

## **Fractal Labs Ltd – £2.5m Award**

**Assessment Period 1 (September 1<sup>st</sup>, 2020 – November 30<sup>th</sup>, 2020)**

**COMMITMENT 1 – Continue to strengthen the wider SME-focused financial ecosystem and the economy.**

**To focus impact on 4.4m sole traders which have been among the most vulnerable during the covid-19 pandemic by giving them access to easy-to-use tools and opportunities that have previously only been available to larger businesses, by December 2020**

**To integrate SMART services with partners for distribution and support including giving accountants and advisors access to data in order to better serve their clients by July 2021**

We are on track to deliver this commitment. In addition to on-track product development we have also advanced discussions with other partners.

**COMMITMENT 2 – Substantially improve the financial health and viability of SMEs in the UK.**

**Deploy new revenue, cost and cash management tools in the market:**

- **Launch the core SMART proposition by December 2020 including 1) invoicing, 2) tax calculation and filing, and 3) data aggregation and cashflow forecasting**
- **Scale availability and usage via partners to 250,000 SMEs and 18,720 SMEs respectively by December 2022**

We are on track to deliver this commitment. The SMART proposition will be initiated in the next quarter with first versions of the features as part of the product offerings of Fractal and untied respectively.

**COMMITMENT 3 – Help SMEs to take control of their customer payment terms by providing them with powerful tools to help incentivise payment.**

**Develop and scale the SMART Revenue management proposition to include:**

- **Tax impact integration by May 2021**
- **Collection, invoicing tools and cash management tools by June 2021**
- **Dynamic discounting by September 2021**
- **Initiate £70m of Open Banking (PIS) payments by December 2022**

We are on track to deliver this commitment. First versions of the SMART features are part of the product offerings in beta / live or are otherwise in development and planning.

**COMMITMENT 4 – Distribute a simple, scalable and affordable method for SMEs to anticipate, prepare and submit tax.**

**Develop and scale the SMART Cost (tax) management proposition to include:**

- **Open Banking-driven personal income tax management and optimisation with a focus on sole traders and with support for other income sources. Integration with HMRC via self-assessment and Making Tax Digital. Built-in submission of personal income tax filings at launch by December 2020**
- **Third party tax calculator APIs allowing banks and others to integrate tax by December 2020**
- **Submit 25,000 tax returns by December 2022**

We are on track to deliver this commitment, with integration into HMRC and availability of tax APIs for integration.

**COMMITMENT 5 – Deliver best-in-class SME financial forecasts.**

**To develop and scale the SMART cash management proposition to include:**

- **Advanced cashflow tools offering data aggregation, tax and insights by March 2021**
- **Support 18,720 SMEs in aggregating accounts by December 2022**

We are on track to deliver this commitment. In addition to progressing tax integration, we have also significantly increased our data aggregation coverage.

**COMMITMENT 6 – Commit to promoting diversity and jobs nationally**

- **This initiative commits to creating 22 jobs across software development, product management, data science, partnerships and sales by December 2022**
- **Empower underrepresented groups with exceptional employment opportunities targeting 50% diversity with 50% of these positions outside London, by December 2022**
- **At least 10 paid internships will also be available to support mentoring and training young talent to succeed in the tech world**

We are on track to deliver this commitment. In the past quarter, Fractal and untied have hired 6 new staff across operations, product management, communications, partnerships and sales, and created 2 paid internships. Across both teams, 50% are women and 12 nationalities are represented. To date, 100% of the hires have been London based.

#### **COMMITMENT 7 – Co-investment**

**Fractal and untied will boost the delivery of SMART (created using C&I funding) by adding £1 from our own finances to every £1 received from BCR**

We are on track to deliver this commitment.