

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 40 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 Q1 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.
- We have been shortlisted for two Accounting Excellence awards, the Partnership Award for building excellence relationships with accountants and Product Innovation of the Year, for our funding platform in Q3 2021.
- We have now launched our first fully automated funding journey enabling SME businesses to receive an instant decision about their funding options and receive approval for funds in real time.

Assessment Period 9 (July 1st, 2021 – September 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 have made good progress towards and are on track to meet this commitment. Our technology has now supported over 40% of the SMEs that we have targeted, and we will continue 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 and have now co-invested over 60% of the project total. 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, 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 and have delivered functionality in line with targets. This quarter we continued to progress research efforts on data insights, specifically with regards to funding data in order to drive additional benefits from the Actions Hub and allow SMEs to derive more value from insights delivered. We also successfully launched enhanced user permissions features that now allow our partner firms more flexibility in supporting their 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 as we continue on our journey of targeting relevant financial products to SMEs. This quarter we launched our first automated funding journey, providing immediate feedback to SMEs on their funding options and helping to create an automated customer journey to benefit SMEs.

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 have made progress towards this commitment and although tracking behind our original 2021 CPD delivery plan, we expect to achieve the end of project objective. Alongside increasing the total number of training hours provided through our new accountant customers this quarter, we have also developed an additional training plan for our existing customers which will assist these accountants in their support of their SME client base in the future. Additionally, we already partner with more than 4x the total number of FinTechs targeted.

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 deliver this commitment as work has continued to ensure our user interface is easy and intuitive for both our accounting partners 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 have already exceeded this commitment by partnering with close to 2x the total number of ecosystem participants targeted. We continue to broaden the categories of financial products offered, including securing additional partnerships with Recovery Loan Scheme lenders.

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.

This quarter we opened our Newcastle office, and we continue to actively recruit for our Regional Hub in Newcastle. We are continuing with our objective to acquire and engage with SMEs and accounting partners nationwide. This quarter we attended industry events located regionally in order to accelerate the growth of our accountant network outside of London.

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 with this commitment and remain committed to providing BCR with timely and transparent updates on our progress. We continue to publish regular content alongside market insights to support SMEs.