

Fluidly Limited - £5M Grant

CIF Key Achievements to Date

- Launched actions within our product to help SMEs manage their cashflow: this included an updated 'Chase' feature which allows SMEs to easily chase their debtors, and a new 'Plan' feature which supports financial decision making.
- Launched our funding journey (financial services marketplace): this allows SMEs to instantly access pre-qualified funding offers from a range of lender, by inputting just their company name.
- Continued to strengthen our partnerships with General Ledgers (Xero and Intuit Quickbooks), and were awarded Practice App of the Year (2020) at the Xero Awards.
- We are now working with more than 35 of the Top 100 Accounting Firms in the UK to reach as many SMEs as possible at scale.

Assessment Period 3 (January 1st, 2020 – March 31st, 2020)

COMMITMENT 1. MEANINGFUL MARKET PENETRATION, BANK AGNOSTIC TECHNOLOGY

We will accelerate our growth, aiming to connect 400,000 SMEs by September 2022. Our frictionless and accessible technology has huge scaling potential. We look to achieve a 7% market penetration by delivering new financial intelligence capabilities for a breadth of SMEs, agnostic of bank provider. This will drive choice and competition in lending and savings, even if a business does not switch current accounts.

We are continuing to rapidly grow our tens of thousands SME connections through both our accounting partnerships channel and direct-to-SME channel. We hope to increase the awareness of our core intelligent cashflow product in the coming months to support SMEs during more turbulent times.

COMMITMENT 2. MULTIPLIER EFFECT FOR MARKET TRANSFORMATION

We will leverage funding to multiply the returns across the market and match BCR funding with £5M as co-investment. Our multiplier effect goes beyond money. We will impact the wider ecosystem by bringing together accounting software vendors, accounting firms and financial providers; compounding the distribution and returns beyond the capability of any one firm. We will deliver a data network effect - personalising algorithms and offering benchmarking that only a whole-of-market approach can deliver. Every pound of funding will be multiplied, delivering excellent value for money.

We have matched each pound of BCR funding utilised to date with our own funds in order to maximise their impact. In order to create a network effect, we are currently working with general ledgers with wide market coverage, data providers, and more than 10 lenders. Through aggregating data across these players to create a fuller picture of each SME, we are able to multiply the returns to investment across each player.

COMMITMENT 3. ACTIONS HUB FOR INTELLIGENT CASHFLOW MANAGEMENT

We will launch the Fluidly Actions Hub within 12 months of receiving funding. The Actions Hub will provide a single view of finances to build stronger, more resilient businesses. This includes:

- 1. Insights and benchmarking against similar SMEs (e.g. sector and growth stage) to highlight opportunities for improvement.**
- 2. Personalised recommendations to support smart decision making. Actions will range from identifying opportunities to preventing potential threats - to promote growth and survival.**

We have made good progress against this commitment and our first version of the Actions Hub is now live. This quarter, we released our 'Plan' feature to accompany our existing features such as 'Chase' within the Actions Hub. This new feature allows SMEs to easily understand the impact of potential business changes on their cashflow and make informed decisions to manage and improve their cash position.

COMMITMENT 4. INTELLIGENT FINANCIAL MARKETPLACE

By October 2020, we will launch an AI-driven financial marketplace that drives choice by matching needs to traditional and alternative finance providers. By combining historical financial data (the basis of most credit decisions) with AI-driven future insights, Fluidly helps predict and pre-empt needs. This unique AI-equipped platform will allow businesses to make timely, informed decisions about financial products.

We will work with lenders to build new predictive datasets that support risk assessment to target delivery of a lower cost of capital. We will also reduce market friction by facilitating API-driven decisioning.

67% of SMEs do not borrow. We want to help SMEs with returns on cash. Whether highlighting options to invest in growth, save money or get better interest rates on balances, we want to help SMEs identify the right products, whether from an incumbent or a challenger.

We are pleased to announce that we are now able to offer SMEs quick and easy access to pre-qualified offers of funding through our website and app, by inputting just their company name. We brought forward work against this commitment (originally due to be delivered in Q3 2021) to provide SMEs with easier access to funding. We hope this helps SMEs to manage cashflow during these difficult times. We will continue to expand our financial marketplace to connect SMEs with more lenders and providers of other financial products.

COMMITMENT 5. IMPROVED FINANCIAL SUPPORT FOR BUSINESSES

Fluidly commits to work alongside professional bodies such as the ICAEW, to deliver over 20,000 hours of CPD-certified training by September 2022. This will equip thousands of accountants to deliver modern cashflow advice to SMEs, filling the void created by the reduction in traditional bank Relationship Managers.

We look to offer support through direct collaboration, partnering with 10,000 SME accountancy firms and at least five FinTech companies, to foster better business outcomes, greater choice in the market and overall competition across the SME ecosystem.

We are now leveraging BCR funds towards delivering CPD certified training to hundreds of accounting partners. This training equips them to better support SMEs. We continue to make progress towards reaching our partnership target of 10,000 accounting firms and 5 fintechs, and plan to accelerate this later in the year once the COVID-19 crisis has passed.

COMMITMENT 6. UNLOCKING AI FOR EVERY BUSINESS

We commit to helping SMEs benefit from the transformational potential of AI. Fluidly's patent-pending, UK-built technology has received industry and government recognition.

The challenges of implementing AI, such as cost, integration complexity and lack of internal expertise, remain barriers, even for established enterprises. Fluidly commits to making AI readily accessible for smaller businesses, while developing responsible AI systems that produce fair, unbiased results. We commit to protecting client, personal, and partners' commercially sensitive data to industry-leading data security and privacy standards, as well as meeting GDPR requirements.

Through our core product, we are able to ensure even the smallest of SMEs have access to AI driven insights into their cashflow. We have continuously improved navigation within our product to ensure it is easy and intuitive to use. We also expanded our range of support materials this quarter to help ensure our product remains straightforward and accessible for all. We are committed to meeting data security and privacy standards (including GDPR).

COMMITMENT 7. UNLOCKING FINANCIAL DATA TO IMPACT THE ENTIRE ECOSYSTEM

Fluidly is building proprietary datasets to assess risk, that will drive innovation in credit products particularly for underserved businesses. We commit to identifying behavioural patterns in our data to predict risk, and work with at least two lenders to co-create new products that reduce cost of capital for SMEs (58% of SMEs cannot currently get funding at APRs below 8%).

We will also create access to at least 25 partners across the ecosystem, including alternative finance providers, general ledgers, accounting firms and other Fintechs. The alternative finance providers will drive competition by challenging the traditional banks' stronghold over less accessible credit. By partnering with other Fintechs, we will further commercialise their technology across the market alongside our own, creating multiplier effects in the ecosystem.

We are working with more than 10 lenders in order to ensure SMEs have access to a wide range of financial products, suitable for their specific need. We have begun exploratory conversations around risk prediction and are excited to work on this over the next 12 - 24 months.

COMMITMENT 8. DIVERSITY AND INCLUSION

Fluidly is committed to creating a diverse and inclusive culture that serves a cross-section of small businesses. Fluidly has demonstrated strong progress in gender diversity including 40% female leadership.

We look to support businesses in all sectors, regions and growth stages. Around 70% of businesses connected to Fluidly today are outside London. We commit to opening a Regional Hub in Newcastle, with at least 15 employees hired by December 2021.

We will provide Enterprise Nation with 1000 free licenses to distribute to its diverse membership.

We have grown our number of Newcastle-based employees and will look to expand this over time.

This is likely to be slower than originally planned, due to hiring constraints arising from the uncertainty that the COVID-19 crisis has brought. Our SME connections and accounting partners continue to be located across the country, and we increased our physical and digital marketing efforts to raise awareness around intelligent cashflow management for businesses outside of London.

COMMITMENT 9. TRANSPARENCY ON PROGRESS

We will give full transparency on the allotment of funding towards our goals. We will provide BCR with access to dashboards tracking progress of commitment KPIs. In addition, we will publish an

annual benchmarking report showcasing SME industry trends. This public report will also feature cashflow insights, focusing on financial decisions that have contributed to the growth of Fluidly's connected businesses.

Our board has committed to the delivery of this initiative and we have the funding plan, project management and governance for success.

We remain committed to providing the BCR with timely and transparent updates on our progress.

SUMMARY

Through our commitments, we will drive choice for businesses and increase competition. We will multiply the impact of a grant through £5M in matched funding and established distribution partners. With our patent-pending technology layer, track record of delivery and close relationships across the ecosystem, we are confident we can democratise AI technology for ordinary businesses to deliver peace of mind and better financial outcomes.