



EMERALDTECHNOLOGY



Stratus HR

Things to Know When Expanding to the US

Learn how to successfully expand into the US with less risk, faster hiring, and full HR support



Introduction

The US isn't just another market, it's the market.

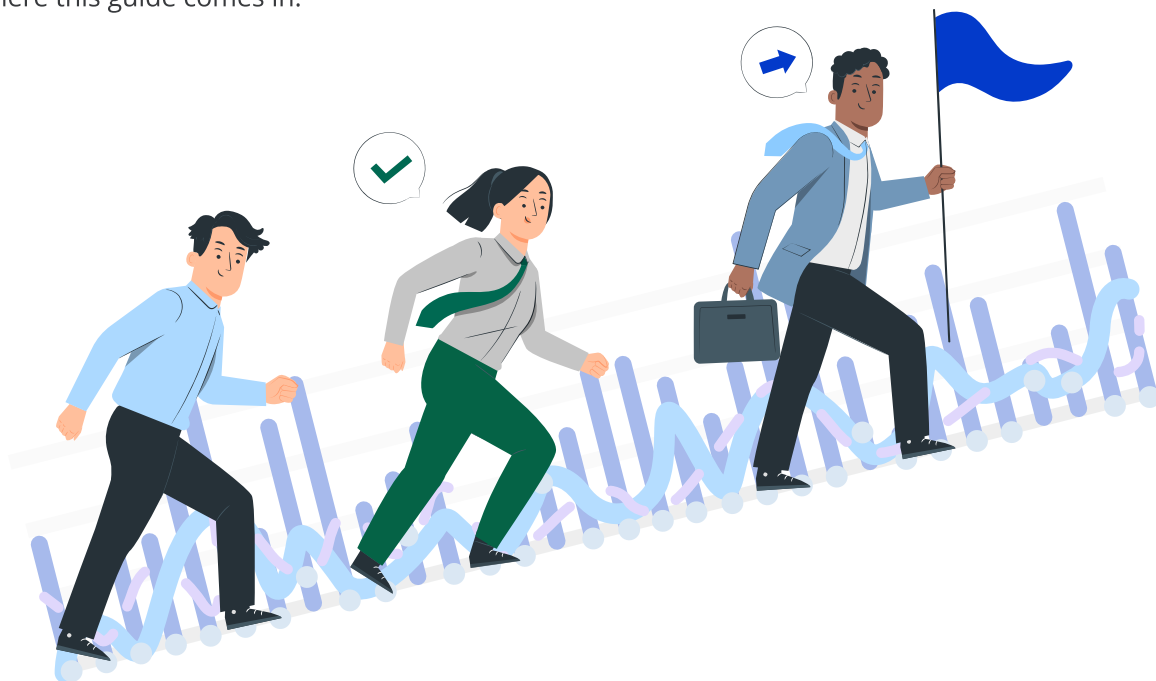
If you're a high-growth tech company eyeing global expansion, the US is likely at the top of your list. With **the world's largest economy, a deep bench of world-class talent, and a culture that rewards innovation and speed**, it's no wonder so many VC-backed businesses and ambitious scaleups make the leap.

But while the upside is huge, so is the complexity.

From **state-by-state employment laws to unpredictable tax rules, the US can feel like 50 countries rolled into one**. Throw in a few remote workers across multiple states, and suddenly you're navigating a compliance maze that could slow your momentum—or worse, trip you up entirely.

And yet, the opportunity is too great to ignore. The companies that get it right **unlock access to top-tier talent, massive customer bases, and investors who understand what it takes to scale fast**. The ones that don't? Risk delays, fines, or costly missteps that could derail their entire growth strategy.

That's where this guide comes in.



We'll walk you through what you really need to know about expanding into the US—without sugar-coating the tricky parts. From regulatory red tape to recruitment realities, **we'll help you sidestep the common pitfalls and take a smarter approach to US expansion**.

You'll also hear real-world stories from companies who've done it successfully—with the right partners by their side.

By the end, you won't just be US-ready. You'll be US-confident.

Why expand?

There comes a point in every high-growth journey where the home market starts to feel... limiting. Talent is tapped out, customer acquisition gets harder, and growth stalls. Expansion isn't just about going bigger, it's about unlocking smarter, more strategic growth.

Why tech companies are making the leap

One of the biggest challenges for growing business is hiring the right people. Funding? Sure. Legislation? Maybe. But simply not having enough people to choose from is something that takes most businesses by surprise. **If you can't hire, you can't scale.** It's that simple. Local markets often struggle to meet the hiring needs of fast-growing companies especially when it comes to niche or senior roles.

Expanding internationally opens up entirely new talent ecosystems, giving you access to the skills, experience and perspectives that can take your business to the next level.

Access a Larger
Talent Pool

Relying too heavily on **a single market can expose a business to unnecessary risk** and leaves you exposed. Economic downturns, geopolitical instability or changing regulations in one country can impact growth.

Expanding into new regions provides a buffer against market volatility, allowing businesses to maintain momentum even when conditions shift. Yes, it still comes with challenges, but staying in one place and hoping for the best isn't exactly a solid strategy.

Market
Presence
Diversification

A company's **expansion plans may not always be long-term or deliberate, sometimes it's reactive.** Maybe you've acquired a subsidiary, maybe you need feet on the ground to establish a local presence for sales or operations, or responding to new customer demand - whatever the need, it can all create an urgent need to enter a new market, so you need to be flexible.

Rapid exits are just as necessary as rapid entries, requiring flexibility and agility in global operations.

Adapting to
Changing
Business Needs

Tapping into new markets isn't just about risk management—it's about opportunity. **When your home market starts to feel saturated, expansion is a logical next step.** It's about reaching new customers, fresh demand, and uncapped growth potential.

Many of the world's most successful companies have accelerated their growth by moving into new markets at the right time.

Unlocking New
Revenue
Streams

*A study by McKinsey Global Institute found that companies with higher levels of internationalisation had a 30% higher compound annual growth rate (CAGR) compared to those that remained domestic. For companies looking to future-proof their business, expansion isn't just an opportunity—it's often a necessity.



Why the US Should Be Your Next Expansion Move

Expanding into the US is a bold move, but one that can pay off massively when done right. As the world's largest economy, **the US offers an unparalleled market for ambitious businesses looking to scale, innovate, and tap into new revenue streams.** But beyond sheer market size, there are several reasons why the US is the go-to destination for global expansion.



Access to the World's Largest Economy

The US economy is a powerhouse. With the **highest GDP globally and immense consumer spending**, it's a fertile ground for companies that want to establish a strong foothold in a lucrative market. Whether you're looking for high-value enterprise clients, a tech-savvy consumer base, or the Fortune 500, there's a market, and a wallet waiting. **It's a launchpad for serious growth, not just a stepping stone.**

Strategic Market Diversification

A single market strategy is risky, especially in a volatile global economy. Expanding into **the US gives businesses a buffer against economic fluctuations in their home country**, offering stability and long-term sustainability. The US market is vast and varied, meaning companies can carve out a space across multiple industries—from tech and finance to healthcare and manufacturing—while still maintaining growth opportunities elsewhere.

Favourable Business Policies

The US has a reputation for red tape, but in many ways, it's **one of the most founder-friendly ecosystems in the world**. IP protections are strong, investment incentives are real and state-by-state differences can be turned into strategic advantages. It's a place where ambitious businesses are rewarded, not slowed down.

Diverse and Skilled Talent Pool

With a workforce of over 170 million people, **the US offers access to some of the best talent in the world**. Whether you're looking for engineers, sales professionals or industry specialists, the US has a deep talent pool across every major sector. The country's strong university system, focus on continuous learning and ability to attract global talent make it an ideal place to build high-performing teams.

Innovation and Business Ecosystem

The US is home to Silicon Valley, Wall Street and countless industry hubs where businesses thrive on cutting-edge innovation. Whether you're in tech, fintech, AI or biotech, **the US offers access to venture capital, strategic partnerships and a competitive landscape that pushes businesses to evolve.** The country's innovation-first mindset makes it an ideal place for companies that want to stay ahead of the curve.

Ease of Scaling and Growth Opportunities

The US is built for scale. Its infrastructure, logistics, and capital markets are designed to help businesses grow fast. Launch in one state, expand to ten. With over 330 million people and some of the **most mature B2B and B2C ecosystems on the planet, you can go big without battling bureaucracy every step of the way.**

Expand Strategic Partnerships Even Further

While you'll need strategic partners to break into the U.S. market, being established there opens the door to even more opportunities. Once you're in, **you'll discover new chances for joint ventures, cross-promotions, and growth that go beyond what's possible in your current market.** Plus, with the support of the right expansion partner, you'll be well-positioned to build valuable connections and accelerate your success.

Key Challenges

Expanding into the US is full of opportunities, but it also comes with its fair share of challenges. Between **navigating legal complexities, understanding state-by-state employment laws and ensuring seamless payroll operations**, businesses need to be prepared for a learning curve. Here's what you need to know to avoid missteps and hit the ground running.



01 Compliance & Risk Management

Moving into the US market isn't as simple as setting up shop and hiring employees. The country operates on a federal, state and even local level when it comes to employment laws, tax regulations and compliance requirements. A strategy that works in one state might be completely unworkable in another.

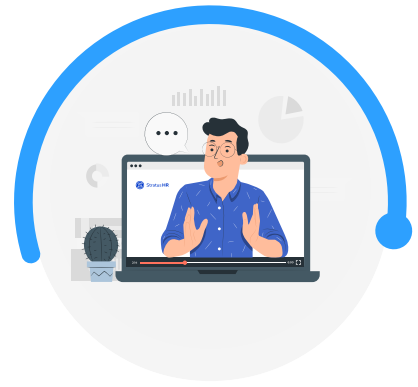
Here are some pitfalls to watch out for:

- **Business Registration & Legal Structure:** Choosing the right entity - LLC, C-Corp, or S-Corp - determines everything from liability to tax obligations. Some states have extra compliance requirements that must be met before you can legally operate.
- **Employment Law Variations:** Hiring practices, mandatory benefits and termination policies differ significantly from state to state. Misclassification of employees as independent contractors is one of the most common mistakes businesses make, which often leads to fines and back payments.
- **Tax Complexity:** US taxation operates at multiple levels, as each state has its own corporate tax laws, payroll tax requirements and sales tax rules, so businesses need a robust compliance framework from day one. And managing a workforce across multiple states only adds to the complexity.
- **Workplace Policies & Safety Regulations:** Industry-specific regulations, anti-discrimination laws and workplace safety guidelines need to be adhered to in order to avoid legal risks and liability.



02 Employment Law & Workforce Considerations

Navigating the complexities of US employment law is crucial for international expansion. Unlike Europe's more standardised labour protections, the US offers flexibility, but with that comes the need for businesses to **stay vigilant and proactive in managing risk**.



- **At-Will Employment:** In most US states, at-will employment laws dominate. This means employees can be terminated at any time for almost any reason—except for discriminatory or retaliatory actions. While this creates flexibility for businesses, it also increases the stakes. To mitigate risks, airtight employment contracts and policies are a must.
- **Mandatory Benefits & Leave Policies:** Unlike many European markets, the US does not have federal requirements for paid vacation or sick leave - these policies vary by state and employer. Health insurance, retirement plans and even benefits packages are often used as competitive hiring tools for leveraging candidates. It's important to note that these offerings often need to be well-structured and competitive, which can be challenging for startups—but there are options available to help you manage them effectively.
- **Onboarding Best Practices:** Background checks, work authorisation (such as verifying I-9 forms), and state specific hiring compliance must be handled properly. Fail to do so from the start you might face unexpected legal challenges that could disrupt your operations and result in costly fines

04 HR Operations & Payroll Management

Payroll in the US isn't as simple as just paying people on time. With layers of federal and state taxes, varying labor laws and different requirements depending on where employees are based, **businesses need a structured approach to keep things running smoothly**. That's why over 73% of companies in the US outsource some aspect of payroll—not just to stay compliant, but to save time, reduce risk, and focus on growing their business.



- **Multi-State Payroll is a Headache:** If you've got employees across different states, payroll gets complicated fast. Some states require income tax withholding, others don't. Different rules apply for benefits, overtime and other deductions. Getting it wrong can mean fines and back payments.
- **Tax Withholding is More Than Just Federal:** Employers are responsible for withholding federal income tax, Social Security and Medicare—but that's just the start. Some states have additional deductions, local taxes or unique filing requirements. Missing a payment can trigger costly penalties.
- **HR Outsourcing Takes the Pressure Off:** Many businesses turn to Professional Employer Organisations (PEOs) like StratusHR to handle the transactional aspects of HR, payroll, benefits and compliance. It's a way to cut through the complexity and free up internal teams to focus on growth.
- **Tech Makes It Easier:** Payroll and HR software can automate compliance tracking, tax filings and benefits management. With the right tools in place, businesses reduce manual work, avoid errors and stay on top of changing regulations. Emerald Technology's EOR Platform simplifies global hiring and payroll while ensuring compliance as an all-in-one solution you can use to manage a worldwide team.



05 Talent Acquisition & Hiring Strategies

Hiring in the US isn't just about ticking compliance boxes—it's about **understanding how recruitment actually works in this market**. From fast-moving hiring cycles to the importance of benefits, businesses need to be prepared for a different way of doing things.

- **The Hiring Landscape is Fast-Paced:** Candidates expect quick decisions. Long hiring processes? They won't stick around. Businesses that move fast, communicate clearly and offer a compelling reason to join will secure the best talent.
- **Culture and Expectations Matter:** What works elsewhere won't always work here. Salaries are often negotiated, benefits are a huge part of the conversation and workplace culture plays a major role in attracting top candidates. Understanding these nuances makes hiring smoother and retention stronger.
- **You Need a Scalable Process:** US hiring isn't one-size-fits-all. A solid recruitment strategy—one that's structured, adaptable and aligned with local expectations—makes all the difference in building a successful team.

💡 Did you know?

Foreign-owned companies operating in the United States already employ 8.35 million people—up 6.8 % in a single year—demonstrating just how quickly international expansions can scale.

Source: U.S. Bureau of Economic Analysis



DOs & DON'Ts

Setting up for success



Prior to Setting Up Your US Entity



Do

01 Partner with an EOR for a Smooth, Low-Risk Expansion

Expanding into the US without establishing a legal entity allows you to test the market and hire top talent without the administrative burden. With Emerald Technology, you can onboard employees quickly, ensuring full compliance with US labour laws while avoiding the overhead of running a local entity.



Example: A European SaaS company with a team of 5 employees used Emerald to enter the US market. By leveraging Emerald's EOR model, they avoided the time-consuming entity setup process and were able to hire and pay their first US sales team in under 30 days.

02 Choose the Right State for Operations

The US has 50 states, each with its own tax laws, labor regulations, and business incentives. Choosing the right location impacts your cost efficiency, talent pool and overall scalability.

Tech-friendly states:

- Delaware: Popular for its pro-business regulations, favourable tax laws, including no sales tax, no corporate tax in some circumstances, making it a top choice for startups registering entities.
- Texas: No state income tax, business-friendly policies and a growing tech hub in Austin.
- Florida: No personal income tax and a rapidly expanding tech ecosystem, particularly in Miami.
- California: Ideal for accessing top-tier tech talent but comes with higher tax rates and employment costs.



Tip: For early expansion, partnering with an EOR like Emerald lets you hire in multiple states without needing a local entity, providing flexibility as you refine your market presence.



✓ Do

03 Plan for Payroll and Competitive Benefits

US payroll is complex due to federal and different state tax requirements, social security contributions and benefit deductions. Offering competitive benefits is essential to attract top talent.

How Emerald & Stratus HR add value:

- Emerald handles payroll, taxes and benefits during the EOR phase, ensuring compliance and smooth employee payments.
- Stratus HR helps you structure attractive benefits packages when transitioning to a PEO, offering enterprise-level health insurance, 401(k) plans, and much more.



Example: A European fintech company expanding to the US used Emerald's EOR solution to offer competitive healthcare and dental benefits, helping them attract senior engineers in California.

04 Recruit and Hire Top US Talent

Hiring the right talent is critical for US expansion. Partnering with Emerald's global talent acquisition team gives you access to a broad talent pool, regional expertise and proven hiring strategies.

- Benefits of Emerald's support:
- Fast access to pre-vetted go-to-market talent, including sales, marketing, and tech roles.
- Expertise in US compensation benchmarks and benefits expectations.
- Scalable hiring for both individual contributors and full teams.



Example: A B2B software company expanded into the US by leveraging Emerald to hire their initial sales team. Emerald placed 22 hires across a number of disciplines including Product, Marketing, Sales, PreSales, Tech Support and Professional Services, accelerating the company's market penetration.

Don't:

01 Rush into entity setup before testing the market

Setting up an entity prematurely can be costly and time-consuming. You may face legal, tax and administrative obligations without validating your market fit.



Example: A European startup established a US entity without testing the market first. After struggling to gain traction, they shut down their US operations, resulting in entity dissolution fees and tax complications.



Tip: Using Emerald's EOR model lets you test the market with minimal risk.

02 Overlook state-specific tax and employment laws

Each state has unique tax structures and employment regulations. Failing to consider these nuances can lead to unexpected costs.



Example: California mandates overtime pay for certain employees exceeding 8 hours per day, where you must pay 1.5x of the employees base wage rate then 2x when it exceeds 12 hours, while Texas does not. Expanding to the wrong state without understanding these rules can increase labor costs.



Tip: Leverage Emerald's expertise to navigate state-specific compliance and avoid legal pitfalls.

03 Neglect competitive benefits

Offering subpar benefits can make it harder to attract and retain talent. US employees expect robust healthcare, retirement plans and paid time off.



Example: A European SaaS company expanding to the US initially offered only basic healthcare coverage. As a result, they struggled to hire senior-level employees who expected better benefits.



Tip: Partnering with Stratus HR post-entity setup ensures you offer competitive, compliant benefits.

After Setting Up Your US Entity



Do

01 Transition to a PEO for Streamlined HR

Once your US entity is established, partnering with a PEO like Stratus HR simplifies ongoing HR operations. Through a co-employment model, Stratus HR shares responsibilities and liabilities, allowing your team to focus on growth while we handle the HR complexity behind the scenes.

Working with a PEO provides:

- Cost savings
- Access to better employee benefits
- Risk mitigation
- Enhanced compliance
- Improved business outcomes

Studies show companies that work with a PEO grow 7-9% faster, are 50% less likely to go out of business, and see a 10-15% reduction in employee turnover. Source: NAPEO

02 Ensure Compliant HR Policies Are in Place

US employment laws vary by state and require companies to maintain policies that address wage and hourly regulations, paid sick leave and family leave, anti-discrimination and harassment policies, remote work and workplace safety requirements, termination procedures and final pay, background checks and drug testing laws, and much more.

How Stratus HR supports compliance:

- Keeps your handbooks and HR policies current and aligned with ever-changing employment laws
- Offers guidance and policy templates tailored to your industry requirements and locations
- Provides communication on upcoming legislative changes
- Conducts compliance audits and risk assessments
- Gives you advice and assistance for sensitive workplace situations from certified HR experts.



Example: A cybersecurity company already had U.S. employees but couldn't establish their own entity under their previous model. With Stratus HR, they were able to set up their U.S. entity and stay compliant across multiple states. Now, they're growing confidently, knowing Stratus is managing the complex, ever-changing landscape of U.S. employment law.

✓ Do

03 Set Up a Reliable HR Technology System

Implementing an integrated HR platform is essential in the US. It helps reduce admin work, avoid errors, and improve both the employee and manager experience.

Benefits of HR technology:

- Automated onboarding, payroll, and benefits enrolment
- Self-service access for employees and managers
- Real-time compliance alerts and reminders
- Streamlined performance reviews and employee documentation
- Centralized employee records, time tracking, and benefits management
- Built-in reporting tools for payroll, tax filings, and workforce analytics



Tip: A good HRIS like Stratus HR's helps you make smarter financial and people decisions—while also creating a consistent, positive employee experience that supports your company culture.

04 Get Enterprise-Level Benefits to Stay Competitive

In the US, benefits are a key factor in attracting and retaining top talent. It's not just about offering health insurance—employees expect comprehensive, competitive packages.

Stratus HR's benefits offerings include:

- Customisable benefit plans tailored to your budget and team's needs
- Access to a wide range of top-tier health carriers
- Economies-of-scale pricing that new businesses typically can't access on their own
- À la carte options like flexible spending accounts (FSA), life insurance, dental, and vision coverage
- Benefits compliance management



Example: A new tech company in Utah with 12 employees was struggling to keep up with rising benefit costs and losing talent to larger competitors. After partnering with Stratus HR, they created a tailored roadmap for enhancing their benefits—offering better coverage, cutting costs, and helping them stay competitive in the market.

Do

05 Get Ongoing Help with Compliance and Growth

As your US operations expand, your HR needs evolve. Employment laws shift, workforce expectations change and internal processes need to scale.

How Stratus HR supports growth:

- Monitors employment law updates across all 50 states
- Delivers scalable HR solutions as your headcount increases
- Provides ongoing guidance for multi-state hiring, remote teams and compliance risk mitigation
- Offers customised, flexible support that evolves with your business strategy

Don't:

01 Try to Manage HR on Your Own

Handling HR internally without expert guidance can lead to costly errors, especially with US compliance requirements across multiple states.



Tip: With Stratus HR, you get both top-of-the-line HR technology and hands-on support from experienced professionals who manage transactional HR for you.

02 Overlook Ongoing Compliance Obligations

Failing to keep up with US labour law changes can lead to penalties and legal issues.



Tip: Partner with Stratus HR to keep your HR policies compliant and up to date.

03 Ignore Employee Satisfaction Post-Setup

Once you've launched, your employees still expect strong benefits and responsive HR support.



Tip: Use Stratus HR's benefits offering and HR technology to boost engagement and reduce turnover.

The Process of Working with Emerald and Stratus HR

