Planning to Win in Europe

5 key considerations when planning your go to market strategy

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INTRODUCTION

Expanding into Europe presents a significant opportunity for U.S. cybersecurity companies. Over time a successful European operation can contribute 30%+ of global revenue, as well as demonstrate that your company can seamlessly service clients across the globe. So how soon - and how should — your company take advantage of this opportunity?

Often, a U.S. company will start considering expansion into mainland Europe at the Series B stage. At this point, the company will have validated the market in North America, has a strong management team and is likely starting to get inbound sales leads from Europe (and may well have a handful of clients there). Also typical at this stage is increased competition. Entering Europe can add the revenue and scale needed to fend off challengers.

To help your company make a successful crossing into Europe, we offer our time-tested guide. It is built on decades of experience and designed to give hard-won insight into five fundamental considerations for those who think the time is right to jump to the other side of the pond. This guide is focused on the initial decisions, including:

- *where to start,*
- *who to hire,*
- *which (first) customers to get,*

- *how to build and leverage a channel, and*
- *how to best build "Corporate APIs" to support the first international field office, and that can be used thereafter to support additional expansion efforts*

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MAPPING OUT MARKETS

"By failing to prepare, you are preparing to fail."
– *Benjamin Franklin*

Europe is not a homogeneous market. Each of Europe's 44 countries, in the EU or not, retains its unique characteristics and considerations. Entering Europe requires careful study of its distinct regions, followed by the creation of a deliberate strategy of where to place your initial bets and how to move outward from there.

Developing a focused geographic strategy

At Ten Eleven Ventures, we believe that it makes sense to develop a European expansion strategy tiered by Core, Near Core, and Outfield markets.

- *Core Markets* are the primary strategic markets critical for your long-term growth. Place your first bets here. You will find long-term partners as well as quick wins needed to fuel your early success.

- *Near Core Markets* are growth markets that comprise the second phase of your strategy. Once you feel established in Core Markets, begin exploring expansion to Near-Core regions. Before formal expansion, your company might

consider establishing representation in these areas via channel partners - "warming up" these markets for your more formal entry in later years.

- *Outfield Markets* may look tempting, but your sales force must not pursue opportunities here until your company has a sustainable beachhead in your Core and Near Core markets.

With these terms in mind, we at Ten Eleven would recommend the following general approach to Europe expansion:

1) proactively focusing on the Core Markets,
2) taking a nurturing approach to the Near Core Markets, and
3) holding a reactive posture to the Outfield Markets

That said, each company's situation is unique. Ultimately, derive your strategy from the specifics of your product and company.

(continued on next page)

Evaluating the European market opportunity by size

The first criteria many companies would examine is the size of the market opportunity. The chart below charts the growth of the Western European Security Software Forecast, by Country from the IDC.

Table 1 Market Opportunity ($USD M)

	2017	2018	2019	2020	2021	2022	CAGR (%) 2017-2022
Austria	123.9	126.2	131.8	138.4	144.6	149.8	3.9
Belgium	151.4	164.6	175.4	185.4	195.2	205.1	6.3
Denmark	124.4	135.1	144.8	153.8	162.8	171.5	6.6
Finland	157.1	169.2	179.9	189.9	200.0	210.3	6.0
France	792.2	863.9	935.7	1,000.0	1,055.9	1,107.3	6.9
Germany	1,295.4	1,431.5	1,559.8	1,679.8	1,790.4	1,896.5	7.9
Greece	23.4	25.4	27.0	28.4	29.8	31.1	5.8
Ireland	78.1	85.0	90.7	96.1	101.9	107.9	6.7
Italy	427.9	460.3	494.1	527.0	560.4	594.9	6.8
Netherlands	404.8	444.7	484.1	520.8	553.4	583.3	7.6
Norway	114.1	124.4	133.1	141.1	148.1	154.8	6.3
Portugal	47.1	49.8	52.1	54.2	56.5	58.9	4.6
Spain	349.8	377.4	402.5	427.3	454.8	484.6	6.7
Sweden	274.4	295.5	314.1	331.3	346.2	359.6	5.6
Switzerland	280.1	305.0	328.6	349.0	367.1	383.7	6.5
U.K.	1,684.9	1,841.9	1,985.6	2,114.4	2,228.8	2,336.3	6.8
Western Europe	6,329.0	6,899.9	7,439.0	7,936.9	8,395.7	8,835.4	6.9

The U.K. and DACH (Germany, Austria and Switzerland) are the largest opportunities, together accounting for $USD 4.8Bn or

54% of projected 2022 European cyber spend.[1] However, there are many factors your company may wish to evaluate beyond size.

Our experience as operators and investors has taught to also consider the following additional factors:

- *Business environment*
- *Density of enterprise targets*
- *Digital competitiveness / early adopter mentality*
- *Cultural affinity*
- *Talent pool*
- *Travel logistics to U.S. / other European markets*

Below, we'll go through each potential region with these factors in mind.

Considering the U.K.

Despite the Brexit process that the U.K. has undertaken, most companies remain bullish on the U.K. and its fundamental strengths (business friendliness/ease of set up, cultural synergy, and talent pool) as well as recognizing they need a solid presence in what is the largest cyber market in Europe. At Ten Eleven, we agree with this and recommend considering focusing one's core expansion teams in this region first.

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[1] Market Forecast Western Europe Security Software Forecast, 2018-2022, IDC, July 2018.

The U.K. security software market is the largest in Western Europe and is projected to remain so. The IDC report projects the U.K. market opportunity at over $2.3Bn in 2022, or 26% of the Western European market (IDC 2018). Notably, the U.K. was recently given the top spot in Forbes 13th annual "Best Countries for Business".[2] The U.K. was the only country to land among the top 30 (out of 161 countries ranked) on all 15 metrics used to rate the countries, including property rights, innovation, taxes, technology, corruption, infrastructure, market size, political risk, quality of life, workforce, freedom, red tape and investor protection. This is the second straight year with the U.K. in the lead.

We believe the U.K. also makes sense as a Core Market because it serves as an excellent "launch pad" for entry into your next tier of Near Core markets. Even when your first team is focused on U.K., your company can begin to court key "lighthouse" (or early adopter) customers in Near Core expansion markets, before you invest in building in-market teams there.

Overall, the U.K. is a solid entry point for most U.S. companies looking for a foothold into Europe.

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[2] Forbes Best Countries for Business, 2019

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Considering DACH (Germany, Austria and Switzerland)

At Ten Eleven, we generally see the DACH region as a secondary Core Market priority. In our opinion, entering this region makes sense after a company finds traction in the U.K. That said, it is important to understand the nuances of the DACH market — one cannot simply "cut and paste" the U.K. strategy here.

Upon first review, Germany represents an area of considerable market size and future growth, with a projected security software market forecast of almost $1.9Bn by 2022 (IDC 2018). However, while Germany is home to some major multinationals (including those in the DAX 30 like Bayer, BASF, Daimler, Volkswagen and Siemens), sales teams will find that beyond these limited top players, the landscape is full of many mid-market companies that may require a nuanced sales approach. Per a recent Financial Times article, there are 3.3 million companies in the German *Mittelstand* (SMEs), accounting for 70% of all jobs in the country.

Additionally, it has been the experience of Ten Eleven executives that Germany is a market that requires significant local presence in order to get traction.

A growth company may find traction earlier in Switzerland, where there is a high concentration of multinationals that are experienced in cybersecurity offerings and culturally open for innovative tooling. Notably, many of the major banks

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in Switzerland will also have teams in New York and London that are driving or are highly influential regarding technology decisions.

At Ten Eleven Ventures, we see the DACH region as a secondary Core market for most U.S. entrants. For most companies (those without prior experience in the area), success in the DACH region will likely come after a substantial foothold is made in the U.K. We recommend taking due care to understand the intricacies of the countries here, especially Germany.

Considering France and Mediterranean markets

The third largest cyber market in Europe (as measured by country) and home to 28 of the Fortune Global 500[3] and 5 of the top 20 European Banks, France is an increasingly compelling market for U.S. cybersecurity companies to evaluate. For those companies pursuing enterprise targets, this is fertile ground.

Additionally, the Eurostar takes 2 hours 15 minutes to central Paris from central London, making it relatively easy for a London-based team to hold meetings in France.

France does rate #21 on the Forbes Best Countries for Business rankings, with long-held concerns about government regulation in some industries and high governmental spending. Still, President Macron has pursued business-friendly reforms since

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[3] Fortune Global 500

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his election in May 2017, which is attracting new talent and investment.

Finally, France is the largest market in what is commonly known as Southern Europe, incorporating Italy, Spain, Portugal, Greece and the rest of the Mediterranean. After gaining traction in France, your main priorities will be Italy and Spain which are the 4th and 6th largest markets in Europe, respectively. We would recommend that you establish strong local partners to help you in these markets as well as to take a targeted account approach in the initial phases. Spain, has a strong banking sector many of which have extensive operations in Latin America. Banking is also a very collaborative sector: interesting technology news, both good and bad, travels fast within this community.

Considering Benelux (Belgium, Netherlands and Luxembourg)

Combining the markets of Belgium and Netherlands alone makes this region's market size right behind France in terms of current and projected security spend (IDC 2018). Additionally, the area is logistically very easy to access from the U.K. (just over a 1-hour flight).

A nation built on trading, the Netherlands provides a high concentration of large enterprise accounts (including 15 of the Fortune Global 500) all typically in or within an hour of Amsterdam.

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Considering the Nordics (Denmark, Finland, Iceland, Norway and Sweden)

The Nordic region may be of great and increasing interest to U.S. companies as they map out their growth strategy.

Combing Denmark, Finland, Norway and Sweden shows a market spend of $USD 670M in 2017 escalating to $896M in 2022. Furthermore, the countries in this region have a history of being early adopters. Denmark, Sweden and Finland have the most advanced digital economies in the EU according to the annual Digital Economy and Society Index (DESI).[4] (Norway is also advanced but not a member state of the EU).

Furthermore, Forbes rates Sweden as #2 on its list of Best Countries for Business, citing its "open and competitive economy." Denmark (#7), Finland (#13), and Norway (#15) are all in the top 20 (Iceland is 26).

Target English language-based accounts first

Overall, we would recommend an approach of targeted accounts for France, Benelux and Nordics focusing on the multinationals who are used to English language-based tooling before considering a more formal entry strategy with resources on the ground.

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[4] The Digital Economy and Society Index (DESI)

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Considering CEE (Central and Eastern Europe)

While not a priority Core or Near Core market, there are some details worth noting about the CEE market.

The fourth largest market in Europe is a combination of Poland, Czech, Slovakia, Hungary and the Baltics normally called Central and Eastern Europe (CEE). Notably, this is a fast-growing market and many Western European organizations have Security Operation Centers (SOCs) and development teams based here due to access to cyber talent at lower costs. Still, the Enterprise market is overall less mature with smaller budgets and fewer enterprise companies.
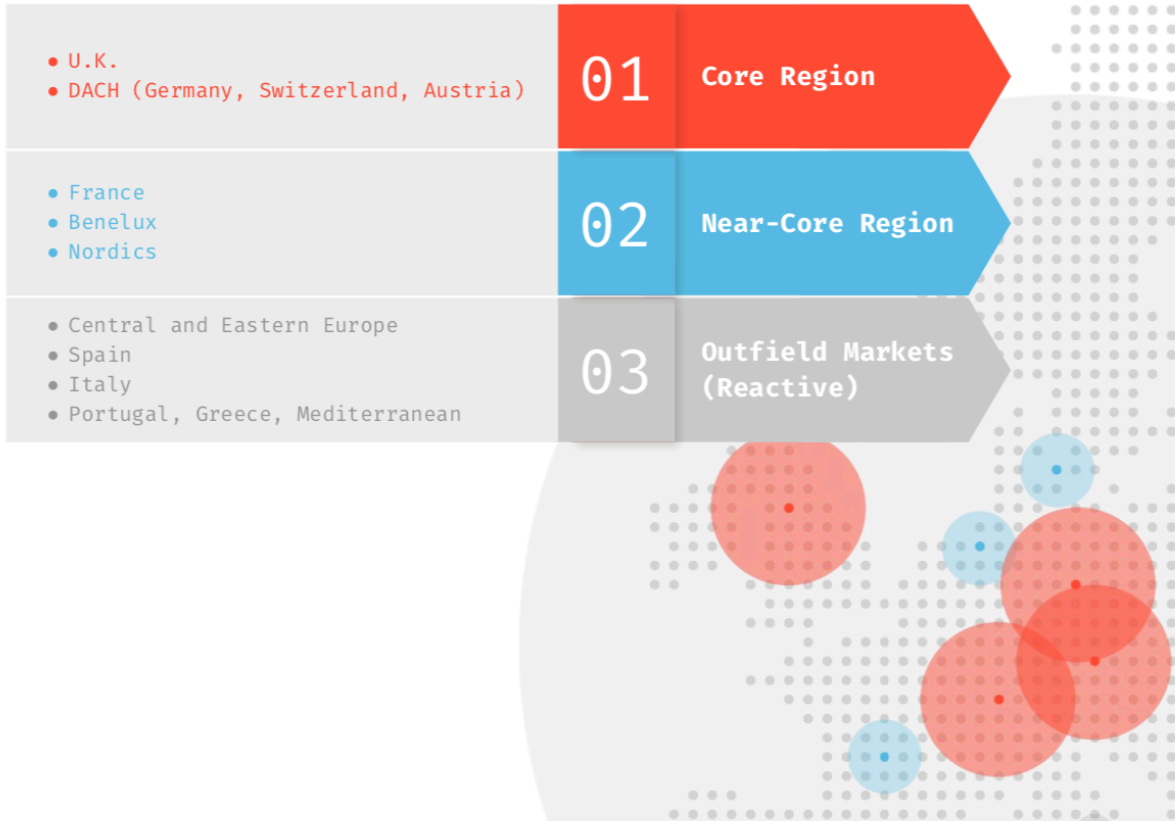
Ten Eleven would recommend that the CEE would be a market to consider further on in your journey as an "Outfield Market."

Map your markets

At Ten Eleven, we advocate for a clearly articulated strategy of Core, Near Core, and Outfield regions. Ensuring that your team is clear on not only your geographic priorities, but also the thinking behind them, is critical.

Below is one suggested approach, although the map of any one company would vary given its specific considerations.

Table 2 Ten Eleven's core, near core, and outfield markets

• U.K. • DACH (Germany, Switzerland, Austria)	**01**	**Core Region**
• France • Benelux • Nordics	**02**	**Near-Core Region**
• Central and Eastern Europe • Spain • Italy • Portugal, Greece, Mediterranean	**03**	**Outfield Markets (Reactive)**

Furthermore, we recommend when your company does start progressing beyond your Core into Near Core markets, consider a regional setup like a classic U.S. model of West / Central / East and Federal teams. For example, a common model for major European countries would be:

- *Northern Europe* - UK, Ireland, Nordics, Benelux
- *DACH* - Germany, Austria, Switzerland
- *Southern Europe* - France, Spain, Italy
- *Central & Eastern Europe* - Poland, Czech, Slovakia, Hungary, Baltics

BOOTS ON THE GROUND

"If you think it's expensive to hire a professional, wait until you hire an amateur."
— *Red Adair*

A classic U.S. expansion strategy is to prioritize building local sales teams into one big city after another, for example prioritizing those cities with an NFL team. (The NFL team acts as a marker for cities big enough to justify having a sales force in.) Unfortunately, when it comes to Europe, the approach must be more nuanced. An exceptional and entrepreneurial leader must be at the helm to guide the company through the intricacies of entering new kinds of markets, followed by the right talent in various supporting roles.

Culture is also critical. As you build your European presence, make sure you are building a united but additive branch of your company. You need to keep the core values, mission and message aligned - while staying flexible enough to account for market nuances.

First, a fearless leader

Your choice in who to hire to lead your company's European expansion is critical to ensuring your success. This individual will be your key representation in the territory and your first impression to thousands of new potential customers. This hire can accelerate your business objectives — or stop them in their tracks. Finally, this person will be working far away, in another time zone. The executive team back in the U.S. needs to be able to sleep at night, knowing that that the best resource is preparing the groundwork for the company's long-term success in the region.

What qualities are of most consequence to success? At Ten Eleven, we advise founders to prioritize the following when hiring someone to lead the charge:

- *An entrepreneur's gritty and determined DNA.* Think back to your early days, when you had just secured funding or were winning your initial customers. You must find someone who can work with the same perseverance that was required at that point in time.
- *Market makers.* If you are genuinely defining a new market, be sure to hire a leader who has a demonstrated ability to take pioneering technology to market. In our experience, there is a major difference in the attitude and skillset necessary to sell a product in a defined category versus an emerging category.

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- *A strong cultural fit.* This is also extremely important for a distributed team. A strong cultural fit will help ameliorate differences or misunderstandings spurred by distance and the stress of the new challenges ahead.

Considering experience levels

When it comes to experience levels, we typically see three types considered by companies looking to expand into Europe:

- *Experienced sellers* — minimum 5 years of experience

- *Emerging leaders* - minimum 10 years of experience, with potential to grow into first leadership role

- *Experienced leaders* - demonstrated ability to successfully launch and build a business in Europe for U.S. companies (ideally multiple times)

Overall, we usually recommend an experienced leader if you can find one — having someone in the role who has tackled such territory before will save a lot of headaches and "coaching time" by the U.S. executive team. If you cannot find a leader with this kind of experience, allocate time and budget to providing the sales team with the kind of coaching and support he or she will surely need in this challenging role.

An experienced leader will have already "grazed his (or her) knees" and will thus understand the challenges of the task ahead. This person will have built up an extensive network of

senior executives, both with end users and channels. The best candidate will also be able to quickly onboard proven talent to help scale the operation. The experienced leader will have both a hunter mentality and the ability to plan, understanding marketing, press and analyst relations, channels, alliances, regulation and the nuances of each sub region. Hiring an experienced leader known in the market will also generate press coverage, quickly announcing to clients and competitors that you have arrived in Europe.

More junior sellers will require coaching and mentoring. Your company needs to be realistic if there is the time to give a junior seller this kind of guidance and support. If coaching is required, it may be prudent to work with a local expert for a period to help mentor your new hire on the ground.

When interviewing your first hire, be sure to ask for and follow up on at least two end-user references to whom your candidate has sold before. This should be an easy ask for any experienced leader and will give you good insight into not only the individual's approach but also the strength of his or her rolodex.

The following chart helps summarize why we believe that an experienced leader is a worthwhile hire when entering Europe.

Table 3 Anticipated skills / Assets by sales leader's experience level

	Experienced Leader	Emerging Leader	Experienced Seller
End User Rolodex	✓ ✓ ✓	✓ ✓	✓
Hunter	✓	✓	✓
Channel Rolodex	✓ ✓ ✓	✓ ✓	✓
Hiring Network	✓ ✓ ✓	✓	✓ ✓ ✓
Planning Skills	Independent	Coaching	Coaching
Marketing Skills	Independent	Coaching	Coaching
Analyst Relations	✓ ✓ ✓	-	-
Alliances / Biz Dev	✓ ✓ ✓	-	-
Regulations / Drivers	✓ ✓ ✓	✓ ✓	✓
Near Core / Outfield Mkt Experience	✓ ✓ ✓	✓	-

Filling in the troops

Once your first key hire is in place, you can begin filling out the rest of your team. At this point, keep your customer's journey in mind and hire along this path. It may make sense to take time to draw out this process first, and then imagine the types of people that would best facilitate the journey for your customer along each stage.

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Table 4 **Value hiring** along the customer journey

DISCOVERY	DEFINITION	DELIVERY	REALIZATION
• Early on, you can lean on corporate HQ and local agencies for marketing	• Sales leader	• Initially, you can lean on corporate HQ for professional services	• Customer success personnel in local time zones
• Focus on PR, events to build noise	• U.K. sales	• Get local experts onboard as your earliest customers come in	
• Hire your own marketing talent as soon as possible	• Sales engineer		
	• Business development / lead development rep		
	• Channel sales		

Adapted in part from Sales Motions in the Cloud and SaaS Customer Journey

While priority is dependent on your sales model, we have listed some role-specific considerations below. In general, it is a good idea to hire individuals who have demonstrated (or you believe will demonstrate) the ability to scale the function itself as the company grows.

- *U.K. Sales* — Shortly after hiring your leader, look to put a dedicated seller into the U.K. This person can free up the leader to start focusing on winning lighthouse accounts in Near Core markets. Look for a competent seller who can hold a technical discussion at a reasonable level, avoiding too many "four legged" meetings.

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- **Sales Engineer** – *A critical h*ire. An experienced Sales Engineer will bring existing *trusted relationships and the ability to sell technical and complex solutions. The working dynamic with the other sales hires is key as they need to be able to read each other well when client facing and will spend a lot of joint time on the road.*

- *Business Development / Lead Development Rep* – Although the U.S. team may be able to provide some coverage at first (or it may be outsourced to a local agency), it will ultimately be very important to have a dedicated resource owning the lead development process. This hire should have a proven ability to target accounts from scratch, as well as follow up company-generated leads.

- *Channel Sales* – Depending on the importance of channel to your strategy, prioritizing this hire may be key. A good channel person will be a lead generation engine and own the recruitment and enablement of your partners.

- *Professional Services* – Although initially you may be able to lean on the U.S. head office, as the team gets traction a local expert will be required. This will ensure that lighthouse accounts and channel partners have the company's technology optimally deployed. In the early stages, this hire can also provide additional support to the sales engineer.

- *Marketing* – Traditionally the marketing hire is quite a way down the list. We recommend that the U.S. marketing

leader work in conjunction with an in-market agency to support the local needs. However, if your company is defining a new market category it may make sense to prioritize this role. We have seen great success hiring a more senior European marketing leader with expertise in the full marketing mix, earlier rather than later, working closely with the U.S. head office.

- *Customer Success* — As soon as you start winning your lighthouse accounts, clients will quickly ask for support hours in the European time zones. Adding additional shifts to the U.S. team may be a temporary solution, but when you reach 10+ clients we would recommend that a local representative be in place.

Compensation

Salary ranges for different European roles may be different than those for comparable roles in the U.S. Please see Appendix A for sample salary ranges for each role.

Delay back office staff

Until you have a European team of at least 15 people, it should be possible to provide operational and office management support from the U.S. headquarters. This keeps overhead at a minimum.

Setting up for success

Overall, we believe that team success will come by remembering a few tenets:

- *Experience matters* — Hire a strategic, experienced leader (as budgets allow) who is still able to get tactical in the early days and generate revenue

- *Support the customer journey* — as your customer count increases, hire strong individuals who can help customers along the way

- Have empathy for your new teammates — *a comfortable office space, even in a co-working company, and palatable check in times can go a long way. Ensure your new* co-workers enjoy a reasonable amount of autonomy and decision-making power, so that they feel they can be productive each and every day.

Winning lighthouse customers

"Get closer than ever to your customers. So close that you tell them what they need well before they realize it themselves."
- Steve Jobs

Your new European team will have many opportunities to win customers. However, it is brutal focus that will best enable early wins. Furthermore, focusing on finding and nurturing close relationships with "lighthouse customers" will pay the greatest dividends.

Light-what customers?

What are lighthouse customers, and why are they key to your success? Lighthouse customers will be your closest relationships and greatest allies in this new territory. They will have a particular need for your technology so that you can help them dramatically succeed in their mission. However, they will also be seen as leaders amongst their peers, highly respected in the local market for the excellence of their cyber estate and have a culture and history of innovation and early adoption. When they tell their friends that your company has helped them, those friends will listen.

Lighthouse customers will take a substantial investment to cultivate — requiring a high touch approach from all key members of your company — but the relationship you build with them will be fruitful in multiple ways. Not only will they become part of your "reference bench," but these companies help shape your technology, allowing you to validate and adapt for any nuances particular to the European market.

"Early days" energy and expectations are required

Don't make the mistake that other U.S. companies have made before you: freshly entering the European market with the same steady pace as the company takes in North America. When entering Europe for the first time, your European leadership must be bold and indefatigable. The same hunger and scrappiness that was used to secure lighthouse accounts in the U.S. for the first time, way back when, is required again now. Your natural reaction will be to judge your European business based on the current velocity of the U.S. market — instead, think about reversing your lens to two years earlier when you were at the critical earlier stage of your journey in the U.S.

Call on existing U.S. relationships first

An excellent first "win" for your European team, as well as a clever way to nurture a lighthouse customer, is for your European leadership to develop a relationship with any existing customers in the territory that were previously

serviced by the U.S.-based team. These customers will be delighted that the company is investing in an in-market team, so the first call is quite easy. With the right touch, you will develop an invested advocate: one who can be part of your reference bench or even a seminar or roundtable partner, introducing you to new clients firsthand. Treat them well in return, ensuring they get close attention from all functional groups with executive sponsorship.

There are additional ways to leverage your U.S. team as well. For example, make sure your European team knows to reach out to your U.S. team for referrals and references. Your European team can also canvas your investors and your network of advisors (including those accessible via your investors) for leads.

Key verticals and regulatory trends can give powerful clues on where to look next

Once you have shored up relationships with existing customers in European markets, you can begin mapping out your target lighthouse accounts. As you might in the U.S., look to key verticals who have high spend on cyber (classically Finance and Insurance) as well as those considered "Critical National Infrastructure." Also, look for a culture of innovation. Many of the large banks have built cyber innovation labs ran by teams with members often in the U.S., U.K., and Israel looking for next-generation technology.

Your team must stay updated on regulatory trends. New regulations may impact where you look for lighthouse customers. Paying attention to these new laws can give your European leadership excellent clues in where to best look for lighthouse customers.

Your company needs to have a comprehensive understanding of the myriad of regulatory frameworks that drive cyber spending in Europe. Most notable are the European Union's Global Data Protection Regulation (GDPR) and the directive on security of network and information systems (NIS Directive).

The NIS Directive was the first piece of "E.U.-wide" legislation on cybersecurity. It provides legal measures to boost the overall level of cybersecurity in the E.U. The European Parliament adopted it on July 6, 2016. Member states had to transpose the directive into national laws by May 9, 2018 and identify OES (Operators of Essential Services) by November 9, 2018.[9] Table 5 provides a snapshot of this regulation.

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[9] For the latest on GDPR and NIS Directives, visit:
https://ec.europa.eu/digital-single-market/en/network-and-information-security-nis-directive
https://europa.eu/european-union/abouteuropa/privacy-policy_en
https://www.gov.uk/government/collections/nis-directive-and-nis-regulations-2018
https://www.gov.uk/government/publications/guide-to-the-general-data-protection-regulation

Table 5   What is an OES?

Objectives

To improve national cyber security capabilities.

For OES to take "appropriate and proportionate" security measures, and notify relevant competent authorities of serious incidents.

To increase co-operation between EU member states.

What is an OES?

There are critical business sectors that, if services were disrupted, would have a profound impact on the society or the economy. The NIS Regulations aims to bolster cyber security to improve the network and information security across these sectors.

The NIS Regulations list the following sectors of OES:

Energy   Transport   Digital infrastructure   Healthcare   Water

From NIS Directive and Regulations

Notably, transport (listed as one of the five critical business sectors in the model above) has been an increasing target for cybercriminals. According to the IBM X Force Threat Intelligence Index, this sector (which hadn't even made the top 5 sectors in previous years) become the second most attacked sector in 2019, after financial services. Transport companies hold valuable customer data, payment card information, PII, and loyalty reward accounts. Because of its great need and its lack of expertise, transport currently stands out as an interesting sector in which to look for lighthouse customers.

Use what you have to get what you need

While your European expansion effort will take a freshly invigorated entrepreneurial spirit, leverage existing assets will be of great benefit, including any European accounts formally serviced by the U.S. team as mentioned previously.

Build on your company's existing strengths by leveraging relationships that have started in the U.S. Cultivate your team's knowledge of regulation in order to see new opportunities and potential clients in need.

Finally, be prepared to be flexible on commercial terms. Ultimately you need to build your foundation of reference-able European lighthouse customers to ignite your push into additional markets.

DEVELOPING CHANNELS

"No man will make a great leader who wants to do it all himself, or to get all the credit for doing it."
- *Andrew Carnegie*

To be successful in Europe, you will need a robust channel strategy. A successful channel strategy can augment your European sales reach, plugging any gaps you may be experiencing and giving you extended sales reach. This section focuses on some of the elements needed in your channel program as well as examples of fully mature/comprehensive programs.
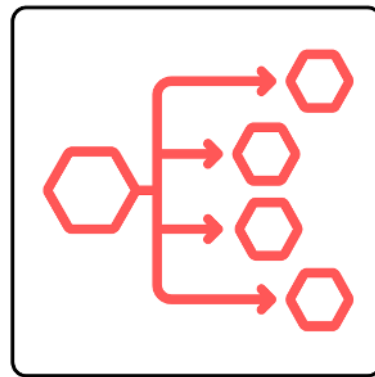
It may be your first experience with channel partners

Our experience has shown that for some companies, the North American channel program may still be in early stages even while the company is concurrently working on its European expansion. If this is where you are as well, know that you are in good company!

Your channel strategy will change over time

Your channel program will be dynamic. You will need to adjust your program over time based on your evolving capability to

deliver and expand. At each given point in time, consider the optimum blend of partners that best suits your stage of development and desired economics.

In your first twelve months, start with a single-tier strategy. At this point, you are focused on signing key lighthouse accounts, so a handful of focused partners should be enough to help you achieve this goal.

After a year (or you have secured the aforementioned key lighthouse accounts), you can consider expanding to a two-tier strategy (e.g., adding distributors). This "portfolio approach" is helpful because different types of partners can bring different strengths to the table.

Channel partners come in a variety of flavors (consulting partners, integration partners, boutique partners, volume players) and you will need to find the type(s) that works best for you.

Different types of partners have distinct advantages and disadvantages. For example, boutique partners may be quicker to set up a relationship with and more "hands-on" generally, but they will also likely have a more limited customer base. Larger partners will help raise brand awareness among more companies but will expect you do to most of the work in progressing a prospect to close.

Prioritize alignment when selecting channel partners

Your partners are an extension of your go-to-market strategy. So, when selecting partners, alignment is key. Top areas of consideration include:

1. *They have access to your target market* – *Are their customers the right fit for your offering? How quickly can they introduce you to key prospects / target accounts? Do they have the right level connections you need? For example, if you are targeting government accounts, do their staff have the right level of clearances?*

2. *They understand your technology* – *Do they have experience in your domain? Are they existing partners for complimentary technologies? For example, if your technology is complimentary to SIEM providers, consider talking to the premium partners for the top 3 SIEM players.*

3. They can generate the leads you need – *What is their track record on lead generation? Do they have pull in the market? Often you will find partners that run regular events or roadshows on new and innovative solutions. These could be a great starter program for introducing your company to the European market.*

4. *You respect their sales team* – *Do they have a strong sales and telemarketing function?*

5. *They have needed technical skills* — Do they have trusted relationships throughout the pre/post and professional services functions?

6. *You share the same values* — Do they have a pedigree of taking innovative new technology to market? Who are their poster children of proven examples? Do they have a strong financial credit rating and business ethics?

7. *You have established a trusted relationship with the partner principal* — You will need to have access to the principal of the partner to ensure full buy in and work together on a clear business plan with agreed activity and revenue goals.

Structuring the partnership

In our experience, no matter what type of partner you choose, we would recommend you structure a value-based model with accreditation levels and discounts based on the commitment and results the partners achieve for you. You will not have the same "deal" with all partners — it depends what you a specific partner are both bringing to the table.

The higher the effort and results of the partner, the more the partner can be compensated. If, however, it is your team that does most of the heavy lifting (finding the opportunity, delivering the proof of concept, closing the deal), then the economics should reflect that. In this case, a fulfillment margin (5-10%) should be applied.

Get your "must have" program components in place early

Be prepared: it can be competitive to establish the right channel relationships, as these partners have a variety of vendors and products they can choose to represent. You can improve your odds of success by getting some basic elements of a channel program in place early. The following elements are the important "minimum" components to have in place for you to have an efficient and successful relationship with your channel partner:

- Partner Program appropriate branding (Boutique VARs, Corporate, SIs etc) — Typically, a program will have 3 tiers — a basic, intermediate and advanced level of partner with increased levels of commitment and expectations on both sides — Bronze / Silver/ Gold or Authorized / Select / Elite are common models.

- Deal registration process — This is a key component and can initially be a simple email form with core qualification information for you to confirm that a partner has identified a new opportunity for you, and you should therefore offer protection margin against other partners competing.

- Sales enablement content/certification — Enable partners so they can spot and qualify an opportunity for your technology. Nonetheless, encourage your channel partner to bring you in for first meetings (including product

overview). Their best learning will come from seeing this exchange, live and in front of prospects.

- Technical enablement content/certification — Your pre-sales team should own the relationship with their peers within the channel and ensure they are competent in both demonstrating and deploying your solution. In the early stages, focus on pipeline development skills. Make sure you are confident that your partner can conduct a product demo at a competence level that reflects your brand.

- Marketing funds (co-operative) — Typically, a partner will expect 50/50 funding on specific activities and a contribution for multi-vendor events. Ensure you have allocated funds from your marketing budget for this purpose. You may also want to consider a small percentage of any deals closed to be used for future marketing events.

- Demonstration/NFR licenses (for go-to partners) — Partners will expect access to your product for demonstration purposes and you need to ensure your license agreement and keys are enabled for this purpose.

As the relationship builds, layer in secondary elements

As you expand your partner program (and a minimum from 12 months on) you should have the following:

- *Partner portal* — A dedicated portal containing all assets that a partner needs to do business with you.

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- *Partner promotions* – Off the shelf lead generation campaigns and special programs / incentives are common within the channel.
- *Partner business plan template* – In early stages you can create these ad hoc but you should have a more formal template as you mature with clear sections for a comprehensive business plan including KPIs and revenue goals.
- PR function or messaging to pass to partner PR/marketing teams – Your marketing functions including PR should produce every asset with a lens of how it can be leveraged by your channel partners.

On the following page, we have supplied a snapshot of a highly mature, tiered channel program.

Table 6   **Example of a Highly Mature Channel Program**

Partner Program Benefits	Bronze*	Silver*	Gold*
Value Based Discounts			
Tiered discounts based on partner level	◆	◆	◆
Additional Discounts via deal registration	◆	◆	◆
Channel Account Manager		◆	◆
Eligible for Partner Advisory Council		◆	◆
Sales Support			
Access to Partner Portal	◆	◆	◆
Sales tools and competitive information	◆	◆	◆
Partner Update email and newsletter subscription	◆	◆	◆
Online Sales Starter Kit	◆	◆	◆
Lead Sharing via Partner Portal		◆	◆
Partner Certificate		◆	◆
Welcome Kit		◆	◆
Marketing Support			
Online Marketing tools	◆	◆	◆
Vendor partner and company logo usage	◆	◆	◆
Eligible for co-marketing support (MDF)		◆	◆
Customer Case Study Program / Excellence award		◆	◆
Eligible to participate in channel promotion and SPIFs	◆	◆	◆
Training and Education			
Sales and Product training webcasts	◆	◆	◆
Access to online sales and technical training	◆	◆	◆
Access to hands-on technical training courses	◆	◆	◆
Access to deployment training and certification		◆	◆
Technical Support			
Local Sales Engineer Support		◆	◆
No-cost NFR demo system	◆	◆	◆
Discounts on products for internal use	◆	◆	◆
Access to technical support for demo / eval	◆	◆	◆
Eligible for beta program		◆	◆
Access to online support database		◆	◆
Program Requirements			
Quarterly marketing activity		◆	◆
Online technical sales certification		◆	◆
Hands-on technical sales certification			◆
Deployment certification			◆
Annual revenue target			◆
Quarterly business plan			◆

*Or equivalent

In short, your European channel strategy will be a crucial part of your European success and quite possibly could shape your global channel program.

Be sure to work with a highly focused group of select partners in the early stages that can help launch you into the market and achieve your shorter-term revenue goals. Remember, multiple cyber vendors (potentially, your competitors) will be continually courting channel partners - have your core assets in place to win these relationships and enable these partners to work the hardest for your products.

ESTABLISHING CORPORATE APIS

"The journey of a thousand miles begins with a single step."

— *Lao Tzo*

The team in Europe, your first field office, will require active support from and linkages to the home team. All functional groups at HQ will be involved in support via their own linkages. In this way, expanding to Europe will involve the creation a set of "Corporate APIs" – a set of programs that is codified at HQ and used to integrate and accelerate each international field office as it opens, while also maintaining a critical tie to the home office. In this way, entering Europe is a crucial first step in developing the blueprint that will lead you towards global expansion.

Ideally, these Corporate APIs will provide enough support and structure out of the box to enable the new field office while also offering enough flexibility it can "customize" to local tastes and preferences. The Corporate APIs must

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include elements of marketing, people operations / cultural, technical support, and finance/legal — any corporate function that is needed to support the new office and those to come, especially in its early days before the field office is able to bring on additional resources.

As Europe will be your company's first international expansion, it will also be a test. There will be many lessons learned in how to best support a field office. These lessons can be used to improve the Corporate APIs. Once developed and perfected, the Corporate APIs can be applied to additional markets as the company pursues a truly global presence.

Developing a marketing API

As you enter Europe, a strategic marketing plan will be necessary to build your brand and capture early mindshare from prospects. Your company is likely relatively unknown to European prospects. To gain traction, you will need to budget for a full marketing mix, including PR, event, localized content/sales enablement, and digital marketing. The way you enter Europe from a marketing perspective will lay the groundwork for how you enter other markets going forward.

Structure your marketing team so that your U.S. headquarters delivers global branding and messaging while the local European team has the flexibility to adjust to their market

needs. You will be able to follow this structure for other international markets as you expand beyond Europe.

In terms of resources, you may contract with a local freelancer to help with your initial marketing push. That said, as mentioned in the "Boots on the Ground" section, we have seen great success with portfolio companies who hired a senior marketer as early as possible — particularly when defining a new market. Hiring a high-profile individual tells the market you have arrived, giving the company a PR boost. This person will have a broad marketing skill set and be easily able to interact with the U.S. marketing group across various functions.

Localize public relations

Take the time to create a Europe-specific launch plan, creating buzz on your company entering the market. It has been our experience that PR must be local. Although your U.S. agency may profess to have a global practice, you should hire a local PR agency with a proven history of launching and taking new cyber companies to market. We would recommend starting with a smaller, focused agency and are happy to provide recommendations.

A seasoned European leader will have had media training and be well known to key journalists. If you have hired someone more junior, you may need to leverage spokespeople from the U.S.

Tailor content and sales collateral for new audiences

You will likely need some budget for adjusting certain content and sales collateral. When building your lighthouse account strategy, the creation of European case studies with well-known logos will be crucial. As you progress beyond the U.K. market you will also need to factor in localization of marketing assets and sales enablement tools. The initial priority would be on datasheets, with white papers added later. You should have a mini launch plan for each market you enter – again, think local and appoint a local PR agency as needed.

In some cases, corporate communications teams may be reluctant to publicly document their use of your cyber tool in a case study. However, these same companies may be fine with their corporate users talking at events and/or speaking on webinars. You may find success by focusing on a joint webinar or panel first, and then suggesting creating an asset for the event. This is a softer approach than a typical case study.

Make your presence known at key events

There are a multitude of events to choose from in Europe. The nearest equivalent of RSA in San Francisco is Infosec in London held annually in June. CISO round tables and technology specific seminars are also an effective route to prospects.

If your technology is more enterprise focused, we would recommend considering attending the regional events such as

- *ISSA (Information Systems Security Association),*
- *[SINET London](#) (Security Innovation Network),* and
- *[ISF](#) (Information Security Forum* – originally called the European Security Forum. This organization is now global. Major enterprises pay to join. They have strong European chapters and their annual congress has proved to be a generative event for portfolio companies.)

As you enter additional markets, use your networks to discover the right local events with which to best establish presence.

Tune up digital marketing efforts for local markets

Don't overlook the importance of digital marketing. Today, prospects do a lot of online research and are less open to outbound calls. It could be argued that the CISO network today is mostly referral-based and that if you don't have the relationships already, it will be hard to get traction. Therefore, you must ensure your digital marketing (content, social media, and organic and paid search) is built up from corporate messaging but tailored to your European target markets. Have local business development reps in place to ensure timely follow up.

We believe that taking time to get the elements of brand and marketing right will go a long way in setting up your organization up to compete and win at a global level. Hire people who are passionate about your mission, work to create a healthy and mutually beneficial relationship with them and give them the tools they need to spread your message.

Developing a people ops and culture API

We believe having a physical presence sets the field office up for success and would recommend beginning with an instant, serviced office from a provider such as Regus or WeWork (both are present in all major European cities). As your team grows, you can expand your space within the facility. This is certainly a "must-have" within the first 6 months of your first hire.

As you build out your first field office, be sure to take the time to consider how you will bring key elements of your corporate culture into the field office, including how you will communicate your POV and values. This starts with aligned leadership. Again, hire for cultural fit and passion for your mission — someone who is aligned with the culture and passion at HQ will be best equipped to bring that same approach to the job elsewhere. As Peter Drucker said, "Culture eats strategy for breakfast."

While there will always be a natural "sub-culture" outside of any U.S. headquarters, your European leader is the local

ambassador for your company values. He or she must espouse the qualities you want to see lived and breathed in your company.

Notably, building an integrated corporate cultural must be a two-way street. It is as important to listen and react to the perspective and values of those in your field office as it is to "instill" those from HQ.

Oftentimes symbols of your company's history in the office (conference room names, decorative elements that speak to milestones or key wins) can be useful, as are passing on traditions that have become significant to the company over time (birthdays, company founding dates, intramural sports team sponsorships, etc.) Establishing these symbols and traditions in your first field office will help you as you continue to expand over time.

If there are meaningful traditions or events at HQ, consider flying team members from the first (and subsequent) field offices in to experience them. Again, this can help keep the corporate culture API well "installed" in other locations.

Keeping the team connected / prioritizing internal comms

In our experience, keeping the distributed team connected is critical. It only becomes more so the bigger the company grows. Building strong, consistent communication habits with your workforce will pay great dividends. To stay connected,

make regular communication a priority and as easy as possible for all. You may need to adjust your internal meeting cadence to include the European team at reasonable times. Invest in high quality speaker phones and use video calls whenever possible in order to enhance connections, benefit from reading body language, and generally keep participants fully engaged in the content of the call. Having a regular check-in at a time that is possible for your European leadership will ensure the consistent and engaged participation. East Coast-based teams may have a big advantage here.

Invest time building relationships with your new teammates and nurture them often. You will want to fly new hires to the U.S. headquarters for onboarding and afterwards maintain a strong cadence of joint initiatives and visits from the U.S. Your European leader should visit the U.S. headquarters regularly (on a quarterly basis at the least). This should continue for regional leaders who come on subsequently as well. There are many technology tools that this individual can use to keep people on the same page including Slack, Microsoft Teams and others, but in-person visits offer a unique opportunity to forge connections.

You may also wish to have an early conversation about how much decision-making authority your European leadership team has. Rapid growth may be best enabled with reasonable autonomy

for these individuals and avoiding multiple back and forth discussions on non-strategic decisions.

Consider giving a HQ marketing team responsibility for heading up internal comms. As new marketing messages are developed and released, it may make sense to appoint multiple communications ambassadors in field offices to spread the word on new initiatives.

Developing a technical support API

Members of the first field office (and all offices after that) should readily know who they can to reach out to and depend upon should technical issues arise. This is a key API that will help make the staff at field offices feel productive and less frustrated as they tackle the new markets before them. Make sure there is an easy 24/7 resource (even if outsourced and/or outsourced locally) so that they can remain committed and focused on doing their best work.

Make sure your field office team members can easily access the resources they need via shared folders or an intranet that makes files easy to find and accessible. Collaborative, cloud-based documents and presentations can also be helpful.

Developing a finance and legal API

Your first office in Europe will tend to rely very heavily on the home office for finance functional support. There

will, however, be local nuances that will require partnership with a regional expert. The finance team will have to determine what practices they can best pass on and where they will need to partner. Also, as discussed earlier in this paper, there may need to be some flexibility of terms as lighthouse customers are developed in each market. Deciding where to leverage existing core capabilities (budgeting, forecasting, invoicing) and where to work together to understand localized nuances of the business (compensation, tax planning, equity planning, pricing, invoicing, differences in necessary marketing funds) will be key.

There will be legal and organization API considerations as well. A traditional model would be to have a foreign entity (in this first case, potentially a U.K. Limited Company) for payroll and financing the operation. You may use the U.K. Limited Company as a holding company for other subsidiaries as you enter additional markets. However, orders and invoicing should be maintained via the U.S., as it is standard practice for channel partners to place orders in US$ and you may need to show some flexibility if there are major currency fluctuations.

As you move into new markets, there will also be differences in how compensation and equity is structured. A core reason for many to join an early stage company entering the

European market is for a higher stock option grant compared to the lower risk of a more established organization. Proven talent will know the risks and rewards. In the U.K., we recommend setting up an [Enterprise Management Incentive](#) (EMI) if your company has assets of £30 million or less. This is a tax-efficient scheme for you to grant shares to your U.K. employees. The right talent will expect this to be in place (setup costs are approximately $6-10K).

Similarly, there will be unique legal resources necessary to supporting employees in your field office. There are specialized law firms that can support your US office in understanding the regulatory environment of the new offices, specialists in helping U.S. companies with their first entity in Europe. The Ten Eleven team is happy to make recommendations.

Be prepared to spend for good advice on finance, tax and employment law. When building your plan for expansion, we recommend taking a minimum two-year initial view on your new market set up. You will have up front initial costs and it will take time to gain traction. (You may want to tailor the compensation plan for in-market senior hires accordingly. They will understand it will take time to get to cash flow positive.)

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Final thoughts

We hope that the information imparted above, the result of many years of our work in the industry, will assist you in your conquest of the European market. Below we have complied a final checklist summarizing our thoughts.

Table 7 Planning to Win in Europe

Mapping Out Markets	Putting Boots On The Ground	Winning Lighthouse Customers	Developing Channels	Developing Corporate APIs
• Decide what will be your Core, Near-Core and Outfield Markets • Target messaging and approach to the nuances of each market • Stay disciplined, focused on accounts in the Core before moving to Near-Core • Develop a regional staffing strategy once you have secured accounts in Core and Near-Core	• Hire a culturally-aligned leader with experience (or be prepared to support a less experienced leader) • Fill out the rest of your team with your customer's journey in mind • Create a winning culture with the right mix of connection to and independence from HQ • Structure compensation that will motivate your team	• Shore up relationships with existing customers in European markets • Use existing accounts as references • Map out your target lighthouse accounts in target-rich industries • Track regulation • Stay entrepreneurial and opportunistic when securing first accounts	• Build internal capabilities required of the channel partner • Qualify and select initial partners for first 12 months while securing lighthouse accounts • After Year 1, build additional distribution • Structure deals with channel partners that adequately represent and compensate for the effort taken by each side	• Develop marketing API that integrates global perspective with local nuance • Develop human resources API that is inclusive of local needs • Develop technical support API that enables and empowers teams • Develop finance API that facilitates the work of field offices

The Ten Eleven team sincerely hopes that this paper will help guide your North American cybersecurity company on a successful growth journey into Europe. We would be happy to discuss your questions at any time. The team also has extensive experience helping cybersecurity companies from outside the U.S. expand into the U.S. via our network. Regardless of the growth path you are on, we would be pleased to discuss your plans and see how we can be most helpful.

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APPENDIX A: SALARY ESTIMATES

Role	Low OTE	Medium OTE	High OTE	Spilt	Car Allowance	Other
Experienced Field Sales (minimum 5 years) – — *Salaries relate to Enterprise Sales rather than Mid-Market*	£120k-£180k	£150k-£200k	£200k-£240k	50/50	£6k-£10k pa	Stock/RSU, pension, healthcare, life insurance
Emerging leaders - minimum 10 years' experience, with potential to grow into — *Salaries relate to "player / Coach"* — *There may need to be larger stock incentive*	£180k-£200k	£200k-£240k	£250k-£260k	50/50 or 60/40	£6k - £10k pa	Stock/RSU, pension, healthcare, life insurance
Experienced leaders - demonstrated ability to successfully launch and build a business in Europe for U.S. companies (ideally multiple times)	£220k-£300k	£250k-£400k	£350k £500k	50/50 or 60/40 or 70/30	£8k -£12k pa	All about the equity share
Lead Development Rep / Business Development Rep — *Salaries vary greatly from company to company, Good, SDR's can command great package*	£30k - £45k	£50k – £55k	£60k - £70k	70/30 or 80/20	N/A	Stock/RSU, pension, healthcare, life insurance
Pre-Sales Engineer — *Salaries remain stable although some vendors are "buying" strong es*	£70k-£100k	£110k - £130k	£130k-£150k	70/30 or 80/20	£6k - £10k pa	Stock/RSU, pension, healthcare, life insurance
Channel Sales Manager — *Low end would relate to U.K. only…EMEA Exp increases salary significantly. Splits do vary and typically U.S. companies would rather 50/50 split so OTE would increase*	£100k-£120k	£150k - £180k	£200k	60/40	£6k - £10k pa	Stock/RSU, pension, healthcare, life insurance
Professional Services (deployment focus) — *Post sales implementation consultants…On boarding come from Support background*	£60k	£80k	£100k-£110k	80/20 or 90/10	£6k - £10k pa	Stock/RSU, pension, healthcare, life insurance
Customer Success (support focus)	£40k - £50k	£60k – £80k	£80k - £100k	80/20 or 90/10	N/A	Stock/RSU, pension, healthcare, life insurance
Marketing Manager — *Region would play a big part on salary. Low U.K. only - High EMEA*	£60k - £70k	£100k	£130k - £140k	90/10	£6k - £10k pa	Stock/RSU, pension, healthcare, life insurance
Internal sales / Mid-market / SMB	£80k	£90k	£110k	50/50	N/A	Stock/RSU, pension, healthcare, life insurance