

Fluidly Limited - £5M Award

These Public Commitments are based on Fluidly's Revised Business Case which was approved in April 2021. The former Public Commitments, including rationale for the changes can be viewed [here](#).

CIF Key Achievements to Date

- Last year we launched actions within our product to help SMEs manage their cashflow: including a new 'Plan' feature which supports financial decision making. We were awarded the Accounting Excellence Award for Software Innovation of the Year in December 2020 for this feature.
- 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 are also now able to support the government backed Recovery Loan Scheme for borrowers.
- We now have over 35 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 40 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 March 2021 we began our partnership with Virgin Money, to explore the use of alternative data sources to power cashflow insights and generate critical cashflow wellness solutions.
- We have now launched our VAT insights tool to allow our SME users of both Quickbooks and Xero to benefit from this feature, including forecasting VAT payments and handling VAT deferrals.
- In June 2021 we offered 1,000 complimentary licences to members of the Enterprise Nation Network.

Assessment Period 8 (April 1st, 2021 – June 30th, 2021)

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 and have made good progress towards this commitment. We have broadened and increased our support for SMEs in Q2 by over 9% and plan to further widen our reach 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 in order to maximise impact. In order to create a network effect, we are working with general ledgers with broad market coverage, currently Xero and Quickbooks, as well as 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 further developed our VAT insight tool, previously rolled out in Q1 to now benefit a wider range of SMEs to easily forecast their quarterly VAT payment. We have also investigated using alternative data sources to further enhance the Actions Hub with the aim of making our insights even more widely available to SMEs.

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 refine targeting of relevant financial products to SMEs including those associated with the latest government backed SME lending schemes announced in response to the pandemic.

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 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. We have now partnered with more than 2,000 Accountants and in Q2 invested in additional resources to continue to provide training to accountants, with more than 4,000 hours of training delivered already. This, alongside the move to deliver this training in a more scalable way will enable us to deliver 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 and have now partnered with a significant number of lenders in the UK SME lending market, 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.

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 continued our efforts to expand our hub in the Newcastle region during Q2 and expect to continue this over the remainder of the project. 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 offered assistance during Q2 2021 by providing 1000 complimentary licences to our technology available to Enterprise Nation SMEs.

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 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 quarter to support SMEs in managing their cashflow, most notably around ongoing developments in the SME lending market and VAT forecasting.