



Making Fintech History: BlueVine's PPP Impact

A letter from our CEO

Small businesses are the backbone of the U.S. economy and remain essential to our country's economic growth and employment. According to the Small Business Administration (SBA), 30.7 million small businesses accounted for 99.9% of U.S. businesses, employed 59.9 million people and created nearly two million net new jobs in 2019 alone.¹

Then, in early 2020, the COVID-19 pandemic struck our country, forcing lockdowns and shelter-in-place mandates across the nation to prevent the spread of the disease, shutting the doors of businesses large and small. Without the expendable resources and capital of their large enterprise counterparts, many small business owners immediately felt the shutdowns' economic impacts.

A BlueVine survey revealed that by mid-March, one in five small businesses had already reported temporary closures to avoid further losses. More than 40% said they would fold within a month without support from the government, and a staggering 90% agreed that the government should tap the private sector to expand additional funding options.²

In April, the federal government unveiled the Paycheck Protection Program (PPP) to provide small businesses with funds to cover up to eight weeks of payroll, mortgage, rent and utility expenses. In addition to mass confusion around necessary program stipulations, lender and application portal readiness issues, and lengthy application and loan processing times, there was another glaring problem at the program's onset. Despite having the technology and expertise to accelerate the

application process and rapidly deliver money to small business owners, financial technology leaders like BlueVine were not eligible for participation.

Alongside the Innovative Lending Platform Association (ILPA), industry peers and partners, BlueVine fought hard to win approval from the SBA. We eventually earned the ability to participate, both as a PPP direct lender and as a non-direct lender through banking partners, less than one week before the program's first round ended. Since then, we've applied our technology, engineering expertise, relentless execution, and unmatched customer support to providing more than 155,000 small business owners with \$4.5 billion in PPP loans and saving 470,000 jobs. Although PPP as we know it ended on August 8, Congress is currently considering an additional assistance program, and BlueVine intends to participate.

BlueVine's PPP story of determination and tenacity is driven by our mission to help U.S. small businesses with banking and financing built for them. As I reflect on our company's purpose during the last few months, I have never been more proud to work alongside the team at BlueVine and serve the small business community when they needed us most.

Sincerely,



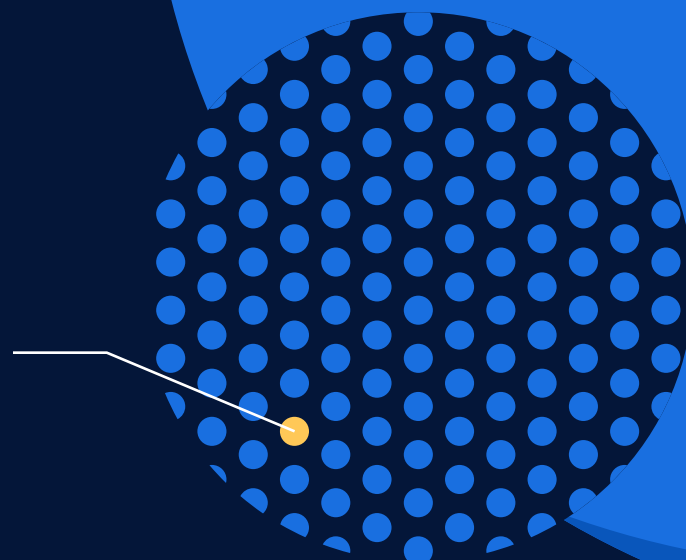
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Our PPP impact



\$19,862
median loan amount



\$4.5+ billion
delivered in PPP loans

Serving small businesses who needed it most

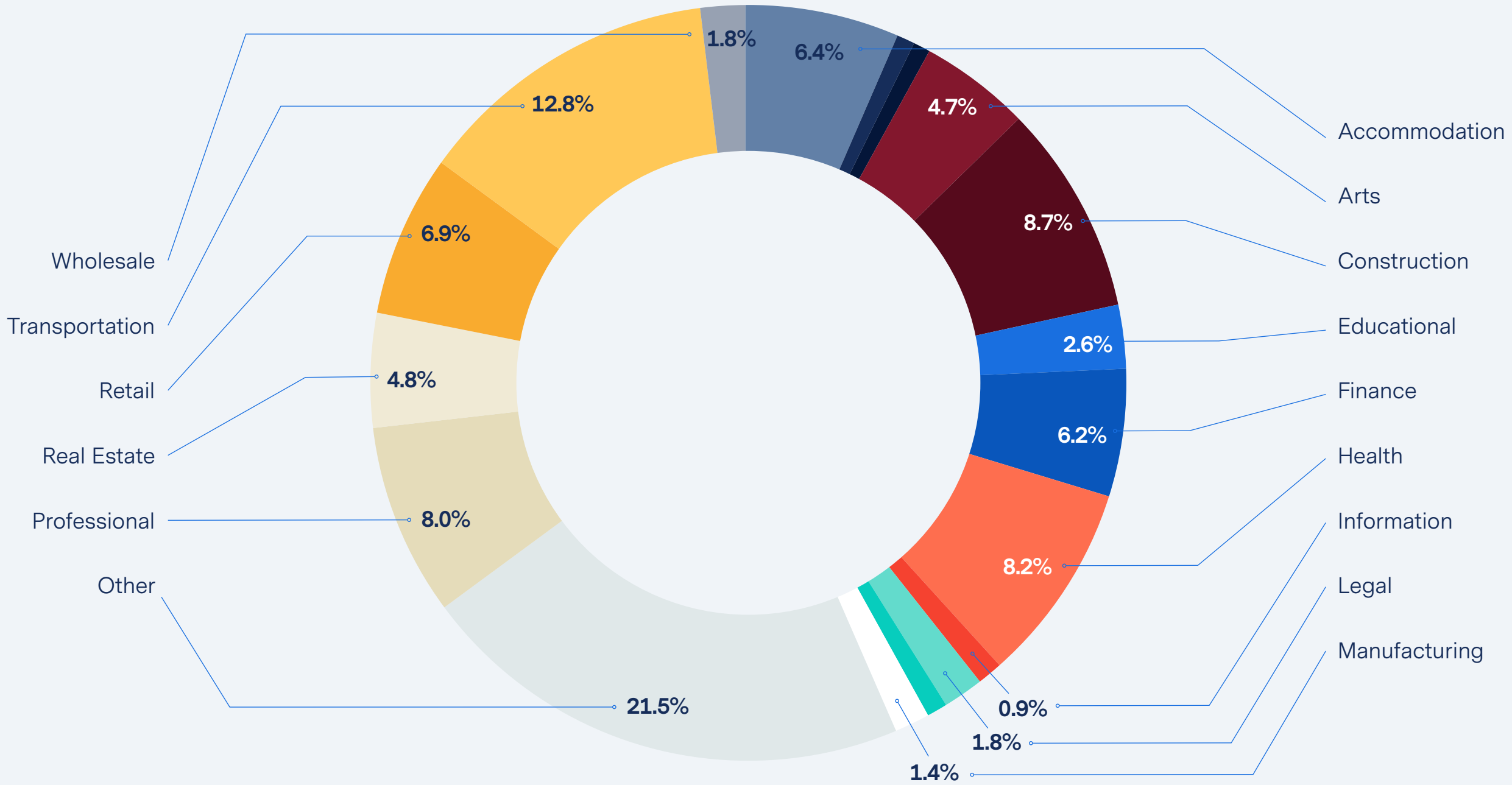


68%
of customers have fewer
than 10 employees



2,400+
rural customers served

Support across industries and markets



● Accommodation	9528	● Construction	13072	● Information	1301	● Mining	61	● Public Admin	101	● Transportation	19125
● Administrative	1235	● Educational	3897	● Legal	2657	● Other	32164	● Real Estate	7179	● Utilities	354
● Agriculture	1862	● Finance	9255	● Management	1367	● Professional	11949	● Retail	10341	● Wholesale	2691
● Arts	7082	● Health	12217	● Manufacturing	2044						

The platform factor

BlueVine built a powerful proprietary financial platform, which integrates data science and automation capabilities to not only process loans faster, but also accelerate identity verification and prevent fraud. Our platform and risk strategy enables us to adapt immediately to economic shifts or uncertainty. By not relying on legacy infrastructure, we were able to build, iterate, and scale quickly to meet small businesses' urgent needs of acquiring PPP loans during this pandemic.

Leveraging our flexible technology stack and modular platform, we developed an entirely new product in just a few days to deliver PPP loans and meet SBA specifications. Our platform design also gave BlueVine the agility to adapt to frequent changes from the SBA and respond quickly with solutions.

To meet the demands of the program, we employed our robust Optical Character Recognition (OCR) capabilities in partnership with companies like Oculous, ABBYY's Flexicapture, and Amazon's Textract. With these partners, we digitized bank statements, numerous tax and payroll forms, and voided checks. That, together with our automated data-processing and scorecard layer, allowed us to handle thousands of applications a day, providing a response as quickly as a few minutes - to the great satisfaction of our customers.

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With the homogeneous platform that we've built to maximize for speed and interoperability, we were able spring into action to better serve small businesses.”



Herman Man, Chief Product Officer

BlueVine

Considerable capital attracts fraud, and the PPP, with its favorable terms, was no exception. Our process utilized our core KYB, KYC, and AML technology, which analyzes and detects meaningful patterns in vast collections of data to keep our customers and our business safe and secure. We also quickly developed additional counter-fraud measures such as PDF manipulation detectors and IP/cookie velocity monitoring. With these actions in place, we were able to continue and support large numbers of businesses and drastically reduce fraud and risk for BlueVine and our customers.

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Building BlueVine's risk infrastructure is an iterative process. It has helped us steadily expand our reach in unprecedented times like now, making us stronger, smarter, and even faster in financing small businesses.”



Ido Lustig, Chief Risk Officer

BlueVine

Teaming up for small businesses

In addition to BlueVine's expertise, dedication, and technology, several partnerships were instrumental to our PPP success. These collaborations included banks to distribute loans, and strategic partners, such as DoorDash, to expand access to small business groups and industries hit hardest by the pandemic.

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Through early conversations with our restaurant partners, we learned that many restaurateurs were finding it difficult to navigate the Paycheck Protection Program (PPP) loan application to receive funds necessary for expenses. We set out to find a strategic partner who could help our merchants, and especially the smaller businesses, apply for these loans. We selected BlueVine not only because of their advanced technology that enabled fast loan processing and day-of funding capabilities, but also because of their commitment to excellent customer service. We knew our merchant partners would be in the best hands with BlueVine. customer service. We knew our merchant partners would be in the best hands with BlueVine.”



Kevin Huang, VP of Merchant Strategy



In the early weeks of the pandemic, when physical distancing mandates were enacted, the restaurant industry saw an almost immediate impact, with more than 5.9 million jobs lost in less than six weeks.³ Many were in dire need of government relief. Access to funding meant the difference between staying in business or shutting down permanently. While the PPP program promised financial assistance, many of DoorDash's restaurant partners expressed frustration and confusion when navigating the program.

Determined to make a difference and make loans more accessible to its merchants, in April, DoorDash sought a financial technology lending partner to accelerate and simplify the application process. After an extensive search, the company selected BlueVine as its PPP partner.

Since the partnership began, nearly 200 DoorDash partners have received over \$6 million in PPP funding, saving thousands of workers who would otherwise have faced temporary or permanent unemployment. A vast majority of the merchants served were small, independent restaurants that employ fewer than ten people.

Now, the restaurant industry is showing early signs of recovery. For example, about 50% of jobs regained in the U.S. in May were in the hospitality and restaurant sector, according to data from the U.S. Bureau of Labor Statistics.⁴ Many restaurants credit the PPP program for that growth. We're proud to have helped some of the smallest restaurant businesses gain the financing they needed during the pandemic.

³Bureau of Labor Statistics (U.S. Department of Labor). "The Employment Situation – June 2020." (2020): <https://www.bls.gov/news.release/pdf/empisit.pdf>. July 2, 2020

⁴Bureau of Labor Statistics. "Current Employment Statistics Highlights." (2020): <https://www.bls.gov/ces/publications/highlights/2020/current-employment-statistics-highlights-05-2020.pdf> June 5, 2020

Uniting as a fintech community

Demand for PPP loans was overwhelming at first, with the SBA's allocation of \$349 billion exhausted in just 13 days by only a small fraction of all small businesses. These loans went primarily to larger, well-capitalized, and well-established businesses. As the flood of smaller enterprises applied for relief in the second round of PPP, fintech companies like BlueVine stood ready to help and contribute our technology and automation capabilities.

BlueVine worked diligently with the Innovative Lending Platform Association (ILPA) and their members to give a voice to small businesses and advocate for their rights.

Through our advocacy efforts, regulators were ultimately persuaded to allow companies like BlueVine to participate in offering PPP loans directly. This was the first of many milestones BlueVine achieved on behalf of small businesses through our policy work and persistent communication with the President's administration and congressional leaders. Working with our peers in the industry, we also successfully advocated to:

- Adjust the PPP 75%-25% rule on loan proceed use
- Remove the cap on loan forgiveness for self-employed individuals
- Extend the eight-week period for purposes of calculating loan forgiveness
- Extend the June 30 safe harbor date for rehiring and restoration of pay

We believe this program was a testing ground for the financial technology community, revealing BlueVine as a trusted advisor to small businesses and key partner for the SBA, paving the way for our technology and knowledge to support other SBA and government programs.

Small business spotlight: Our customers' PPP stories

Our PPP customers come from all walks of life, each having relied on a business-critical loan from BlueVine to pivot their businesses and survive this pandemic. Here are just a few of their stories:

Our customers

Business owner:
Hendrell Remus

Business:
Remus World

Employees:
3

Location:
Nashville, TN

Industry:
Photography, video production, graphic design

Hendrell Remus is the owner of Remus World, a photography, video production, and graphic design company in Nashville, Tennessee. Since its inception in 2015, the majority of Remus World's revenue comes from filming and capturing weddings and other major life events and corporate projects and events.

With many bookings canceled due to physical distancing regulations, Hendrell quickly changed his business and financial strategy to sustain the company and continue the work his team loves. He decided to apply for a PPP loan to provide a cash cushion for expenses.

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It seemed like the skies had opened.”

Hendrell Remus, owner

Remus World

Hendrell did not expect a long and arduous journey to receive the loan, despite applying the first week the program opened through a large bank he's been doing business with for years.

Weeks passed before he received any communication about the status of his application. While Hendrell waited, losing precious business in the process, he began researching how other organizations were securing loans. Through an online forum, he learned about BlueVine and our success, helping other small business owners secure loans outside of their banks.

Hendrell applied with BlueVine and was instantly impressed by the seamless process. Within an hour of submitting his application, he received confirmation that his loan was received and processed. In under three hours, Hendrell received a call from BlueVine representatives to walk him through the application.

“It seemed like the skies had opened,” Hendrell said. With this PPP loan secured to take care of payroll and utility expenses, Hendrell successfully pivoted his business to adapt to a pandemic world, focusing now on logo design, promotion videos, and a new e-commerce T-shirt design business.

Hendrell advises other small business owners to embrace new-age technology companies as an alternative to traditional resources.



Our customers



Business owner:
David Karstadt

Business:
Karstadt Taekwondo

Employees:
1

Location:
Phoenix, AZ

Industry:
Martial arts

David Karstadt is no stranger to weathering severe business climates. As the 34-year owner of Karstadt Taekwondo studio in Phoenix, Arizona, he's survived several economic ups and downs, including the 2008 recession. But David says the COVID-19 pandemic has by far been the most challenging.

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We're working three times as hard and making half the money, but [BlueVine] saved us.”

David Karstadt, owner
Taekwondo

The art and instruction of Taekwondo is a hands-on experience that requires one-on-one guidance through in-studio sessions. Virtual instruction can be a challenge. More than 65% of his customers are children who rely on Taekwondo as an outlet to keep them active and safe. So, David needed to retool his business to support them even if the studio's physical doors were required to remain shut.

David began exploring virtual classes but lacked the capital to buy the technology to host the courses online. At the recommendation of his payroll vendor, he looked into applying for a PPP loan through BlueVine.

Thankful for how easy the process was and with a new loan from BlueVine, David pivoted to virtual classes while restructuring his pricing model and other operations.

While the last few months have been hard on Karstadt Taekwondo and the future is uncertain, David remains optimistic, crediting the PPP financing for keeping his business up and running.

“We're working three times as hard and making half the money, but [BlueVine] saved us,” he said.

David welcomed the challenge to reinvent his business and encourages other business owners to remember that they are entrepreneurs for a reason. The same innovation they possessed to open their businesses can help them retool and move forward.

Our customers

Business owner:
Jazmine Lalicker

Business:
The Shuckery

Employees:
26

Location:
Petaluma, CA

Industry:
Restaurant

Jazmine Lalicker is the co-owner of The Shuckery, a seafood restaurant and oyster bar in Petaluma, California.

Like many restaurant owners, the pandemic forced Jazmine to operate in an entirely new world. The Shuckery has been a dine-in only restaurant since its opening in 2016. Jazmin and her co-owner had to make a fast shift to delivery and takeout to comply with COVID-19 mandates and keep their business afloat. They turned to DoorDash for help.

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In less than a day, I had a loan in my account and felt instant relief and hope for business’s future.”

Jazmine Lalicker, co-owner
The Shuckery

Jazmine also applied for a PPP loan through her bank but experienced significant delays. As a DoorDash merchant, she received an email from the on-demand food delivery service about a new PPP partnership with BlueVine. Within 24 hours of applying through a dedicated BlueVine-DoorDash PPP web application, The Shuckery received its loan.

“In less than a day, I had a loan in my account and felt instant relief and hope for my business’s future,” said Jazmine.

With many fixed expenses covered for the foreseeable future, Jazmine brought back all of her staff in early July and invested in a new point-of-sale system to simplify and streamline her take-out and delivery operations.



Conclusion

Small businesses need adept, reliable banking and financing to serve their unique needs while the economy works to recover from the COVID-19 pandemic. BlueVine succeeds where traditional banks fail to deliver.

We were there for customers before the pandemic with innovative, user-friendly lending and banking services. And we are here for them now with a fast and easy PPP loan application process to help them regain their footing and reopen their doors.

At BlueVine, providing small business owners with hassle-free banking services is in our DNA.

To learn more about BlueVine's services, visit: bluevine.com