

Fluidly Limited - £5M Award

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 lenders, by inputting just their company name.
- We now have over 20 lenders in our marketplace, many of whom are alternative financial players.
- 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 4 (April 1st, 2020 – June 30th, 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 have connected tens of thousands SME to date, and anticipate rapid growth to boost these numbers once the economic uncertainty due to COVID-19 passes.

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 20 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 continued to make good progress against this commitment. This quarter, we have improved sync times to allow SMEs to receive more frequent insights and released new features to make it easier for SMEs to navigate and easily make use of the insights and recommendations within the Actions Hub.

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 offer SMEs quick and easy access to pre-qualified offers of funding from over 20 lenders. We are also working with accounting partners to create another channel for SMEs to access these offers (in addition to directly via our website and app). This helps ensure as many SMEs as possible can benefit from this new technology.

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 continuing to leverage BCR funds towards delivering CPD certified training to our accounting partners, which has now increased in length and become more tailored. This training equips them to better support SMEs. We are pleased to announce we are working with more than 5 fintech partners already, and this KPI has been delivered ahead of schedule.

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.

We have continuously improved navigation within our product to ensure it is easy and intuitive to use for all SMEs. We have improved our accounting partner training programme to better equip them to support SMEs in optimising their use of our AI technology. We are committed to meeting data security and privacy standards (including GDPR) and are now registered with the ICO, in addition to our existing measures (including an ISO certification).

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 20 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 will seek to expand our number of Newcastle-based employees once the COVID-19 crisis passes. Our SME connections and accounting partners continue to be located across the country, and we have increased our 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.