

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 25 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 5 (July 1st, 2020 – September 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.

Our reach to tens of thousands of SMEs continues to grow, and we anticipate that there will be a further acceleration in growth once 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 impact. In order to create a network effect, we are working with general ledgers with broad market coverage, data providers and lenders. Aggregation of data across the ecosystem allows us to create a deeper understanding of each SME, delivering a multiplication of return on investment.

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 completed our mapping of insights into actions (with updated dashboards in-app) and launched a four part proposition for the actions hub: forecast, plan, chase and fund.

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 progressing well with this commitment and are pleased to announce that we offer SMEs quick and easy access to pre-qualified funding offers for both unsecured lending and CBILS. We are increasing the range of financial products on offer to ensure as many SMEs as possible can benefit.

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 making good progress on this commitment and are continuing to leverage BCR funds towards delivering CPD certified training to our accounting partners. We continue to tailor this training, equipping accountants to better support the SMEs they work with. We now work with more than 5 Fintech partners, 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 continued to improve the user interfaces within our product to ensure it is easy and intuitive to use for all SMEs. We have continued to provide our CPD certified training programme to partners to better equip them to support SMEs.

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 now working with lenders in order to ensure SMEs have access to a wide range of financial products, suitable for their specific needs. We are pleased to have exceeded our target of 25 lenders ahead of schedule.

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 expanded the number of employees we have in the Newcastle region, delivering a virtual Hub in the North East. Our hiring this year has slowed due to the impact of Covid-19 and we will look to make up for this over the period of this project. Our SME connections and accounting partners continue to be located nationwide, we have increased our digital marketing efforts to raise awareness around intelligent cashflow management for businesses outside 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.