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Why VCs and Foreign Founders Want the ‘Entrepreneur Visa’

By [Lora Kolodny](#)

Immigration challenges plague foreign entrepreneurs who want to build startups in the U.S. Beyond worrying about individual visa status, a founder has to worry about tax laws in the U.S., and for example, predict how a requirement to repatriate proceeds may impact a company’s bottom line.

A foreign founder also is subject to the judgment of an individual immigration officer assigned to review his or her case at random. An officer may or may not see the business as legitimate, and can send the entrepreneur packing.

One movement, supported by the founder and managing partner of [SoftTech VC](#), [Jeff Clavier](#), seeks to establish a visa for entrepreneurs in the U.S. to alleviate these problems. Essentially, the proposed visa would allow a founder of any venture-funded, and therefore vetted, startup to stay as long as he or she is operating a legal business.

Promoted by investors, entrepreneurs and politicians via [The March for Innovation](#), Clavier says the entrepreneur visa would not just be good for foreigners with a startup dream—it would help “create wealth and jobs in the U.S., and keep skilled workers here long term, where they can teach others and contribute to the U.S. economy.”

Despite the challenges without such a visa, one New York City startup founded by Australians, [Handshake](#), just raised \$1.5 million in seed funding. The company’s apps help brands and retailers write and receive orders online and via mobile.

Handshake CEO Glen Coates took risks setting up his business in New York, and seeking venture funding in the U.S., he says, because Australia lacked a “mature venture capital ecosystem” and he viewed New York as “the epicenter” for the brands that Handshake could serve best.

“While my visa is renewable (and has been renewed multiple times) there is technically no guarantee that it will always be renewed, and so there is always a real risk that I may have to leave,” the CEO says.

He was occasionally tempted to move back to “Oz.” He noted, “The Australian government provides significant financial assistance to new ventures...And there’s a strong supply of really talented engineers [who are not] surrounded by a thousand startups competing for their skills.”

The entrepreneur could never be certain how venture investors felt about his immigration status. Did any of them walk away from a possible deal because of “immigration risk,” he wondered? It took him more than a year to raise the money the company needed to bring its order-writing and -receiving app to a broader market.

Ultimately, [SoftTechVC](#) led the seed investment in Handshake, joined by [MHS Capital](#), [High Peaks Venture Partners](#), [Bold Start Ventures](#), [Point Nine Capital](#) in Germany, and Chris Dixon (who invested independently before he joined the venture firm, [Andreessen Horowitz](#) as a partner).

Clavier said he was impressed that—without any outside investors—Handshake set up in New York, attained and won six corporate clients.

Handshake’s customers include [Silhouette Optical](#) (distributors of Addidas eyewear); the pro-audio brand [Roland](#); premium stroller brand [Bugaboo](#); and the makers of ergonomically friendly kitchen gadgets [OXO](#).

The investor also notes, “We really like the theme, in general, of what they call consumerization of IT, which is bringing tablets, mobile and the cloud to traditional, boring verticals like sales order management.”

Although he is [outspoken in his support of the entrepreneur visa](#), Clavier—a U.S. citizen born in France—said his firm welcomes, but does not prefer to invest in companies whose founders are immigrants. “We [won’t] pay someone to move [their business] here,” he said.

<http://blogs.wsj.com/venturecapital/2013/06/05/why-vcs-and-foreign-founders-want-the-entrepreneur-visa>