

What to Consider When
**Expanding a Business
to the Netherlands**

INVEST IN
Holland



Table of contents

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Introduction	3
Considerations	
Geographic fit.....	5
Infrastructure availability.....	6
Financial considerations.....	7
Societal impact.....	8
Establishing a workforce.....	9
Quality of life.....	10
Going forward	11
The Invest in Holland network as your partner	12



Introduction

For businesses around the globe, the journey to international expansion entails a lengthy list of considerations. While the investment can be hefty, the rewards are well worth it if the move is orchestrated with strategic intention and careful planning.

For decades, the Netherlands Foreign Investment Agency (NFIA) has been guiding international companies with their expansion ambitions in the Netherlands. Our team understands that foreign investment is not just about tapping into a new market. As the world deals with global challenges, from climate change to geopolitical uncertainty, companies need to be more mindful than ever when planning their next move.

A straightforward strategy is beneficial for companies and countries alike. For companies, it is best to know exactly what they are looking for in a destination. Likewise, potential host nations and cities need to decide what kinds of businesses they want to bring in to benefit their communities and local economy. By articulating the needs and offers on hand, both sides can secure a long-lasting, successful partnership once a business decides where to land.



TOP 5 REASONS TO MOVE INTERNATIONALLY

- New markets
- Fresh talent
- Strategic risk
- Wider network
- Long-term success

When Viasat was looking to open its first continental European office, the company had an extensive list of requirements: excellent digital infrastructure, skilled talent, strong logistics network, access to government officials and plenty of potential partners in both industry and academia. The Netherlands checked all the boxes.

Each company arrives in the Netherlands for its own reasons. For NanoCell Therapeutics, the country's inviting business climate stood out. For Leo Drive the Netherlands' conducive environment for tech companies was one of the top reasons. Water management innovator Desalytics joined the world-renowned Dutch water technology ecosystem to collaborate with leading

experts and organizations in the field. And ClearBank chose the Netherlands for its innovative regulatory regime and thriving fintech ecosystem.

There's no perfect formula for every company but having a framework for how to find the right location is the first step. While considering if a location is the best place to relocate a business internationally, there are six main areas to consider: location, infrastructure, financial incentives, societal impact, workforce and quality of life. These considerations are key to beginning the successful move of an enterprise abroad.



Considerations

Geographic fit

Let's start with the most immediate consideration: location. Before zooming in on a map, location decision-makers need to decide what the priorities are for their business. Does your company need a central location close to target markets? Are you looking for a place that's well-connected to other major business hubs? In most cases and across industries, company executives will answer yes to these questions.

For a business in high-tech manufacturing, for example, it is important to be close to suppliers, distributors and users along the value chain. If there are raw materials or transportation routes vital to the business, it's imperative to take this into consideration. The location needs to be practical and convenient – not only for the company itself but also for other potential partners. For example the central location of Kite's cell therapy manufacturing facility in the Netherlands, will reduce the delivery time to and from treatment centers and patients across Europe.

Resource-rich regions or lively cultural hubs may stand out as obvious choices, but companies need to be sure that a location's latitude and longitude truly mesh with their objectives. The best way to know? Conduct a site visit – physically if possible, or virtually if needed – and team up with the local development agency to understand how the destination will fit your company's needs.



“The [Netherlands] has helped fuel our success in Europe thanks to its proximity to the continent and its ports and waterways connecting us to the rest of the world.”

Niels Boetje
President Cargill Netherlands



Infrastructure availability

Being close to facilities, partners, suppliers and other essential entities is important, but it's equally important to be able to reach them. Understanding the infrastructure of a location will also help clarify whether or not foreign operations are worth establishing there. For example, is there effective, reliable public transit? Are airports, seaports, railways, roads and bridges all a priority for the region? In some places, proactive conversations with local authorities can help improve transportation and land use possibilities in anticipation of a company's relocation or expansion.

As businesses look to innovate and digitalize, a state-of-the-art telecommunications network is also key. Does a region have extensive broadband coverage? Can its digital infrastructure handle mass data transfers? Are there

governmental restrictions to internet freedom that could hinder work functions or quality of life, such that talent may be deterred from relocating?

Companies should also consider the specific types of facilities and the amount of space they will need. Are there warehouses, offices, laboratories and other amenities available? Will there be space to grow or upgrade facilities? Industry clusters like science or innovation parks – of which there are many in the Netherlands – offer unique opportunities to rent office or lab space while tapping into a rich research ecosystem.

“The Netherlands is a great gateway to Europe. It has a digital and physical infrastructure. It also has one of the best internet structures in the world, which means there are a lot of IT companies and startups here. It's a great market and it's a great test market, with a dense population willing to adopt new technologies. Also, everything we sell in Europe and Africa is transported via the Netherlands. It serves as a real logistical hub for us.”

Edward Prinsen
Managing Director Cisco Netherlands

Financial considerations



HIGHLIGHTS

Companies abroad will become part of the local tax system and should be prepared to embrace local banking and other processes that may differ from the company's home country.

No company expands internationally without the goal of generating earnings. Therefore, it is essential to analyze the move from every fiscal angle possible. The last thing a business wants to do is operate in the red following an expansion without hope of returning to the black.

How much will it cost to establish and maintain operations? Renting an office or constructing a production site are substantial investments for any company, so it's pivotal to know what to expect in terms of costs and contract negotiations.

The Netherlands offers a wide tax treaty network, special measures for highly-skilled international workers, and certainty in advance of future tax positions to help companies thrive. The country also actively supports companies engaged in R&D activities through a favorable corporate tax structure and specific incentives to stimulate innovation and sustainable entrepreneurship.

The Dutch Tax Administration understands how important it is for investors to know how tax law will be applied in their specific cases. Therefore, the Dutch Tax Administration is as transparent and accessible as is possible to foreign investors.

Furthermore, it's crucial to assess how economic issues will affect workers. Is there available real estate for a company's employees to find housing? What sorts of labor laws are in place when it comes to new staff? These considerations will help paint the larger picture of a place's financial viability for international expansion.





Societal impact

Along with the bottom line, the global business community is increasingly focused on creating value for society at large, especially when it comes to the environment. Some companies are directly involved in advancing sustainable solutions, such as clean energy, alternative proteins or chemical recycling; others seek to embrace green practices as part of their everyday operations. Innocent drinks' Co2 neutral factory in Rotterdam, for example, is key to the company's strong sustainability mission.

In addition to sustainability, the advent of technologies like artificial intelligence raises new challenges related to responsible innovation and implementation. Countries and regions that adopt a collaborative approach to addressing these issues are best positioned

to foster solutions that can resonate on an international scale. For example, the Netherlands offers a unique 'triple helix' model in which the private sector, academia and the government all work seamlessly together to accelerate technologies and processes that can benefit people and the planet.

In short, companies need to know whether a particular society's values, goals and commitments cohere with their own. And in a forward-looking country like the Netherlands, those commitments can translate into opportunity. The Dutch government is stimulating innovation for the public good through various programs and funds and companies are welcome to contribute through public-private partnerships spanning industries.

“Public-private partnerships are key in accelerating the energy transition, and the Netherlands is a prime example of this. We need each other to develop a supportive regulatory framework and the right incentives to enable green investments and stimulate the market, by promoting demand for renewable hydrogen and supporting infrastructure development. By fostering a dynamic market environment, the Netherlands allows companies to create global impact.”

Paul Hoogeveen
Director Tonnage & Gas Air Products

Establishing a workforce

When expanding abroad, companies are not just investing in a place, but in people. Understanding a region's talent landscape is key to ensuring a successful launch. Are their skilled workers available to enhance your company's projects? Is hiring an easy process, or does it present challenges? Are there training or educational centers nearby where businesses can tap into a future talent pool, or upskill current employees? The fact that 90% of the Dutch population speaks English is also a top reason for considering the Netherlands as a business location in Europe.

It's also a possibility that not all employees will be hired locally. Hiring expats involves multiple factors that influence the ability for talent to move from one country to another. Companies should consider immigration procedures, costs, waiting times and other processes. Moreover, resources like the Netherlands' network of expat centers can ensure new international employees have the softest landing possible.

To set up a workforce, it's useful to look at local universities to understand how a region compares in terms of language proficiency, talent availability and technical skills. Do most university graduates stay for

work, or do they migrate away? Are there knowledge institutions that specialize in fields that correlate to your industry? Are there opportunities for collaboration with those institutions to funnel talent into your company post-graduation? Hiring local talent is a way to integrate more fully with a city or region; and once established, having HR leadership on-site is imperative for securing and growing a workforce.



“Our workforce here mirrors the lively, diverse and dynamic place that the Netherlands is. It’s a real melting pot, which has existed for centuries in the Netherlands. Everyone speaks English, and there is a welcoming and open feeling that allows easy collaboration and exchange of innovative ideas.”

Marco Fossatelli
Country Manager BeNeLux Alnylam B.V.

Quality of life

To create a viable business relocation plan that is sustainable in the long term, it is important to choose a location with a quality of life that will attract new talent and partnerships.

Elements of daily life, including cost of living, childcare and social services, alongside bigger issues like green space and environmental issues, should be taken into consideration. For families, what sorts of schools and universities will help attract workers? Are there cultural and recreational offerings that will appeal to the type of workforce that the company is attempting to construct?

If attracting international workers, consider 'culture shock', or more specifically, how foreign individuals might deal with the challenges presented by living in a new location. Such issues may seem secondary for locals when compared to other European countries, versus North America, Asia or the rest of the world. Language barriers and new customs are one thing, but there are also realities related to healthcare availability, vacation time, maternity or paternity leave and other social standards that may require reflection.



HIGHLIGHTS

Both locals and newcomers want the best schools for their families. Make sure there are options, both solid public schools and international schools for expats. The Dutch network of International Centers provides connections to schools and much other support for expats.

“We find that our employees in the Netherlands, regardless of where they are from, like living here very much. They love the culture and the bike paths. The Dutch people also speak English very well and are friendly and very welcoming to people from around the world.”

Leon Jansen
Managing Director and CEO T-Hive

Going forward

These are just the first steps in considering an international relocation – the ones that will help create a shortlist of possibilities. They are the core, vital needs for a business to land someplace new and be successful.

Going forward, executives or site selectors will want to analyze other less-obvious factors of a destination to make sure they are choosing the right place for their company's values.

Issues of human rights, social equality and further cultural compatibility need to be raised before settling on a relocation plan. A region may tick all the boxes above, but relocating there may require facing certain ethical or moral questions that could, ultimately, make the choice less than ideal.

Geopolitical considerations are playing an increasingly significant role in business strategies, especially for manufacturing and distribution operations. Evolving trends like re-shoring, near-shoring and friend-shoring are adding new dimensions to international expansions.

What's clear is that, in an increasingly connected world, having an international presence is a positive strategy for any business looking to grow globally and make an impact. Finding the right location to establish this presence is just one of many challenges that such enterprises will need to face on the path to success.



HIGHLIGHTS

While timelines will vary based on the company and the location, companies typically take 18 months to decide on an international move.



HIGHLIGHTS

In the Netherlands, the unique triple helix approach between private sector, government and academia gives businesses a competitive edge in solving global challenges together.

The Invest in Holland network as your partner

Whether you're an executive at a global, multinational company or a founder of a fast-growing scale-up, selecting a location for your international business expansion is something you do with care. The Netherlands Foreign Investment Agency (NFIA), an operational unit of the Ministry of Economic Affairs, is here to help and advise you across all stages of the expansion process.

The NFIA can guide you in your location search, by providing free, customized and independent services and connections that fit your company. Together with our strong countrywide Invest in Holland network of regional economic development agencies and cities in the Netherlands, we support you to make smart investment decisions.

Start with NFIA and we'll connect you to the right partners. Visit [InvestinHolland.com](https://www.investinholland.com) or contact us at info@nfia.nl.



“The NFIA introduced us to the right people, they showed us around, and they helped us find our way through a new country and system.”

Marco Fossatelli
Country Manager Alnylam



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