

## Fluidly Limited - £5M Award

### CIF Key Achievements to Date

- Launched actions within our product to help SMEs manage their cashflow: this includes an updated 'Chase' feature which allows SMEs to easily chase their debtors, and a new 'Plan' feature which supports financial decision making. In December 2020, we were awarded the Accounting Excellence Award for Software Innovation of the Year for the latter.
- 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.
- In November 2020, we were awarded the LUCA Award for best cashflow forecasting software by the Institute of Certified Bookkeepers for the second year in a row.
- In the first quarter of 2021, we have announced our partnership with Virgin Money, where our platform will focus on critical cashflow wellness solutions.

### Assessment Period 7 (January 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2021)

#### Original Commitment

##### **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.**

#### Rationale for change:

We have broadened the group of SMEs that will benefit from CIF funded technology to include not only those SMEs who have enough cloud accounting data for a full cashflow forecast to be generated, but also the SMEs we have been able to support through pre-qualified funding offers and access to our financial marketplace, based on insights from new, alternative data sources.

#### New Commitment:

##### **COMMITMENT 1. MEANINGFUL MARKET PENETRATION, BANK AGNOSTIC TECHNOLOGY**

**We will accelerate our growth, aiming to connect and support 400,000 SMEs by September 2022 through our forecasting technology and financial marketplace. 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 are on track to deliver this commitment. We have increased our reach to support 90,000+ SMEs at the end of Q1 and plan to continue accelerating this growth over the remainder of the project.

#### **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 are on track to achieve this commitment. We have matched each pound of BCR funding utilised to date with our own funds 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 are on track to deliver this commitment. This quarter we have delivered a VAT insight tool which enables SMEs to easily forecast their quarterly VAT payment and two new benchmarks around funding need.

#### **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 on track to achieve this commitment. We continue to offer a wider range of financial products to SMEs to ensure as many as possible will benefit.

**Original Commitment:**

**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 accounting firms and at least five FinTech companies, to foster better business outcomes, greater choice in the market and overall competition across the SME ecosystem.

**Rationale for change:**

Our assumptions around the size of partner accounting firms have evolved over the course of the project, based on the market dynamics we have seen in different segments following COVID-19. As a result, these now skew towards larger firms versus smaller bookkeepers. Our public commitment has been updated to reflect this change, and we are partnering with as many accountants as possible within these larger firms.

**New Commitment:**

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We look to offer support through direct collaboration, partnering with 10,000 SME accountants 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 on track to achieve this commitment. Following our move to deliver this training in a more scalable way, we have provided a record number of training hours to accountants in the quarter providing over 3,500 hours to date during this project. This ramp up in 2021 will help us to achieve this commitment.

**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 are on track to achieve this commitment. We continue to work to ensure our user interface is easy and intuitive for both our accountants and 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 on track to deliver this commitment. We are continuing to work with lenders, including alternative finance providers, to provide financial products to SMEs to align with their specific needs and continue to broaden the categories of products offered, in line with the latest government backed loans schemes available to SMEs. We have grown the number of lenders we work with to just under 40 at the end of Q1 2021.

#### **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 are on track to achieve this commitment. We have expanded our hub in the Newcastle region in Q1 and expect to continue this over the remainder of the project, we have now hired over 50% of our targeted hires in Newcastle. Our accounting partners and SMEs supported continue to be located nationwide, and our continued digital marketing efforts highlight the importance of intelligent cashflow management for businesses outside London. We plan to offer assistance to Enterprise Nation SMEs in the year 2021.

#### **Original Commitment**

#### **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.**

#### **Rationale for change:**

We have moved to a more digestible and timely way to share industry trends and insights, through regular monthly content versus a single annual report. We believe this will be a more helpful source of information for SMEs looking to make financial decisions, based on feedback from our partners and customers.

**New Commitment:**

**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 monthly content and/or reports, showcasing SME industry trends and 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 are on track and remain committed to providing the BCR with timely and transparent updates on our progress. We have continued to generate more content this month to help SMEs manage their cashflow, most notably around the new Recovery Loans Scheme, VAT and the March Budget.