

## Fluidly Limited - £5M Award

### Key Achievements to Date

- In Q2 2022 we received FCA approval for the OakNorth acquisition of Fluidly.
- In Q2 2022 we launched as one of the partners on Virgin Money's new SME proposition M-track and featured in their communications showcasing our product.
- In Q1 2022, we launched two 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. We also 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, and 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, 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. We also 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 also 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 Q4 2020, we were awarded the LUCA Award for best cashflow forecasting software and 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.

### Assessment Period 12 (April 1<sup>st</sup>, 2022 – June 30<sup>th</sup>, 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 behind target on this commitment having not connected and directly supported the number of SMEs we had planned. We continue to successfully work with more accountants, and now partner with firms who between them support over 400,000 SMEs, although the number we have connected and built a cashflow forecast for, or provided funding solutions, is much smaller.

#### **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 88% of the project total. We have matched each pound of CIF funding utilised to date with our own funds to maximise impact.

#### **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.**

This commitment has been met.

#### **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.**

This commitment has been met.

#### **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 achieved the accountants and FinTech companies' target; however, we are behind target on the certified training hours despite making good progress in H1 2022. In Q2 2022, we hired another training manager and submitted a further CPD accredited training programme to aid accountants in having more productive conversations with their SMEs. In addition, we are also delivering approximately 600 hours of non-CPD certified training each quarter to accountants and SMEs.

#### **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.**

This commitment has been met.

#### **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.**

This commitment has been met.

#### **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 behind on this commitment. In Q2 2022 we hired 2 new employees for our Newcastle Hub, and we continue to recruit in order to achieve this by December 2022.

#### **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 continue to be on track with this commitment, keeping BCR updated on our progress, and we continue to publish insights for SMEs.