

Swoop Finance Limited - £5M Grant

CIF Key Achievements to Date

- Launch of new virtual CFO where SMEs can access loans, grants, and investment as well as cut costs across utilities, banking, and FX resulting in £62m in finance raised and saved for UK SMEs.
- 585 funding providers onboarded within the integrated marketplace.
- Completion of end to end digital journey for bank account opening and switching with five banks to date with three more in the pipeline in the next quarter. This enables customers to not only compare the best bank account but to easily open and switch bank accounts. We are on track to ensure all UK banks participate in this digital journey by the end of 2020.
- 26,000 SMEs signed up to Swoop Virtual CFO with over 15% integrating their bank accounts via Open Banking.
- Large scale partnership agreements signed that will be activated in Q2 2020 which will ensure a significant increase in customer registrations in 2020.
- 7 new employees in the Midlands with a minimum of 4 more planned for 2020.

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

COMMITMENT 1

Swoop is committed to supplementing the CIF award with an investment of £3.3m throughout the project.

Swoop is on track to meet this commitment.

COMMITMENT 2

Swoop will further invest in its proprietary, cloud-based technology and API enabled platform to deliver a sophisticated all-in-one SME finance platform. This will include a fully integrated marketplace of lenders, grant agencies, equity investors and finance product providers. Where providers have APIs available, Swoop will integrate these into its platform to deliver real-time finance decisions to customers. Swoop will deliver this integrated marketplace by Q2 2020 and will continually add more finance provider APIs as they become available. This integrated marketplace will lead to increased demand and access to funding for SMEs. Swoop will onboard 540,000 SMEs (15% of the business current account market) with at least 270,000 SMEs applying for external finance generating £11.8 billion in financing secured for those SMEs by Q4 2023. Of these 270,000 SMEs:

- **40,000 will apply for grants and/or R&D Tax Credits through Swoop generating £942m in money awarded to over 6,000 SMEs.**
- **200,000 will apply for debt finance through Swoop generating £9.9 billion in debt finance secured.**
- **30,000 will apply for equity finance generating £1 billion in money raised for 3,000 SMEs.**

Swoop has made significant inroads in its technical roadmap through a major product release in March 2020. Since the launch of the Virtual CFO and savings proposition at the end of 2019, Swoop has onboarded 26,000 SMEs and secured £62m in finance raised and costs saved for those businesses.

Swoop has introduced automated unsecured lending through RBS and HSBC where users can get an instant decision for loans up to £50,000 from these respective banks. Barclays and Lloyds are in beta and will be released in April 2020.

With the onset of Covid-19, Swoop has developed a bespoke funding marketplace for businesses affected by Covid-19 and that urgently need access to funding. The marketplace centres on the CBILs product and helps businesses instantly ascertain their eligibility and connects them to the appropriate CBILS lender.

To assist with successful CBILs applications, Swoop have partnered with Futrli to help businesses with revised cashflow forecasts as part of their CBILs application. Swoop has worked with Futrli to build out a CBILs preset within their advisor product, so that business owners and advisors can get access to a 3 Year forecast for Profit & Loss, Balance Sheet and Cash Flow Statement. More information is contained here - <https://swoopfunding.com/futrli>.

Swoop is in variety of discussions with a number of CMA Banks and CBILs providers to help triage the backlog of applications they are receiving, so that they can credit assess more quickly and get the funding out to those eligible businesses as quickly as possible. Swoop has also partnered with a number of brokers to support them with their clients during this time, so that they can use Swoop's CBILs platform to test whether their clients are eligible for CBILs.

Despite the huge decline in funding across equity investment and loans in late February/March, demand surged in March and supply faltered while lenders worked with government to become accredited CBILS and Bounce Back loan providers. In addition to this there was also uncertainty in the alternative finance market as a result of a decline in wholesale lines.

The biggest challenge around achieving this commitment is the reduced level of capital that currently prevails within the market. A lot of lenders risk models have changed substantially, particularly within the alternative lending space. To address this, Swoop is working hard with those lenders that are still active and upcoming government backed funding products to be able to surface that liquidity as quickly as possible to eligible businesses.

COMMITMENT 3

Swoop will enhance its award-winning comparison and business intelligence tools to deliver AI based advisory features. Examples include monitoring spending habits and identifying the best providers based on usage; notifying customers when they can refinance to more favourable lending terms; automated reading of loan documentation; and real time monitoring of business performance against covenants. Expert help will be available whenever a customer needs support including virtual assistance, expert help on demand via video chat, and instant scheduling for an appointment with a specialist. Swoop will deliver these intelligent tools with the first feature release in Q2 2020.

Swoop has focused on operational excellence during Covid 19 to be able to rapidly respond to SMEs and advisors. Swoop implemented a combination of Intercom and AirCall to manage the increased number of engagements with SMEs and advisors during this time. Despite not increasing the overall headcount, Swoop has seen the average monthly sales agent call time rise to 600 minutes from 180 minutes last quarter. The intercom response time is now down to 7 minutes from 32 minutes previously.

Swoop has built an automated workflow to allow SMEs to book in calls with our team should they be stuck at any part of the journey which went live alongside our product release in March 2020.

Swoop has onboarded additional grants that have emerged as a result of COVID 19 and as a result of the most recent budget announcements.

COMMITMENT 4

Swoop will build digital features that are beautifully designed, and secure to use. SME customers will be able to move effortlessly between finance products and accounts to manage their finances on the go. Swoop understands that many SMEs wish to manage their finances through mobile applications as well as online, so to support this, it will launch its mobile applications in H1 2020.

Swoop released the latest version of its product, 2.0 in March 2020 which works across both desktop and mobile. It has enhanced its marketplace offering to support instant lending facilities from major banks and alternative lenders alongside more traditional lending workflows. We have also improved our banking, insurance and utilities offering for companies.

Swoop has released a new version of its business comparison tool for SMEs which allows business owners to compare their business current account against the wider market on both a quantitative and qualitative level. Business owners can now see their projected savings or losses based on how they've historically used their account as well as seeing the service quality levels for that bank based on ISS and FCA survey results.

Swoop has developed a Covid-19 specific funding platform that was released on April 24 to help SMEs discover whether they are eligible for Covid related funding opportunities and to help lenders and funders triage business applications, so that they can get to the ones that are eligible for their product more quickly. Swoop can then support those businesses that are not eligible via its main platform.

COMMITMENT 5

Swoop will continue to work with all UK banks and CASS to deliver an end-to-end automated process for business current account opening to remove the hassle from BCA switching.

Swoop has added two new digital bank opening journeys onto the platform.

Swoop has established direct links into Santander, Revolut, RBS/NatWest, Lloyds and Barclays and is continuing to work with the CMA-9 to improve a more integrated digital journey for SMEs looking to open or a switch a bank account to that bank.

Swoop has continued to see huge savings for those SMEs looking to multi bank or switch their principal bank account. The biggest driver for these savings continues to lie in FX payments and automated debit transactions. On average a Swoop customer is achieving savings of over £1,000 from multi banking or switching their bank account.

COMMITMENT 6

Swoop commits to helping UK SMEs save over £4bn FX charges - mainly on market spread charged by banks. Swoop will end this practice by analysing the bespoke cost to SMEs of making international payments with their banks. We will compare bank rates received with independent provider rates in real time via API integration and identify the best value option for our customers. SMEs will be able to open and manage an independent FX account within Swoop and will be able to take advantage of currency trend notifications. Swoop will assist 270,000 SMEs to move their FX to an independent provider generating £1.62 billion in savings by Q4 2023.

Swoop continued to unlock thousands in FX savings for SMEs through switching their international payment activity from their bank to a digital FX provider.

Partnerships with TransferMate and MoneyCorp have now been put in place alongside Transferwise, giving SMEs on Swoop a broader choice of FX products based on their habits.

Due to a refocus of our product on Covid-19, we have pushed back our FX marketplace update to Q3.

COMMITMENT 7

Swoop commits to helping SMEs reduce overdraft, unsecured loan rates, and bank fees by enabling SMEs to see the value of their account and easily switch away when rates are uncompetitive - overcharges are estimated at £650m pa. Swoop's virtual CFO will be continuously scanning the market for better rates and service and will automate switching for individual or all financial products.

- **Swoop will assist 135,000 SMEs to either switch their business current account with an overdraft to a new provider, or replace with a better value invoice finance facility, generating £158m in savings.**
- **Swoop will assist 162,000 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £243m in savings.**
- **216,000 SMEs will switch their utilities provider through Swoop generating £222m in savings.**
- **108,000 SMEs will move their business insurance provider through Swoop generating £47m in savings for those SMEs. These savings will be achieved across all categories by Q4 2023.**

Swoop has further extended our relationship with Hiscox where both Swoop and Hiscox customers can digitally move between our online platforms to access funding or insurance.

We have continued to make strides in helping SMEs multi-bank or look to switch bank account. We have continued to support the wider ISS scheme with our technology too to help those eligible customers assess their decision in looking to switch bank accounts. Our technology is now being applied to a wider set of eligible customers after an initial successful pilot period.

Where we have found challenges with this commitment is building into a large number of individual bank and financial institutions various APIs. Some of the APIs are one sided or in some cases the API has not existed. However, what we have noticed within banking, insurance, FX and utilities is that the majority of providers are making big technological changes in how their products are being surfaced which has allowed us to make quicker wins over others. As this challenge has persisted, we have also started building out our own APIs for providers to build into which should allow us to make greater strides in hitting our targets set out in this commitment.

Within the last quarter we have seen 857 customers either open or switch a new business bank account; unlocking £1.32m in savings for those customers and £215,000 in FX savings too.

Swoop has also announced a number of key partnerships over the last quarter which has started to lead to growth in unlocking savings for our partner organisations such as Futrli, Business Doctors, Ignition, Seedrs and Crowdcube.

COMMITMENT 8

Swoop commits to reducing the funding disparity between London and the rest of the UK particularly for equity finance. Swoop will deliver access and SAAS workflows for customers to not only be matched to investors but to build quality investor documents.

We have pushed back the release of our equity funder portal due to the recent Covid-19 crisis as we have seen a big drop off in the number of equity deals getting closed. As a result we have focused current development resource on releasing our Covid-19 specific platform. We've also seen a diversification in the number of SMEs engage with Swoop across the UK with the current regional breakdown as follows:

Scotland (3.5%), Northern Ireland (1.5%), Wales (1.5%), North West (11%), North east (3.5%), London (39.5%), East of England (5%), South West (8%), South East (7%),

COMMITMENT 9

Swoop will continue expanding the breadth and depth of its market network with funding and service providers. Swoop will onboard at least 90% of UK funding providers by H2 2020. This will include investors registered with the EIS Association and the BVCA as well as the regional and sectoral funds supported by the British Business Bank. Swoop will onboard all government grant schemes as set out by gov.uk. Swoop will onboard all UK bank loan products and at least 90% of all alternative finance providers as set out by the Peer-to-Peer Finance Association.

Swoop has continued to engage a wider range of funders across the UK and abroad. Swoop has onboarded a further 190 providers in the last quarter. These providers span across lending, investment, grants, and product savings.

Swoop has focused on engaging all CBILs loan providers during this time to help SMEs access these products, understand their eligibility and help those funders triage the high volume of applications they are currently receiving. We are excited to launch our Covid 19 funding platform for UK SMEs within April 2020.

COMMITMENT 10

Swoop will continue its collaborative approach to delivering innovation. It has identified seven UK SME tech partners to assist on this initiative. Swoop will engage with four of these partners in H2 2019 and three of these partners in H1 2020.

We have completed this commitment. However, we continue to add further partners to Swoop. Most recently adding Futrli with regard to helping SMEs with their cashflow forecasting needs and CRIF with regard to assessing their credit worthiness.

COMMITMENT 11

Swoop commits to building on its culture of diversity and inclusion as it grows its workforce by 50 in the Midlands. We are proud that Swoop is led by a female CEO, with a 49:51 gender workforce.

Swoop has managed to retain its gender balance and diverse workforce while increasing the team size to 50. We are proud that we have been able to maintain normal operations while working remotely and have retained all staff during these turbulent times.