

tomato pay – £2.5m Award

CIF Key Achievements to Date

- Fractal rebranded to tomato pay thus launching an SME-first brand focussed around community.
- untied's first end-to-end app recognised by HMRC for MTD for Income Tax and first tax returns for 2020/21 were submitted using untied. tomato pay's Open Banking payment APIs powered the first payment to HMRC within untied.
- tomato pay's Open Banking payment APIs powers payment requests with built-in reporting ready for Making Tax Digital.
- Itomato pay launched an instant payments app with QR-code based revenue collection and released an MVP of the smart invoice functionality helping SMEs stay on top of their cashflow.
- The SMART partnership with beachhead partner Santander was soft launched in August 2021
- untied has been embedded in Deliveroo onboarding for new riders, with rollout commencing in September and a reach of 40,000 riders.
- Strengthened leadership teams within both tomato pay and untied with strong, recognisable names from the SME banking and payments industries.

Assessment Period 4 (June 1st, 2021 – August 31st, 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 service their clients by July 2021.

We are largely on track to deliver this commitment. We have soft launched the SMART proposition with a tier 1 financial institution and won further distribution deals to start amplifying reach over the coming months. The untied accountant portal has been put live with the first group of advisors in this reporting period and is now helping them support their clients integrate and manage their taxes efficiently.

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 and believe that we will achieve the targeted numbers by December 2022. The core SMART functionality was launched in December 2020 as planned. SMART functionality in untied will be available through new partners in the lead up to the 31 January 2022 tax deadline. tomato pay (a brand of Fractal Labs) is seeing 31% week-on-week uptake by SMEs since launching the direct-to-market strategy and has soft launched the SMART proposition with Santander.

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

Develop and scale the SMART proposition 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. We have successfully completed the collection, invoicing and cash management element of SMART phase 2 and are on track with the dynamic discounting feature. The Tax Impact integration that was due in May 2021 has been pushed to Q1 2022 due to customer feedback informing our prioritisation process and roadmap and we are on track in relation to the new target date.

The total amount of PIS payments by end of 2021 is probably going to be lower than expected due to slight delay in commercialisation however given the distribution channels in place and a healthy pipeline of partners, we are confident that this can be made up for in the course of 2022 to reach our goal of £70m of processed PIS payments by December 2022.

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

Develop and scale 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. Personal income tax filings have been launched successfully, as has the third-party tax calculator.

In respect of the Making Tax Digital commitment, since the end of the reporting period, the Government has set out the regulations for Making Tax Digital for Income Tax Self-Assessment (MTD ITSA - often shortened just to MTD). This represents a twelve-month delay to mandate, which will now be required for 4 million SMEs from April 2024. In the meantime, SMART is making MTD services available to the extent that HMRC are able to support it through their pilot programme.

Nonetheless we are confident that we will reach 25,000 submitted tax returns by December 2022 as we continue working closely with HMRC and amplify our go-to-market with strategic partnerships.

COMMITMENT 5 – Deliver best-in-class SME financial forecast.

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 continue to increase our data aggregation capabilities - allowing our customers to connect almost any UK bank account, see an aggregated and categorised view of their transactions and get a cashflow forecast - and the revised timelines of the tax impact integration (Q1 2022) are on track.

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% 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 5 new staff, taking the total number of jobs created to 22 (40% of which are outside London) since the beginning of the project. Across both teams, 33% are women and 10 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. Co-investment has increased significantly in this quarter - Fractal and untied contributed 81% of the total spend over this period - and will increase further during the next period.