

## Clarity: empowering you with insight on growth and distress

**Clarity is our unique, forward-looking and multi-faceted data asset, giving you insight into what is driving growth and distress, and what will impact future business and financial performance in the UK SME market.**

We have developed Clarity in partnership with Laeceum (an advisory and consulting boutique specialising in SME data and analytics) to support other professional advisers and business owners in accessing predictive insight into the health of the UK's SME community.



Wherever you see the **Powered by Clarity stamp**, this will help you identify that our content, reports, and presentations have been informed by our new data asset.

### How Clarity has been developed



#### Developed by an expert analytics team:

The UK's leading team of data scientists have contributed to the development of Clarity, including individuals that previously advised the UK Government on the impact of the pandemic on SMEs.



#### More than 30 years of analysis and insight:

Clarity has been built on solid foundations. The data is taken from over 30 years of historical analysis to ensure the model is robust.



#### Powered by leading data assets from Creditsafe:

Clarity takes data from multiple sources including a set of industry-leading assets from Creditsafe that create forward-looking indicators on both growth and distress.

### How Clarity will benefit you and your clients

#### Forward looking to spot opportunities:

Clarity can equip you with a forward-looking, data-led view on the forces that are shaping the UK SME market so you can spot opportunities to grow your practice in specific sectors or regions.

#### Working with existing clients:

It will empower you to proactively work with existing clients, to advise them on how to position their businesses for success and to avoid risk of failure.

#### Developing your offering:

The data provides an empirical basis for you to develop new propositions and capabilities to support SMEs at risk of failure and those that will be future growth champions.

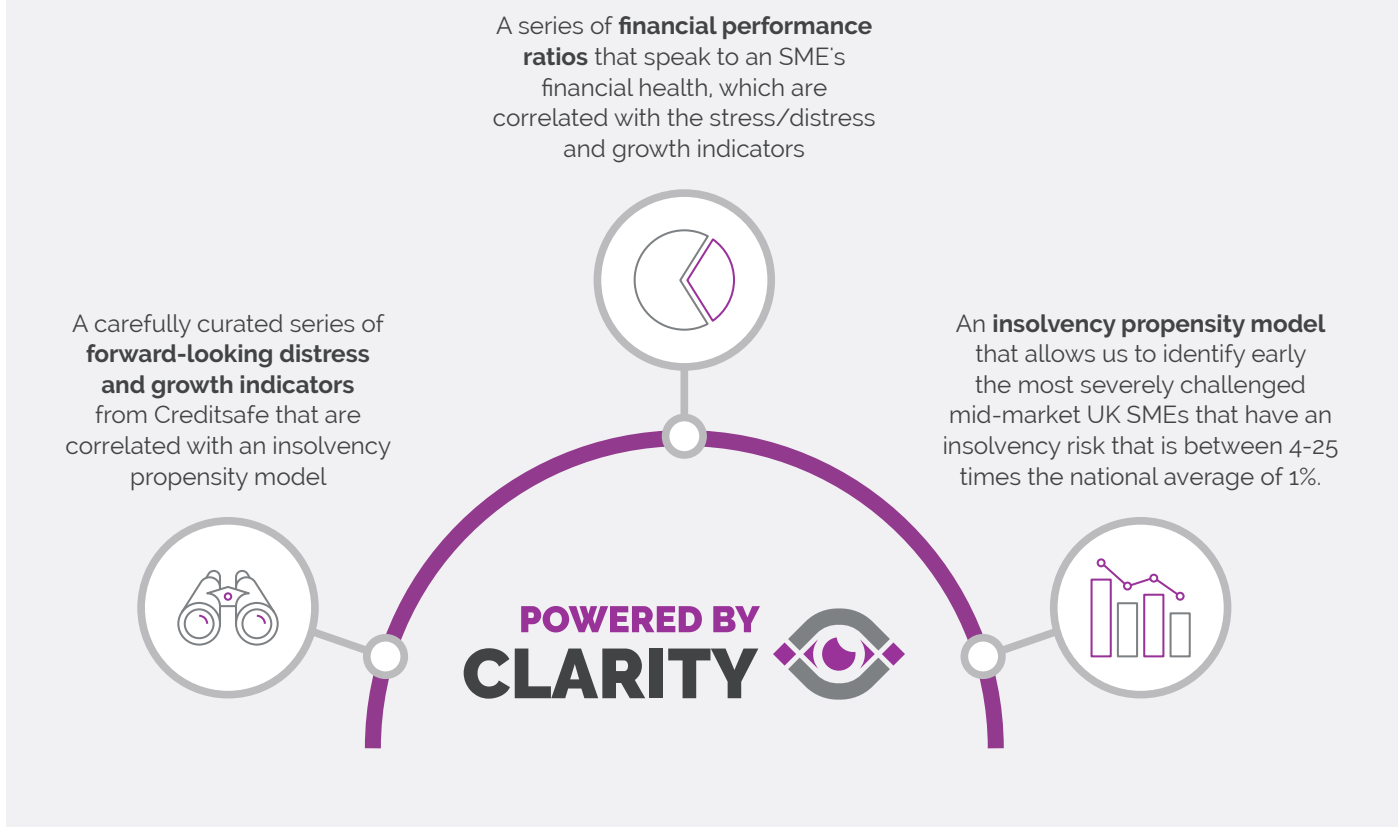
#### Developing your knowledge:

Clarity can help you develop a detailed understanding of the relative importance of sectors and regions when considering winning strategies for local SMEs.

# How it works

Clarity takes data from multiple sources and then analyses and benchmarks that data to identify the sectors that are under the most stress and need help to recover, the regions that have fared better over the last two years, and pinpoints businesses that have the greatest propensity for collapse and those that are set to grow.

## Clarity is comprised of three core components:



## Access customised reports from Clarity

In addition to our series of data-rich insight reports, we can produce customised reports for individual firms, focusing on the sectors and regions you are interested in exploring. If you would like to discuss this further, see below for ways to get in touch.

## Test emerging trends for sectors and regions

In addition to our series of data-rich insight reports, we can produce customised reports for individual firms, focusing on the sectors. In addition to customised reports, we can build and run bespoke queries for individual firms using any combination of metrics from the three Clarity components. We can then benchmark these results against a selection of similar firms based on SIC, region and turnover to equip you with a unique data-led narrative to position your firm's services in the most relevant and impactful way for any given client, sector or region you are interested in exploring. If you would like to discuss this further, see below for ways to get in touch.

# Insight from Clarity

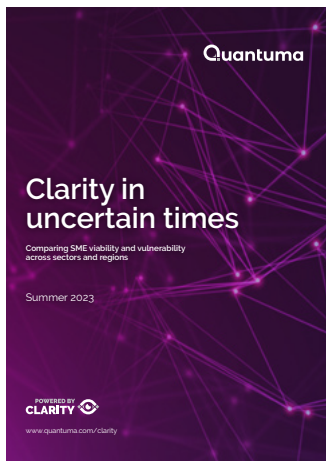


Our Clarity programme of support shares valuable data and views on how best to position a response to ensure the continued viability and prosperity of UK SMEs.

The programme includes a series of linked, data-rich reports sharing exclusive insight into what Clarity is signaling about future growth and distress trends, and who the likely winners and losers will be, comparing performance across a range of industry sectors and key UK regions.

## Gain more Clarity

Visit [www.quantuma.com/clarity](http://www.quantuma.com/clarity) to access the latest reports, data and insight.



**Targeted intervention**

In recognition of the long-term damage that double lockdowns bring, viability and energy efficiency are critical challenges. A number of health care and other businesses have targeted the North East in April 2020 for support, which has helped them manage their cash flow and improve business resilience in the face of domestic uncertainties. As the same time this support has also been a lifeline for the West Midlands as a result of the dip in the year, while the East Midlands has a dip in domestic demand, international regional, and performance and capital efficiency will further support.

**Midlands turn performance around**

At the start of the performance period in the Midlands, with the West recording the highest ROCE of any region at 10% and the East at 10%.

The Midlands performance is a significant improvement from the last Clarity Monitor, in which capital efficiency in the Midlands was only 1/3rd of the UK average. The turnaround follows a period of margin, but consistent growth which has improved business confidence and productivity.

Looking ahead 1/3rd of businesses in the West Midlands, and 1/3rd in the East Midlands expect a significant improvement in overall business performance over the next year. Cash options remain constrained across in investment and capital efficiency.

**ROCE has also been bolstered by an improved export market and regional resilience.** An industrial pressure gradually began to ease. After the initial impact of Covid, the Export Credit Insurance Guarantee for the West and East ports for the East, which is being to make a more significant impact on the East. It is also a key support business resilience in the face of domestic uncertainties. As the same time this support has also been a lifeline for the West Midlands as a result of the dip in the year, while the East Midlands has a dip in domestic demand, international regional, and performance and capital efficiency will further support.

**The way forward**

Attracting and other activities can support sources of financial support to help better balance shares for capital efficiency.

**In the longer term**

Energy costs are driven by volatility and rebalancing the labour force to sustain and streamline making, low value industries and reduced financial needs to higher value-added tasks.

**Profitability: Export dip holds back North East**

SME returns in the North East have been hit hard by increased red tape and restricted access to EU markets in the wake of Brexit.

**Pre-tax profit margin by region**

Region	Pre-tax profit margin (%)
North East	1.1
North West	1.2
Yorkshire and the Humber	1.4
East of England	1.6
West Midlands	1.8
East Midlands	1.9
London	2.1
South East	2.2
South West	2.3
West Midlands	2.4
Yorkshire and the Humber	2.5
North West	2.6
North East	2.7
UK Average	2.8

**The difficulties in attracting investment are a big concern for the country as a whole. But they are an even bigger concern for regions like the North East as they tend to attract smaller pieces of the pie.**

**Angela Baxton, Chief Economist and Head of Research, TheCMAA**

Just as capital efficiency in the North East is deteriorating, our research reveals that SMEs in the region have the lowest return on capital in the UK. The return on capital in the North East is 10% lower than the UK average.

While the North East has been affected by a number of challenges, Brexit is the most significant. The region has lost a significant proportion of its revenue that exports to the EU. This has led to a significant increase in the cost of doing business in the North East. The additional costs and complexity of new regulations and legal compliance with higher compliance costs have led to a decline in the North East's ability to compete on a global scale. This has led to a decline in the North East's ability to attract investment and a decline in the region's overall economic performance.

**Top level academic staff and the environment numbers**

But don't let them. To improve this, the universities on the investment base (2019) and quality (2019) students from entering to come to life.

**In a response**

The profit margin with education are unsustainable as a result of the increase in the UK average of 20%. But overall, the rise with the increase in the share of the market for the UK average as they are currently reported at a rate of 10% and 10% in the UK. The increase in the UK average as they are currently reported at a rate of 10% and 10% in the UK. The increase in the UK average as they are currently reported at a rate of 10% and 10% in the UK.

**The way forward**

Focus investment on training, transfer and academic areas with high value potential, including the most popular element and cost-efficient degree courses. Develop academic qualifications and student experience to broader research and apply with an associated focus on training and marketing.

# How to get in touch

If you would like to speak to our team about Clarity and how it can support your firm and your clients, please get in touch with your local Quantuma office. Or you can visit our website to find out more.

## Find out more about Clarity

Visit [www.quantuma.com/clarity](http://www.quantuma.com/clarity) to find out more about our unique data model.

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