difficult to control and self-manage the operations

#### Considerations

The lack of transparency and a clear view of the actions required across the business became a concern. In a worst-case scenario, failing to meet compliance regulations or deadlines for tax and payroll filings could have significant financial implications.



## The solution: Market-leading expansion portal

**GateWay**, HSP's market-leading online expansion platform was designed to serve as a real-time 'one-stop-shop' for growing companies. "This proprietary technology helped us to consolidate all communication, stay on top of international growth activities and put us in control of our operations across all global entities."

### Benefits derived from leveraging **GateWay** included:

- **Global dashboarding:** The ability to access a consistent and single source of truth enabled our customer to quickly and easily view the status of all deliverables across all countries and services. "All key systems now connect to the platform, offering full transparency, eliminating confusion and allowing us to retrieve and act on country-specific and global data."
- **Improved compliance:** Full transparency, in turn, helped the customer gain better control of the data. "As due dates—such as tax and payroll filings—and other important information are now visible across the organization, regardless of location and management level, we are better able to more effectively manage deadlines and minimize or eliminate late filings and extensions." **GateWay** also allowed the customer to securely track operations in line with local and global rules and data protection regulations (GDPR).
- **Ecosystem connection:** The vast organization was finally connected, from headquarters to local country back-office teams. "With real-time calendars and user-friendly features that allow users to toggle among countries and services, the platform facilitates communication across all entities."

## Challenge #3

### 'Hiring in multiple countries'

During previous expansions in other countries, our customer had worked with local advisers to configure employment structures. However, the result had been somewhat fragmented and difficult to manage. With significant growth ahead, they didn't want the same headache. How could they hire talent in various locations without having a back-office infrastructure in the country where the new potential employees lived? That was the question that needed a quick answer.

#### Considerations

1. **Strategy:** What are the employees going to do?
2. **Compliance:** Do the positions trigger Permanent Establishment (PE)? If the answer is yes, it means attributing business profits, either directly or indirectly, are chargeable to UK tax.
3. **Methodology:** What type of employees will the company hire? What are the vehicles available to hire the employees? A range of variables determine which employment model is the best fit from tax and organizational perspectives:
  - Employer of Record (EoR)
  - Contractors if they meet the criteria
  - Payroll-only registration (Non Resident Employer)
  - Under an entity (limited liability, branch, representative office, etc.)Hiring in multiple countries.





## The solution: Expert analysis and support

HSP advised our customer on the implications of permanent establishment and different employment options. They eventually settled on using EoR as the starting point. However, as the business grows, other considerations will once again need to be examined, including permanent establishment and corporate tax risk. “When that time comes, HSP will help them graduate from EoR; navigate the complexities of setting up an entity and employing under a standalone payroll; and explore what type of solution the moment calls for.”



## Challenge #4

### 'Navigating market nuances'



Our customer was expanding into new markets but didn't have the experience or expertise on employment law, compliance obligations and the banking environment. For example, they had two prospects in South and Central America but no infrastructure or knowledge of how to get money in and out, adding further challenges.

### Considerations

Any market poses challenges, especially to newcomers. In this case, they had to weigh the impact of complex market dynamics on any growth effort. Three considerations stood out

- **Regulatory environment:** How could they capitalize on commercial opportunities in markets viewed as complex by the US government?
- **Banking environment:** How would they effectively repatriate cash from these new markets to the US?
- **Local employment:** Would they be able to employ local nationals rather than service the market from abroad and would that change the back-office infrastructure?

## The solution: Market-entry study

HSP performed a market entry study to closely evaluate the two countries that our customer was considering. The analysis examined the size of the commercial opportunity relative to the cost of compliance (defined as all corporate obligations necessary to operate in the country, both in terms of time and money). Based on the findings, HSP advised them to enter one market but pass on the other. “Once the decision to expand had been made, HSP stepped in to help with annual compliance activities, benefits and salary benchmarking, benefits sourcing and recurring HR administration support, and is poised to help with much more as needed.”

### Conclusion

“The HSP service model had a profound impact on their ability to manage its global operations and to swiftly support future growth. “Rather than a fragmented network of providers in multiple countries, our customer now leverages the in-depth experience and resources of HSP.”

“The combination of HSP’s **GateWay** platform and the expertise of our assigned Global Services Manager has enabled us to holistically manage the entire organization and makes us well positioned for continued growth.”

The challenges that HSP helped this growing FinTech overcome are common among businesses that pursue international expansion. After years of supporting companies first-hand with the complexities of cross-border growth, the HSP team know exactly what skills and knowledge clients need when entering new markets. The team have subsequently built out the HSP services and technology to fill significant gaps in the marketplace for international businesses. Whether your company is starting to eye cross-border opportunities or continuing multi-country expansion plans, HSP offers a proven service model for global success.

## About HSP Group

We facilitate disruptive and expert-led global expansion for companies, supporting their international operations with an unparalleled focus on the client experience. We are the only provider committed to delivering all the people and entity solutions you need, in every country throughout the world. Our technology, people, methodology, pricing, experience, and expertise, make the complex simple.

**GateWay** is our unique digital platform allowing clients, employees, and partners to access everything they need in every country they expand into.

How can we help you? Please contact us at [contact@hsp.com](mailto:contact@hsp.com).