

# The Little Gold Book

European Expansion  
& Hiring for SaaS Firms



INTRINSIC  
EXECUTIVE SEARCH



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## **A Guide to European Expansion & Hiring for SaaS Firms**

For North American SaaS companies looking to expand outside of the Americas, the UK and Europe offer a huge opportunity to grow a business in a rich and diverse market place with huge potential. Most successful North American software companies with international operations average 30% of global revenues originating from international markets, often with Europe taking the lion share of that revenue. Whether your SaaS business is in the early stages of development or is perhaps more established, Europe provides a mature market opportunity and is often one of the most important milestones for many SaaS leaders that wish to go global.

This little book has been designed to assist SaaS Executives as they plan their expansion or start up in the UK and Europe.

# The Leadership Team of Intrinsic Executive Search

## Paul French

Paul was a founding member of Hall Kinion UK, (Nasdaq – HAKI) and started his Executive Search career in 1995 and in 1996 was part of the start-up team of Hall Kinion Europe. The European operations specialized in placing Vice President, Director, Senior Sales, Pre-Sales and Marketing individuals on behalf of Enterprise, SaaS and eCommerce vendors growing across Europe.



Paul continues to recruit for North American and European SaaS companies utilizing his 20 years of international Executive Search expertise and often works with VC funded software companies, mid-caps and corporates seeking to expand into new international territories or expand or enhance their existing teams.

Paul is passionate about boats and all things nautical!

## Ben Watkins

Ben has 20 years' Headhunting expertise on behalf of high growth North American / European Enterprise SaaS companies across the UK, France, Benelux, Germany and the Nordics and co-founded Intrinsic Executive Search with Paul



French in 2006. Ben specializes in the placement of Senior Commercial Leaders, specifically for emerging SaaS firms and often in new geographies.

Ben specialises in helping SaaS firms source their European based commercial Leaders, for instance, Managing Director, General Manager, Chief Revenue Officer and VP Sales positions, as well as first person in territory.

Ben holds a BA Degree in Business Studies and Modern Languages and studied a BTS at L'IPAC, Annecy, France. Ben is passionate about sport, specifically soccer!

## Darrell Rosenstein

Darrell is based in Seattle and is one of the most respected Executive Headhunters in the North American software market. Having held a glowing career at Robert Half, Darrell joined Hall Kinion and won numerous accolades for exceptional performance.



In more recent years Darrell has focussed in the Martech and eCommerce sectors supporting SaaS vendors hire in the top 5% talent pool. When he is not working, Darrell can be found messing about on the water or fishing!

# Europe: An Overview

Europe is divided into approximately 50 sovereign countries with 750 million people. Europe is a rich and diverse collection of countries with multiple languages and cultures. You can fly across Europe in about 4 hours. Imagine that – access to so much diversity in a short plane flight!

In 1957, the modern day European Union (EU) was created when 6 European countries joined to form the EEC (European Economic Community) and establish a customs union. Since then, the EU as it is now known has grown in numbers and power with further countries wishing to join the club.

**NOTE:** The European Union does not include every country in Europe. There are strict rules and membership criteria that a country needs to adhere to before they can be considered for membership but generally these can be categorized as democracy, rule of law, human rights and respect of minority groups.

## European Union: Fast Facts

- Population: 512 million
- GDP: \$22 trillion
- Per Capita: \$43,000
- Currency: Euro (although a few countries still use their own currency)
- Capital: Brussels
- Largest Cities: London and Paris
- 28 Member States
- 24 languages but 250 are spoken overall
- English is the language of the SaaS / Tech sector in Europe

There is no doubt that the EU is a complex environment and offers the SaaS firm a huge opportunity in a diverse and tech savvy market.

Many SaaS companies make mistakes when entering or building out their European operations. With such a densely packed geography, steeped in history and diversity, the nuances of each country and their people is fascinating and indeed relevant to understand when considering how to approach this continent.

With 28 member states there are 28 business environments and each one is different, some subtly and others hugely. Intrinsic Executive

Search and our partners can help you navigate this complex but deeply rewarding environment and the following is a brief guide to key points for the 5 most likely countries that a US SaaS firm might encounter.



# Key Points, Country by Country, for SaaS Firms Scaling, Setting up and Hiring in Europe

## United Kingdom

1. Brexit is a hot topic at the moment and has created some uncertainty but the economy continues to grow and the tech scene is hot
2. The UK is America's closest ally and is the most common and obvious first point of call when setting up in Europe as it serves as a convenient springboard to the EMEA markets
3. Most EU SaaS executives will take a call from a UK head-hunter as they appreciate there is a close relationship between the UK and USA and this often means that the UK head-hunter has hot opportunities on offer from US SaaS firms
4. The UK whilst an Island is connected to the continent via the channel tunnel meaning that one can take a train to Paris in just over 2 hours and Brussels in under 2 hours
5. Culturally, the UK and the USA, whilst different in numerous ways have common shared values with common language and business culture
6. Between 2012 and 2016, total technology investment in the UK reached £28bn, as much as France, Germany and the Netherlands combined
7. Work ethic and attitudes are similar and the UK has possibly some of the least challenging barriers to setting up in Europe

8. The UK has the closest time zone to the USA in Europe
9. The most common locations for SaaS firms to set-up offices after London include Reading, Bracknell & Maidenhead (Thames Valley region). This area is the UK "Silicon Valley" and is densely populated with North American tech firms
10. Nowhere in the UK is far away. This is a very small land mass!
11. It is legally required to put an employment contract in place in the UK outlining the terms of the employee's duties, compensation, benefits, grievance and disciplinary procedures, and termination requirements
12. England and Wales celebrate 8 public holidays
13. There is a maximum of 48 hours per week, averaged over 17 weeks but often it is common to opt out of this
14. Full-time employees are entitled to 28 days of paid vacation per year (including public holidays)
15. Employer taxes on stock option gains in the United Kingdom requires careful consideration
16. Termination of employment needs care to ensure that an employer is inside the law. In the UK / Europe generally employment is NOT "at will" as in the USA
17. The average notice period is 30 days, but for more senior Executives, 90 days is common

## Germany

1. Germany has approximately 3 times the land mass of the UK and has the highest GDP in Europe
2. Germany is a graveyard of failed tech ventures from other countries. This has left some German tech executives with a tarnished view and so it is critical, more than in any other European country, to run a "clean" hiring campaign
3. The majority of high quality German candidates will be interviewing you with great care indeed!

4. Generally, German Executives appreciate great attention to detail in all business dealings
5. Unlike the UK, there is no 1 true centre of tech activity in Germany. The numerous cities are much smaller and tech firms are often based in one of several locations. Germany is well served with a well functioning rail service
6. Berlin is the centre for the digital scene whereas Frankfurt features for Fintech and Financial services. Munich, in the south has a broad mix of SaaS firms
7. Getting a business set up in Germany can be a challenging experience and specific localised advice is clearly critical
8. It is a legal requirement to have a locally compliant employment contract that clearly and concisely details all compensation, benefits, and termination requirements
9. Employee working hours should not exceed 8 hours per day and 48 hours per week
10. German law provides for 20 days of vacation for a five-day working week. Generally most full-time employees receive 25 to 30 days of vacation time per year in Germany and this is true for SaaS companies
11. Termination of employment in Germany is complex and depends on the length of employment. Professional legal advice in this area must always be sought so as to not fall foul of the law
12. Germany has 9 national public holidays plus additional public holidays that vary on a state by state basis

### **Netherlands**

1. The Dutch speak very good English with close cultural alignment to the UK and also the USA
2. Generally considered to be entrepreneurial, the Dutch are direct and to the point
3. The Netherlands is a very small landmass with the highest population density in Europe

4. Amsterdam and close by cities and environs are where most tech firms are based
5. Road traffic is a problem with highly congested roads
6. Employment contracts must specify all terms and conditions of employment such as employee's full compensation including base salary and bonus, benefits, length of the contract and all other salient details
7. The average working week may not exceed 48 hours in a 16-consecutive week period
8. Full time employees receive 24 days holiday per year with 10 public holidays in a year
9. In the Netherlands, the employer is required to contribute 6.65% (2017) of the employee's base salary towards the Healthcare Insurance Act. This is called Zorgverzekeringswet
10. All Netherlands based residents and workers must by law subscribe to at least the most basic healthcare insurance

11. Employment severance in the Netherlands is a complex subject and must be carefully considered with due legal procedure
12. Employers need to make solid provision for employee benefits in the Netherlands. A figure in the region of 20%-25% should be considered
13. The general cost of motoring in the Netherlands is reckoned to be high and the cost of running a car is an important consideration for most SaaS Executives when negotiating a package. Healthy car allowances as well as rates per mile for fuel will be necessary to attract candidates

### **Sweden**

1. Sweden is often considered to be the most important Scandinavian / Nordic country to have a presence in for a SaaS business
2. Sweden is located so that it's easy to fly to any other Scandinavian country with ease

3. An interesting point is that the south of the country is connected by a rail bridge with Denmark
4. Sweden does not use the Euro, instead has retained its own currency, the Krona
5. The standard of spoken English is exceptional
6. In Sweden, SaaS Executives are generally far more measured and reserved when considering new employment opportunities. Counter offers are the norm and hiring cycles can be lengthy
7. Employment contracts in Sweden must specify all terms and conditions of employment such as employee's full compensation including base salary and bonus, benefits, length of the contract and all other salient details
8. The working week is 40 hours. Employment law suggests workers are entitled to 11 hours off in-between working days. Further, workers are entitled to 36 hours of rest time during each seven-day period
9. 25 days of paid annual leave per year, and additional leave can be agreed to with employers. There are 13 public holidays
10. Most workers will take the month of June or July off when the country appears to shut-down. Work life balance is a critical component of life for most Swedes and the US company must consider this fact carefully when attracting talent and setting up in Sweden
11. The common notice period to terminate a job is 90 days although this can often be negotiated
12. Tax rates and social service rates are high in Sweden with both local and foreign employers having to make contributions for social insurances
13. Maternity leave in Sweden is lengthy with parents entitled to up to 16 months off

## France

1. France is linked to the UK by the channel tunnel, meaning that a train ride from Paris to London can take only 2 hours
2. France is reckoned to have the most onerous employment laws in the EU. This is underpinned by a strong trade union culture. Under no circumstances should the US SaaS business enter this market without careful planning and professional advice on matters relating to tax, HR and company law
3. It is critical to ensure that a careful eye for detail is kept on all aspects of hiring and HR in France to ensure that you do not fall foul of the law, which is weighted in the favour of the employee. A US centric approach in France will not work and will be costly
4. France has a strong and healthy homegrown SaaS / software industry that serves the domestic and international market. The French are very patriotic generally and this has helped to strengthen their SaaS market
5. A typical working week in France is 35 hours but legally in France, a working week may not on average exceed 44 hours over a 12 week period
6. Employment contracts must specify all terms and conditions of employment such as employee's full compensation including base salary and bonus, benefits, length of the contract and all other salient details
7. Employees are entitled to 25 days plus 10 national public holidays
8. Social security contributions for an employer to pay per employee amount to approximately 45% of the gross salary, while the employee pays approximately 20%
9. There are signs that France may be beginning to be more business friendly to the employer but it remains a challenging country in which to conduct business

# Salary Level Guide: Enterprise SaaS Employers

The following data represents our feedback based on the current values of basic salary in the European Enterprise SaaS market place. There can be variations in the salary levels mentioned below by as much +/- 10% depending on factors such as vertical market focus, company size & growth.

The basic salaries below DO NOT include car allowance / car or other benefits such as pensions and health insurances. The chart below represents SaaS firms that target their Senior Sales Executives with a quota in the region of circa \$1 million, with an average deal size of \$250k. The size of the target and deal size can affect the size of base salary. For instance, a lower target and deal size may reduce the base salary.

	SENIOR SALES	CUSTOMER SUCCESS EXECUTIVE	COUNTRY MANAGER	VP SALES	VP EMEA
UK	£90K / £180K OTE	£90K + Bonus	£125K / £250K OTE	£150K / £300K OTE	£200K / £400K OTE
Germany	€90K / €180K OTE	€90K + Bonus	€135K / €270K OTE	€160K / €320K OTE	€200K / €400K OTE
France	€85K / €170K OTE	€80K + Bonus	€120K / €240K OTE	€140K / €280K OTE	€175K / €350K OTE
Netherlands	€90K / €180K OTE	€85K + Bonus	€120K / €240K OTE	€140K / €280K OTE	€180K / €360K OTE
Sweden	€95K / €180K OTE	€90K + Bonus	€125K / €250K OTE	€150K / €300K OTE	€200K / €400K OTE

## Definitions:

### Country Manager

A country or region with up to 10 reports

### VP Sales

Running European teams of around 25 - 100 individuals

### VP EMEA

Running larger teams in Europe of around 100+ people or General Management responsibility

### Customer Success Executive

Individual, non-manager, benefits on top

## Who are Intrinsic Executive Search?

Founded in the UK in 2006 with an extensive network in the UK, EMEA and the USA, Intrinsic Executive Search is a leading boutique Executive Search firm specializing in the Pan-European Headhunting of VP, Director, Senior Sales, Pre-Sales, Marketing and Board level personnel for SaaS firms.

Since 1996, the Directors of Intrinsic Executive Search have closely worked with multiple small, mid sized, VC backed and start up American software and SaaS vendors, assisting them with their EMEA and US Executive Search plans.

The Intrinsic Executive Search territory includes the UK and Ireland, Benelux, France, Germany, Scandinavia, Switzerland, Southern & Eastern Europe as well as the USA.



**PLEASE NOTE:** This booklet is designed to be a guide only and is not exhaustive. With so many jurisdictions and legal frameworks that are different from country to country, any company seeking to open a business in the EU should seek the advice of a professional firm to support them in all aspects of legal planning, HR, taxation and accounting.

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