

3DHubs



Filemon Schoffer,
CCO - 3D Hubs

Industry: Manufacturing, 3D Printing

Mission statement: "At 3D Hubs, we empower engineers to create revolutionary products. On the 3D Hubs platform, engineers can easily upload their design, instantly receive a quote, and start production at the click of a button."

Headquarters: Amsterdam

Founded: 2013

Filemon Schöffer is a Co-founder and CCO at 3D Hubs, the world's largest network of manufacturing facilities. The company first started out in the U.S. by expanding to New York but ran into a number of challenges. Stronger and wiser with the learnings it had gained in NYC, 3D Hubs later went on to successfully penetrate the market in Chicago. We had the luck to sit down with him and hear more about the challenges the company faced, their key learnings and how they found success in the U.S.

Key takeaways:

- Base your decision to expand on a strategic analytical approach; weigh the options before going all in
- Do not start with real estate or an office: get a few desks in a co-working environment to see if it works out
- Choose a location that works best for the niche you're in
- Work together with the consulate; it's a great way to make connections
- Hire locally, but if you have a company with relatively complex processes, it's best to send one of your original team members over to get things kick started
- Have a goal behind your expansion process

What motivated you to expand to the U.S.?

Well, I remember that we have always wanted to attract an American investor. We thought we'd have better chances if we moved to the U.S. and opened an office there. Another reason was that, from the beginning, 50% to 70% of 3D Hubs revenue came from the U.S. For us, expanding there seemed like the most logical option. Since the majority of our customers came from the U.S., we thought we could build from there onwards.

Why did you prefer to attract investment from the U.S. over more Dutch investors?

We already had Dutch investors, I guess that's one reason. And from a network perspective, to access technology and more partners, plus the fact that most of our revenue came from the U.S., we felt that attracting American investors would be beneficial for the company. It is great to be able to gain knowledge with investors from Silicon Valley and from the New York area. I think Dutch investors and American investors have different things to offer in general.



3DHubs team

Can you tell us about your expansion strategy?

I have to say that, in the beginning, our strategy was not very well thought out. This was a couple of years ago now. For us, our first move to New York was not really a success. It turned out that a lot of the clients we wanted to attract and the biggest deals we wanted to get were remote. New York was at the time campaigning to become the hardware community for the East Coast and San Francisco was the software hub for the West Coast. But I think New York "lost" and a lot of our clients, the hardware community, moved to San Francisco as well. We struggled to connect with our clients and were thus not able to attract American investors at that time.

After one year we decided to close the office in NYC. A year after that we found our product market fit, and we did better from there. We analysed the U.S., got to know our clients better and the industry we needed to be a part of. So, we decided to open an office in Chicago and that's been very successful so far. It's a lot bigger, we have 15 people in the U.S. at the moment.

What was it about this second try that made it more successful?

Thinking everything through. Looking back, the choice for NYC wasn't well thought out. Not all the decisions were based on analysis and strategy. But this second time, we really did a strategic analysis. This time we had 20 variables and we ranked 50 U.S. cities against those variables. Chicago clearly was the winner. After investigating, it became very obvious that Chicago was the best place for us.

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Was there anything missing that would have helped you in your expansion process?

Perhaps just simple guides on how to pick a city. I am actually considering writing a blog post to explain all the obstacles we encountered and the steps we took. That, I believe, would be really helpful.

Also, when coming into Chicago, the consulate had a booklet with a lot of information, almost everything you need to know as a Dutch company expanding to Chicago including all the relevant industries, political parties, a guide on how you can connect to universities, an overview of the ecosystem, etc. I found it very useful.

Testimonials




Tim Beyer,
CCO of Sana Commerce



“Enjoy the ride.”



What kind of resources or tactics did you use to build your network in Chicago?

In Chicago we worked a lot with the consulate. The manufacturing industry, what we are based on, is a very connected business in Chicago. So, from the consulate we went to the mayor's office, and from there to the Illinois manufacturing association. And there, we met a lot of suppliers and that's how you sort of roll into the community. Working together with the consulate really is an advantage. In all countries where we are trying to find suppliers, we always work with the Dutch consulate.

The location of the office really helps, which we chose quite strategically. We chose a manufacturing co-working space which was really good because we are in the heart of it. It's really about choosing a place that fits the niche you are in.

During your expansion, were you hiring locally, or did you send over some Dutch employees to those offices?

In NYC, I went over there by myself, together with Bram (CEO), to sort of get the business started, but all the employees were hired locally. In Chicago we are doing the same. But I think that if you have a company with relatively complex processes, it's beneficial to send someone over to get it kick started and transfer a sense of company culture.

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What are some of the cultural differences that you have noticed in terms of both doing business and hiring or managing employees?

Well, one thing is that Dutch people are very direct. That's what they always tell me. I definitely manage the U.S. team differently than I do the Dutch team in the Netherlands.

It often has to do with formality. For example, the Dutch team is very informal and very personal – we would criticise each other in the same way. The U.S. is slightly more formal and hierarchical. I struggled getting critical feedback from the team, so I've employed a more formal system to sort of collect the feedback anonymously. But those are only small things.

In terms of doing business, I think the legal aspect is very clear. I once read that; “In the Netherlands you hire a lawyer when you're in trouble. In the U.S., you hire a lawyer to stay out of trouble.” That seems about right ;)

How did your expansion influence your Dutch and Europe based operations?

First of all, you need to consider time zone differences. Oftentimes you need your European team to work together with your team in the U.S. It can get expensive for the company and require a lot of informalized communication strategies. You will have to duplicate certain roles where time zone differences are critical. For example, customer service is something I need in the U.S. time zones.

What are some of the benefits that you've seen after expanding?

When we first wanted to expand to NYC, we were very much what we would call a marketing driven company. So, a lot of revenue came from online activities. And looking back, hiring local people was not really beneficial because most of the revenue came from online sources.

Now, we have a big foothold in the business to business and manufacturing industry, which requires having a sales people on the ground. Our revenue started growing significantly. This would not happen without an office in the U.S.

What is the main piece of advice that you would give a Dutch entrepreneur thinking of expanding to the U.S.?

This is going to sound very cliché, but you should have an idea of what success looks like in terms of return, because it is going to be very expensive. So, you need to have a clear idea of what you want to get out of it. It isn't enough to just have an office in the U.S.; you need to have a goal behind it. Before expanding, it's best to know what exactly you are going to do.