



EOR vs Your Company Opening a Local Entity



EMERALDTECHNOLOGY

EOR vs Your company opening a local entity: ...Why Emerald is the most cost-effective option!

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Setting up a local entity.



Average setup: 12 weeks. In strong KYC countries (India, Germany): up to 24 weeks.

Establishing a local entity is a complex process that involves a legal presence in a foreign country, such as a subsidiary or branch office. You see this all the time with the various big names in tech, from Amazon to Oracle. It requires careful consideration, understanding of regional laws, compliance, regulations and, of course, a substantial amount of money.

The average setup time for a company establishing a new entity is twelve weeks but in some countries which have strong KYC, such as India and Germany, it can go on for as long as twenty-four weeks!

Let me explain the steps involved in launching a local entity in more detail:

1. Engaging a Reputable Local Provider

Navigating the intricacies of regional regulations and requirements is best done with the support of a reputable local provider such as a local accountancy firm. These professionals have in-depth knowledge of company registration processes and adherence obligations and can guide you through the legal intricacies of the specific jurisdiction.

The process of setting up your business in a new jurisdiction extends beyond initial registration. It involves carefully considering how your company is structured, for instance, your selection of the business category. An incorrect setup or misclassification could lead to serious tax and compliance issues down the road. You might inadvertently place your business in a higher tax bracket or expose it to potential penalties for non-compliance.

3. Notary Costs

In most instances, when you are not a resident of the country where you are establishing the entity, notary costs could come into play. These costs ensure that the necessary legal documents, such as passports, proof of parent company incorporation and other agreements, are correctly executed and authenticated.



Vital step: Local bank account. Required in most countries. Enables financial transactions.

4. Bank Account Setup

Opening a local bank account is an essential step in creating a local entity and, in most countries, a mandatory requirement. An in-country bank account enables smooth financial transactions, including receiving payments from clients or customers, paying local expenses, and facilitating payroll processes.

5. Employment Contract and HR Setup

Complying with domestic employment laws and regulations is vital when establishing a local entity. This includes creating employment contracts that adhere to regional labour laws, establishing HR policies and procedures that align with the new jurisdiction, and ensuring adherence to local employee benefits and entitlements.



Emerald Technology - Your EOR Provider

Emerald Technology is a global expansion consultancy firm that specialises in the Employer of Record solution. We partner with leading tech companies to streamline their international expansion process and optimise their operations.

Emerald is a specialised Service Provider that assumes the role of the legal employer for your employees in a foreign country. Teaming up with Emerald offers a comprehensive solution for expanding your business globally.

Consider this analogy: Amazon Web Services (AWS) is a leading provider of cloud infrastructure. They've heavily invested in the technology required for hosting services, then recoup their investment by charging users a monthly fee.

Emerald operates on a similar principle. We have invested in the infrastructure needed for businesses to expand into new countries, including setting up a local presence, creating legally compliant employment contracts, and providing payroll, HR, back-office, and compliance support to handle potential challenges.

With Emerald, this translates into seamless integration with your existing HR, Finance, and Operations teams. The best part? There are no upfront costs, instead, we only charge a monthly fee for our comprehensive services, positioning us as a cost-effective extension of your team.

Let me explain what service you receive at Emerald:

Step 1: Emerald's Consultation

The first step in joining forces with Emerald is to engage in a consultation. We will discuss your expansion goals, specific requirements, and countries you wish to target for your business. Emerald will provide expert guidance and solutions tailored to your business needs. We analyse the local market conditions, labour laws, and regulatory environment and ensure you know what you are signing up for. We can even advise on local costs plus private benefits you may offer at HQ level and want to roll out into these new countries too.

Step 2: Emerald's Onboarding and Customer Service

Once you have chosen Emerald, we will handle all the onboarding processes for your employees in the target country. This encompasses managing employment contracts, ensuring compliance with regional labour laws, and setting up payroll systems.

Since launching our EOR platform, our process is super quick and super easy, with our development focused purely on ease and the best customer experience available on a SaaS platform. All in all, we navigate the complexities of local employment regulations and ensure that all necessary documentation is in place, allowing you to focus on other critical aspects of your business expansion.

What makes Emerald severely different to the platform-only EOR provider is a Customer Experience, we pride ourselves on giving the best service to both your employees and you as a client. In a 'blue sky' world, a platform-only approach is great but, unfortunately, we all know there will be rainy days hence each client and employee has a dedicated CX who they can contact during working hours to support them.

Step 3: Emerald's Onboarding and Customer Service

Emerald takes full responsibility for payroll and benefits administration on your behalf. We handle the entire payroll process, from calculating wages to processing payments accurately and on time. This includes managing tax withholding and ensuring adherence to local tax regulations.

Compliance with domestic employment laws, regulations, and tax requirements is crucial for cross-border scaling. Emerald provides ongoing abidance support, monitoring changes in labour laws and regulations and ensuring your business remains compliant as you expand into new countries. We stay current with the legal landscape, handle all filings and reporting, and guide adherence matters.



Differences Between Setting Up an Entity and Partnering with Emerald Technology.

1. Speed

Setting up an entity is time labouring, it includes, but is not limited to, registering your company with local authorities, setting up a physical location, setting up financials such as bank accounts, and hiring local staff.

However, when you partner with Emerald, the 24-week timeline is condensed into just 24 hours. Your company can be up and running in a new market in no time while Emerald manages all compliance — giving you the time and energy to continue focusing on your core business.

💡 Did you know...

Setting up an entity from scratch could take a minimum of 4 weeks and up to 24 weeks —depending on the country you wish to expand your business to.

2. Cost savings

One of the primary advantages of working with Emerald is its significant cost savings. When setting up an entity, businesses face various expenses such as registration fees, licensing fees and notary costs which on average cost £10,000 per entity. Additionally, some countries may require a bond or deposit of £20,000 to create the entity (Germany is a great example).

Ongoing costs, incorporation accounting, and payroll services (£5,000 per year), a local Director/Secretary (£2,500 per year), office space (as required by law, approximately £2,000 per year), and ad-hoc costs (£2,500 per year), resulting in a total yearly cost of £12,000. So, you have both setup costs and then the ongoing maintenance of your entity costs.

Over a 3-year period, these costs can add up to approximately £150,000. In contrast, partnering with Emerald reduces the financial burden to around £20,000. This substantial cost reduction frees up capital that can be allocated to other strategic initiatives, accelerating business growth.

3. A Deep Dive Into Cost Savings

Understanding the financial dynamics between Capital Expenditure (CapEx) — large investments in assets such as buildings — and Operating Expenditure (OpEx) — routine costs like salaries and rent — reveals the advantages of an EOR.

An EOR like Emerald offers a clever strategy to minimise these outlays by managing elements such as payroll and employee benefits. Emerald eliminates the need for setting up new entities and associated costs, like hiring HR staff and paying accountants. Moreover, employees under an EOR don't add to the company's headcount, resulting in a leaner financial profile.

✓ **Having no entity is no problem as you have Emerald's entity**

4. Streamlined Expansion, Compliance and Operational Efficiency

Partnering with Emerald Technology offers a streamlined scaling process. Emerald has ready-to-use entities and infrastructure in place, eliminating the need to navigate complex legal and administrative procedures. By leveraging their knowledge of local markets and established relationships, businesses can expand into new countries quickly and gain a competitive edge. Compliance with local labour laws and regulations is critical to global expansion. Emerald specialises in navigating the intricacies of each jurisdiction, ensuring your business remains compliant with employment laws, tax regulations, and other legal requirements. This mitigates legal risks and provides peace of mind, allowing you to focus on core business activities without worrying about complex compliance matters.

45%

Expanding internationally and ensuring compliance with various regulations can increase operational costs for tech businesses. According to a study by Thomson Reuters, compliance costs for businesses have increased by an average of over the past 5 years.

Outsourcing responsibilities to Emerald will streamline operations, reduce administrative burdens, and ensure accurate payroll processing. This scalability and operational efficiency enable enterprises to focus on strategic initiatives and core competencies, driving overall productivity and growth.

Why choose Emerald?

In the realm of global workforce solutions, Emerald stands as a **premier EOR provider**. Our ability to respond rapidly and efficiently to the needs of businesses and their international workforce sets us apart. Thanks to our pre-established infrastructure, we can issue a contract and onboard an employee in many countries within a swift 24-hour window.

Considering this and other advantages such as scalability, compliance assurance, streamlined expansion and cost savings associated with partnering with Emerald, it is clear that this option offers a compelling alternative to setting up a local entity.

By leveraging the expertise of Emerald, your business can navigate the complexities.



Hire, payroll and onboard in one place.

Interested? Get in touch.

www.emerald-technology.com

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Email us at: info@emerald-technology.com

