

Fractal Labs Ltd – £2.5m Award

Key Achievements to Date

- Fractal's Open Banking payment APIs powered the first payment to HMRC. This was executed by an untied customer (sole trader) in the untied app ([Link](#))
- Fractal launched an instant payments app with QR-code based revenue collection.
- Fractal's Open Banking payment APIs powers payment requests with built-in reporting ready for Making Tax Digital.
- Strengthened leadership teams within both Fractal and untied with strong, recognisable names from the SME banking and payments industries.
- untied's first end-to-end app recognised by HMRC for MTD for Income Tax.

Assessment Period 2 (December 1st, 2020 – February 28th, 2021)

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. The SMART solution was launched successfully in December 2020 with first tax filings and instant payments for SMEs enabled. Our capability has been complemented by specific support, including PR and campaigns around access to the SEISS aimed at the self-employed. We will shortly be launching the SMART solution with a tier one financial institution and are in advanced partnership discussions with multiple tech-enabled accounting and SME focused platforms to integrate our SMART solutions via API directly into their platforms.

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 was launched in December 2020 and led to successful tax calculations and filings (a total 152 tax filings have been made in SMART to date), data aggregation and cashflow forecasting. We expect this to increase rapidly as partners on board.

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. As part of the SMART solution, Fractal launched a payments product in beta with collection and cash management tools already available.

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. Fractal in conjunction with untied, facilitated the first ever tax payment to HMRC using Open Banking, and untied is the first end to end app recognised by HMRC for Making Tax Digital for Income Tax Self Assessment (MTD ITSA). This represents a significant achievement and untied continues to work closely with HMRC as part of the authority's beta programme for MTD ITSA. Financial institutions are able to access untied's tax APIs. A total of 1,721 SMEs are already using SMART as of February 2021.

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. We have further increased our data aggregation coverage and work is progressing well on the tax integration.

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. Over the past period, Fractal and untied have hired 6 new staff across product, operations, communications, taking the total number of jobs created to 12 (50% of which are outside London) since the beginning of the project. Across both teams, 37% are women and 11 nationalities are represented. Due to Covid restrictions, all staff are currently working remotely.

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 and will be increasing co-investment in the second half of the year.