

Whitepaper

How to instantly launch your small, medium-sized and start-up business in Europe

Enjoy the benefits of an established European presence from day one, with an order-to-cash partnership





EXECUTIVE SUMMARY

Order-to-cash services help brands to launch their European operations by managing everything from the initial customer inquiry through to the fulfillment of the order and the payment processing. This allows businesses to get cash flow moving quickly, without the investment required to establish a physical base.

In this whitepaper, you will learn more about:

- The benefits and challenges of launching your business in Europe
- Importance of partnering with an order-to-cash company
- Advantages of choosing Rhenus as your order-to-cash partner in Europe

INTRODUCTION

Europe is a highly attractive market for any business looking to expand its global reach. But, while it is one thing to establish your brand on the continent, it is another to fulfill the demand generated. Any business entering this geographic region for the first time faces several practical challenges. These obstacles include customers speaking various languages across different time zones and the need for a logistics infrastructure to support activity on the continent.

Building an operations team to meet these requirements can be time-consuming and costly, and it will typically mean putting feet on the ground. However, the deployment of a ready-made order-to-cash service resolves many of these challenges. It means companies can start conducting business straight away, and strips away the high costs of entry - and along with it, the associated risks and uncertainty.

Our whitepaper walks you through the key challenges that any business launching into Europe will need to consider and explains the key advantages order-to-cash delivers in response.

THE EUROPEAN MARKET – LUCRATIVE BUT COMPETITIVE

With an estimated population of close to 750 million, across 50 different countries, Europe presents a significant opportunity for any business expanding internationally. The 27 member states of the EU alone have a combined GDP of USD15 trillion – which makes it the second largest in the world. From a base in Europe, businesses are also well positioned to strike out further afield to the Middle East and Africa.

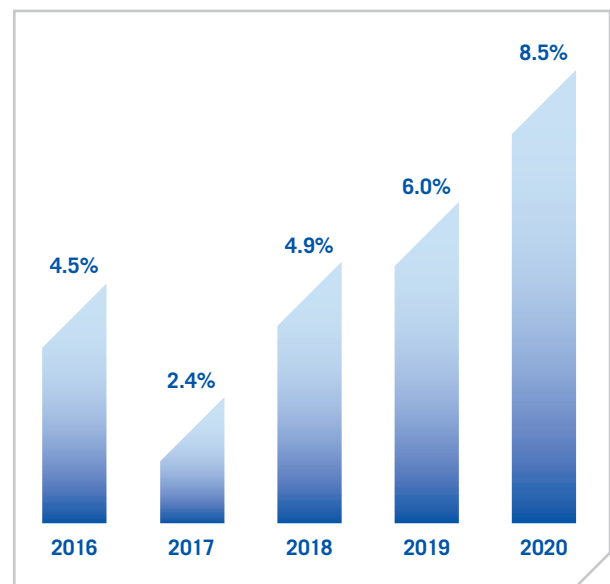
Depending on the sector you operate in, you are likely to find that a presence on the continent offers a significant expansion opportunity. For instance, the medical device market in Europe grew by 8.5 percent and is estimated to be roughly USD 157 billion in 2020.

However, there is also likely to be a lot of competition. This is visible in the amount of innovation taking place in sectors such as medical devices and life sciences. In recent years, the medical device industry has filed more patents with the European Patent Office (EPO) than any other sector.

This is followed by the combined biotechnology and pharmaceutical industries. This innovation is not all homegrown - 62 percent of those patents were filed by businesses based outside of Europe.

Such a healthy and competitive market will require any new entrant coming into Europe to establish their continental operations quickly and hit the ground running. But, given the complex and costly nature of setting up in Europe, that is easier said than done as there are several challenges a newcomer will need to overcome.

FIGURE 1. MEDICAL DEVICE ANNUAL MARKET GROWTH RATE IN EUROPE FROM 2016 TO 2020



CONSIDER THE KEY CHALLENGES

There are four main areas where your businesses face challenges when you are looking to establish your European operations – handling orders, fulfilling your customer’s order demands, ensuring payment, and managing the requirements of the European authorities.



1 HANDLING ORDERS

It is not easy to take orders when your team is based thousands of miles away and speaks another language. When there is a significant time zone difference, it can also impact the speed at which businesses can answer customer queries, such as checking product specifications and stock availability. This slows down orders going through to the fulfillment center – potentially delaying the distribution of goods by days.

The lack of a local team, therefore, will most likely have an impact on the service received by the customer, the perception of a brand by end-users, and the overall competitiveness of your business. That is why putting feet on the ground is crucial. Without a regional partner in place, your company will require the recruitment, onboarding, and training of a new team, and they will need to be managed on an ongoing basis. This is neither a quick nor an easy problem to resolve.

2 ORDER FULFILMENT

Meeting demand quickly and efficiently means having your goods available and ready to ship to the customers. This requires storage within a regional warehouse and a fully functioning logistics operation, to ensure rapid deployment and smooth distribution across the continent’s many borders. This supporting infrastructure cannot be built quickly, and the local knowledge and experience needed to operate it are not simple to acquire. It is highly likely you will need a regional partner to support this activity.

3 ENSURING PAYMENT

The ability to take orders and fulfill them is only worth anything if payment is also received. To enable this to happen, however, businesses will need to evaluate buyers, check whether they have good credit, and determine if prepayment is necessary, or if an invoice can be raised.

When customers are slow in paying, it is a huge disadvantage for any team trying to settle an account if they are based thousands of miles away. If there is ever a dispute, it is more beneficial if both parties are working the same hours, speaking the same language, and are familiar with local legislation and cultural norms.

4 DEALING WITH AUTHORITIES

Any business trading in Europe is required to comply with various local authorities. You might find the legislation governing their action to be quite different from other regions of the world. For instance, a medical device manufacturer looking to gain a CE marking to declare their product meets EU health and safety standards will need to meet separate requirements to those laid down by the FDA in the USA.

Also, to meet their taxation obligations, such as import customs duties and VAT, businesses not based in Europe may need to register an EU subsidiary. Managing all these requirements without local support can be complex and time-consuming.

IMPORTANCE OF PARTNERING WITH AN ORDER-TO-CASH COMPANY

The great advantage of opting to work with an order-to-cash partner is that they will take away most of your challenges. From handling the first contact with a customer to ensuring payments are going into your bank account.

In addition to removing the usual start-up obstacles, organizations experience three main benefits from this partnership: instant local presence, a lower cost to entry, and assurance that operations will run smoothly as the business looks to establish a brand presence in this market.

1 INSTANT LOCAL PRESENCE

Having a local customer support team that you can trust to handle relationships with your customers and liaise with your internal team – from day one – is invaluable.

When that team also speaks the right languages and understands the local cultures, it will help to make your customers feel more comfortable when placing orders. And when everyone is on the same working hours, it speeds up the whole business operation.

You also gain instant access to a vast amount of regional knowledge and understanding. If you need help with setting up your EU subsidiary, managing problems with a shipment at customs, or simply negotiating the local landscape, having an experienced local operator on hand to resolve issues for you, as and when they arise, will be a big advantage.

2 LOWER COSTS

Having a ready-made team on the ground also removes the significant start-up costs involved in entering the European market. This includes the expense of recruiting and paying for your own multi-lingual team, along with the necessary investment in IT systems, offices, and warehouse space.

Furthermore, if you work with a partner such as Rhenus, you will also gain access to a global logistics infrastructure and carrier network. You can also benefit from the preferential shipping rates which an operation on this scale can provide.

3 QUALITY ASSURANCE

Working with an order-to-cash partner will also give you instant access to a highly efficient operation – ensuring neither you nor your customers encounter the teething problems that can occur when new ventures are launched.

But a reputable order-to-cash partner offers more than this. They will also provide assurance that the processes that protect your business, covering everything from supply chain security to environmental responsibilities, are kept to a high standard – and ensure regulatory compliance.

For example, Rhenus holds a range of ISO certifications that demonstrate all the above, as well as more specific capabilities – such as ISO 13485, which covers the management systems required for the storage and distribution of medical devices.

An order-to-cash partner will also ensure you receive clear communications, so you and your stakeholders are kept fully informed and appraised of the progress you are making in the territory. These processes cover you for every step of the journey, from checking customer details during the initial order to processing payments.

ADVANTAGES OF CHOOSING RHENUS AS YOUR ORDER-TO-CASH PARTNER IN EUROPE

There are six distinct advantages to choosing Rhenus as your order-to-cash partner in Europe.

1 WE BECOME PART OF YOUR BRAND IN EUROPE

We pay close attention to our customer's brand values and messages so we can represent your brand accurately in Europe. Our aim is to build a close personal relationship with you and become an extension of your team. This will allow you to focus on your core business, without the need to establish your own European office operating during EU business hours.

2 WE TAILOR OUR SERVICES TO YOUR NEEDS

No two businesses are the same, and the amount of support needed when launching in Europe often varies. That is why Rhenus has made its order-to-cash service levels customizable and scalable – allowing you to tailor the functionality to your unique requirements.

This is supported by our own ERP system (Microsoft Business Central), which means you do not need to invest time and resources into deploying and maintaining your own system. All activity reports can also be communicated in the format of your choice – via fully automated electronic data interchange (EDI), shared documentation via secure file transfer protocol (SFTP), or in simple Excel files.

3 OUR PROCESS-DRIVEN APPROACH PROTECTS YOUR PERFORMANCE

Our processes are designed to ensure optimum performance, accuracy, and compliance across every element of our core order-to-cash functions. These include:



The quality of these processes has been verified by a range of ISO certifications – including ISO 9001, ISO 28000, ISO 13485, and ISO 14001. This carefully considered approach ensures that proper attention to detail is paid at each stage – be that in the branding of invoices or the polite reminders we send to ensure payments are not missed. So, you will not need to worry about the quality of your operation as you scale up in Europe.

4 YOU GAIN ACCESS TO OUR KNOWLEDGE AND EXPERIENCE

Through the Rhenus Group, you will gain a highly optimized, large-scale shipping, warehousing, and distribution operation. Our highly experienced logistics team will manage the full order fulfillment process to ensure your customer receives their goods on time. The broad expertise within the group can also help you to resolve any unforeseen logistical problems that may be encountered. This will enable you to start small and grow quickly, without having to invest in people or infrastructure.

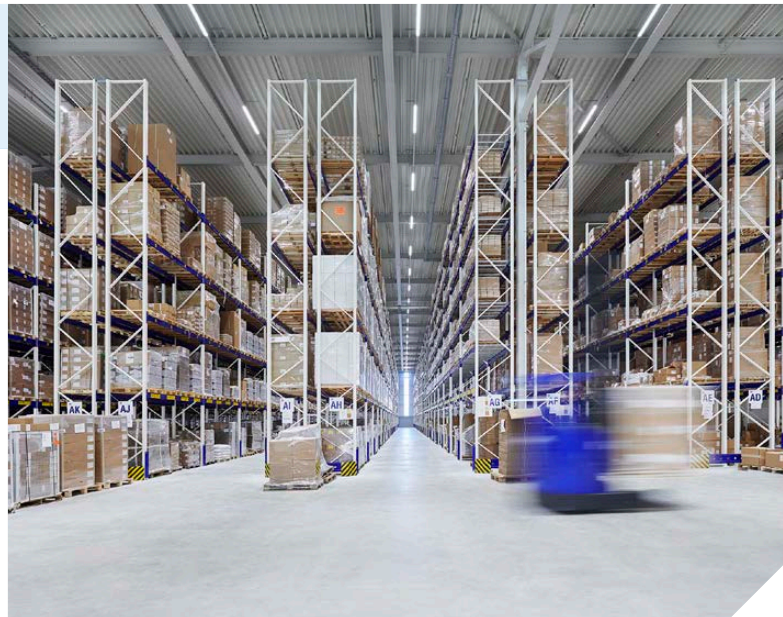
5 PREFERENTIAL RATES

When you work with Rhenus, you will also gain access to the group's global network. This means, regardless of your size, whether you are starting up or scaling up, you will benefit from the preferential rates that can be achieved by an international shipping and transportation operation on this scale – and the economies of scale secured by the group. This will deliver savings, that can be reinvested into the business.

6 ASSISTANCE WITH THE AUTHORITIES

Rhenus will provide assistance with the necessary EU regulatory (e.g. CE marking) and discal representation. With the Dutch government having created an attractive business climate – offering cooperation and flexibility to foreign companies wanting to operate in Europe – we can also support the establishment of regional subsidiaries (Dutch BV or Branch Office). This local support will help you to reduce the time it takes to complete your administrative requirements as you start up in Europe.

Any company looking to enter the European market should brace itself for the competition. To give yourself the best chance of success from the outset, the aim should be to hit the ground running.



You will want to establish an efficient operation with a stable support infrastructure as quickly as possible – so you can get the orders in, the goods out, and the cash flowing. This can be a significant undertaking for an small to medium-sized company, however. It can prove expensive, time-consuming, and risky to venture into Europe without the support of an experienced regional partner.

If you are launching your company on this continent, you will want to remain focused on your core business and building your brand – without the headache of worrying about whether you can deliver on your promises and secure your finances.

An order-to-cash partnership with Rhenus removes those pain points. It takes away the uncertainty by providing a ready-made and flexible solution that will enable your businesses to be competitive from day one - helping you to grow quickly.

SOURCE:

<https://www.medtecheurope.org/datahub/market/>
<https://www.medtecheurope.org/resource-library/medtech-europes-facts-and-figures-2021/>
<https://www.warehousingandfulfillment.com/specialties/medical-warehousing/>

If you want to know more about partnering with Rhenus, please contact us at info.contractlogistics@nl.rhenus.com

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