



Silicon Valley Bank

SVB Foreign Exchange

Grow Global with SVB

Wednesday, March 24, 2021

11:00am - 12:00pm PST / 2:00pm - 3:00pm EST

Housekeeping

- All lines have been placed on mute to prevent background noise.
- The chat function has been disabled, but please feel free to submit any questions in the Q&A panel.
- To activate the closed captioning feature, please click the Live Transcript button on the bottom Zoom bar.
- We will send a link to the recording after the webinar.

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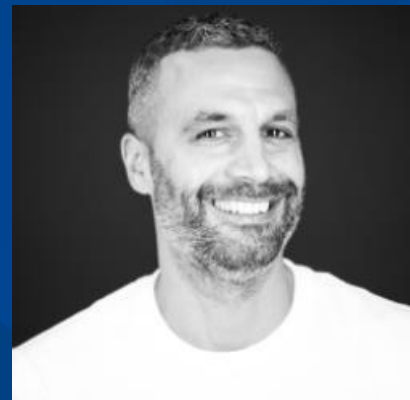
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Theme 1

**What operational considerations
should my company think about
when expanding globally?**



Operational considerations

- What is the objective of your expansion?
- Where do I set up?
- What is 'required' to establish a foreign sub?
- Do I need to hire people right away?
- How to comply with scary acronyms: GDPR, VAT, PSD2?
- What are other critical milestones?

Theme 2

How does remote work change things when going global?



Remote work... from abroad

2021 PwC survey¹ says...

- Contractors or employees?
- EOR versus direct hire... and if direct, hire from parent or in-country?
- Onboarding/training/coaching
- Preserving/promoting culture
- Cyber security

Over half of employees want to work remotely three days a week or more

I would not want to work remotely



8%

1-3 days per month



10%

One day per week



10%

Two days per week



19%

Three days per week



16%

Four days per week



10%

Five days per week



29%

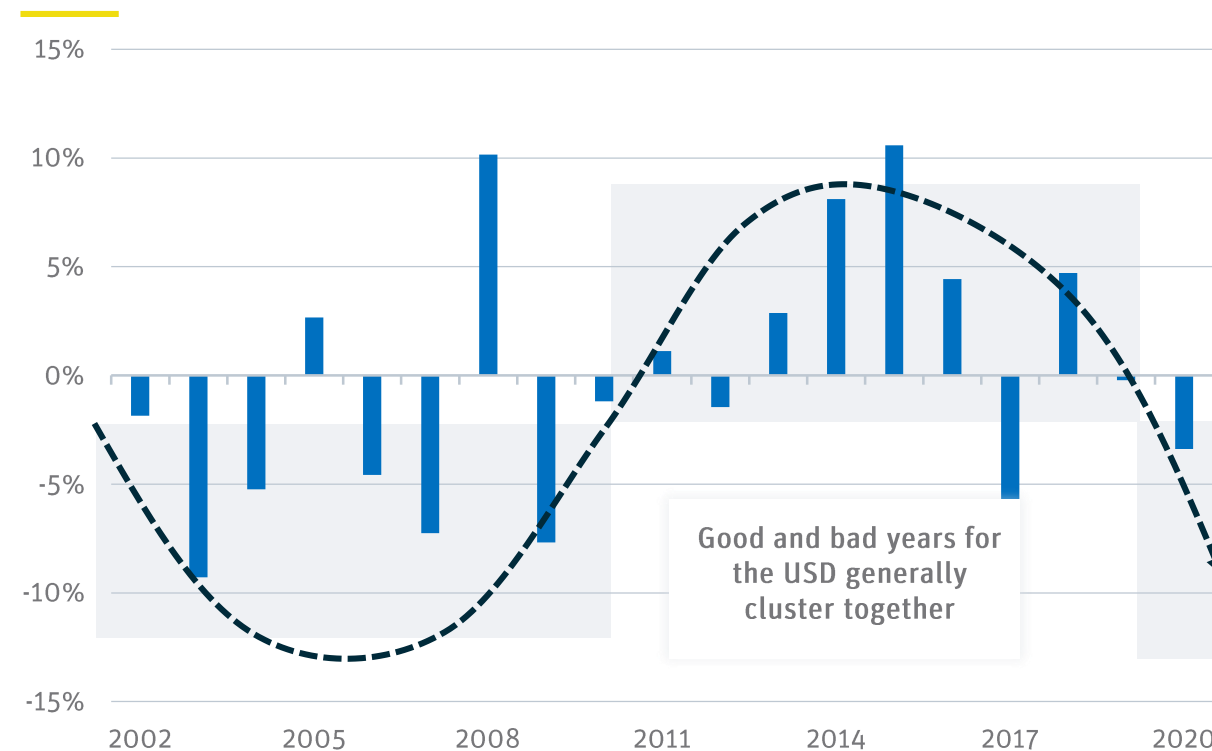
Theme 3

What trends are driving an increased focus on international business operations/financial results?



The tide has turned for the US dollar (USD)

Annual % change in US dollar versus trade-weighted currency basket



Source: Federal Reserve (Bloomberg ticker: USTWBROA), SVB FX Risk Advisory

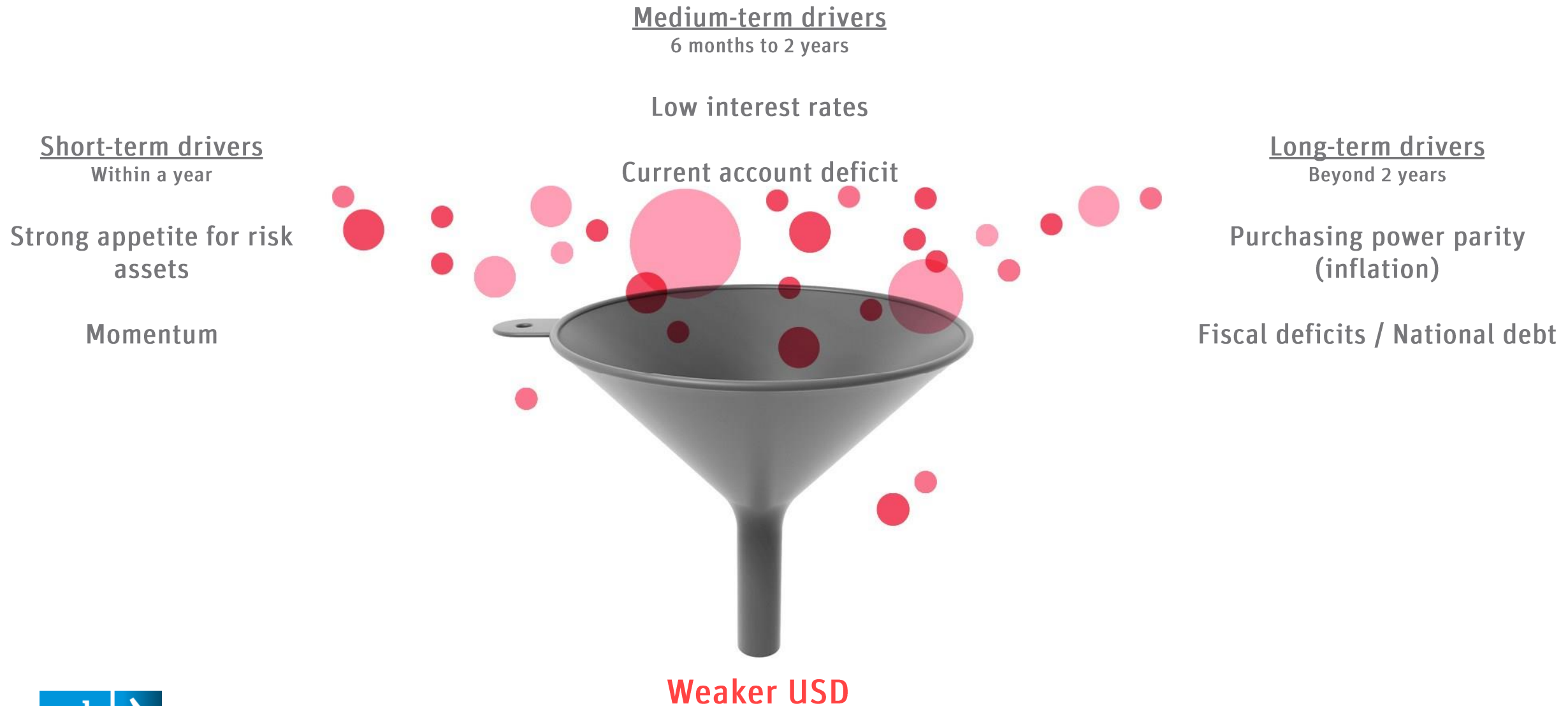
USD strength prior to 2020 has benefited companies that are net sellers of the currency, as USD's purchasing power to fund foreign operations improved.

SVB clients are primarily net sellers of USD by a margin of 3-to-1

For later stage SVB clients, the margin is closer to 2-to-1

The USD may be headed for a bear cycle, anchored by US interest rates at the zero lower bound. A dollar bear cycle, which may last for many years, may represent a new pain point for the high-growth innovation-sector.

Stars have aligned for more USD weakness



Theme 4

Is Brexit a game changer for European expansion?



UK is no longer EU

- VAT compliance/VAT Mini One-Stop Solution (MOSS)
- GDPR compliance
- PSD2 compliance
- Increased interchange fees on UK/EU cross-border flows

Theme 5

Are there any potential pitfalls to be mindful of when expanding overseas?



Operational pitfalls to avoid

- Mimicking the US overseas is NOT a solution
- Setting up is easier than unwinding
- Be mindful of the function you need the subsidiary to serve today, as well as tomorrow
- Functional currency of subsidiaries has important implications
- Repatriation – Plan ahead

Theme 6

**“I know FX impacts my business,
but I am not sure by how much,
or where it shows up”**



Awareness versus materiality¹

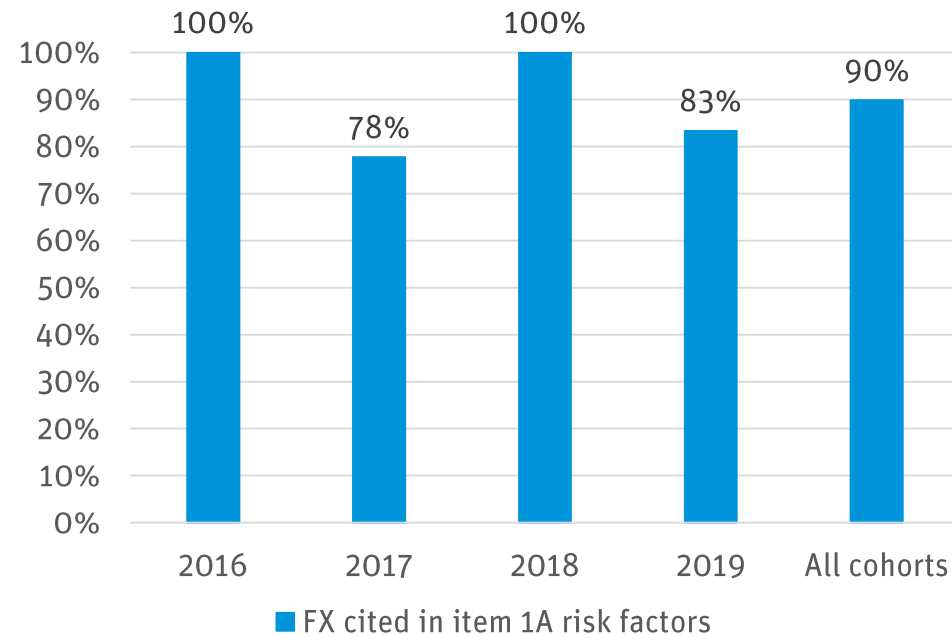
A weak USD
adversely
impacts our
business

versus

A weak USD
presents a
'material' impact
to business KPI's

Is FX material to your business?

90% of venture-backed technology from 2016-2019 US IPO cohorts cited FX as a key risk factor in S-1 filings¹



Adverse impact of a weak USD starting to become visible on earnings calls²

...Gross margin was also negatively impacted by about XXX basis points from foreign exchange, primarily from the Euro appreciating relative to the U.S. dollar.

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Q&A





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