



FOOTHOLD
AMERICA

THE EASY WAY TO THE USA

The IT Sector Report.

Why and how the US offers scope for growth in 2021.

Making the American dream a reality.

Breaking into America is a dream for many businesses, particularly for those who have been successful in their own country or who have US clients. We have all heard about the American dream, and we know that America is the land of opportunities, but the journey to expand to the US is different for each business.

Whilst COVID-19 affected the expansion strategies of many businesses, research¹ is showing that the pandemic can be considered the biggest opportunity for growth for several industries, such as - technology, pharma and financial services.

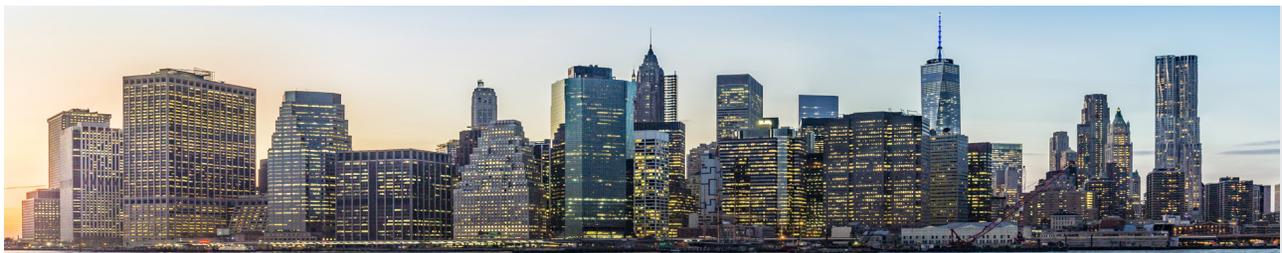
So, what is this 'American dream'? Historian James Truslow Adams coined the phrase in the 1930s, portraying America as a limitless land of opportunity where anyone could build a better, richer and fuller life through hard work. Many individuals, families and entrepreneurs have been successful in the pursuit of the American Dream, and it continues to drive thousands of US citizens and immigrants to build successful businesses and improve their lives. In 2020, 4.35 million new

business applications were submitted, a 24.19% increase from 2019².

IT related SMEs (small and medium-sized enterprises) now have even more outstanding opportunities to land and grow in the US. Whether you dip your toe in the water with one employee or jump in with both feet, planning to achieve a record-breaking Initial Public Offering (IPO), there's a great chance of success with the right planning, preparation and trusted partners.

As an Information Technology (IT) entrepreneur, the US represents a market rich with the talent and customers you need to find in order to be able to reach your potential.

In this guide, we'll take a deep dive into the growing possibilities available for IT businesses in the US market.



1. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/innovation-in-a-crisis-why-it-is-more-critical-than-ever>

2. <https://www.oberlo.com/statistics/how-many-new-businesses-start-each-year>

The IT Industry in the US: why it's so attractive.

There is tremendous opportunity in the US IT industry, whether you want to launch your business in Silicon Valley or other IT hub cities, such as Washington DC, Seattle WA, Baltimore MD, Raleigh NC, Austin TX or Boston MA. Indeed, the geographical spread of these IT hubs alone demonstrates how widespread the strength of this sector is.

One of the main benefits of expanding as an IT company into US is the high availability of talent.

Six of the top ten highest ranking Universities in the world for Computer Science and IT are based in the United States³. According to LinkedIn's 'Job on the Rise' report⁴, within the next 5 years, 150 million technology-related jobs will be added globally. Besides, according to the 2020 U.S. Emerging Jobs Report⁴, data roles, specifically data scientist and data engineer roles, are increasing steadily in United States – reflecting about a 35% average annual growth for both roles. The demand for Artificial intelligence practitioners also continues to be high⁴.

The US certainly has the most advanced IT services industry in the world.

The industry is projected to account for 12.4 million jobs in 2021, with last year alone bringing in 3.9 million tech-job openings⁵. With an industry that is constantly expanding, evolving and innovating, IT entrepreneurs from around the world are drawn to the potential.

'Cyberstates™, the definitive guide to national, state, and metropolitan area tech sector and tech workforce analytics' - a report from the leading IT industry trade association CompTIA - explores the areas in which the US has excelled in the IT industry⁵.

It found:



There are 585,000 tech business establishments in the US.

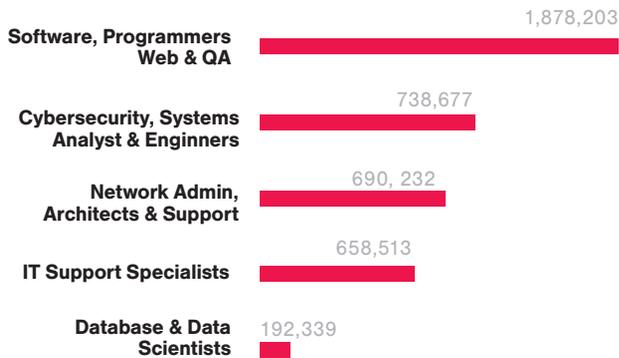
3. <https://www.topuniversities.com/university-rankings-articles/university-subject-rankings/top-universities-us-computer-science-2018>

4. <https://business.linkedin.com/talent-solutions/resources/talent-acquisition/jobs-on-the-rise-us>

5. <https://www.cyberstates.org/>

The median tech wages are 89% higher the median national wages.

The leading tech occupation jobs:



The estimated directed economic output of the US Tech industry is \$2 trillion.



In 2021, the market sized measured by revenue of the US biotechnology industry is \$135.3bn⁶.



In 2021, the artificial intelligence (AI) market in US is projected to be worth 20 billion US dollars, making it the major AI regional market worldwide⁷.



The US cyber security market was estimated at \$44 billion in 2020⁸.



The projected growth rate for cyber security job roles over the next decade is +31%⁵.

The '2016 Global Information Technology Report: The Risks and Rewards of Big Data'⁹ – the most recent of its kind available – puts the United States as the 7th best economy for making the most of the digital age. The country is continuing to improve its innovation and ICT (Information & Communications Technology) infrastructure, resulting in even more opportunities in the US and this positive trajectory is key to demonstrate the scope for yet more growth.

America is one of the world's leading innovation powerhouses¹⁰. This is key for any IT entrepreneurs because it proves that they would operate in an economic system that values and supports new technologies.

Expanding your business strategy and reach beyond your country's borders may bring you prosperity when including the US in your plans, particularly as \$4.3 billion was invested in innovative research and development in 2018¹¹. Select USA reported that most of the investment came from foreign-owned firms in the IT industry. An additional \$7.9 billion fuelled expansion, with a majority portion of the investment going to foreign-owned firms.

The highest number of these investments came from companies launched in the UK, while those in Germany and France were positioned closely behind. Provided with a strong concept, US investors are eager to put their funding into new brands with an eye for innovation and new adaptations.

5. <https://www.cyberstates.org/>

6. <https://www.ibisworld.com/industry-statistics/market-size/biotechnology-united-states>

7. <https://www.statista.com/statistics/721748/north-america-artificial-intelligence-market/#:~:text=In%202021%2C%20the%20artificial%20intelligence,major%20AI%20regional%20market%20worldwide.>

8. <https://www.prnewswire.com/news-releases/global-cyber-security-market-research-report-2021-2027---developed-markets-lead-from-the-front-but-developing-markets-turn-hotspots-for-growth-301351244.html>

9. <https://www.weforum.org/reports/the-global-information-technology-report-2016>

10. https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020.pdf

11. <https://www.selectusa.gov/servlet/servlet.FileDownload?file=015t00000001nSI>

Successful US expansions for IT firms.

UK start-up Deepmind, an artificial intelligence (AI) company, is a good example of an overseas company that has achieved a successful move to the US. The business, which has since been bought by Google, started in London in 2010. The firm focuses on AI research covering areas from climate change to healthcare and finance. While it continues to operate in the US, Canada, and France, its head office is still in London.

DeepMind was purchased for a reported \$500 million¹² - and press reports suggest that Facebook had tried and failed to acquire the company two years earlier¹³. The move to the US and collaboration with Google has allowed the company to grow in both size and expertise and it now has 1,144 people working for the company across the board¹⁴.

UK company SwiftKey, co-founded by Jon Reynolds, Dr Ben Medlock and Chris Hill-Scott in 2008, was purchased by Microsoft in 2016 for \$250 million after its software programmes proved adaptable to smartphones¹⁵.

Dr Medlock previously discussed selling the company to Microsoft at the 'RE.Work Deep Learning Summit'¹⁶. He said: "We started out just wanting to solve this problem of helping people to type. But we were very clear that we never wanted to run a maintenance business. We were only interested in carrying on if we could see that we were growing and exploring new ideas."

He explained that the discussion to grow with Microsoft wasn't because the company was looking for an exit, but it compelled them to do some soul searching. After considering how the company would continue to grow as independently, SwiftKey changed its longevity plan.

Dr Medlock added:

"We felt that – weighing things up – we would have a better chance of exploring some of these new ideas as part of a bigger company. We founded in 2008, and we felt that we'd done pretty much everything we could as a tech start-up in London."

12. <https://www.businessinsider.com/googles-400-million-acquisition-of-deepmind-is-looking-good-2016-7?r=US&IR=T>

13. <https://www.forbes.com/sites/amitchowdhry/2014/01/27/google-to-acquire-artificial-intelligence-company-deepmind/#7bbd66a115b5>

14. <https://www.linkedin.com/company/deepmind/>

15. <https://techcrunch.com/2016/02/03/microsoft-confirms-swiftkey-acquisition-for-250m-in-cash/>

16. <https://venturebeat.com/2016/09/22/swiftkey-founder-on-selling-his-startup-to-microsoft-and-why-it-was-the-right-time/>

Artificial Intelligence: a big growth market in the US.

Artificial Intelligence is currently one of the growing IT sectors. With the likes of Alexa, Siri and other such devices, this sector has begun to enter the mainstream.

But day-to-day consumers are not the only ones who are benefiting from AI products. Forbes recently demonstrated how AI is making its presence felt even deeper in healthcare, medicine and life sciences¹⁷. AI-powered technology is being used, for example, to assist with radiology, particularly when it comes to detecting skin cancer. Furthermore, AI has become an important part to the fight against COVID-19¹⁸ - it is used as an ally in projects related to pharmacology, medical and hospital care, as well as for mobility analysis with the aim of reducing contagion. Besides, the United States dominates the list of firms with highest VC funding in healthcare AI to date, and has the most completed AI-related



healthcare research studies and trials¹⁹.

In 2020, private investments in AI amounted to almost \$23.6 billion in the US alone, making it the leading destination for AI private investments²⁰.

AI is already used in the medical sector, but strategy discussions regarding launching it into government, finance, insurance and banking have already begun. There are countless opportunities to continue launching new products, particularly as the expansion to other business areas is only just beginning. Six years ago, the global AI industry had a \$126 billion market size²¹. As of 2021, this number has reached \$327.5 billion²², and is projected to reach over half a trillion U.S. dollars by 2024²³.

The advancement of AI is catapulting the world into a new technological transformation, causing the economy and society to evolve further. Not only are there constant technological changes, but there is massive investment in AI – as such, a strong product concept can become a gold mine for any start-up company. While IT in general, and AI in particular, have been largely developed in many countries, the US continues to fund it as a top priority.

17. <https://www.forbes.com/sites/cognitiveworld/2019/03/22/the-increasing-expansion-of-ai-in-business-and-government-insights-from-ai-world/#25eb8a415def>

18. <https://www.bbva.com/en/how-artificial-intelligence-can-help-fight-covid-19/>

19. <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/transforming-healthcare-with-ai>

20. <https://www.statista.com/statistics/1226538/ai-private-investments-by-area/>

21. <https://www.statista.com/statistics/621035/worldwide-artificial-intelligence-market-revenue/#:~:text=The%20statistic%20shows%20the%20size,of%20126%20billion%20U.S.%20dollars.>

22. <https://www.statista.com/topics/3104/artificial-intelligence-ai-worldwide/>

23. <https://www.statista.com/statistics/941835/artificial-intelligence-market-size-revenue-comparisons/22.>

Cyber Security: vital in the US.

Although AI is a new sector brimming with potential for entrepreneurs, cyber security is also a key sector. In 2020, the global cyber security market size was \$153.16 billion (with more than a third of the market size being only in the US) and exhibited a significant growth of 7.6% as compared to the year-on-year growth during 2017-2019. The Cyber Security market is projected to grow from \$165.78 billion in 2021 to \$366.10 billion in 2028 at a CAGR of 12.0% during the 2021-2018 period²⁴. And, as businesses reporting cyber security incidents have grown over the past few years, and new risks²⁵ emerge from remote work, it is only natural for this industry to expand.

With more security breaches hitting companies, it's necessary to prioritise cyber security. As people develop an understanding of the backdoor of the internet, security risks are emerging, particularly for companies managing sensitive data. Whether it's medical, federal or personal



information, data security laws are vital to adhere to – which is why so many companies are evaluating and expanding within this sector. There are many challenges associated with opening a company in the US, especially during a pandemic, which is why it's beneficial to do your research before expanding overseas. From tax and visas, to understanding US employment law and health insurance, there are a lot of variables to consider before you launch in the US.

Joanne Farquharson, President & Chief Executive Officer of Foothold America, said:

“This year, we have worked with many clever IT entrepreneurs who see the opportunity to grow and innovate during the COVID-19 pandemic. They've been successful in hiring their first employee or expanding their current workforce. New entrants to the market are setting up US companies and jumping in wholeheartedly. It's exciting to support audacious entrepreneurs in the IT industry.”

24. <https://www.fortunebusinessinsights.com/industry-reports/cyber-security-market-101165>

25. <https://www.forbes.com/sites/hillennevins/2021/05/19/new-dangers-of-working-from-home-cybersecurity-risks/?sh=1c51454422fb>

While considering the US market, it's important to understand your options and proceed with a plan. At Foothold America, we support companies seeking to hire one employee without setting up an entity, as well as companies who want to take the plunge and open a subsidiary. The route each company takes can be different, which is why our services are bespoke. If you decide to take your business to a new level and expand to the US, Foothold America can help you to reduce complications and minimise expenses.

The process of expanding a business into America can feel mind-boggling, complex and even overwhelming, but there's a good reason

so many people persist. This is especially clear in the IT sector.

Yes, there are challenges and complications, but having read this far we hope you now have a few solutions to consider. Seeking advice from appropriate trusted professionals is the key to building a successful US expansion plan while minimising distraction from your core business.

Get in touch today to kick-start the expansion of your IT business.





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