

Newsletter

November 2023

A word from the CEO

Firstly, I tip my hat to our customers and partners, as it's safe to say the past few months have had their fair share of ups and downs, in what could be argued to be one of the most difficult business climates we've had in recent decades. But it brings me pride to see the resilience and adaptability of UK SMEs, consistently shining through time and time again, despite the obstacles facing them. It reminds me exactly why we set up Simply, and why it is so satisfying to support the many businesses that have been travelling this path.

Looking at the last six months, I'm glad to say there have been signs the economy is moving in the right direction, particularly as inflation is now well below the double-digit figures of October 2022. And, while interest rates remain at a 40-year high, SMEs are continuing to rise to the challenge and persevering to meet their business goals.

“There have been signs the economy is moving in the right direction”

From recent conversations with our customers, however, we understand that, as you would expect, the challenging economic environment is having a ripple effect and presenting more problems below the surface. The longer market downturn is still creating reduced turnover numbers for some, due to a fall in sales. Simultaneously, many SMEs are dealing with the issue of being paid late. In fact, in its recent review of late payments, the Government estimated that SMEs were owed an average of £22,000 in 2022, and it was concluded that paying businesses on time could boost the economy by £2.5 billion annually.¹ We feel passionately about supporting SMEs to help prepare

their business operations to allow for late payments, and are ready to help them manage the issues they may experience, if there are persistent delays that may be detrimental to their businesses.

With expertise in the market of over 30 years, we understand the highly cyclical nature of the small business environment, which can see high periods of growth, and slower periods of much-needed planning, preparation and strategy. And while challenges remain, there are still many reasons for us to be optimistic. Small businesses are continuing to adapt and rise; the Government's recent small business survey² found that over a third (36%) of SME employers expect sales growth in the next 12 months, and three quarters (74%) over the next three years. Our experience at Simply bears the truth of these findings, as in 2023 we have observed some of our strongest year-on-year growth for lending – largely due to customers being determined to forge forward to realise their business growth goals, and making the necessary investment to do so.

While we are still in a challenging economic environment, we are finding a sense of optimism and renewed energy from the businesses we engage with. And in 2024, we believe it will be these SMEs forging forward who will be integral to the UK's economic recovery, so our respect for them, and commitment to helping them, remain constant.



Mike Randall

CEO at Simply

1. Department for Business & Trade – Government takes action to back small businesses and tackle late payments, Oct 2023 <https://www.gov.uk/government/news/government-takes-action-to-back-small-businesses-and-tackle-late-payments>

2. Department for Business & Trade – Longitudinal Small Business Survey – UK, 2022

Simply overview

Simply was established in 2017, with the aim to disrupt the asset finance sector and provide a fresh approach to flexible finance options that empower companies and help them realise their potential. The combination of our expertise and technological know-how underpins our ability to provide SMEs with informed, swift decision-making, enabling us to be a bridge to their expansion – as we grow alongside them.

2017

Simply Asset Finance launches with just three people

2018

Team grows to 50 people
Electronic signature technology launches
Over 600 customers secured

2019

Northern Ireland office opens
Simply reaches £330 million in SME funding UK-wide

2020

First deal completed with open banking technology
Loan book exceeds £200 million
Simply accredited for Coronavirus Business Interruption Loan Scheme

2021

Simply loan book exceeds £250 million
Named 3rd fastest-growing independent UK finance house in the annual AF50 report
Digital journey to finance, Simply Connect, is launched

2022

Simply listed in FT1000 fastest-growing businesses in Europe
£1 billion lending milestone surpassed
Simply opens Scotland office

2023

Simply repeats FT1000 fastest-growing businesses in Europe listing
Simply opens Liverpool office
Team reaches 150 employees
Simply announces H1 2023 pre-tax profit of £3.2 million
Simply ranks first in AF50 for strongest growth over past 3 years



Simply's insight into the sector

As you would expect, the Simply team are constantly having conversations with small business owners across the country, striving to see how we can support them and understand the issues they face. Ultimately it comes down to considering how we can become better partners to them on their growth journey. That's why we conducted our own research with more than 750 UK SME business leaders, to truly understand their views on themes such as productivity, profitability, policy-led support and the net-zero opportunity. Our methodology allowed us to analyse the collective view of SME businesses, as well as delve into different industries and regions, to further understand how our business proposition is currently serving SMEs, while also demonstrating the significant size of the market opportunity for our bespoke financing solutions.

“The overwhelming conclusion of the research was that SMEs have been remaining resilient and confident”

Over the coming months we will be releasing different sections of this research, but we recently launched our first set of findings investigating small businesses and the path to productivity and profitability. Balancing the two is a challenge for all businesses, and it's clear that at present productivity remains a top priority.

UK SMEs and the path to productivity and profitability

72% say ensuring their staff remain productive is a key concern

75% cite increased costs in their supply chain as a concern

79% identify increased operational costs as a worry

We were also able to look into how these businesses felt about the current structure of their finances. A fifth (20%) of SMEs responded that they have had to overhaul their finances in the past year, and 86% said they would restructure their debts if they had the opportunity. For Simply, these findings are particularly pertinent, given 21% of Simply's business is refinancing of existing assets to free up capital to support customers. This totals more than £223 million since inception. Simply has been providing these flexible solutions to businesses' needs since 2017, and the opportunity to continue to grow within this space is significant, as further identified by the findings.

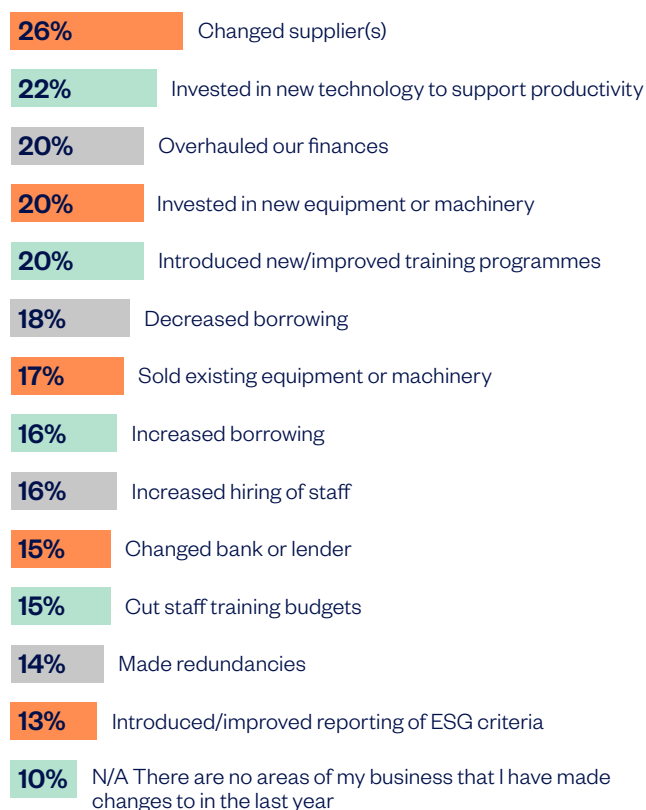
In addition, we also delved into what changes SME business leaders had made to areas of their business in the last year; the chart below (Figure 1) gives the full breakdown of options. 26% of those surveyed had changed a supplier in the last year; and of those, 45% did it to save money and for 26% it was required to remain profitable. Technology also came out as a key driver, with 22% investing in new technology to support productivity.

The overwhelming conclusion of the research was that SMEs have been remaining resilient and confident, but their focus has been on maintaining and surviving. Highlighting that with the right financial support and guidance, many are keen to break from this cycle, and focus on growth opportunities to be one of the many small businesses that shore up UK productivity and will help drive its economic recovery in 2024. This is where the partnership between the SME and the lender is crucial, offering guidance to plan for growth and identifying the financing options needed to break the cycle.

We look forward to publishing these statistics in further detail, and using them to help businesses on this journey.

Figure 1

SME business leaders were asked which areas of their business, if any, they have made changes to in the last year.



Financial update

2023 has continued to be our most successful year to date, with the year's loan book currently reaching £472.2 million and projected to grow by a further £34.5 million before the year ends. While achieving a 23% increase in lending volumes, we have also seen a 32% rise in our total customer numbers, demonstrating the growing need for the type of financing we offer at Simply and the popularity of our approach. Since the start of 2023, we've added 1,167 new customers to our books and examined hundreds more, assisted by our industry-leading technology, which enables us to look beyond the balance sheet for each customer and properly understand their true business potential.

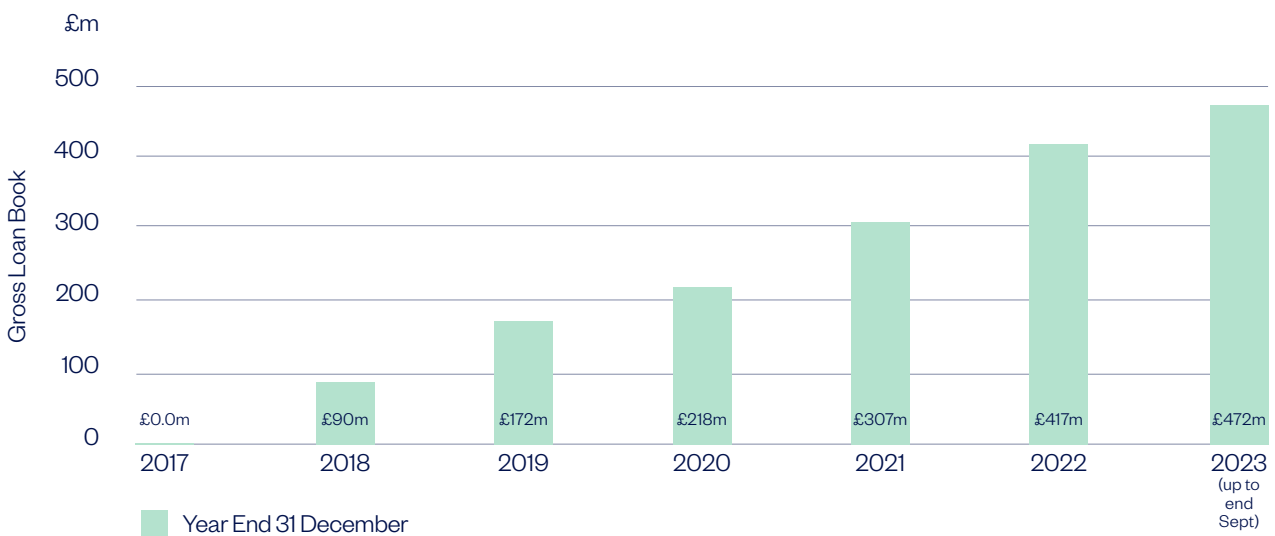
These updated figures show that since our inception in 2017, we have supported 7,156 UK small businesses and helped guide them through the range of testing business and economic environments 2023 has brought with it. During these periods of uncertainty, our figures have remained robust, with a year-to-date revenue of £38.3 million, a 39% increase on the same period last year.

In our last newsletter, we also reported that after analysing the Finance and Leasing Association's (FLA) statistics on asset finance business written by its members, we had a market share of approximately 2.3%. We're pleased to report that we've continued this trajectory and are set to be at 2.7% by the end of 2023. A clear demonstration of how we're growing within our market, as we help our customers grow.



Stefan Wolvaardt
CFO at Simply

Figure 2
Loan book growth since inception



Fundraising and volunteering at Simply

Core to our values at Simply, is ensuring our team feel empowered and able to offer time to causes close to their heart. That's why a significant amount of the charity and volunteer work we do is staff-led, and we take pride in the fact we offer our team the time and space to be able to work on these initiatives, both within Simply and also in their local communities.

By not only supporting employees to utilise their volunteer days, but also encouraging their charitable endeavours outside work, we've been able to demonstrate our genuine passion to work with our team on their own individual goals. This has led to volunteering with charities from Reuse Network to the RSPCA. The subsequent impact of supporting personal passions is that we've seen our Simply community brought together, increased staff engagement, and an uptick in confidence and personal development.

We've also had individuals within the business lead on fundraising across the asset financing industry. Our official 2023 charity partner is Cancer Research UK, and so far we've raised £4,200 from activities such as our 5-a-side football tournament, the Simply Cup, and our 100 miles in May initiative. We're not going to stop there, because as a result of the resounding success of the 2023 Simply Cup, we have announced the return of the tournament on 11th January 2024, and an astonishing 24 teams are already signed up. We're overwhelmed by the support from our partners (and competitors alike!) and look forward to seeing how much more we can raise this time around.

Once again, if you'd like to support our efforts, you can donate below.

[DONATE NOW →](#)



“I have always been passionate about fundraising and since working at Simply I have raised money for charities including Cancer Research UK, The Archie Foundation, Release Ayrshire and Help Our Ava. I have been overwhelmed by the support the company has given me with each and every one of those fundraising efforts.”



“It really cannot be underestimated how rewarding it is working for a company who shares the same values as me and is equally as driven to fundraise for worthwhile causes and give back to the local community. I'm currently planning my next challenge and will be raising money for men's mental health, a cause very close to my heart. More to be revealed soon!”

Ross McKenzie
Area Sales Manager

Case study: MacKenzie Transport



The benefits of our combined 'technology with a handshake' approach to lending is something that comes out loud and clear when we speak to our customers. In fact, part of what marks Simply out is its ethos that, people deal with people, according to MacKenzie Transport Services Limited. The technology works in the background to understand the business beyond the balance sheet, and our team work closely with the business owners to find exactly what asset financing will best suit their needs.

Simply and MacKenzie Transport have worked together for over four years, and during that time have navigated the various challenges that face today's SMEs. As a freight transport business, the pandemic was of course a challenging time for MacKenzie Transport. The specialist side of the business continued as normal, as it conducts hiab work, which requires state-of-the-art trucks and drivers with specialist training and certifications to operate the kit. However, when it came to the haulage side of the business, it had to quickly adapt and source new contracts. This change in operations provided the ideal opportunity for the business to take stock, look at overheads and how to finance model for the rising costs of trucks, cranes, fuel and insurance. It was essential the business was turning a profit, rather than turning fewer wheels, desperate to break even.



This is when Simply was on hand. MacKenzie Transport credits working with Simply as effortless and easy, and says the face-to-face contact adds immeasurably to the value Simply already offers its business. With the cost of trucks, hiabs and trailers rising more than 20% over the past two years, the partnership between MacKenzie and Simply has put vital funding in place to support the company's necessary fleet renewals. The senior team at MacKenzie believe that Simply's industry expertise and style of consultancy have been integral to their ongoing long-term partnership.



What's in store for 2024

As we approach the end of 2023, we are already firmly focused on delivering a strong end of year, while also shaping ambitious targets and goals for 2024. Core to this are considerations for our growth trajectory and how we can continue to support UK businesses. 2023 saw us open our Liverpool office and continue to expand in Scotland and Northern Ireland, while also building the team at our head office in London.

This expansion is set to continue in 2024, as we capitalise on the local talent around our offices, particularly in our growth areas such as Liverpool and Scotland. We will be able to help thousands more businesses with our 'technology with a handshake' lending style.



“This expansion is set to continue in 2024, as we capitalise on the local talent around our offices”

Our intention is for Simply Connect to continue to evolve and improve as we further develop our sector-leading technology, and continue to adapt and refine as we receive user feedback. We will also be increasing the number of partners who utilise it as a white-labelled platform.

This multi-layered approach is a core part of our mission to simplify the asset financing process, and make it easier for both brokers and customers to thrive.

More from us

For more on how we are driving change in the asset financing industry through innovation, please visit [our website](#).

Simply—