Guide:

Budgeting your international expansion

uGlobally

Content

0. Introduction 03

1. Create your international expansion plan 04

A. The internationalization canvas 05

B. Other resources 07

2. Good practices 08

A. Maximum affordable loss 08

B. Validate like a startup 09

C. Set a specific time frame 09

D. Hidden costs 10

E. Expect to pay more 10

3. Common costs of international expansion 11

4. About us 13

Budgeting your international expansion

0. Introduction

This guide was designed to support companies that are looking to expand internationally.

We have summarized the experience acquired by working with +200 companies and structured it straightforwardly so that you can easily implement it within your organization.

With that in mind, this document will help you understand the most important factors to consider when budgeting your international expansion. It will also show you best practices and useful information to decrease your risks throughout the process.

If you still have any questions regarding your expansion, do not hesitate to get in touch with our team.

Thanks for downloading our resources!

Rodrigo Olmedo
Director
rodrigo@uglobally.com
linkedin.com/in/rodrigoeolmedo

Budgeting your international expansion

1. Create your international expansion plan

There is not a one-size-fits-all recipe for success when it comes to international expansion. However, there is a clear one for failure: only following your gut feeling and not planning things carefully.

If you don't create a proper strategy, there are big chances that you will end up **spending way more resources than you should**.

Therefore, the first step to properly budget your international expansion is to take a look inside your organization and answer questions such as:

- What is the reason why you want to expand abroad?
- What resources you have available for your expansion (financial, HR, public instruments, etc)?
- What is your affordable loss for this process?
- What KPIs really matter for your expansion?
- Which countries best fit your goals?
- Which strategy can you use to validate your target markets?
- Among others.

It’s practically impossible to make the right decisions regarding your expansion if you don't have these basic matters covered and aligned with your team.

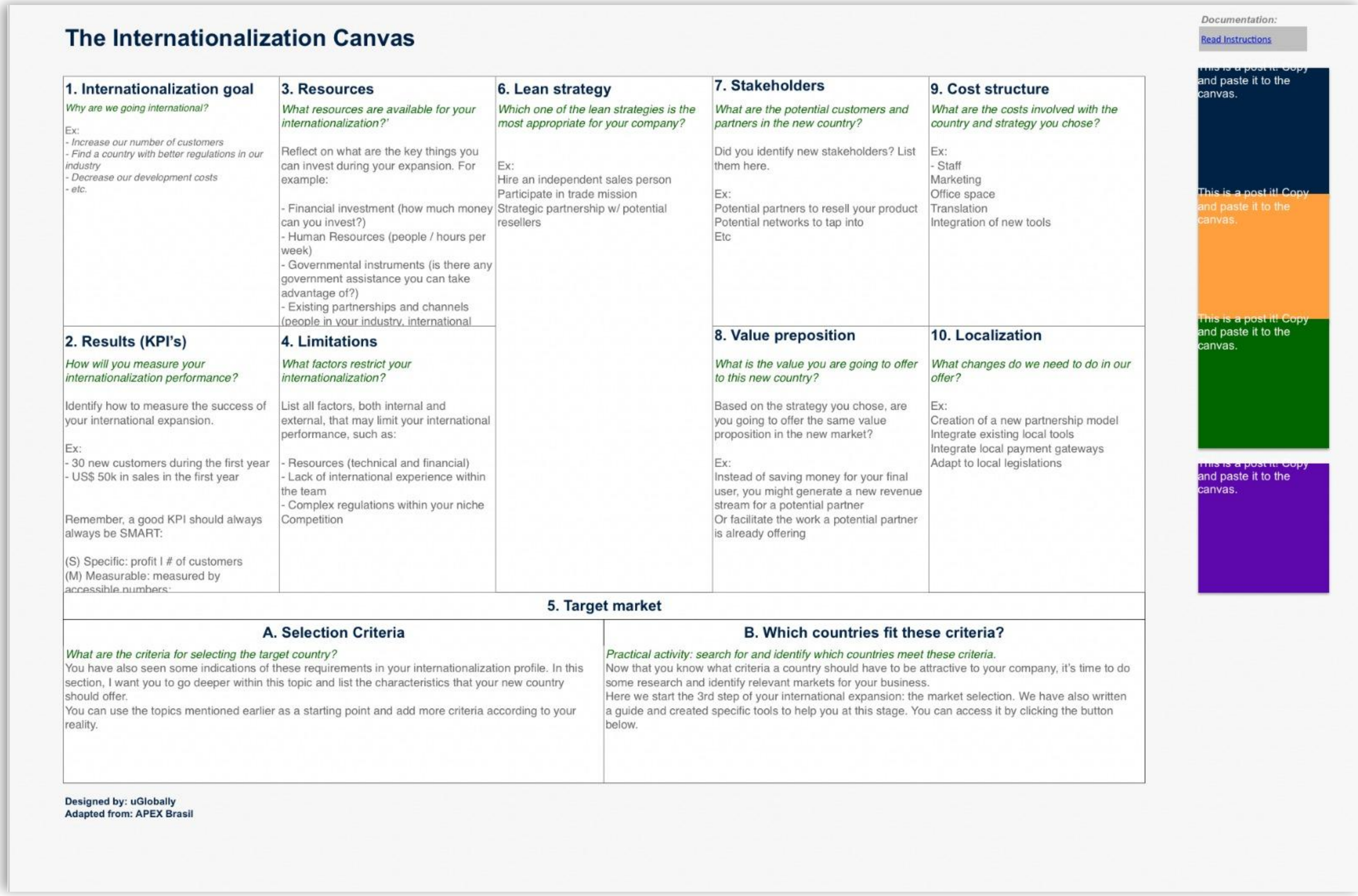
Therefore, **to avoid future mistakes, take the time to go through the document on the next page with your team.**

Budgeting your international expansion

The Internationalization canvas

This canvas was specially developed to help your company create its internationalization strategy.

- The first 4 topics are the main things you should consider within your business before even start thinking about anything else.
- Topics 5A and 5B will guide you in choosing the best country for your international expansion.
- Finally, topics 6 to 10 will help you build a strategy to access this market and validate your hypothesis.

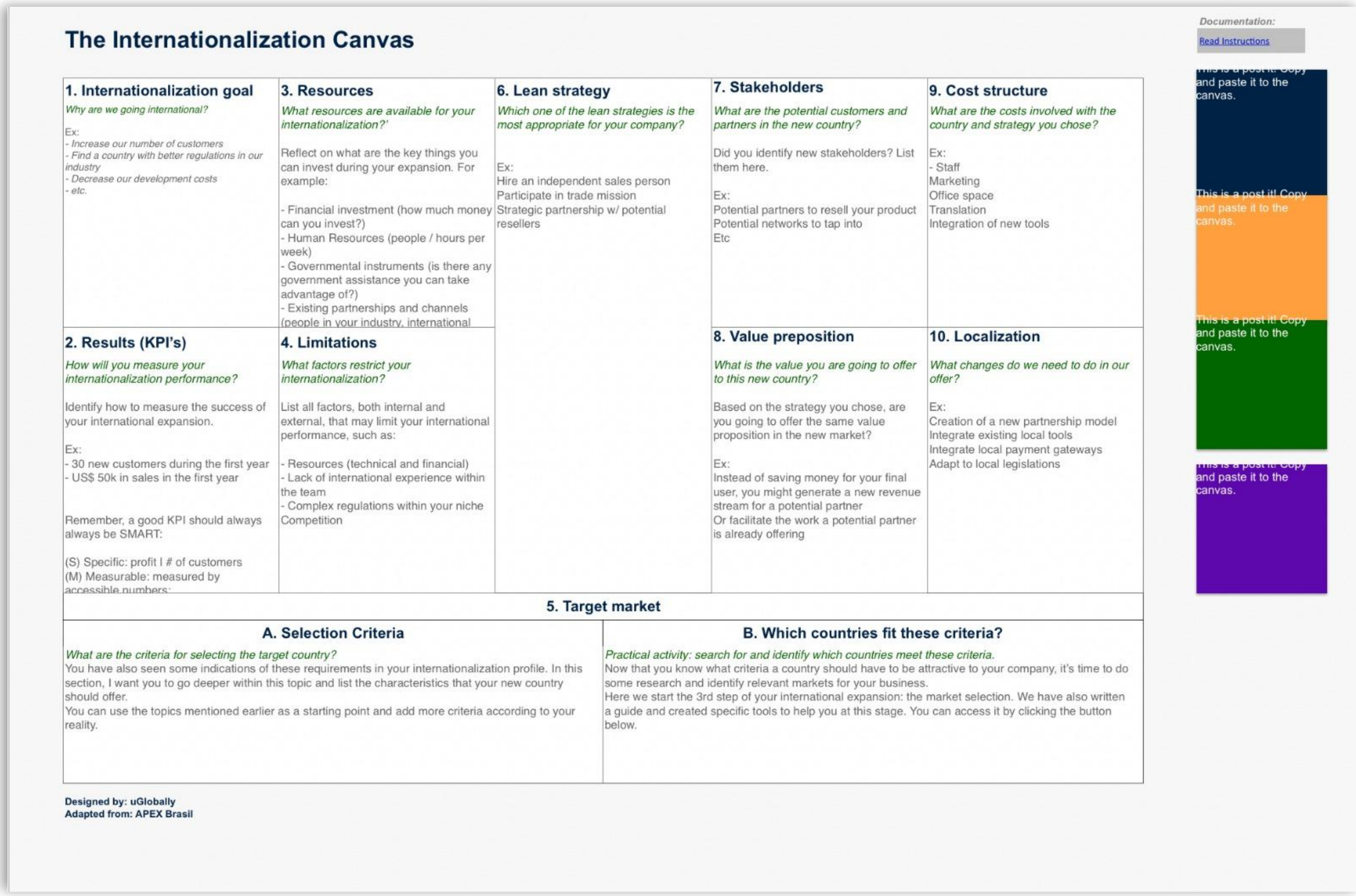


You can download this and other tools by getting access to the go global platform.

Budgeting your international expansion

This is the most fundamental step to succeed with your international expansion. Therefore, do not save time to go through all the topics of the internationalization canvas.

It's crucial to follow the right order to fill this tool. However, you will see that you will keep adapting things as you go further with your analysis. For example, you will probably find new specific resources only after choosing your next market - this is very common and there is no problem with that.



You can download this and other tools by getting access to the go global platform.

Budgeting your international expansion

Other resources

You can also get access to other guides and eBooks on our website.

These resources will give you more details about each step of the internationalization process so that you can better plan your expansion.

Internationalization resources

Free guides and e-books to help you expand internationally

Step-by-step to budget your international expansion

Read more

Guide: how to select international markets

Read more

E-book: Startup Visa Worldwide

Read more

Click here
To access other resources

2. Good practices

A. Set up your maximum affordable loss before creating your strategy

You probably realized that there were two topics about budgets on this canvas: firstly on topic #3 (resources) and later on at topic #9 (Cost structure).

On topic #3, you must establish the maximum amount of money you can spend with this expansion - regardless of the market you choose or the strategy you decide to apply.

This is very important because international expansion is always going to be a risky process, so you also must know the time to pull the plug in case things are not going according to plan.

Following that, it is also important to consider the costs of closure in your worst-case scenario budget. You are obviously not intending to fail with your expansion, but knowing the price and procedures of closure before will also help you avoid bad surprises.

Having a good understanding of these factors is also going to help you optimize your whole strategy, including the cost structure (#9) you will be willing to afford when entering a new market.

2. Good practices

B. Validate like a startup

Startups are famous for following a methodology called the "lean startup". This methodology helps companies validate their product by investing the minimum amount of resources possible.

By following this ideal, entrepreneurs can understand if the market really needs their solution. If it does, the company can properly invest time and money to develop their ideas further.

We highly incentivize you to follow the same concept when starting your international expansion. Instead of implementing a massive plan right away, run a few experiments in the new country and make sure that it is, indeed, a good market for your business.

You can find a few validation strategies on this article - Lean strategies to global expansion: going abroad as a tech company.

C. Set a specific time frame

Your international expansion plan should be planned with a specific time frame in mind - including your budget. It's fundamental to establish clear KPI's and keep track of them on a current basis.

Companies usually follow a 12 - 18 months guideline for that, but it's up to you to adequate your strategy and your timelines according to your company's reality.

2. Good practices

D. Don't underestimate hidden costs

It's common to start budgeting our international expansion based on expenses that your company has in your own country (i.e. staff, marketing, logistics, etc.).

Even though this is a good start, there are many additional factors to take into consideration. On top of your usual expenses, do not forget to consider:

- Exchange rates
- Interest rates
- Inflation rates
- Local obligations (registrations, certifications, HR, real estate, etc.)
- Taxes
- Travels to the new location
- Among others (check page 12).

E. Expect to pay more

It is common that you face unforeseen expenses at some point in your international expansion - especially if you are doing it for the first time. It is part of the learning process.

Therefore, adding some extra budget for unexpected costs is also very important.

3. Common costs of international expansion

After going through the previous topics of this document, you already have a good base start properly budgeting your international expansion. Now, what you need to do is to create a list of all the costs you foresee during this process.

To help you with that, we have created a simple table with some of the most common expenses companies have when going abroad. You can check this table on the next page.

Common costs of international expansion

HR expenses:	Marketing and Sales expenses:
Immigration	Sales materials
Visas	Commissions (sales persons, distribution channels)
Sending home country employees	Paid ads and lead generation (Facebook, Google, PR, etc)
Recruiting costs	Events / Fairs
Employees rights and entitlements	Training
Social security	Market interviews
Insurances (health, unemployment, etc)	**Operational expenses:**
Paid leaves	Incorporation costs
Required allowances (meals, travels, etc)	Taxes (Corporate / VAT / Sales /etc)
Mandatory salary increases and bonuses	Logistics
Payroll services	Closure costs
Travel expenses	Local consulting and service providers (Accountant, Lawyer, HR, etc)
Termination costs & obligations	Real estate
Localization expenses:	Infrastructure
Legal adjustments (Data management, labor, certifications, labelling, marketing, etc.)	Costs to open a bank account
Translation (website, marketing materials, etc)	Import/export duties
Customer support	**Important topics:**
Cultural adaptation	Exchange rate
Costs to create or change features on your product	Inflation
Intellectual property, copyrights, patents, etc.	Interest rates

uGlobally

BUILDING A BORDERLESS WORLD FOR TECH COMPANIES

uGlobally is a team of international entrepreneurs who have a big ambition: break the barriers of internationalization and facilitate international growth for tech companies.

We have combined the experience acquired by working in several projects of international expansion to create unique solutions for tech companies entering new markets.

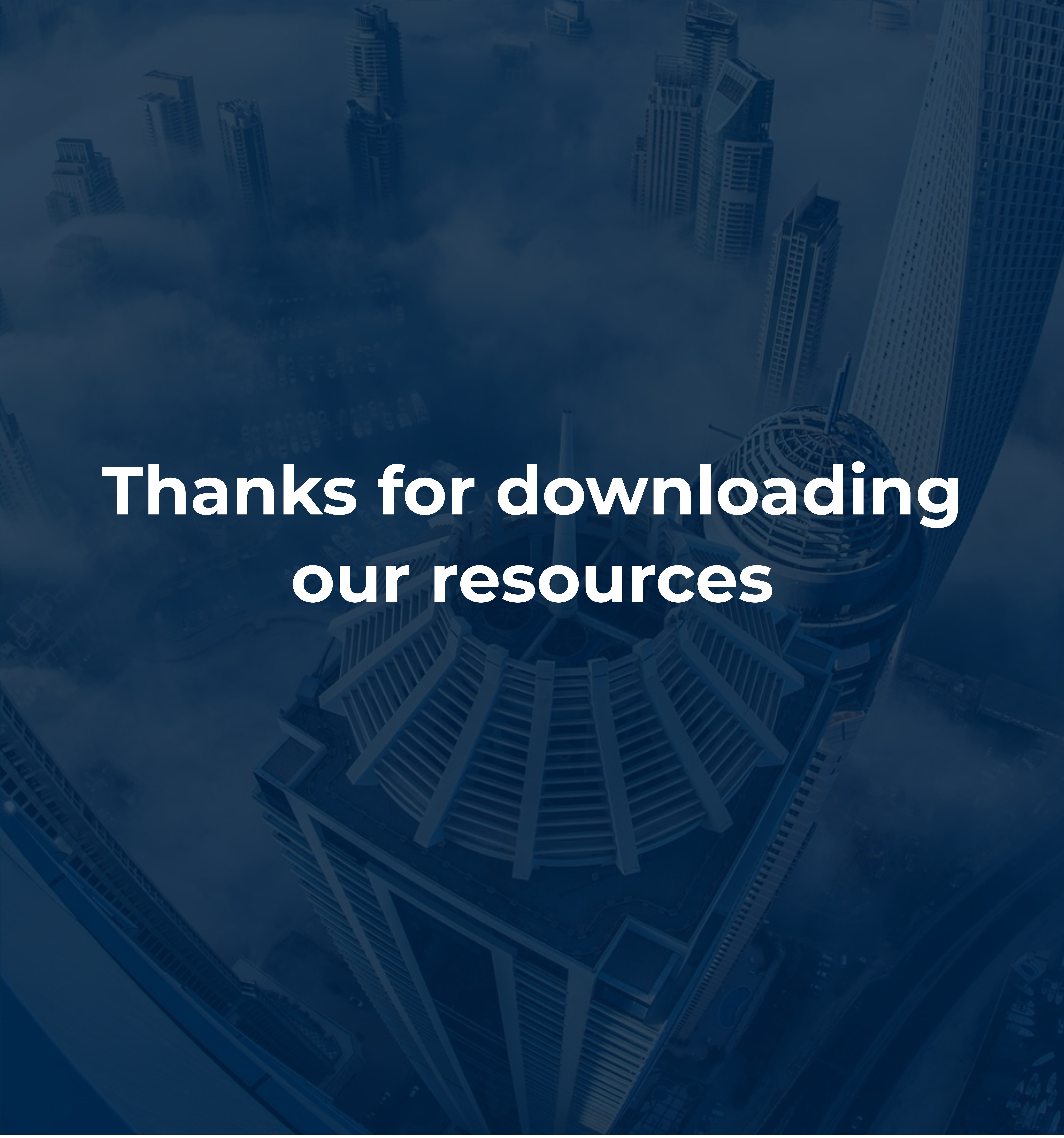
We have adapted the traditional processes of international expansion to the reality of these companies. The result is a faster and more efficient model to enter new markets.

Click here
to get in touch with us

uGlobally

Tools to support your international expansion

- **The Go Global Platform** provides you with different tools to support your expansion.
- **The Global Mentor's Network** helps you validate your business in new countries before committing too many resources.
- **Our list of resources** provides you with clear guidance on how to expand to new markets.



Thanks for downloading our resources

Rodrigo Olmedo
Director
rodrigo@uglobally.com
linkedin.com/in/rodrigoeolmedo

uGlobally