

How Finnish Growth Companies go abroad with focus on the Netherlands

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A study on how Finnish Growth companies go abroad
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supported by Skip Red, the GTM Advisory firm



About the report

Assessing appetite for international growth and focus on Holland

How do Finnish growth firms approach international growth after Covid? We surveyed over 100 growth firms from Finland to find out, and with the help of regional business hubs in Finland the survey was spread widely. We collected data by surveys and interviews from company representatives and business hub specialists to get a full picture of top issues in internationalization for Finnish Growth companies.

As the study was conducted from the Netherlands, we also took a look at the view of the Dutch market. In the report we answer these key questions:

- 1 What markets are Finnish companies interested in and why?
- 2 What methods and support is needed for international growth?
- 3 What is the view on the Netherlands as potential target country?

Key Findings



01 Finland too small

The main reason for cross-border expansion is to capture a more significant market share. The Finnish market is considered too small to compete internationally. Many companies felt the local market was saturated.

02 Proximity and similarity

Finnish companies choose to expand mainly into similar and closer markets. Market size matters, but Finnish companies are aware of their limited resources. Quick entry and quick results are desired. Common culture or language access are appreciated.

03 Partners and support

Finnish companies seem to balance risk and reward when entering new markets. Perhaps that is why the most common way to enter new markets for Finnish growth companies is by entering partnerships with resellers. Lack of market knowledge is seen as the biggest risk for failure. Support is needed to open doors / create business contacts and in the operational aspects of market entry.

04 Holland a quick win

The Netherlands, Finland's third trade nation, is seen as a good market to enter. The usage of English as a language, the connected nature of the Dutch business landscape and the similar culture are seen as very positive. Many respondents mentioned successful market entries of other Finnish companies in the Netherlands as examples of ease of doing business.

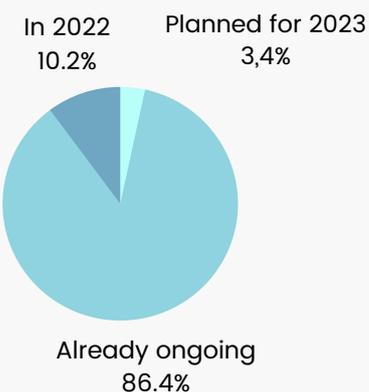
Ambition and prudence



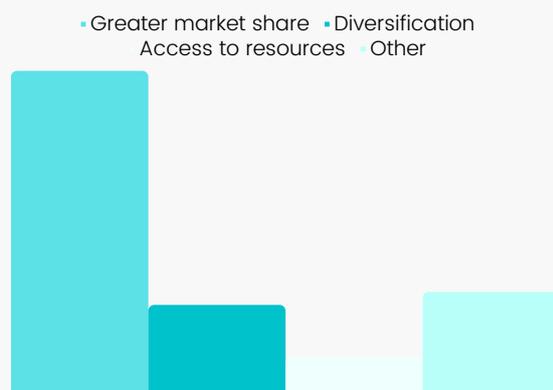
International expansion on everyone's agenda

All respondents and interviewees answered that international expansion was on their agenda, either ongoing, short term or mid term. The clear reason was to expand market share beyond the local market.

Timeframe for international expansion



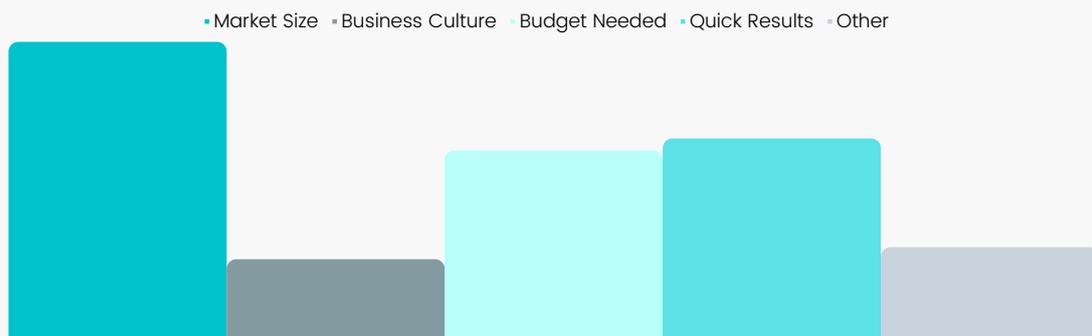
Key reason to expand abroad



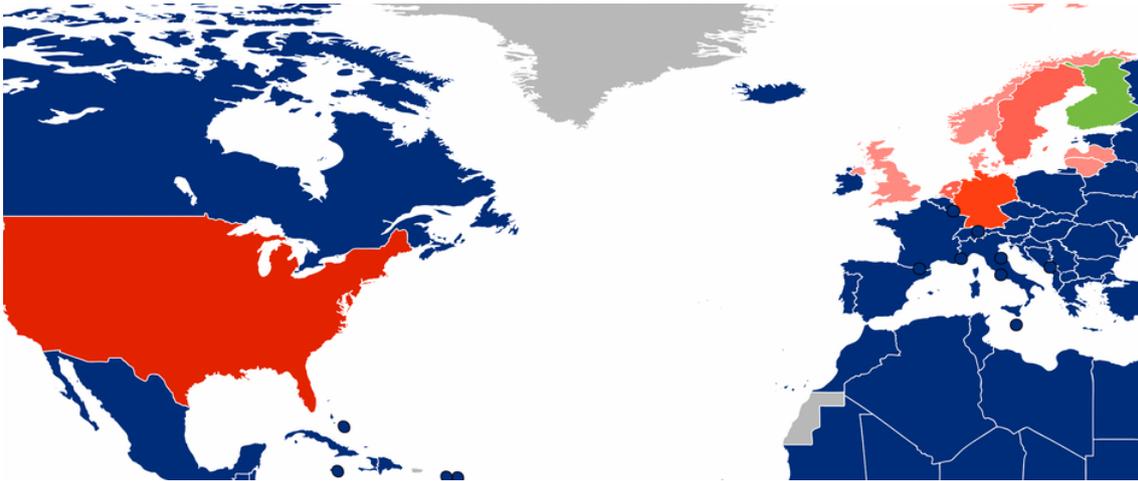
Finns balance risk and reward in market entry

When asked what they find most important when picking a target market, we learned that the companies appear to weigh the effort to enter a market with the potential results.

What do you take into consideration when considering a new market?



Target Markets



EUROPE IS THE DOMINANT TARGET REGION

"Our primary market is the whole of Europe" respondent

Finnish companies mainly choose to expand to similar or familiar markets in North-Western Europe and the United States. Unsurprisingly Germany with 24% and Sweden with 14% are the most popular markets in Europe. Moreover, companies are attracted to the big US market, with 19% of respondents stating their interest to operate in the market. Netherlands makes up the 3rd target market in Europe, followed by the Baltics and Denmark/Norway. Other countries mentioned were: France, China, Austria, Canada, Poland, Hungary and Singapore.

"its about Risks. Europe is a domestic market, so it's nice to sell the first systems there. If something doesn't work, it's easy to hop on a plane or drive a car and fix the situation. In other markets, the first step is different." respondent

COMPANIES TRY TO BE REALISTIC IN THEIR EXPANSION PLANNING

Many companies expressed their reservations or limitations in their own capabilities. Several answers, especially from smaller companies, were related to budget constraints and other shortfalls in their own abilities.

"As a small startup/scale-up company has it's our own resources rather that are more restrictive than market factors like size or attractiveness. Developing own capabilities to operate in that market and finding suitable partners will bring quick results and market share." respondent

Most companies see the USA as their final destination market, but foresee a growth path towards that goal. Hence, Sweden is often picked as the first target market. From there, a larger market in Europe is considered. Some companies go straight to Germany or the UK, others choose strategically for a mid-market such as the Netherlands, that is 3,5 times larger than the Finnish market.

EXPANSION PLANS CAN BE DRIVEN BY THE BUSINESS THE COMPANY RUNS

Some respondents had a very clear expansion routes that were related to the nature of the business they were in. We found that those respondents could articulate their specific needs and incorporated that in their international expansion planning.

Strategy

Most Finnish Growth Companies strive for quick wins in market entry. They hedge their effort by either leveraging partners or significant market scanning and validation.

Approach

01 PLANNING

Internationalization seems to be part of the overall business planning of growth companies, and part of most business plans

02 VALIDATION

Most respondents first enter a round of market research and market validation before decisions are made. These might include market visits and initial contacts

03 PARTNER

Finding a reseller partner is a key component of the expansion strategy for Finnish Growth Companies. Quick entry, less risk and leveraging market knowledge are reasons mentioned.

04 PRESENCE

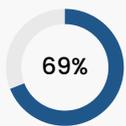
After initial success, most growth companies envision local presence in the form of a local team. However, some companies relied on export managers from Finland or left it to the local partner



Netherlands as target market

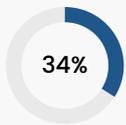
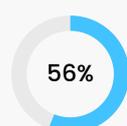
“An international market, and friendly towards the cloud service industry”
Respondent

What makes the Netherlands an interesting market for Finnish growth companies?
We asked the respondents if they agreed with the claims made by the Dutch Government about the Netherlands as a target market.



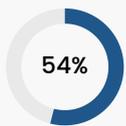
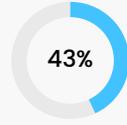
International The Netherlands is very internationally oriented which will help us in reaching our international goal moving forward

Network As the Netherlands is Finland's 3rd trade partner, there is a good network that can be leveraged to grow your business in the Netherlands



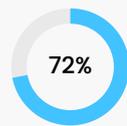
Open The Dutch market has an open and welcoming business culture, where the Dutch government is supporting foreign market entrants

Launchpad The Netherlands is compact, close and its market is 3,5 times larger than the Finnish market. A great initial market to launch your international expansion from



Easy The Dutch are eager to do business, and easy to get on with. They have a positive view of Finnish products and services.

Similar The Dutch and the Finns are culturally aligned and it is easy to speak English with them



Support



What help do Finnish growth companies need?

We asked what support is needed when Finnish growth companies enter new markets. Most need some support in understanding the business dynamics in the market in some way. Here are the support needs most mentioned:



Market Access and first contacts

Easy entry, door-opening, networking, support to make the first relevant business contacts to position our products or services



Market understanding

Solid market understanding and market validation beyond the desk research. Understanding the market dynamics, opportunities and market differences compared to our home market



Finance and Legal support

Services that relate to setting up a legal entity, hiring personnel, financial matters, bookkeeping, and local business regulations

"We want results fast and we believe that understanding the market is the key to it"

"In creating market understanding, primary research (access to the customer interface) is at the center. Reading market reports alone is not enough"

"Local expertise is valuable"

Learn more?

SkipRed, your partner in the Netherlands

If you want to learn more about the study, or discuss your specific business possibilities in the Netherlands or the Benelux area, feel free to reach out to our team. We supported over 50 Finnish companies in the Netherlands, and we would be more than happy share our experience and discuss the Dutch market with you.



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