

## Fluidly Limited - £5M Award

### Key Achievements to Date

- In Q3 2022, we launched the new OakNorth digital application journey for residential property loan applications under £3m. This will make the online loan application process much faster and easier, cutting down average times to complete an application and gather all the paperwork to apply for a loan from weeks to hours.
- 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. We also received FCA approval for the OakNorth acquisition of Fluidly.
- 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 44 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 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. We also launched actions within our product to help SMEs manage their cashflow, including a new 'Plan' feature which supports financial decision making.
- In 2020, 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.
- Awards: In 2020, we were awarded the LUCA Award for best cashflow forecasting software and 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. In 2021, we were shortlisted for two Accounting Excellence awards, the Partnership Award for building relationships with accountants and Product Innovation of the Year, for our funding platform.

### Assessment Period 13 (July 1<sup>st</sup>, 2022 – September 30<sup>th</sup>, 2022)

These Public Commitments are based on Fluidly's Revised Business Case which was approved in October 2022. As a result of OakNorth Bank's acquisition of Fluidly, OakNorth Bank remains committed to making a difference with co-investment and building on what has already been achieved to date by Fluidly. The former Public Commitments, including rationale for the changes can be viewed [here](#).

### Original Commitment

#### **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.**

#### **Rationale for change:**

Following the acquisition of Fluidly by OakNorth Bank, a strategic review identified a significant opportunity to have a more direct future impact on UK SMEs by investing into functionality to help them obtain funding quicker online via OakNorth. Whilst we will continue to work with accountants and their connected SME clients, we will be revising this commitment to focus remaining matched funds on a new online journey for smaller SMEs looking for loans under £3m.

#### **New Commitment**

**COMMITMENT 1 - We commit to developing and refining the new OakNorth online, digital application journey for smaller loan applications under £3m. We plan on cutting down average times to complete the application and gather all the paperwork to apply for a loan from weeks to hours. UK SMEs will benefit from faster decisions helping to remove material uncertainty for their businesses and plan more effectively.**

We are on track to meet this commitment having launched the new OakNorth Digital Application Journey in Q3 2022 for residential property loan applications under £3m. This new UX/UI will make the online loan application process much faster and easier, cutting down average times to complete an application and gather all the paperwork to apply for a loan from weeks to hours.

Fluidly continues to invest and support accountants and their connected SMEs with our forecasting technology and financial marketplace.

#### **Original Commitment**

#### **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.**

#### **Rationale for change:**

Following Fluidly's acquisition by OakNorth, we commit to match the remaining BCR funding, spending it on the new OakNorth functionalities which we feel will leverage the best of both Fluidly and OakNorth for the benefit of UK SMEs.

#### **New Commitment**

**COMMITMENT 2 - OakNorth Bank will match the remaining BCR funding. This will deliver new functionality to support UK SMEs, enabling them to find funds faster and more efficiently reducing the uncertainty in their business.**

Fluidly was on track to meet the original commitment having co-invested £4.4m up to H2 2022 and achieving many of the Public Commitments. Following the acquisition, OakNorth and Fluidly remain

on track to meet this new commitment having invested matched funds this quarter in the new OakNorth digital application journey.

### **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.

#### **Original Commitment:**

### **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. [REMOVED]**

#### **Rationale for change:**

Fluidly achieved much of the original commitment partnering with over 10,000 accountants through our products and services, and many Fintech companies. The training hours we could deliver early into the BCR grant were materially impacted by COVID and the way that changed working practices. Despite this, we continued to invest and focus on delivering training and had delivered over 12,000 CPD certified hours by the end of H2 2022. In addition, we were also delivering approximately 600 hours of non-CPD certified training each quarter to accountants and SMEs.

Following the acquisition by OakNorth Bank, a strategic review identified the most direct impact on UK SMEs would now be to invest into functionality helping them obtain funding quicker online via OakNorth. This is especially true given the current economic environment. Hence, we will no longer be utilising the remaining BCR funds on this commitment but remain committed to supporting our accountant partners and their SME clients with training and support.

#### **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.

#### **Original Commitment**

#### **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.**

#### **Rationale for change:**

Fluidly achieved most of this commitment and was especially focussed on diversity and inclusion. We opened our Newcastle office as planned and currently have 10 employees there supporting accountants and their SME clients. This hub will continue to be a core part of our regional focus now we are part of OakNorth Bank.

OakNorth already has a significant regional presence with multiple regional offices and hubs that continue to grow and add headcount, this will now include the Newcastle hub.

**New Commitment:**

**COMMITMENT 8 - Working with OakNorth, Fluidly remains committed to creating a diverse and inclusive culture that serves a cross-section of small businesses. OakNorth Bank supports businesses in all sectors, regions and growth stages, with offices in London and Manchester, as well as regional hubs in Bristol, Birmingham, Leeds, and East Anglia. It will continue to grow its regional teams and capabilities in line with business needs and demand.**

This commitment has been met.

**Original Commitment:**

**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.

**Rationale for change:**

Following our Revised Business Case, this commitment has been updated to align to the changes and timelines focusing on delivery of OakNorth functionality for UK SMEs.

**New Commitment:**

**COMMITMENT 9 - With OakNorth Bank, we will give full transparency on the allotment of funding towards our goals. We will provide BCR with quarterly updates on delivery of our commitments.**

We are on track with this commitment, keeping the BCR updated on our progress.