

Owlin



Sjoerd Leemhuis,
CEO - Owlin

Industry: Fintech

Mission statement: "Owlin is the news analytics tool that helps finance professionals monitor their portfolio proactively, continuously, and in real-time."

Headquarters: Amsterdam (Stadhouderskade 85, 1073 AT Amsterdam)

Founded: 2012

Owlin, an AI based news analytics platform for financial institutions, took the leap in expanding to NYC and it paid out big time. Having gained well known clients like KPMG, Morgan Stanley and Philips, more than half of their revenue now comes from the U.S. The surprising thing is that they did all this ... even before establishing a physical presence in NYC.

We sat down with CEO Sjoerd Leemhuis to find out more about their unique approach to expansion and how they made the New York dream work for them.

Key takeaways:

- First build revenue, then focus on a physical location
- Start by thinking: "Which clients would we like to have?"
- Attend industry meetups, conferences and hubs to grow your network
- Leverage contacts from the Dutch consulate and Dutch startup community in NL and NYC
- Many legal services post 10 step plans and other info you need to get started. It's all about taking time to do your research
- There's a much higher risk of lawsuits, liabilities and claims in the U.S. Make sure you have the right insurance and legal representation established
- If you're a smaller company, consider going with a smaller legal firm. They'll be less expensive and provide a more personalized service
- Clients in NYC are typically more willing to take risks and make decisions faster. Speed and being first to market is everything
- Be ready to fly back and forth on a monthly basis

Can you tell us about your unique expansion process and why you chose to do it this way?

So we actually expanded to New York City about 4-5 years ago and now more than half of our revenue is already coming from NYC. But we don't have a physical location there yet. We really believe in first building a business and revenue and then thinking about the physical location after that's been established.

So, at the moment, we do attend conferences and meetups in NYC. We also target companies in the U.S., especially in New York. But we do all of this from Amsterdam.

A lot of companies put an emphasis first on having an office there and having the right people there while, in my opinion, you should actually focus first on having the right clients there.

The next step is getting the right people and the right office in New York. That's a big question. But at least we're ready.

This is actually a strategy I borrowed from Adyen. Adyen never opened an office anywhere in the world without having sufficient revenue they could use to maintain their offices there.

And we believe exactly the same. So we first want to establish the revenue and then create momentum in the market. Then, if we have established enough revenue to support an autonomous office in NYC, we'll move in to open it up.

Did you meet other companies that also used this strategy?

I actually hear quite different stories. I know a lot of companies that go all in and want the founding team there, moving most people to New York all at once. That can sometimes work out well but I also hear stories of people who invest a lot in hiring the right people and then make the wrong hire. It takes about six months to figure this out, and then another six months to recover the damage. But at that point you haven't even invested in growth yet.

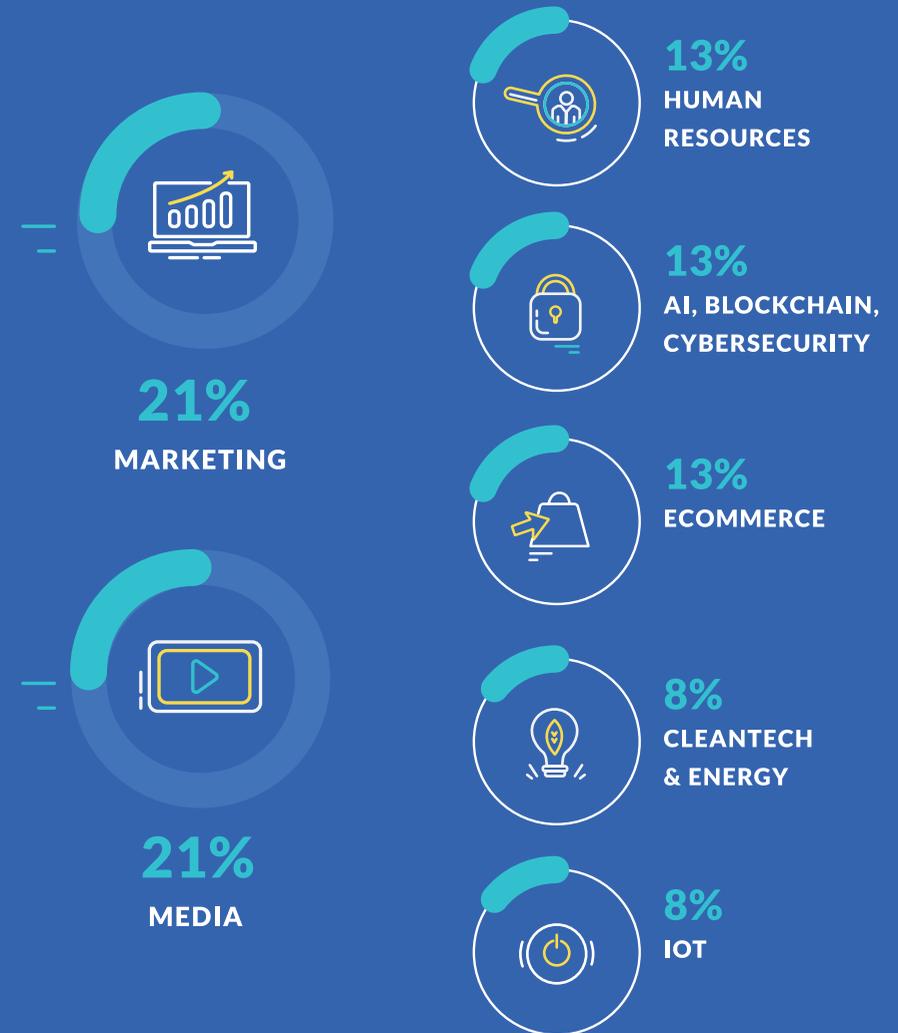
So I think, for us, that was really the main reason why we decided to first focus on building the business. It seems like the least risky path to follow.

And I think what also helps is that we were self funded until recently. That's something that makes you look at the market in a very agile way. By being self funded we were extremely conscious and said, "Okay, let's just build the business first, and then take it from there."

Halve Maen's research finds...



The Dutch startups and scale-ups that have expanded to the U.S. operate in the following industries:



Source: HM Video Report



That's super interesting.
So then, what were the first steps?

The first step for us was actually not to think of "which entity or which people should we hire?" but it was more, "which clients would we like to have?" And: "can we already target those clients from here?" After we won the contracts (that's the stage we're at right now), we then started thinking, "Okay, what kind of legal entity do we need and who would we want to recruit for our offices in New York?"

So what was the most difficult part of the process?

I think for us this question is a bit different because we didn't need to obtain visas and create a legal entity. But I think, for me, the most difficult part right now is how we're going to structure the company. Now we're considering whether we're going to put very senior folks in the U.S. who can work autonomously, or if we're going to start with marketers who can generate more leads and simply continue to close deals ourselves from NL.

I think there's no right answer, it really depends on your type of your business and what the expectations of your clients are.

The second part is finding the right people. There's talent out there but the cost of making a wrong hire is extremely high. You only get one chance to get it right. And if you miss that chance, it will really set you back, like a year in time.

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What expertise, services or networks did you find were most helpful?

I used a lot of my own network in the Netherlands. Also, to get a better understanding of which parties they talked to and how they structured their offices.

I also used the contacts of the Consulate to understand what's going on. There are also some Dutch communities in New York which I found were useful to connect with.

Finally, we're a FinTech company. Here in the Netherlands, we go to FinTech meetups and host them. So in New York, we also go to FinTech meetups and spotted FinTech hubs that are interesting for us to be part of.

And we leverage all of these networks. I think it's really about enrolling in the right communities.



Owlin team

stick with SME firms because I find that, to them, we're probably a more important client. Also the rates are more affordable for a company like ours.

I'm pretty happy with my law firm. And they're actually not based outside of NYC, which reduces the rates. I found out about them via my network here in the Netherlands.

Was there anything that could have made the decision process or execution easier?

I find that there's already quite a lot of information out there. There are a lot of U.S. law firms now focusing on helping European companies set feet on the ground in the U.S. A lot of these offers have 10 step plans and I think I talked to all of them and collected all the documentation.

In the end, I chose not to go with the big names and the most expensive firms but really tried to

What were your main learnings?

If you're from the Netherlands, you may not be aware of the increased risk of lawsuits and claims against your company in the U.S. Although, that risk is always there, it's way smaller when you're just doing business in the Netherlands.

One of the first things I did when I started to get more serious contracts with U.S. based companies was to make sure I had the right insurance established because not a lot of insurance com-

panies cover liabilities, or claims from the U.S. if you're a European company. I found out that there's actually only two insurance companies in the whole world that specialize in insuring European companies against U.S. claims.

For me, it provides a lot of comfort because, even if you know you're right, you still need to make sure you have the proper insurance to cover your legal costs. And, of course, you don't want to screw up anything with a client, cause you never know. Sometimes being afraid of a lawsuit can even be used in commercial negotiations and you don't want to be in that situation.

I think the majority of entrepreneurs will probably think of this but, if they're not, they should really get proper coverage as soon as they set foot in the U.S.

What are some of the benefits of expanding your business overseas?

Although we're a FinTech company, we create very technical Natural Language Processing solutions, so we're also based in the area of AI. That means we're also seen as an innovator and thought leader. In the financial sector, a lot of organizations look at what happens in the U.S. Adoption of new technologies and ways of working will most likely happen there first and then be adopted in the rest of the world.

So having a business and clients in the U.S., also makes it easier for me to do business in London and the Netherlands because we're already in a sense validated by Wall Street.

What I also noticed is that the people I talked to in the U.S. are really aware of what's happening in the market and also who the other players are. They also really enjoy having a conversation about it. I really like that because it sharpens your mind to what other players in the market are doing and how we can differentiate ourselves. So I think we have better and more in depth strategic discussions.

It may not directly give you new opportunities, but that's the stuff that really give you a better sense of the direction in which you should develop your company.

Do you see any cultural differences in doing business in the U.S. versus the Netherlands?

Definitely, I really like that question. I do see differences in the way the Dutch operate and the way New Yorkers operate. But there's one thing I really like about the New Yorkers and it's that they really handle the Dutch directness very well.

I sell to big corporates and in the Netherlands, they always seem to be extremely bureaucratic. Dutch leadership almost never takes a quick decision. They always want all the stakeholders to be aligned and all the team members to be comfortable with it and then gradually, a decision evolves. That's certainly something I don't like if you want to build a business.

What I like about the U.S. is that, since it's more hierarchical, if there's a partner with budget and he likes the solution, then he says, "Okay, I want this and I want it yesterday and here's my signature." They're more concerned with time to market than with potentially being wrong, meanwhile, I think here in the Netherlands we tend to be a bit more afraid of change and afraid of making the wrong decision. And that's actually slowing us down big time.

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Do you have any advice for Dutch entrepreneurs looking to expand to NYC?

First make sure you fly back and forth, maybe every month. Then make sure you've already established a big network and start targeting clients first because you really don't need a legal entity to get your first clients, you can do all that from your own country. Once you have that and you already have a good sense of how you're going to do it, then I think the risk of moving permanently to the U.S. is way lower, so you have a higher chance to succeed.

Now I have clients who I'd like to give local support to so that when they need it someone can drop by. I also think there's a lot of potential that we're not grasping right now but if we put more people on this, I think we can build a bigger business. So that's also the reason why I really want local presence right now.