



FINANCING AND SERVICES
FOR THE
INTERNATIONALLY
EXPANDING
ENTREPRENEUR

ARE YOU PLANNING TO EXPAND INTERNATIONALLY?

The world is full of opportunities and many limits are often merely imaginary. Be brave and set your sights outside Finland!

When you plan on expanding your company outside Finland, you often need additional funding and good advice for every step of the process.

A wide variety of finance that complements commercial options are available, as are public growth and international expansion services. There are also several private organizations that can help you expand your business internationally.

This guide gives you information about whom to consult in each situation.

NB! READ THIS

Here are some examples of situations in which you can apply for funding:

- You want to open a new office abroad.
- You want to expand to another country through a merger or acquisition.
- You want to attend a trade fair.
- You want to develop your digital services.
- You want to buy new machines or equipment.
- You want to do a market analysis, business plan or protect your intellectual property.
- You want to test a new concept.
- You get a big order and you need funding to deliver it.
- You want to develop your company management's skills in international trade.
- You are expanding your business to EU countries.
- You are expanding to Sweden or Russia.
- You want to grow in developing countries.

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1 How can I fund my company's international expansion?

Banks: Almost 70% of small and medium-sized enterprises (SMEs) receive their external funding from a bank. Full collateral is generally needed for a bank loan. If you need a large sum, your company's collateral might not be enough. That means you should research other options too.

Finance companies: As your business becomes more international, you may find yourself making small and large purchases. Finance companies can finance the instruments and equipment you want by cooperating with the suppliers. You can also arrange finance directly with a finance company.

Finance can also come in the form of working capital for your business. The goods being bought are always used to secure the loan. The biggest finance companies are banks, but many alternative funders and finance technology

(fintech) companies have come onto the market too.

- **Hire purchase:** When you buy with hire purchase, you get to use the goods immediately, but your company only becomes the owner of them after the final instalment. If you do not keep up with your hire purchase instalments, the finance company will repossess the goods.
- **Leasing:** In a leasing arrangement, your company leases a machine, tools or equipment from a finance provider. It belongs to the finance provider, and your company pays rent for it during the lease. There are many options in leasing contracts. When the contract runs out, depending on the contract, the property can be transferred to your company, the service provider or the finance provider.

Investment bank: Investment banks are there to help you when you are thinking about financing large, strategic decisions. They offer allotments of shares and help your company go public and complete mergers and acquisitions.

Venture capital investment and equity finance: Attracting venture capital investment suits your company if you have strong growth targets and visions. A venture capitalist takes as large a risk as your company's other shareholders, because he or she only receives a return on investment when the company is successful. When investigating your options, assess the skills a venture capitalist could bring to your board of directors.

As an owner, you give your venture capitalist a share in your company that matches his or her investment. Even though this reduces the original owners' relative holding, the value of their shares could increase if the company becomes more valuable.

Further information:

www.paaomasijoittajat.fi

Insurers: Has it ever crossed your mind that you can also get finance from your employment pension insurance company? You can borrow a portion of your employment pension contributions as a so-called back loan. An employment pension back loan is long-term and has a fixed interest rate. When your company's operations are established, profitable and solvent, the guarantee could be as long as 10 years and require no collateral in return.

Crowd funding: If your company has an exciting story, service or product, crowd funding might be a worthwhile alternative for you. The idea is to attract the necessary amount from a wide group of investors. Crowd funding works online through a crowd funding service. These include Invesdor, Mese-naatti, Kickstarter and other fintech marketplaces.

Factoring: Factoring is one of the most popular ways of financing business activities. Factoring means selling your invoices to a bank or finance companies, that is, financing your business against accounts receivable. You can also arrange to factor only some of your sales invoices. Factoring companies charge a fee of a few per cent of the invoice sum for their services.



2 Where can I seek financing and advice?

Finnvera funds growth, competitiveness and international expansion.

Finnvera, owned by the Finnish state, can provide you with loans, guarantees and export financing services. Finnvera is an export guarantor, specialized financing company and top-up lender that complements businesses' bank loans.

Ninety per cent of Finnvera's clients are companies of 10 people or fewer. Finnvera is part of the Team Finland network.

Further information: www.finnvera.fi

Financing situations Finnvera can be involved in:

Mergers and acquisitions: when you buy a company, you may need finance for the purchase itself or investments. You might also need working capital. Finnvera offers loans as well guarantees to meet banks' lending criteria. Your merger or acquisition may be an asset deal or a share deal. In an asset deal you buy another company's business operations, such as customer

accounts, machines or brand. In a share deal you buy another company's shares or majority shareholding.

Entrepreneur loan: you guarantee an entrepreneur loan personally. You can use it for mergers and acquisitions. More than one founder or shareholder of a business can jointly receive an entrepreneur loan.



Bond financing: when you need a large amount of financing, consider a bond. It is suitable for purposes such as investments, expanding investments or arranging capital structure.

Growth loan: if your company has operated for more than three years, you can apply for a growth loan for significant growth and International expansion projects, as well as for rearranging your business.

International expansion funding: if you have or about to set up a subsidiary or associated company abroad, you may apply for international expansion funding. You can also use it to fund the investment in, development and growth of your business premises. You can get such funding for buying property or increasing your share capital in a foreign subsidiary or associated company.

Finnvera services for funding export trade

If your company exports abroad, Finnvera can finance you in a wide range of ways. You can get finance for your exports and protect yourself against credit loss. Large export trade deals can grind to a halt when there is no money.

Export guarantee: Finnvera may support your company's exports by guaranteeing bank finance you need. An export guarantee serves as a counter-guarantee for the bank or other funder, when it provides a guarantee on your behalf to a foreign buyer.

Export credit guarantee: When your company has been granted an export credit guarantee, you can extend your client's payment term. This may help you when striking a deal. You should

apply for an export credit guarantee before the deal is struck, but no later than you start supplying the goods or services. Finnvera establishes how creditworthy a foreign client is on the basis of credit data and financial statement data.

Export receivables guarantee: When you want to protect yourself against unpaid export invoices with payment terms of less than 180 days, consider applying for an export receivables guarantee. The guarantee covers the buyer's commercial risk, such as your client not paying its invoices or its business running into difficulties because of the local political situation. You can also use an export receivables guarantee as collateral for a loan.

Finnvera only provides limited guarantees for export sales with short payment terms to other EU countries and industrialized Western countries.

Consider private credit guarantors, such as banks, for credit guarantees for trade of this kind.

Bill of exchange guarantee: Your export transaction might depend on being able to arrange financing for your foreign clients. With the help of a bill of exchange guarantee, for which you can apply to Finnvera, a bank can buy a buyer's bill of exchange from your company. This means the finance risks are transferred to Finnvera. Your company receives the transaction price in cash.

Further information: www.finnvera.fi

Business Finland – an accelerator of global growth

Business Finland, owned by the Finnish state, helps Finnish companies expand internationally by financing research and innovation. Business Finland generally funds only a portion of the project costs.

Business Finland's export centres employ 140 experts in over 30 countries. These professionals support Business Finland's client businesses at all the stages of expansion and growth. Support is offered for companies that plan to go to new markets or want to become more competitive in existing ones.

Further information:
www.businessfinland.fi

Business Finland financing

You can apply for Business Finland financing when you want

- to analyse markets or competitors before going international
- to prepare a business plan
- to start a fundamental research and development project
- to clarify patent issues
- to test a new concept or product with potential foreign customers
- to establish digital opportunities
- to develop and assess the competence of your company management and staff

- to receive trade fair assistance for trade fairs abroad
- to pilot new solutions

Explorer product family

When you want to enter international markets, explorer funding helps you hire or acquire expertise. With the help of funding, you can join an SME business group as a delegate to a foreign trade fair or assemble an SME group to establish the possibilities for joint export opportunities.

Market Explorer funding: You can use Market Explorer funding to buy new information and expertise to help your company make progress in a new international market. The funding is only designed for expenses incurred from purchased expert services. The maximum amount of Business Finland

funding is €5,000–€10,000, covering 50% of the total costs of the expert services. This means the projects must be €10,000 to €20,000 in size.

Exhibition Explorer funding: When you want to travel to an international trade fair to exhibit a ready-for-market product or service, you can get funding for this purpose from Business Finland. Exhibition Explorer funding is awarded to a group of at least four eligible SMEs that participate in a significant international trade fair in their sector.

Talent Explorer funding: When you are expanding internationally and want to hire an expert with specialized insight into a new market, your company can apply for Talent Explorer funding.

You can only use the funding to cover the costs of hiring an expert. The maximum amount of funding granted by Business Finland is €20,000 and may cover up to 50% of the expert's employment costs (salary, including indirect employee costs, and any travel expenses) for the first 6 to 12 months. In other words, the maximum project cost is €40,000.

Group Explorer funding: If you get three other companies involved in your international expansion, your group can get funding, for example for market research or preparation of joint business models. The amount of funding is between €10,000 and €20,000 per company.

Market Access programmes: You should consider the Market Access programmes if you want to enter the US, Chinese or South-East Asian markets. Professionals with MBAs from top global universities draft your

company a business plan specifically for the target markets. Some example of themes that teams may work with:

- Market analysis and market entry model analysis
- Business feasibility analysis
- Product analysis and development strategy
- Business plan (core areas, networking, marketing, distribution, finance plan, etc.)

Team Finland Market Opportunities:

When you want to expand abroad successfully, it's worth keeping your eye on opportunities in a wide range of markets. Team Finland Market Opportunities is a one-stop-shop for the sales leads, country outlooks and Future Watch reports produced by Team Finland.

Future Watch offers your business information and insights on international business in various countries over a 2–5 year time span.

Further information:

www.marketopportunities.fi

Soft Landing: If you want to test your opportunities in Asia or the US without registering a company there, you should take advantage of the Soft Landing service. You will get office services and other support for your everyday challenges. Local experts can also prepare a tailored market entry plan for your business. The network currently has five locations: Shanghai, Hong Kong, Singapore, New York and Silicon Valley.

International accelerators: Business Finland funds SMEs' participation in accelerator programmes abroad. When you participate, you can speed up market entry, test clients' needs and build your business in your target market.

Team Finland visits: Business Finland organizes visits to target countries for Finnish companies in cooperation with other Team Finland partners. Team Finland visits are intended for Finnish companies of all sizes that are planning to enter or are already operating in international markets.

Expert Search: With the help of the Expert Search service, a company can find a suitable consultant to support its international growth.

Shipping handbook service: When you are planning to or already exporting goods, you should absolutely use the Business Finland digital Shipping Handbook.

The service contains information about import restrictions, free trade agreements, necessary documents and special certificates, document legalization, product packaging and label regulations, other special requirements and sending product samples.

Further information:

www.exportfinland.fi/laivauskasikirja



4 Regional Team Finland services

Centres for Economic Development, Transport and the Environment (ELY centres)

ELY centres are regional public offices that support the registration, growth and development of SMEs. They provide advice, training and development services, as well as funding.

The ELY centres' business funding consists of forms of development assistance which both new and expanding SMEs can receive. The goal of the projects being funded is to promote companies' long-term competitiveness. If you have questions about your company's exports and international expansion, you should contact one of the ELY centres' Team Finland contact persons.

Further information: www.ely-keskus.fi

Development assistance

You can apply to your local ELY centre for development assistance for international expansion projects. You must submit an application before the project begins. The application may contain details of flights and accommodation for export promotion trips if they are part of a broader, planned international expansion project.

Further information: <https://www.team-finland.fi/en/services-for-companies/financing-services/>

Municipal development companies

These are municipally owned, non-profit companies which aim to boost businesses' growth and competitiveness in their area. They can offer particular help in developing and financing your business.

Further information:

www.sekes.fi/jasenet

Viexpo cooperative

Viexpo, the international expansion unit of the Ostrobothnian ELY centre, is part of the Team Finland network and serves your business in a range of ways along the export path.

Further information: www.viexpo.fi

5 Team Finland network

The Team Finland network promotes the success of Finland and Finnish businesses.

Over 80 local teams represent the Team Finland network abroad. They bring together the Finnish authorities, publicly funded organizations and other key Finland-related players in each area.

Further information: www.team-finland.fi

Country specific advice

The Finnish-Swedish Chamber of Commerce helps companies in matters related to entering the Swedish market. The Chamber of Commerce office is in Stockholm.

Further information: www.finsve.fi

The German-Finnish Chamber of Commerce acts as a global consultancy office and helps companies enter markets where public Finnish bodies are not represented.

Further information: www.dfhk.fi

The Finnish-Russian Chamber of Commerce is a leading expert organization in Russian trade whose key task is to promote Finnish businesses' export and business in Russia. The Chamber also promotes Russian businesses' opportunities and desire to find partners and business opportunities in Finland.

Further information: www.svkk.fi and www.svkk.ru

Finncham network The bilateral commercial associations, chambers of commerce and guilds founded by Finnish companies in over 60 countries support and reinforce international expansion. The goal is to create business contacts between Finland and the target country. The Finland Chamber of Commerce has brought these independent and largely voluntary chambers of commerce together in the Finncham network. They cooperate in the target countries with Team Finland, that is, embassies, ministries and other organizations promoting international expansion.

Further information: kauppayhdistys.fi

6 Ministry for Foreign Affairs of Finland

The **Team Finland services of the ministry's foreign representations** can be used by all Finnish companies in about 90 countries.

The **Team Finland services** offered by representations are divided into three main groups:

1. Creating contacts

- Networking meetings and events
- Official contacts, business contacts and contacts with other service providers
- Practical delivery of team Finland trips in cooperation with business Finland
- Letters of recommendation to help companies

2. Information and advisory services

- Information about business environment from various countries of employment for company needs, and related sparring assistance for companies
- General country-specific information (such as country reports) concerning the political and economic operating environment
- Information on business opportunities, such as significant national procurements

3. Problem solving

- Barriers to trade faced by companies (tolls, certification, legislative changes)
- Advocacy to local authorities and other actors

The **Foreign Ministry's information services** (such as country overviews) are available to companies at www.um.fi

The **Kaupapolitiikka magazine** contains up-to-date, country and sector-specific information: www.kaupapolitiikka.fi

7 Development cooperation

Developing countries offer a large number of opportunities for companies: Through development cooperation funds, the foreign ministry supports Finnish companies' partnerships and business opportunities in developing countries. The goal should always be to promote the target countries' economic, social and environmental development.

The Foreign Ministry, Finnfund and Finnpartnership are members of the Team Finland network.

Some of the development cooperation funds are directed at development cooperation projects that are delivered via a tender. Information about open tenders are mostly available via the Hilma public procurement service.

Finnpartnership provides start-up funding for business in developing countries. Your company can use it to receive assistance for finding a local partner, planning operations and training employees. The assistance granted is most typically in the tens of thousands of euros.

Further information: www.um.fi

The BEAM or Business with Impact Programme is a joint programme of Business in Finland and the foreign ministry. It aims to help Finnish companies and other actors solve the world's development challenges through innovation. The BEAM programme grants support and loans for the development of new business ideas and earning models.

Further information: www.businessfinland.fi

EFP Africa fund. This is a form of funding for clean energy and environmentally friendly business in southern and eastern Africa.

Further information: www.um.fi

Finnfund is a Finnish development fund company which funds companies' projects in developing countries. It offers companies development skills, risk finance and long-term loans.

Projects must be profitable, responsible and have positive development effects in the target countries. The funded projects may be new or existing companies in a range of sectors. The focus is on renewable energy and sustainable forestry.

Finnfund may also fund projects that use Finnish technology or competence or projects with significant development effects.

Further information: www.finnfund.fi

Finnpartnership is a business partnership programme funded by Finnfund and the foreign ministry. Its services include business partnership support, connecting Finnish companies with ones operating in developing countries, advisory services, training and events.

Further information:
www.finnpartnership.fi

The Public Sector Investment Facility (PIF) is intended for projects of the same size category as Finnfund support. Unlike Finnfund, the PIF is used to support investments in the developing countries' public sector. A condition for receiving support is for the investments to use Finnish competence and technology.

Further information: www.um.fi

The Climate Fund offers funding in the form of investments and loans for projects aimed at tackling climate change. The International Finance Corporations' (IFC) projects are typically €60–€100 million in size.

Further information: www.um.fi



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Nordic financial backers and services

The Nordic Environment Finance Corporation (NEFCO) is an international financial institution based in Helsinki.

The primary goal of NEFCO is to fund cost-effective environmental projects in countries near the Nordic region: Armenia, Belarus, Estonia, Georgia, Latvia, Lithuania, Moldova, Poland and Ukraine.

NEFCO can fund SMEs' projects with an impact on green growth, as well as Nordic companies' and subsidiaries' investments outside Eastern Europe. Projects which reduce greenhouse gas emissions, improve the ecological state of the Baltic Sea, improve energy and material efficiency or reduce the creation of environmental toxins are priorities.

NEFCO administers numerous funds and offers its clients loan and equity finance and export credit from its investment fund. Other funds are dedi-

cated to protecting the Baltic, Barents and Arctic areas, and to tackling climate change.

Further information: www.nefco.org

The Nordic Project Export Fund, Nopef, is a fund operating in conjunction with NEFCO which has the task of strengthening Nordic businesses' competitiveness by issuing support for international expansion projects, as well as pilot projects and preparations of export promotion investments.

Nopef grants funding for projects in countries outside the EU and EFTA.

When completed, the projects must have the ability to produce direct or indirect environmental benefits and increase environmental awareness in the project countries. The supported projects must also promote a Nordic interest, for example by contributing to increased skills and competitiveness, or promoting operations in the form

of jobs, turnover or investments in the Nordic countries and project countries.

Further information: www.nopef.com

The Nordic Investment Bank (NIB) is an international financial institution jointly owned by the Nordic and Baltic countries. It lends via intermediary banks to both the public and private sectors.

The NIB funds projects which strengthen competitiveness and improve the environment. The Bank offers both public and private-sector clients long-term loans and guarantees on competitive market terms. It evaluates all the projects it finances in terms of sustainable development.

Further information: www.nib.int

You can find information about setting up a business in another Nordic country in the Nordic Business portal: www.nordenbusiness.org/fi

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EU services for business growth, international expansion and innovation

You can receive a loan, guarantees or equity finance from EU programmes via local financial institutions. The EU finance portal, www.access2finance.eu offers information about applying for EU-supported funding.

EU structural funds

The structural funds award finance to businesses for varied development and investment projects. The projects may relate to production, international expansion or competence. They must have a significant impact on the company's operations, regenerations, growth and competitiveness. The employment aspects are also taken into account when awarding finance.

Support of no more than 50% of the total project value is awarded for development functions. In investment projects, the share of support is 10–35%. The share of support varies

depending on the content, location and other significant circumstances of the project.

Further information:
www.rakennerahastot.fi

EU Agricultural Fund for Rural Development 2014–2020

This is a worthwhile finance opportunity for many The Federation of Finnish Enterprises member businesses, as about 95% of the territory of Finland is an area entitled to support. The €8.2 billion fund can finance investments, business and farming development, cooperation and the productization of innovations.

Further information: [Brochure: More diversified and stronger entrepreneurship via rural corporate subsidies 2014–2020](#)

Fill out the application online in the Hyrrä service www.hyrra.mavi.fi (login required)

Horizon 2020

Horizon 2020 is a research and innovation programme that funds technology, products and services delivered in international cooperation. You can apply with a Finnish university or research institute, for example. The funding is competitive, with the best applicants winning.

Further information:
www.businessfinland.fi

European Neighbourhood Instrument ENI

The ENI supports cooperation between Finland and Russia which promotes border regions' competitiveness, the creation of international networks and economic development.

Further information:

South-East Finland www.sefrcbc.fi
Karelia www.kareliacbc.fi
Kolarctic www.kolarctic.info

EU Enterprise Europe Network

The EU's Enterprise Europe Network is a free network with experts in over 60 countries which offers international expansion services for SMEs.

This network, funded by the European Commission, offers your business:

- general international expansion and legal advice
- seminars on current topics
- support for finding the appropriate EU funding programme
- help in finding an international cooperation partner
- a channel for giving feedback to the European Commission on problems you encounter when dealing in the single market

- analysis of your business's development objects – particularly aimed at companies investing in innovation

In Finland, the services are offered by Business Finland, Helsinki Region Chamber of Commerce and Turku Science Park. The experts are based in Helsinki, Turku, Tampere, Oulu, Mikkeli and Seinäjoki and their services cover the whole of Finland.

Further information: www.een.fi

EU databases

Market Access Database If your company exports outside the EU, you can find a lot of useful information here. The database contains information such as tariff levels, necessary customs documents, free trade agreements, rules of origin and possible barriers to trade in over 120 countries. There is also a lot of Brexit information available.

Further information: www.madb.europa.eu

Your Europe database Here you can find practical information about running a business in the EU. Further information: www.europa.eu/youreurope

European entrepreneurship and SME portal A source of a lot of information about the EU funding opportunities available for SMEs.

Further information:

www.ec.europa.eu/small-business

10 Other noteworthy funding providers

Finnish Industry Investment Ltd (Tesi) is a venture capital and private equity company that accelerates companies' success stories by investing in them, both directly and via funds. Tesi becomes an owner of your company, which means it offers active, long-term work on your board of directors. To receive funding, your company must show growing operations.

Further information: www.tesi.fi

FiBAN, or the Finnish Business Angels Network, is a Finnish, non-profit, national private investment association which aims to promote private persons' investments in unlisted growth companies with potential. If you need additional funding and competence for international expansion, you may be able to find an angel investor via FiBAN.

Further information: www.fiban.org



11 Other useful services

The World of Logistics The World of Logistics site investigates international expansion from the logistics perspective.

Further information:

www.logistiikanmaailma.fi

The Nordea Trade Portal & Trade Club provides practical tools for international trade for both new and experienced business that trade internationally.

Further information:

www.nordeatrade.com



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