CASE STUDY: PEO SERVICES EUROPE



Introduction

With one of the world's largest and most mature consumer markets, a strong and stable geo-political environment, and easy access to multiple regions – a growing number of U.S. based companies see Europe as the next logical step to their organization's global growth and development.

Setting up in Europe also comes with many difficulties such as legislative compliance risks, exorbitant setting up costs, language barriers and managing a wide portfolio of international employees in differing time zones. One of the most effective avenues to overcome these possible pitfalls is to make use of the services of a professional employer organization (PEO).

In this case study, we'll guide you through the European journey of one of our North-American clients.

European growth plan

In early 2020, a notable and fast-growing captive management & reinsurance firm from the United States requested assistance to realize their plans of rapid expansion into Europe. Prior to partnering with EuroDev, the client already had a foothold in Europe with a presence in Ireland and employees in the UK. The client faced multiple challenges in taking the next steps to increase their European market share. In their European expansion plan, the client desired to employ over 10 employees in several countries through-out Western Europe. These countries included the United Kingdom, Guernsey, the Netherlands, Luxembourg, France, Malta and Switzerland. Each country brought along its own myriad of challenges which EuroDev assisted in resolving in a quick and efficient manner, some of which are discussed below.

PLAN OF APPROACH

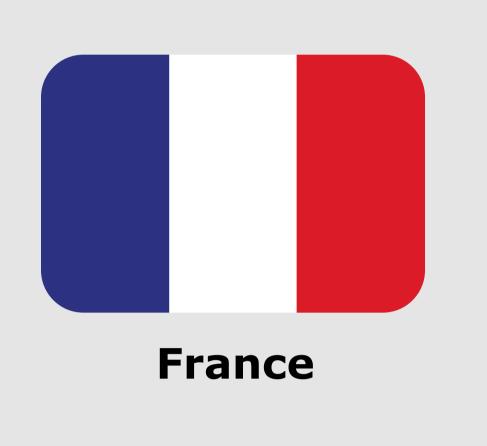
- Set up European entity
- Draft employment agreement
- Register employees in specific countries
- Set up strategy and recommendations in order to meet deadlines

Incorporating multiple compliance regimes

As EuroDev is designed to establish an Employer-of-Record service in Europe for its clients, we also bear the liabilities associated with the regulatory compliance obligations. With such risks, it is paramount to maintain appropriate and up-to-date knowledge and understanding of the various regulations. For this client, setting up in so many countries simultaneously meant that each contract of employment had to comply with the requirements of the host country and as such a common template would not be able to stand-up against the required legal scrutiny of each host country.

When expanding to a new country, EuroDev undertakes a contractual obligation with it's clients to pay salaries and comply with the relevant local taxation and employment regulations of the elected country, such as leave management, contractual inclusions, or mandatory insurances and social contributions. EuroDev manages and coordinates the registration of it's clients in these multiple countries through a professional network of established partners so that no time or money is wasted correcting potential setting-up errors.

Some of interesting hurdles which this client's set up faced are provided below:



France has one of the highest levels of employee protection in Europe, and as a result the legal environment is constantly evolving due to political reforms and judicial precedence. This in turn has led to some unique contractual requirements for employment in France. For example, the French government passed a law in 2017 requiring employers in France with at least 50 workers to negotiate agreements with unions allowing employees to disconnect from work technology after workinghours. If the parties don't reach an agreement, the employer must establish a right-to-disconnect policy on after-hours technology use.

The Netherlands is a relatively business-friendly country, but there are certain rules which are very complex for foreign employers and employees. For example, highly skilled migrants can receive a 30% tax break on their income for five years should they be recruited to work in the Netherlands from a foreign country, however should the employee set foot in the country prior to beginning employment then they are not entitled to the tax-break. Further, every employer in the Netherlands must have a comprehensive health and safety inventory and plan of action (Called the RI&E) even when employees work from home, and in certain situations these inventories must be inspected and verified, with a failure to comply resulting in potential fines.





Guernsey is the second largest of the Channel Islands and is a British Crown dependency, despite this the Island has many legal and jurisprudential differences from the United Kingdom. An example of how Guernsey differs from the U.K. and Europe at large is that there is no statutory obligation placed on employers to provide employees with annual leave in Guernsey, as no supporting legislation exists (Even though the norm is to grant annual leave).

Results

Within six months of joining EuroDev, the client has successfully expanded into all of it's targeted markets whilst growing it's operations in Ireland. EuroDev supported the client by completing the required registrations of the business and social security, negotiated and drafted contracts of employment compliant with local legal requirements, arranged payrolling benefits and provided generalist HR advisory services on topics such as leave management, GDPR and corporate headhunting. The client's success in it's growth during these uncertain times was facilitated by the fact that they could focus on their core business while EuroDev could handle the various HR-related headaches.

BENEFITS

- The client was able to focus on it's core business and growing the domestic operations
- A single point-of-contact for all European HR needs
- EuroDev minimized the client's corporate and employment liabilities
- Quality and domestic HR support
- Centralized knowledge and ability to receive relevant and up-to-date information and advice on local European payroll rules/regulations.

Next steps

In order to ensure that the excellent growth and success of the client is maintained, we take a number of actions on a regular basis.

Firstly, the expansion of the client is being maintained with a further five potential candidates in the recruitment pipeline with the goal of ensuring vacancy-fulfilment in the first half of 2021. Any potential new host countries are discussed in length so that the client understands both the opportunities, requirements and <u>risks</u> of the potential expansion.

Secondly, weekly update calls with directors of the client are held so that no issue is overlooked and so that any potential concerns and objectives are discussed. This also keeps the client in the loop on the various HR matters throughout Europe and allows for continuous improvements in our current service delivery.

Lastly, we have direct contact with the employees on a regular basis to ensure that their interests are addressed and so that they can focus on the core business of the client. This is an especially important step for employees who have moved abroad to fulfill the position.



WHAT MAKES EURODEV SPECIAL?

- Multilingual staff, dedicated to the partner's success
- The willingness to go the extra mile
- Making the effort to truly understand the client's values and align our internal processes to theirs
- Cost-effective solutions to grow the European presence
 - Experience and network within the EU markets

WHY CHOOSE EURODEV?

EuroDev, established in 1996 with offices in The Netherlands and France, has a single, defined purpose to help mid-sized North American companies expand their business in Europe. We have created a proven, successful business development model and since our founding have partnered with over 500 companies to help them define and meet their European business goals.





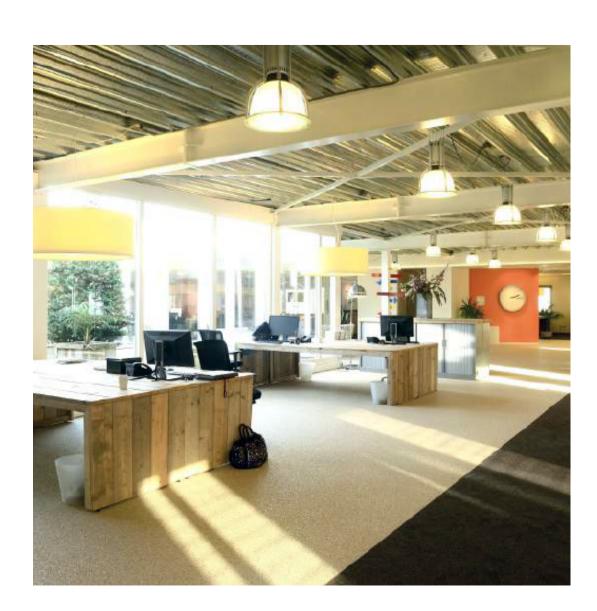
Sales Outsourcing Dedicated sales and marketing teams for manufacturers looking to expand in Europe



HR Outsourcing Professional employer organization services, HR management and recruiting solutions across the EU



Digital Marketing Result-driven marketing for North American companies, at the service of their European clients



Welcome Visit our office in the Netherlands

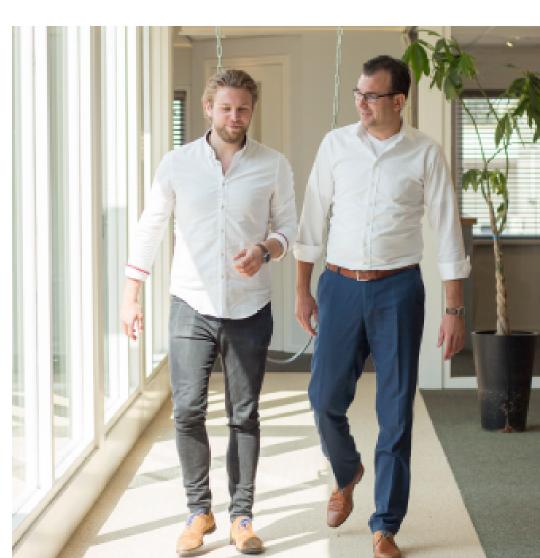


Address Windmolen 22 7609 NN Almelo The Netherlands



Executive VP HR Outsourcing Monique Ramondt-Sanders m.ramondt@eurodev.com +31 (0)546 660 000





Contact us www.eurodev.com +31 546 66 00 00