

23G



Michiel Schipper,
Operations Manager - 23G

Industry: Media, AI/Blockchain/Cybersecurity, eCommerce, IoT
Mission statement: "23G invents, designs, and builds digital solutions."
Headquarters: Rotterdam (Lloydstraat 9F, 3024 EA Rotterdam)
Founded: 2008

23G is a digital development agency born in Rotterdam, that makes (mobile) applications, software and websites predominantly for the Hospital, Health Care, Financial Services and Travel industry two of its key clients are Exterion Media and the hospital Erasmus MC. But, like many of the Dutch companies we've been studying, focusing on the Dutch market alone wasn't enough for this ambitious young agency.

With sights set on the USA, they soon infiltrated the New York market. We sat down with Operations Manager Michiel Schipper to find out all about the company's New York strategy.

Key takeaways:

- Research your market in the U.S. It's important to see who you're up against
- If you're primarily working from the Netherlands, don't forget what you're doing there. It should remain your focus; what you're doing in the U.S. is extra
- Make a roadmap for your first trip to the U.S. and set out to meet as many people as you can, even people who might be working their first job and don't seem like a key player
- Analyse your next steps after that first trip - and the costs involved. Plan a year to two years ahead, including financially
- Set targets for yourself: what do you want to achieve in the first 3-6 months?
- View it as an investment. Not a huge one at first, but still there are flights, accommodation and meals to be paid for
- Be realistic
- Planning is crucial

Back in the day

Michiel outlined how his colleague Chris started the agency a decade and a half ago. At the time he was working as a subcontractor to more traditional agencies that did not have the right digital expertise in-house. They had some good years but a recessionary economy led the work to dry up. This meant Chris soon had to come up with new opportunities. He took over a small company in Rotterdam that had some decent clients and talented developers and began growing his own agency.

Michiel joined 23G in 2015, having been in account management at another Dutch agency, Mr.Prezident. That agency had clients in the U.S. and had set up shop there, which allowed Michiel to get to know the stateside terrain first-hand and, later, to prep 23G for its own trans-Atlantic expansion:

“I knew it was important for us to go to the U.S., and I showed Chris that what we had done with Mr.Prezident could work for 23G too. We were going to a lot of conferences stateside, like AWS re:Invent (Amazon Web Services) in Las Vegas, and whenever we were in good conversations with potential clients, it always came to a stop when we said that we only had an office in the Netherlands.”

Clearly it was time for a U.S. presence, so Michiel reached out to Julia Knoeff at the Dutch Consulate, who was enthusiastic about helping. Michiel and Chris made plans to fly to the States to do some proper research on the ground before committing to the U.S. market. Before they left, they drew up a “roadmap” of all the U.S.-based family, friends and contacts they had; basically anyone they could quiz about business and life in the states.

Look before you leap

Michiel and Chris took a very stimulating road trip around the U.S., meeting with people, many of them Dutch, especially in Los Angeles and New York. They also met with some big companies, like MediaMonks, to find out how they made it over. Those they spoke to ranged from young techies to people who had been running a business in New York for some 15 years. Michiel even had a friend at Google whom he spoke with about the experience of living and working in the U.S. They weren’t just researching business, or how to get clients, says Michiel, they were also learning about the culture; about how to get along with Americans. Julia also put Michiel and Chris in touch with some contacts and, out of the trip a decision came forth: we can do this.

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Leveraging a competitive edge

“We saw that there was a big chance of (U.S.) business for us,” says Michiel. “In the Netherlands, we really focus on providing quality in everything we do. And what we saw in New York was the quality versus the rates - the rates are very, very high in New York for development, while the quality is average. So we spoke with some people and asked them all the same questions: What are the rates? What is the timing, what is the quality? Are they what you expect from your web company?”

In many cases, development work for clients appeared to be taking twice the time at twice the price of what you would pay in the Netherlands:

“We’re not expensive, we’re not cheap. We’re somewhere in the middle. So this was a very interesting thing for us.”

Soon, they began their first website project for a U.S. client called emerginC Skincare, a high-end niche brand sold in about 30 countries, aiming to stick within both budget and deadline - the work came via a lead from the Netherlands, mentions Michiel. 23G delivered the website as planned, the client was happy, and he became, “a great ambassador for us in New York”.

Friends and countrymen

That client connected Michiel and Chris with other people in New York, Julia at the Dutch Consulate continued to support them, and so their network grew. A Dutch friend who was switching jobs to work for a big recruitment company got them their second website project, which was also completed successfully.

“I think you have to meet the right people,” muses Michiel. “The Dutch Consulate really helped us there. And it was very interesting; the Dutch are famously bold in asking for meetings, and they are not scared to do so ... and I think in Holland, it’s really common to help out. So if you’re in New York, and you know, there’s another small Dutch company or a Dutch guy reaching out for help, I think it’s really common to help each other. So that definitely helps as well.”

In terms of driving ongoing business, Michiel touches base often with the guy in New York - “Nic” - who is doing marketing and sales there for Mr.Prezident and he assists in marketing 23G as well.

While still based in the Netherlands, Michiel and Chris make regular trips to the U.S. today as they continue to build their business there in careful steps:

“We always plan our trips (to be productive),” says Michiel. “We do it in a really structured way; we know what we are going for.” They usually make time to meet up with their first two U.S. clients to maintain good relations, they work on sales, and they try to fill up a couple of days with meetings (on rare occasions they might have to go over specifically to see a single client who perhaps needs a reaffirmation of their business relationship via a face-to-face meeting).

Recruiting an orange army

As mentioned, 23G put energy into networking with other Dutch entrepreneurs and companies. They also attend a lot of conventions in the U.S., mainly in Las Vegas - "because that's convention city" - and the biggest of these is Amazon re:Invent' (AWS). During this annual tech fest, 23G partners with other Dutch companies to host a drinks session at which about 600 people are invited; a lot of them Dutch companies who have a U.S. presence - or are thinking about it:

"It's good to see if you can help other companies to take that step," says Michiel.

The Americans at AWS also tend to notice the "orange army" and are very open-minded, he points out; some worthwhile conversations get started when curious U.S. companies approach them and say, "so where are you from? Tell us your story..."

Dutch honesty as a business builder

Michiel says that 23G strives to make sure its clients are with the firm because they are happy, not just because of contractual ties. So when they work on a project they go for the direct approach of there's no contract, there's no catch - we do the project, then you own it; it's yours. They're also totally transparent about costs on their projects. Michiel explains this way of doing business has worked well for them in the Netherlands and they trust it will do so in the states as well.

Challenges of working with clients that are based in New York?

Michiel explains a curious thing about doing business in the U.S.; the seven times rule (Google: a marketing principle that states that your prospects need to come across your offer at least seven times before they really notice it and start to take action):



23G team

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“So if they say they like you, and that they will come back to you on your proposal, don't hesitate to call and remind them, remind them, remind them - (whereas) in the Netherlands, if you send someone a proposal and you check in two days later, "Hey, Did you ever look at the proposal?," you will be (deemed as) very pushy and sales-y and probably you won't get the job.”

“For us, it was very hard to be like that in the U.S.,” he chuckles, “but you have to be very pushy! And they also have the mentality that: Okay, you find me very important. That's why you're calling me and that's why you want to work with me so much. So for us, there was a cultural difference that you really had to experience to (understand) the problem and how to handle it. For me, in the beginning, it was a little bit out of my comfort zone to keep pushing like that.”

You get an e-mail, you get an e-mail, everyone gets an e-mail

Another aspect Michiel raises is that the U.S. has quite an entrenched 'e-mail culture.' Whereas in the Netherlands, one might work more on a one-to-one basis with clients via Slack or Jira for example, in the U.S. "everything goes by email and everyone is Cc'd in the e-mail. It's like a ... check for themselves and for the company. It's their way of communication, so we can work with it. It's not ideal but we just take everything out of the e-mail and put it in Jira so we can assign it to the right developers.

“There's a bit more ... project management involved, than with the average client outside of the U.S.”

23G now: ready to scale up

Michiel and Chris tend to travel to the U.S. four or five times a year, currently - but do they plan one day on having an office in the U.S.?

“I think, at this point, we need 'another Nic'. So that's what we're thinking of right now together with Mr. President. To build up the marketing side will definitely help.”

For the moment, at least, 23G views New York more as its sales hub rather than its development hub, because being based in New York and hiring New York based employees is very expensive. So they are looking to recruit a second sales person - but someone who won't just “sell, sell, sell” but will also deliver account management, bringing across 23G's quality differential to potential clients.

23G is a good case study, then, on how you can keep costs down by staying in the Netherlands, meanwhile still growing your network - and your business revenue - stateside. It's arguably a lower risk model than with some Dutch companies that go to New York, set up offices, hire locals and take more of a full-on approach.