

# Newsletter

Spring/Summer 2024 Investor

## A word from the CEO

In the face of challenging economic conditions, the SME sector has shown huge resilience since my last update, successfully navigating increased insolvencies, inflationary pressures, high interest rates and supply chain challenges. In the here and now, it looks like we might be turning a corner with energy costs finally coming down, inflation running much closer to the Bank of England's 2% target, and evidence that supply chain efficiencies are improving across the board.

SME growth prospects are strong, but even as the green economic shoots appear, we, like the businesses we serve, must plan ahead for upcoming change. The General Election and the prospect of a new government has most certainly focused minds, with businesses across the country keeping a very close eye on how different manifestos may best suit them and their needs.

We were delighted to see the Growth Guarantee Scheme announced in the Chancellor's budget in March, as the Recovery Loan Scheme (RLS) had already served a valuable purpose, giving SMEs access to a record £5.3 billion to date.

**“...giving SMEs access to a record £5.3 billion to date.”**

However, with the new scheme only lasting until March 2026, businesses will once again be on a time-limit for support. That's why we hope politicians prioritise a comprehensive industrial strategy that goes beyond political affiliations and puts the needs of businesses first, particularly given they make up 99.9% of the UK business population<sup>1</sup>. For us, measures that address unpaid invoices and streamline access to public contracts will forge SMEs more certainty and the ▶



ability to plan for the future. We also hope to see the next Government do more to address regional disparities in business support. This will allow businesses across the whole of the UK to realise their potential.

Since founding Simply, our business has continued to grow alongside the opportunities for SMEs. **This is now reflected in our 155-strong team, based both at our head office in London and regionally across the UK.** The team really is second to none and completely dedicated to improving and supporting SMEs on their funding journey. And it's not just us that say this.

**We were recognised for the third year running in the FT 1000 list, ranking as one of Europe's fastest-growing companies. On top of this, my co-founder and COO, Ylva Oertengren, was recognised within the Standout 45 in the Innovate Finance Women in FinTech Powerlist.** Acknowledgement within the

list, shining a light on women who have made a significant difference within their sector, could not be more deserved.

Alongside our people, it's the tech that we've built that stands out. Not only does it allow us to deliver SMEs tailored, robust and fast support, but it also underpins the excellent customer service we strive to adhere to as a business daily – something we will delve into more in this newsletter. As SMEs' demand for capital rises, and funding options potentially dwindle, we are here to guide and fund businesses as they seek to take advantage of the opportunities that arise.



**Mike Randall**  
CEO at Simply

1. Federation of Small Businesses 2023

## Sector overview

SMEs are the lifeblood of the UK economy, responsible for around three fifths of employment and half of the turnover in the UK's private sector, with a third of this population alone operating from London and the South East<sup>2</sup>. They are a core driver behind innovation, job creation and the development of our national infrastructure.



Now we see signs that the economy is getting back on track. With insolvencies falling by 17% year on year

in March, businesses have the opportunity to prepare for potential growth and secure new contracts as the economy improves. Working with trusted funders and utilising Government schemes, businesses will be able to acquire the assets they need, while also releasing the working capital they need to expand.

For these businesses, they need to be looking to manage risk in the short term. For them, cashflow is king. Customers should be optimising assets to maximise productivity (for example, extended shifts), prolonging asset lives through effective maintenance, and focusing on effective debt collection from customers while considering invoice finance, if they are not already. It's also important businesses review existing debt structures and work with trusted funders to consolidate and match income, therefore releasing cash.

During this period, it's imperative that businesses have the blend of tech and in-person support we can offer. It is this that will allow them to grow and thrive, as they'll be getting the right, bespoke support, rather than a blanket one-size-fits-all offering.

2. <https://www.gov.uk/government/statistics/business-population-estimates-2023/business-population-estimates-for-the-uk-and-regions-2023-statistical-release>

# The growth story of Simply

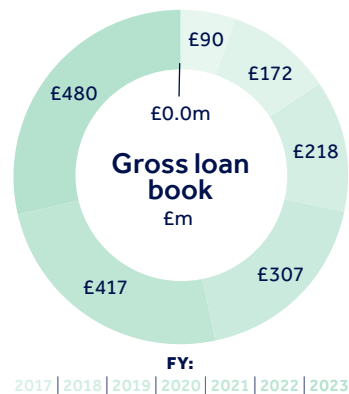


2023 was another year of strong growth and we were proud to announce in **May our FY2023 profits of £5.5 million and revenues in excess of £52 million.**

As we expanded as a business to further support our growth, **our loan origination grew to £1.3 billion to date, and the businesses we've supported across the UK grew to over 7,400.**

We also announced a significant next step in our growth this month, in the form of a **£120 million new funding facility with Bank of America.**

This latest news and our 2023 figures are milestones we're incredibly proud of as a team. The demand for a product like ours, particularly as SMEs strive for capital but have limited options, is demonstrated in the numbers. We've now handled 15,161 agreements and in 2023 our loan book grew by £63 million, a 15% increase year on year.



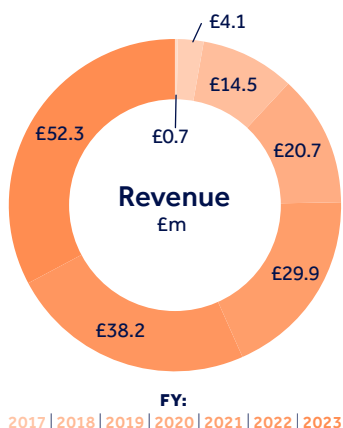
This milestone agreement consolidates Bank of America's position as a leading player in UK asset finance, and the move will enable Simply to significantly increase its lending to UK businesses.

**“...in 2023 our loan book grew by £63 million, a 15% increase year on year.”**

Our team has grown significantly in the last year, as we've supported this demand and strengthened our geographical footprint across Liverpool, Scotland and Northern Ireland.

**In Belfast, we will reach £100 million in origination this year** and have already served over 600 customers, facilitating over 2,700 assets as we come up to our five-year anniversary in the city. In Scotland, our total number of customers has surpassed 1,000 and we've financed over 3,000 assets.

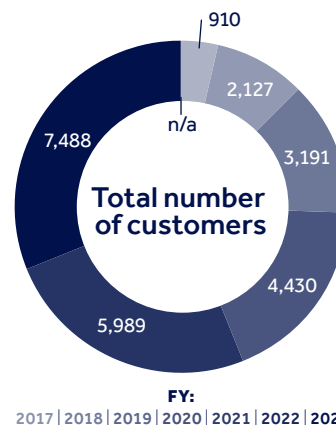
**“In Belfast we will reach £100 million in origination this year...”**



Liverpool also reached its one-year milestone. In this time the team doubled in size and has worked with over 800 customers in the North West. The growing network of Business Development Executives has delivered **£7 million in advances and over 100 deals in just the first year, as well as supporting over 50 brokerages.**



This growth meant that just ten months after opening, the team moved to a larger office to support the business trajectory in the region.



This phenomenal growth is testament to the talented team and its commitment to support SMEs in the area. Taking all of these achievements into account alongside a year of high interest and double-digit inflation, we're incredibly positive about Simply's growth and elevated capacity to help even more businesses, during a challenging economic period.



**Stefan Wolvaardt**  
CFO at Simply



## Simply's tech offering

### Updates to Simply Connect

Simply Connect was devised as a complete rethink of what lending should be. This innovative thinking has remained central to the product as it has evolved, with the platform streamlining access to finance for UK SMEs by putting our technology and expertise into the hands of customers. Embedding technological efficiency with data-driven insights into every aspect of the business lending landscape, it ensures better access to finance is enabled for all.

Paired with a team of Simply experts, **this innovation has enabled the business to lend over £1 billion to UK businesses since its inception.** Not only does Simply Connect deliver a superior customer experience, it also ensures that the operations can scale with ease.

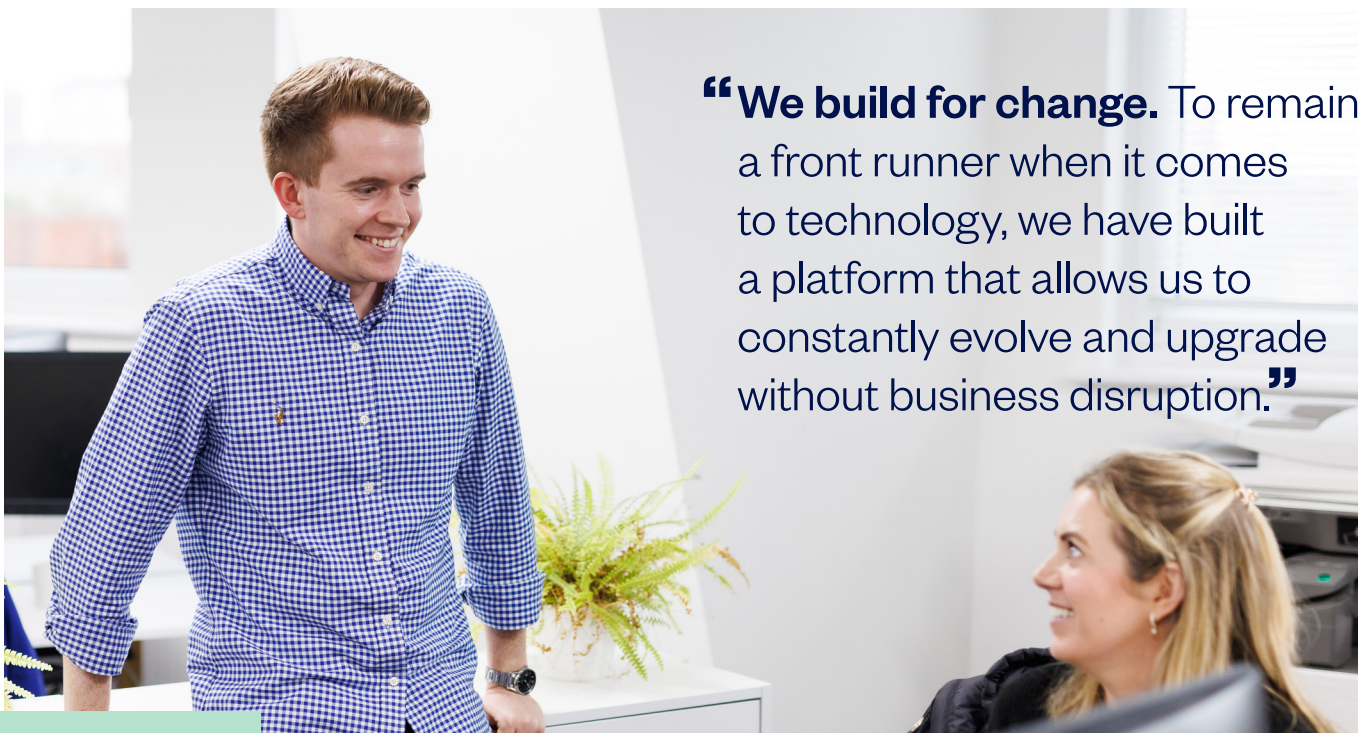
Since launch, Simply Connect has driven 20% to 30% capacity gain across operational processing, enabling growth of volume of activity per staff to increase significantly. Simply Connect is a digital process supporting lending from application stage all the way through to the last repayment of the loan. Launched in 2021, rolling innovation sees additional features and new technologies added to further drive valuable insights and remove laborious paperwork for customers.

“**...Simply Connect has driven 20% to 30% capacity gain across operational processing...**”

#### The core offering includes:

- Digital paths for submission and tracking of applications
- Automated data collection, enrichment and verification through integrated sources such as credit references, account information, company registers, fraud alerts and open banking
- Integrated data sources for asset information and automated valuations
- Digital onboarding including automated KYC and customer ID verification
- Electronic documentation and e-signature
- An app for customers for management of applications, live agreements and communication
- An app for partners for management of pipeline, portfolio, application submissions and MI
- Asset value analytics to help customers optimise their funding
- Online market for asset sales





**“We build for change.** To remain a front runner when it comes to technology, we have built a platform that allows us to constantly evolve and upgrade without business disruption.”

The value for our partners and customers is clear, as the customer doesn't need to fill in forms or copy paper files to apply for a loan, and decisions are generated faster. For Simply, this means quality of data and low-cost operations.

For one of our broker partners, Approach Asset Finance, 92% of its deals are loaded in the platform and 73% of those deals go through the full end-to-end journey.

This includes documentation generation and submitting the payout. When considering the broker panel as a whole, **78% are signed up on Simply Connect, with 55% of users logged in and using it.**

In the last six months, new features have been added to the platform to further improve the customer experience. This includes more focus on flexibility to suit a changing trading environment for customers. As an example, the seasonal payment functionality has been enhanced, meaning customers can have a flexible payment profile that fits in with their business volumes, offering ultimate flexibility and understanding with the customer. The most common scenario where we as a business offer this, is for companies that operate in the agriculture sector.

Other new features allow for tailoring of the customer engagement, with the ability to save multiple calculations within Simply Connect, allowing for multi-scenario planning and agility in the sales process. In addition, the auto-generation of documents has been enhanced, with more options available to suit a customer's particular needs and ensure that the lending is suitable.

### **Landscape integration**

At Simply, we build for change. To remain a front runner when it comes to technology, we have built a platform that allows us to constantly evolve and upgrade without business disruption. The strength of this was proved in April, when we switched our core platform technology to Landscape, a new market-leading contract management system.

The switch-over and **migration of the full book over to the new system** has been a significant project at Simply, but one we believe will be extremely beneficial to support business growth and further improve customer experience.



Best of all, the customers didn't have any reason to notice it had all changed. It was a completely seamless migration, with zero downtime, due to the quality of the intuitive technology we have built.

We and our partners at Lendscape are dedicated to innovation in the asset finance sector, and we believe that is reflected wholeheartedly by this partnership. By embedding Lendscape's system into our processes, we hope to enhance Simply's award-winning customer service even further. Since the integration of Lendscape's fully cloud-native, open API system, key benefits identified have been better workflow visibility, capabilities and user experience, as well as deals processing more efficiently. The system also ensures full compliance with all accounting standards. Building a high-quality, scalable platform allows us to serve more customers, more efficiently, in line with our growth plans for the year ahead and beyond.

### Tech-powered lender partnerships

**Since we launched Simply Connect in 2021, its capabilities have continued to evolve to best suit partners and customers.** While still being significantly utilised to deliver funding to SMEs across the UK through our own on-the-ground lending experts, we've also built the ability for brokers, introducers and partners to embed it into their offering to reach new customer segments.

The platform is equipped with flexibility in mind, with processes supported by modular components. This allows us to tailor a journey to the needs of various partners, and embed it within their customer offering under their brand. Our partners can benefit from best-in-class UI, workflow and risk management. It also allows them to use the additional insights generated by customer and asset data to engage with customers and expand their reach. This can, for example, be in the form of a dealership utilising an embedded version of Simply Connect, to be able to offer its customers to access funding over the counter and walk out of the dealership with an asset on finance, or in the form of a lender connecting its infrastructure with Simply Connect to reach new customer segments.

Partners and brokers who are looking to embed Simply's technology in their own businesses are able to pick from a 'menu' of options and utilise as little, or as much, of the platform as they choose. The bespoke modular architecture offers flexibility and ease of configuration, enabling new product and channel deployment for any partner.

## Case study: Warwick Ward



### Tech-powered lender partnership in practice

**Warwick Ward, a one-stop-shop solution for earthmoving and recycling equipment, is one of our vendor partners with whom we have a long-standing relationship and proven track record.**



Founded in 1970, the business has grown into one of the largest stockists and suppliers of new and used earthmoving and waste recycling equipment. It supplies

a 360° product range from market-leading brands such as CASE Construction, TEREX Ecotec, Keestrack, AUSA and Faresin. It has depots in the North, Midlands and the South of the UK, and is well known for its strong after-sales support.

Our most recent collaboration with the business enables it to white-label our finance product in order to best serve SMEs. Warwick Ward chose to utilise our solution due to our expert team, which has brilliant relationships in the sector and direct relationships with sales personnel on the ground.

In addition to our people, our technology offering, which enables its customers to get access to fast, robust and tailored funding solutions, also stood out.

Crucially, Warwick Ward shares our belief of putting customer service at the forefront of what it does, coupling that focus with the technical back-up to meet customer needs.

This is a core reason why the partnership came to fruition and continues to work so well.





## Outlook

2024 has already been a year like no other in Simply's history. We've had significant backing from Bank of America, which will allow us to increase lending to UK SMEs by 30%; we've integrated Lendscape's contract management system without any disruption to customers; and we've made FY2023 profits of £5.5 million and revenues in excess of £52 million, despite a high interest rate and inflationary environment.

Looking ahead, we expect our loan book to reach £0.5 billion in Q2 2024 and lending to reach £1.5 billion by Q3, testament to the quality of the product we offer customers and partners, but also to the commitment and expertise of our team. We're dedicated to being the best lending partner possible to SMEs across the UK, particularly in this period where they'll be able to grow and thrive as the economy recovers.

“Looking ahead, we expect our loan book to reach **£0.5 billion** in Q2 2024 and lending to reach **£1.5 billion** by Q3...”



## More from us

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

Simply