

Fluidly Limited - £5M Award

CIF Key Achievements to Date

- In Q1 2022, we launched 2 new features to help SMEs understand their business better and make more informed decisions. These were Instant Insight, which provides an initial view of the business ahead of the full cashflow forecast, and Cash Performance, that compares actual company performance to the AI forecast.
- In Q1 2022, we enhanced our training capabilities to provide information and understanding on the Fluidly products including the new OakNorth products.
- We have 46 lenders in our marketplace, many of whom are alternative finance players.
- We are working with more than 40 of the Top 100 Accounting Firms in the UK to reach as many SMEs as possible at scale.
- In Q4 2021, OakNorth Bank announced it was acquiring Fluidly pending regulatory approval. The strategic objective of the acquisition being to enhance OakNorth's SME lending capabilities by leveraging data and forward-looking analytics, powered by Fluidly's technology.
- In Q4 2021, we were 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 Q4 2021, we launched actions within our product to help SMEs manage their cashflow: including a new 'Plan' feature which supports financial decision making.
- In Q3 2021, we 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.
- We 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 Q1 2021, we began our partnership with Virgin Money, to provide cashflow insights and generate critical cashflow wellness solutions.
- In November 2020, we were awarded the LUCA Award for best cashflow forecasting software and in December 2020, we were awarded the Accounting Excellence Award for Software Innovation of the Year. We 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 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.

Assessment Period 11 (January 1st, 2022 – March 31st, 2022)

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](#).

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 currently behind target on the number of connected and supported SMEs. However, work is underway which will support us in meeting this commitment in 2022. We continue to recruit more accountants and support their SME clients, as well as expand the lending options for them via our financial marketplace.

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 meet this commitment and have now co-invested 82% of the project total. We have matched each pound of BCR funding utilised to date with our own funds to maximise impact. Fluidly is committed to co-invest the remainder of the project total as per the business case. 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.

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 achieve this commitment and have delivered functionalities in line with targets. We continue to evolve and develop what we deliver to SMEs to provide them the maximum insight into their business and support their decision making. In Q1 2022, we launched Instant Insights to provide an early snapshot for the SME, as well as Cashflow Performance to enable SMEs to review actuals against forecast.

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 remain on track to achieve this commitment having delivered our intelligent financial marketplace and enhanced our lender offering to SMEs. In Q1 2022, we started to work with a lender, using the Fluidly insight to understand how it can bring greater choice and access to capital for UK 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 are on track to exceed the accountants and FinTech companies' part of this commitment but are currently behind on the training hours despite making good progress in Q1 2022. Coupled with an increased investment in content and training we still plan to meet this commitment in 2022.

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 for delivering this commitment and work to ensure our product and services are simple and easy for our 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 continue to exceed this commitment by partnering with close to 2 times the total number of ecosystem participants targeted. We have built datasets to predict risk providing insight to which products best suits the SME and ensure we support our partners with the most relevant enquiries. We are starting to work with a lender to use Fluidly insight to understand how it can bring greater choice and access to capital for UK SMEs.

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 deliver this commitment by the end of 2022. We have launched our Newcastle hub and continue to build the team there. Our partners and SMEs are distributed throughout the UK and support businesses throughout the country. We will continue to attend events regionally in person and via webinars to grow our network of partners 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 keep the BCR up to date on where we are in line with the commitments. We continue to publish content alongside market insights.