Intuit 2026: The Future of Small Business Accounting

> "At Intuit we want to improve your life by removing the time it takes for required tasks, taxes are done, accounting is done, and bills are done without you having to lift a finger"[1]
>
> Brad Smith, Intuit, Inc. – Chairman, CEO

The headline of a recent report reads: "The year is 2026:

> I just received a mortgage approval without speaking to a single banker. I waited one day for everything to clear out.
>
> My retirement savings has been invested securely for the past 5 years with real-time data to help me make better decisions without the use of a broker or typical broker fees.
>
> I do not remember how a physical credit card looks since they have long been decommissioned.
>
> I have not missed a bill payment in years because it's all managed from my phone.
>
> One app. Bill payment reminders. Automated suggestions on what payment source to use to maximize cash flow and minimize debt. Automated payments.
>
> I have saved tens of thousands of dollars over the last ten years without thinking about it through small contributions to smart financial digital programs. Effortless. Responsible. Automated."[2]

The irony of this report is that these financial technology (fintech) innovations have already been created. For every financial sector you can think of there are literally dozens if not hundreds of companies all over the world creating new cloud-based solutions meant to assist users in making the smartest, most financially responsible choices with their money.[3] Banking is becoming more digital, app-centric, and customer experience driven, with fintech going head to head and often being incubated within traditional banks as more innovation is taking place.[4]

Often touted as a niche industry [there are] early signs that mass-acceptance of fintech providers by consumers and businesses is creeping closer to a tipping point.[5] The value of non-cash

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payments in the US and UK will reach $46 trillion and £1.44 trillion respectively by 2026. In the US, this is a 36% increase on 2016's figure of $33 trillion, with there being 221 million contactless mobile payment users within a decade. In the UK, this is a 26% increase on 2016's figure of £1.14 trillion, with there being 19.1 billion contactless transactions per year within a decade.[6] According to the Moula backed Disruption Index,[7] SMEs are becoming increasingly aware of fintech lenders, up 14 percent in Q2 of FY16 over Q1.[8]

Brad Smith, current CEO of Intuit (INTU), reflected on the changing finance industry and nature of work in 2026. What financial tools would customers be needing? Is there a need for an end-to-end solution which would allow independent workers to track their financial transactions as well as manage their financial responsibilities: tax reporting, benefits and insurance? Should Intuit partner with other fintech firms to provide a seamless process for the mobile market?

Intuit background

Intuit (INTU) was founded in 1983 by Scott Cook who saw his wife struggle to balance the family checkbook. Eager to solve the problem he created a desktop software with an intuitive interface which a non-accountant could use and called it Quicken. Forty six similar products launched before Quicken, but his design made using the product so intuitive that Quicken immediately became the market leader in personal finance software. It has held that position for three decades.[9]

Intuit advanced to market leader in financial software by offering products which took the work out of financial tasks for individuals with well designed products such as Quicken, which displayed familiar images of a check register and an individual check instead of looking like a spreadsheet.[10] To ensure customers took pleasure in using their products Intuit developed its own vision of design thinking[11] named D4D (design for delight) which clearly articulated Intuit's approach to design thinking based on 1) deep customer empathy, 2) idea generation, and 3) experimentation to remove time, make it seamless, and convenient to manage personal finances.[12]

This approach led to enhancements of Intuit's QuickBooks and TurboTax products. With customers increasingly shifting from desktop to mobile platforms Intuit developed an app called SnapTax which allowed customers to take a photo of their W-2 forms and have it inputted directly into the TurboTax program. Within two weeks of its release SnapTax replaced Angry Birds as the number one app on iTunes.[13]

Over the past three years Intuit has re-structured itself from a desktop company with several financial products with a new vision for the firm. Two goals were declared in the fall of 2013: 1) to be the operating system behind small business success, and 2) to do the nation's taxes, whether it's a do-it-yourself or with a CPA. Three businesses (Quicken, QuickBase and Demandforce) which did not fit with the future vision were divested.[14]

Today, Intuit, Inc. (INTU) is a leading provider of financial, tax, and accounting software for small business, accountants and individuals and is seen as well positioned to continue penetrating the large market for SMB financial software with its QuickBooks Online (QBO) product.[15] Its flagship products and services include QuickBooks and TurboTax, which make it easier to

manage small businesses and tax preparation and filing. Mint provides a fresh, easy and intelligent way for people to manage their money, while Intuit's Proconnect brand portfolio includes ProConnect Tax Online, ProSeries and Lacerte, the company's leading tax preparation offerings for professional accountants. Intuit had revenue of $4.7 billion in fiscal year 2016. The company has approximately 7,900 employees with major offices in the United States, Canada, the United Kingdom, India, Australia and other locations.[16]

At Intuit, as new customers adopted mobile software products there was a decline in the adoption of desktop software. In recent years Intuit saw sales of desktop software flatten with new customers selecting QuickBooksOnline (QBO) instead of QuickBooks Desktop. While customers continued the transition from QuickBooks Desktop to QuickBooks Online (QBO) the company made the transition over the last four years from a North American desktop software company to a global, cloud-driven platform company.[17] Sales of QuickBooks Online reached parity with desktop sales in 2017 and are estimated at 59% of the QuickBooks revenue in 2018 (see Exhibits 1 and 2)[18] Intuit enjoys good QBO growth in Canada, Australia, and UK. They are focused on getting the right product market fit in India, Brazil, and France and exploring the next country in the rest of the world to double down on.[19]

Intuit Values

Intuit employees are dedicated to removing the work from required tasks, such as accounting and taxes, which allows entrepreneurs to focus on their business and free up their time for improving their life.

> "And for 33 years, employees with Intuit badges have gotten out of bed with one purpose in mind – to improve our customer's financial lives, to improve our prosperity, to eliminate poverty, to increase the odds of success for small businesses. And over these 33 years, our company culture has embraced the set of values that have been refreshed and kept contemporary that basically breaks down to this: We want to be a 33-year-old startup with 8,000 employees who believe they're entrepreneurs who wake up every day and try to improve their customer's life."[20]

To make life easier for small businesses (SMB), Intuit, Inc. introduced TurboTax Self-Employed, the first and only integrated tax preparation solution which comes with QuickBooks Self-Employed for year-round expense tracking. "Self-employed people wear many hats – they are the boss, bookkeeper and salesperson, all rolled into one. Every minute they spend on record keeping for their taxes means one less minute spent on growing their business…TurboTax Self-Employed frees them to invest more time on their work and be confident they're getting every business deduction and dollar they deserve."[21]

Forces Driving the New Small Business Economy

The new small business of the future is driven by a wide variety of converging forces, organizational structures and ways of doing business which includes: Socioeconomic, technology and infrastructure, platforms and ecosystems, to address customer needs (Exhibit 3).[22]

Three things are driving Intuit's total addressable market. First, the adoption of cloud and mobile solutions. Second, the ability to serve new geographies and new customer segments, including the growing gig economy. Thirdly, the move to an ecosystem on a platform, which allows connection between Intuit products such as payments and payroll, and with third-party products.

1. Mobile Infrastructure

Digital finance solutions can radically speed the progress of economic development. Imagine the person in a rural area winning back the time spent traveling many miles on foot or by bus to a cash agent, and being able to work instead. Think of how many more small businesses might expand if they had access to credit. Picture the smallholder farmers who can finally get loans to buy the seeds, fertilizer, and farming tools needed to improve crop yields and boost incomes. And imagine, too, the enormous new business opportunities for banks, telecoms companies, fintech players, retailers, or any company that harnesses the low costs of transacting digitally to serve a much broader customer base of individuals and business profitably.

2. The Gig economy

Participation in the sharing economy was growing, whether with well-publicized entities such as Uber and Lyft to individuals who chose to work independently in the "gig economy." A "gig" describes a single project or task for which a worker is hired on demand.

If we think of the current world of work as a spectrum, anchored by the traditional corporate job and career ladder on one end, and unemployment on the other end, then the broad range and variety of alternative work in between is the Gig Economy. The Gig Economy is still in the early stages of disrupting how we work and includes consulting and contractor arrangements, part-time jobs, temp assignments, freelancing, self-employment, side gigs, and on-demand work through platforms like Upwork and TaskRabbit.[23]

In 2016 the Federal Reserve Board fielded a survey to better understand the many ways adults are generating income, regardless of their employment status and the frequency of these activities.[24] The survey used an expansive concept of contingent work, capturing all of the activity individuals are undertaking to generate income, [and found that] more than a third – 36 percent – of the adult population undertook informal paid work activity either as a complement to, or as a substitute for, more traditional and formal work arrangements.[25]

One in three Americans is a freelancer, with SmallBizTrends.com reporting nearly 54 million Americans participated in some form of independent work in 2015.[26] A McKinsey Global Institute report, *Independent work: Choice, necessity, and the gig economy*, finds that 162 million people in Europe and the United States - or 20 to 30 percent of the working-age population – engaged in some form of independent work.[27] UK figures bear this out, with almost five million in the UK employed this way.[28]

In contrast to traditional work arrangements, in which an employee has a durable employment relationship with a single primary employer, a large and growing proportion of the world's workforce were working through contracting, temporary arrangements, on-call arrangements, or

as freelancers being hired for episodic "gigs." Although these arrangements have always been a feature of the American economic landscape, there was a sharp increase in the prevalence of contingent working arrangements over the past decade.[29] The percentage of workers engaged in alternative work arrangements – defined as temporary help agency workers, on-call workers, contract workers, and independent contractors or freelancers - rose from 10.1 percent in February 2005 to 15.8 percent in late 2015. The percentage of workers hired out through contract companies showed the sharpest rise increasing from 0.6 percent in 2005 to 3.1 percent in 2015.[30] Many possible factors could have contributed. Research by the McKinsey Global Institute revealed that 20 to 30 percent of the working-age population in the United States and the EU-15, or up to 162 million individuals, engaged in independent work.[31]

Over the same period, technological platforms emerged that transformed the way people identify, schedule, and engage in contingent work and also helped people to monetize their assets to generate income.

3. Ecosystems and Platforms

Hundreds of platforms were created in the financial technology industry in recent years. There are multiple competitors in each service / product offering. Intuit competes with its Mint software in the Personal Finance category (Exhibit 4) and in the Digital Payments Network (Exhibit 5). If traditional institutions are to support their customers through the entire search-evaluate-buy-bond cycle, they must find the right partners to gain the necessary access, skills and expertise (Exhibit 6).[32] Unlike traditional financial institutions, online competitors are rapidly expanding into complementary services. Credit Karma, a start-up that made a name for itself by offering a free credit report service through its website and app, planned to launch a free tax filing service in 2017. Credit Karma Tax will have no fees. Its business model is to use customers' information to recommend financial products, collecting a fee when a customer is approved for a credit card or loan.[33] Intuit has "Absolute Zero," a competing product whch customers with a credit report and opportunities to get a loan.

In 2013 Intuit created a consumer marketplace open platform that provides developers and other partners the ability to integrate their products with Intuit products and offer a variety of financial services to customers. "We've selected Earnest (a student loan refinancer) as our first partner because they're already using data science and software to deliver savings. Like Intuit, Earnest is dedicated to helping people achieve their financial dreams. Intuit plans to add more partners over the coming year. The open platform will include the creation of a consumer marketplace that will provide developers the ability to offer a variety of financial services to customers.[34]

As part of its growing ecosystem, Intuit is now partnering with banks as well. Its Mint software allows users to link bank, credit card, loan and investment accounts and create budget and savings plans through a single user interface. Mint offers banks a way to beef up their online consumer tools, while also giving Mint users the ability to pay bills, which the standalone Mint service lacks.[35] Mint has reached an agreement with JPMorgan Chase to allow the bank's customers to quickly put account information into Mint, TurboTax Online and QuickBooks Online financial management applications without turning over names and bank passwords.[36]

The Five Faces of the On-Demand Economy

Intuit and Emergent Research forecasted that the number of people working on-demand jobs will grow from 3.2 million Americans to 7.6 million by 2020. Intuit believes this is a once in a generation opportunity to empower the future of work and a new face of entrepreneurship which will require a new mindset and a deep and objective understanding of the aspirations, motivations and pain points of those choosing on-demand jobs. Digital technologies made it possible for new players to enter ecosystems of independent work and provide better matching mechanisms, in some cases creating new demand and making new types of independent earning activities possible. Online platforms such as Upwork and TaskRabbit provide digital listings for matching contingent workers with on-demand work opportunities. Intuit defined 1) On-demand economy providers as individuals who work via an on-demand economy partner and 2) On-demand economy partners as companies who provide a platform for on-demand work. Eight key findings characterize the majority of independent workers (Exhibit 7).[37]

Independent workers may be described in ways which describe their motivation and satisfaction with independent work. In one of their *Dispatches from the New Economy* series, Intuit describes five different categories of independent workers (Exhibit 8):[38]

- Career Freelancers: Happily building a career through independent work.
- Business Builders: Driven by the desire to be their own boss.
- Side Giggers: Looking to find financial stability by supplementing existing income.
- Passionistas: Looking for the flexibility to do something they love.
- Substituters: Replacing a traditional job that is no longer available.

We also found a report from the McKinsey Global Institute which described four types of independent workers:

- Thirty percent are "free agents," who actively choose independent work and derive their primary income from it.
- Approximately 40 percent are "casual earners," who use independent work for supplemental income and do so by choice.
- "Reluctants," who make their primary living from independent work but would prefer traditional jobs, make up 14 percent.
- The "financially strapped," who do supplemental independent work out of necessity, account for 16 percent (Exhibit 9).

As a harbinger of the future, McKinsey suggests that "if the working-age population were able to pursue the working style they prefer, the independent workforce could potentially grow [as high as] 76 million to 129 Americans and 89 million to 138 million across the EU-15[39]

Intuit research shows that full- and part-time freelancers, independent contractors and on-demand workers grew from 6 percent of the workforce in 1989 to 36 percent in 2016, and are expected to make up 43 percent of the workforce by 2020. According to a new survey from Intuit and Emergent Research, on-demand economy workers were one of the fastest-growing segments,

increasing 22 percent since 2015 and accounting for 3.9 million Americans today. That number is expected to grow to 7.7 million by 2020.[40]

One area of concern for independent workers is their limited access to income security protections, such as unemployment insurance, workers' compensation, and disability insurance. Minimum wage and anti-discrimination laws might not apply to them, and retirement security is a concern. Any proposal will have to consider who would pay for such benefits and how these benefits would be earned and tracked for workers with multiple clients and employers. Additional concerns include reduced access to credit, the risk of not being paid for work that is already performed, and complex tax filing, licensing, and regulatory compliance requirements.[41]

Key challenges must be addressed for this shift to a gig economy to be a feasible and satisfying development for workers. Issues such as benefits, income-security measures, and training and credentials offer room for policy makers, as well as innovators and new intermediaries to provide solutions.[42] While many independent workers place a premium on their independence and freedom they are now responsible for their own support functions and benefits, such as; tax withholding, retirement and medical benefits, insurance, tracking expenses, etc. Who can provide an intuitive solution for independent workers to manage these financial responsibilities?

The real question underlying the growth of digital platforms for independent work is not how the numbers could grow. It is whether digital platforms could begin to challenge established notions of how companies are organized. Technology makes it conceivable that the old model of a corporation with employees in an elaborate hierarchy of specialized functions could one day give way to leaner core organizations that rely on a loose network of external providers for many activities.[43]

In their book, *Lead the Work*, authors Boudreau, Jesuthasan and Creelman present a world of organizations in which the workforce is reduced to a "core organization" and the organization hires contingent workers only when there are additional tasks to be completed, paying these workers only for the work completed. Such a change will significantly increase the number of contingent workers and significantly increase the need for gig works to manage their own finances.[44]

Millennials

A three year study conducted by Scratch, a division of Viacom, surveyed 10,000 Millennials about 73 companies across 15 industries.[45] Seventy percent of those surveyed would actually rather go to the dentist than listen to what their banks are saying (Exhibit 10).[46] A survey of 450 consumers in the 18-to-35 age range by CCG Catalyst found that millennials don't necessarily dislike banks – they just want them to be better. They want that institution to act as an "overall financial caretaker" for them. Paul Schaus, CCG's president and chief executive said: "Millennials want their banks to advise them. They want advice on how much to save and budget. Banks need to redefine the relationship they have with customers."[47] A global study by Telstra found the demand for alternative providers is not being driven by some desire to radically change paradigms or to sweep away outdated models. Rather it is a demand that traditional

financial institutions catch up with the rest of the millennials' world and that they offer Millennials a better experience and better value equation.[48]

In 2016, Telstra partnered with CB Insights, and Deloitte Limited to identify forces reinventing financial services.[49] Their report headlines five mega trends:

1. In 2014 Millennials overtook Baby Boomers as the largest demographic group and emerged as the number one source of global income, spending and wealth creation. Their share of global financial assets is predicted to climb to 28 per cent by 2030.
2. In 2014 the mobile device became the primary technology used by consumers to access financial services in many developing and developed nations with more than 50 per cent of interactions with banks conducted through mobile devices. The Bill and Melinda Gates Foundation predicted that by 2030, two billion people in unbanked and under-banked communities will be storing money and making payments using mobile devices.
3. The mobile development community exploded globally…with more than 2.3 million mobile developers – 91 percent of whom are in Asia, North America, and Europe.
4. Investment in fintech grew at three and a half times the rate of the overall venture-capital market hitting US$ 13.8 billion across 730 deals. More studies indicate that 90 per cent of bankers believe that fintech will have a significant impact on the future of the industry – one third believe that fintech will win an equal share of, or dominate the market. This collaboration gap illustrates the 'platformification' opportunity for traditional players, as the convergence of digitally-fused financial and lifestyle services accelerates.

Digital Transitions

Going Digital: Bank Branch Closures in the UK

A new report from Which? over the past two years finds that more than 1,000 bank branches in the UK have shut a significant proportion of their branch networks, with HSBC cutting 27 percent of its network, Lloyds shutting down 14 percent, and RBS closing 10 percent of its branches. Not surprisingly, rural areas were most affected by the closures, with Wales, Scotland, and southwest England seeing higher closure rates. While foot traffic continues to decline, 20 million UK customers continue to rely on branches (Exhibit 11).[50] However, a common misperception about how digital technology disrupts is the assumption that geographic distance has lost relevance since we can now communicate instantaneously with anyone, anywhere around the world. Closeness stills matters, however, even though we may not realize it (research tell us, for instance, that people tend to underestimate the value of face-to-face communication).[51]

Cash will not be king by 2026.

According to a report from legal firm Paul Hastings, cash will account for less than a quarter of U.S. transactions by 2026. U.S. and UK noncash transactions represent 63 percent and 55 percent of transactions currently but are expected to rise to 76 percent and 68 percent,

respectively. Meanwhile, the share of businesses accepting noncash transactions will continue to grow, with 82 percent of U.S. businesses and 74 percent in the UK accepting alternative payments by 2026. Payment security continues to provoke worry, with U.S. and UK consumers identifying the risk of theft (41 percent and 45 percent), fraud (46 percent and 59 percent), and data security incidents (46 percent and 49 percent) as their most common concerns (Exhibit 12).[52]

Move to the Cloud

Increased adoption of cloud technology changed account reconciling from performing tasks as a batch, to performing tasks as a flow--dynamically in real time.[53] Intuit's transition to a cloud based platform enables the firm to increase its partnerships with software developers and other financial organizations as it did with JP Morgan Chase.

Traditional payment companies, burdened with legacy systems and a chronic deficit of top digital talent, adapted to a new era of cloud-based data warehousing, application program interfaces (API), faster solutions development and launch, and periodic reliability testing (e.g., hackathons) to reap the potential of big data in three areas: dynamic business steering, insights – and behavior driven marketing, data-rich consumer and enterprise applications[54]

New Geographic markets

Millennials represent the largest global demographic group in history with a population of one in three persons globally – 86 per cent of whom live in emerging markets. For example, Millennials in the emerging markets of Indonesia and China are more reliant on technology to achieve both personal and financial goals, compared with those in mature markets included in the study.[55]

A study in 2016 by the McKinsey Global Institute found great potential in lower-income countries such as Ethiopia, India, and Nigeria, with the opportunity to add 10 to 12 percent to their GDP, given low levels of financial inclusion and digital payments today. The rapid spread of mobile phones is the game changer that makes this opportunity possible. In 2014, nearly 80 percent of adults in emerging economies had a mobile phone, while only 55 percent had financial accounts. Mobile payments can lower the cost of providing financial services by 80 to 90 percent, enabling providers to serve lower-income customers profitably. The data trail these technologies leave can enable lenders to assess the creditworthiness of borrowers, and can help businesses better manage their finances. Businesses and government leaders will need to make a concerted effort to secure these potential benefits. Three building blocks are required: widespread mobile and digital infrastructure, a dynamic business environment for financial services, and digital finance products that meet the needs of individuals and small businesses in ways that are superior to the informal tools they use today (Exhibit 5).[56]

Regulatory Changes to Speed Adoption

Across emerging economies, network coverage, phone subscriptions, and smartphone ownership are either already high or growing fast. However, governments, non-governmental organizations

(NGOs), and the private sector may need to intervene in rural areas and other "edges" of the network where markets are not delivering due to low returns.[57]

In 2016 the Australian Securities & Investments Commission (AISC) released class waivers to allow eligible financial technology (fintech) businesses to test certain specified services without holding an Australian financial services or credit license. ASIC Commissioner John Price said:

> "ASIC's 'fintech licensing exemption' is unique. No other major jurisdiction has implemented a class waiver which allows eligible businesses to notify the regulator and then commence testing without an individual application process…..Fintech and startup businesses now have more pathways than ever to begin testing the viability of innovative financial services and credit services consumers, before incurring many of the regulatory costs normally associated with running their business."[58]

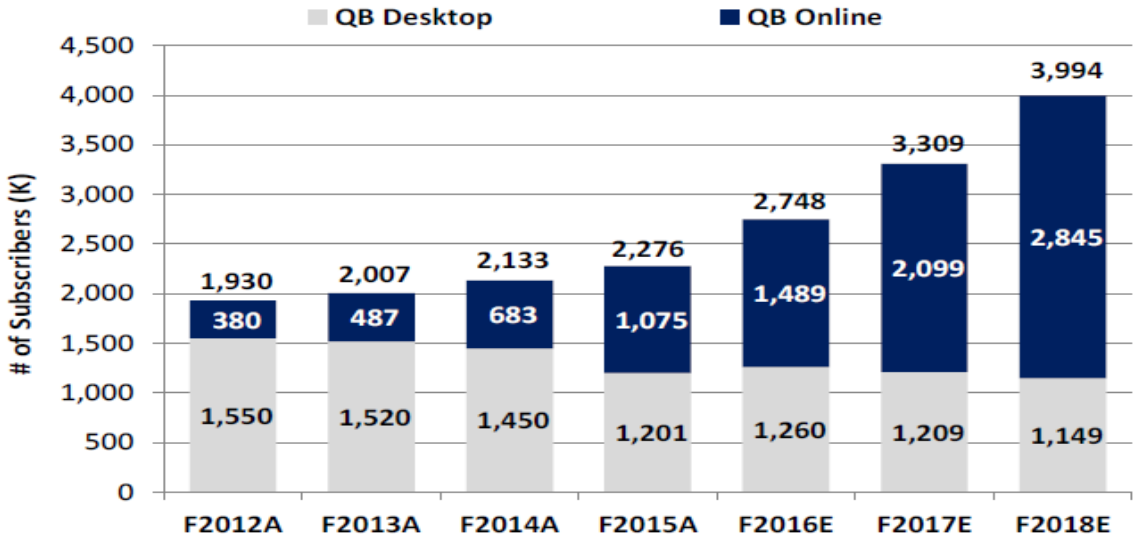
Beyond issues of regulation, countries also need to create an environment that is conducive to competition and encourages providers to offer a broad range of new products and financial services. Among the elements needed to stimulate innovation are a competitive market structure, business-friendly regulation for new entrants, financial markets open to foreign investment and talent, and financial capital available for innovation.[59]

Looking Forward

The good news is that the digital infrastructure needed already exists and is being further improved. Billions of people across emerging economies possess the mobile handset that can connect directly into the national payments system. They are just waiting for governments and businesses to wire up the infrastructure and create products they need.[60]

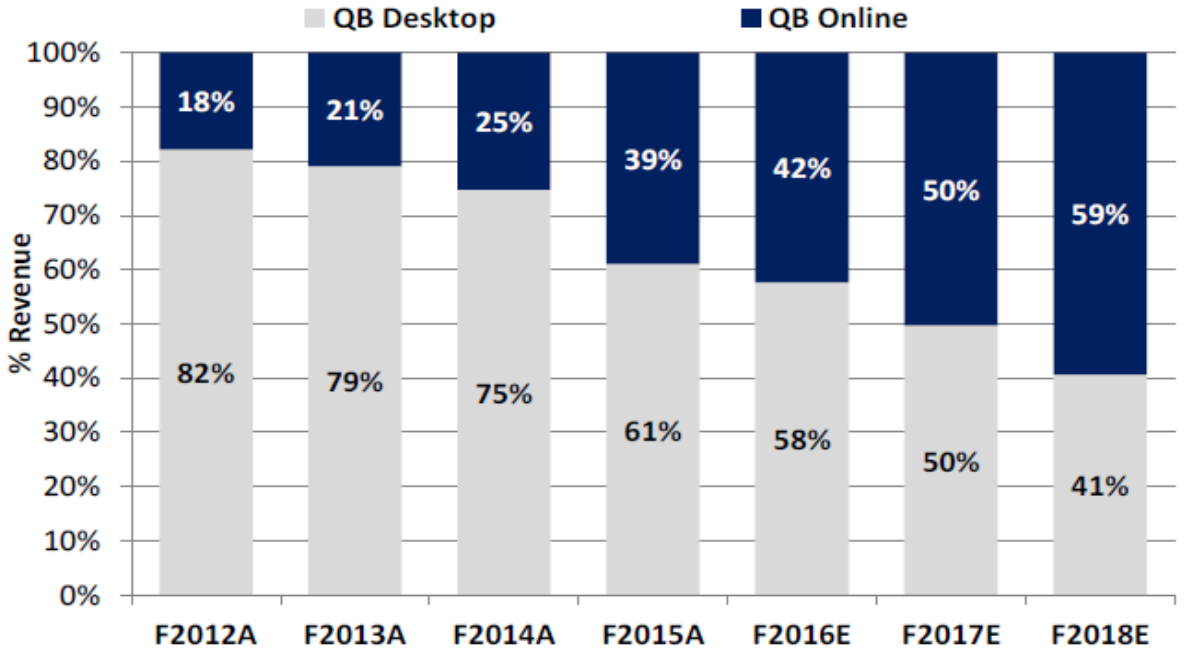
In developed and developing markets partnerships are forming among traditional and digital providers for transforming existing financial services and integrating services in a seamless end-to-end delivery system. Brad Smith reviews the rapidly emerging financial ecosystem and considers a number of questions: What will financial services look like in 10 years? How will small businesses run their business and financial lives in 2026? How can Intuit prepare for the needs of those small businesses? Will we do this on our own or partner with other players in the ecosystem? Which geographic markets should we target? The future offers many opportunities for taking the work out of required financial tasks.

Exhibit 1: QuickBooks Subscriber Transition



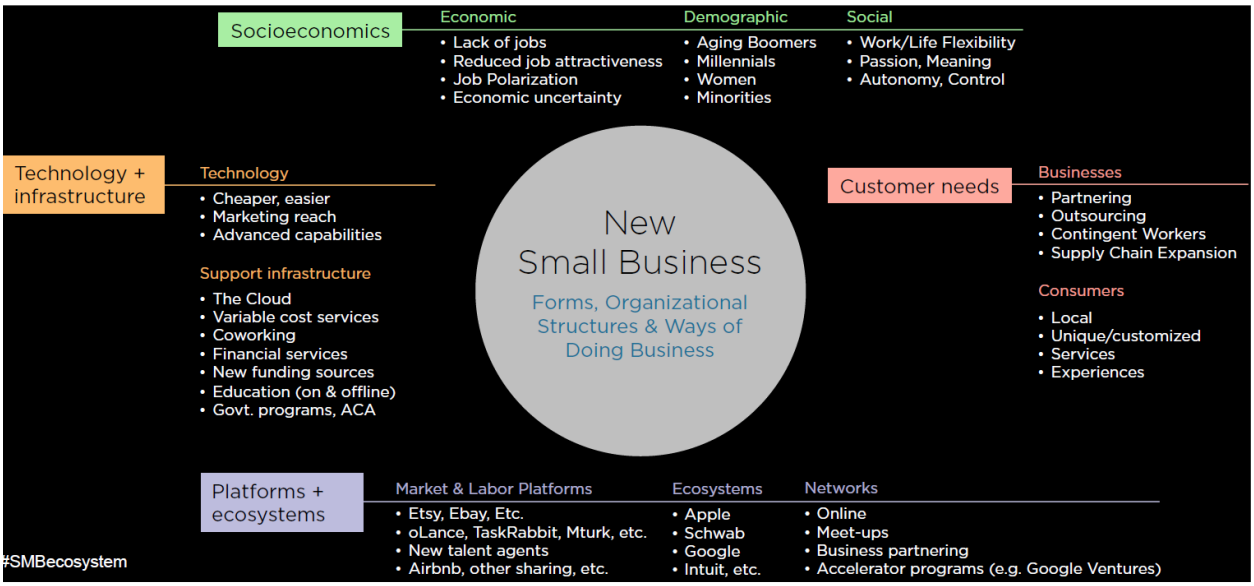
Source: Company data, Credit Suisse estimates

Exhibit 2: QuickBooks Revenue Transition



Source: Company data, Credit Suisse estimates

Exhibit 3: Forces Driving the New Small Business Economy.

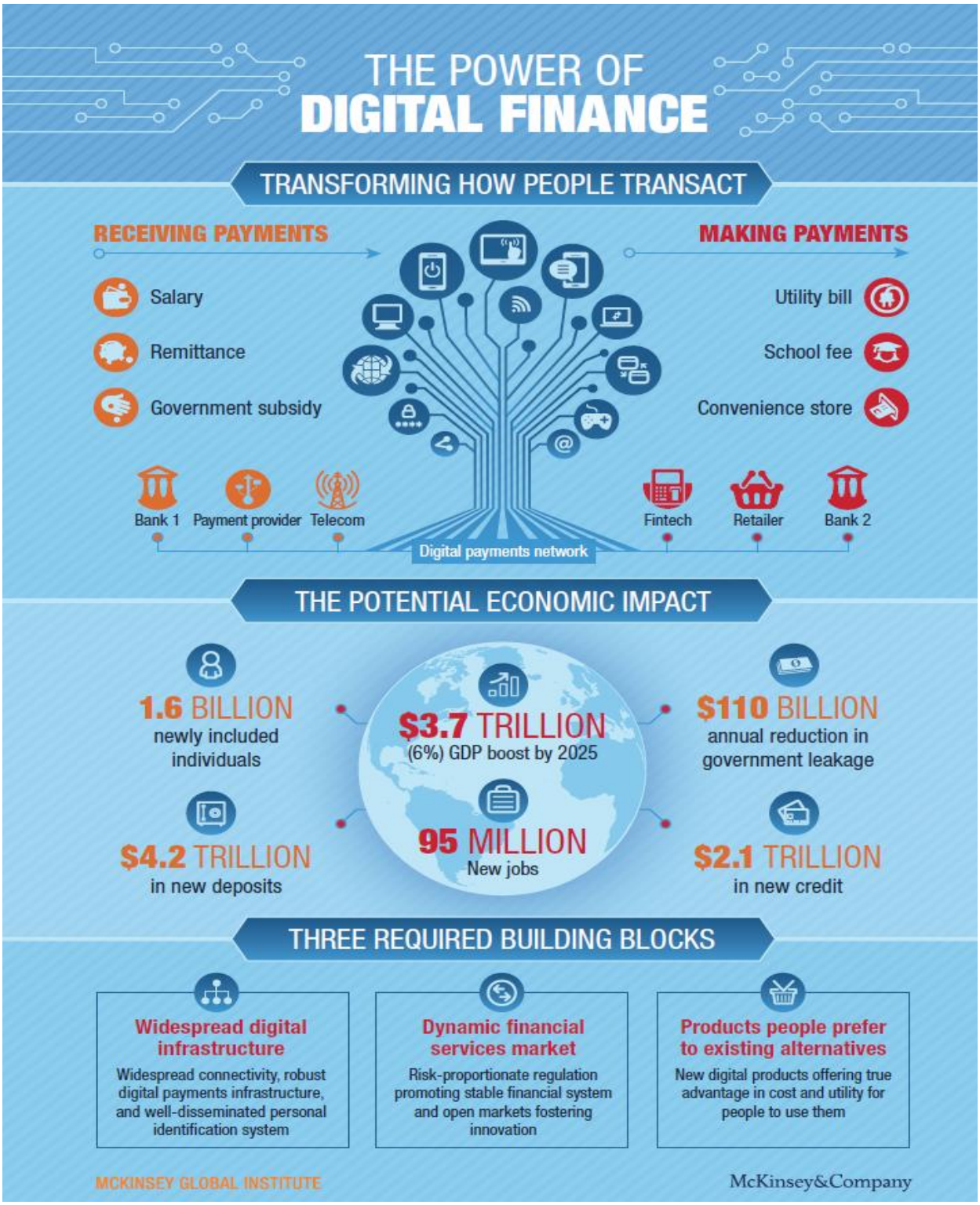


http://www.slideshare.net/IntuitInc/future-of-smb-for-slide-sharev2?utm_source=slideshow&utm_medium=ssemail&utm_campaign=download_notification

Exhibit 4. Financial Technology: 16 Categories, 2024 Companies, $56.2 Billion in Funding

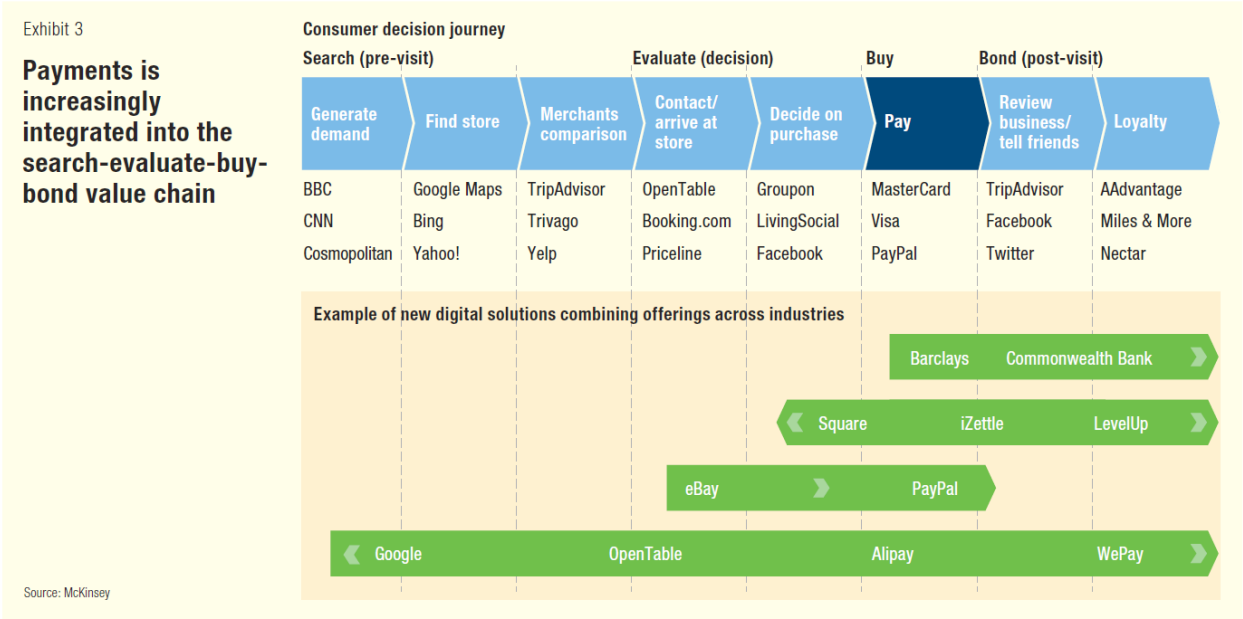
Financial Technology Logo Map, accessed on January 30, 2017 at info@venturescanner.com.

Exhibit 5: Digital Payments Network.



McKinsey Global Institute, Digital Finance for All: Powering Inclusive Growth in Emerging Economies. September 2016.

Exhibit 6: Payments Value Chain



McKinsey & Company, 16 in 2016: Trailblazing Trends in Global Payments, October 2015.

Exhibit 7: Eight Key Findings

1. The majority of on-demand economy providers are part-timers.
2. The primary reasons they work in the on-demand economy is to earn more money and to have greater work flexibility, control and autonomy.
3. Most on-demand economy providers are satisfied with their work.
4. Most on-demand economy providers plan to continue working with their on-demand economy partner.
5. Many on-demand economy providers are small business owners and/or builders.
6. The biggest challenges on-demand economy providers face are getting enough work and a lack of predictable income.
7. On-demand economy providers earn, on average, 22% of their household's income through on-demand economy work.
8. The on-demand economy workforce skews young, but 18% are 55 or older. On-demand economy providers are also more diverse than the overall U.S. workforce.

Definitions:

On-demand economy providers - Individuals who work via an on-demand economy partner.

On-demand economy partners - Companies who provide a platform for on-demand work.

Methodology:

Survey of 4,622 providers who find work opportunities via the following platforms:

- Uber, Upwork, Wonolo, MBO Partners, OnForce, Work Market, Visually, HourlyNerd, Fiverr, Deliv and Field Nation

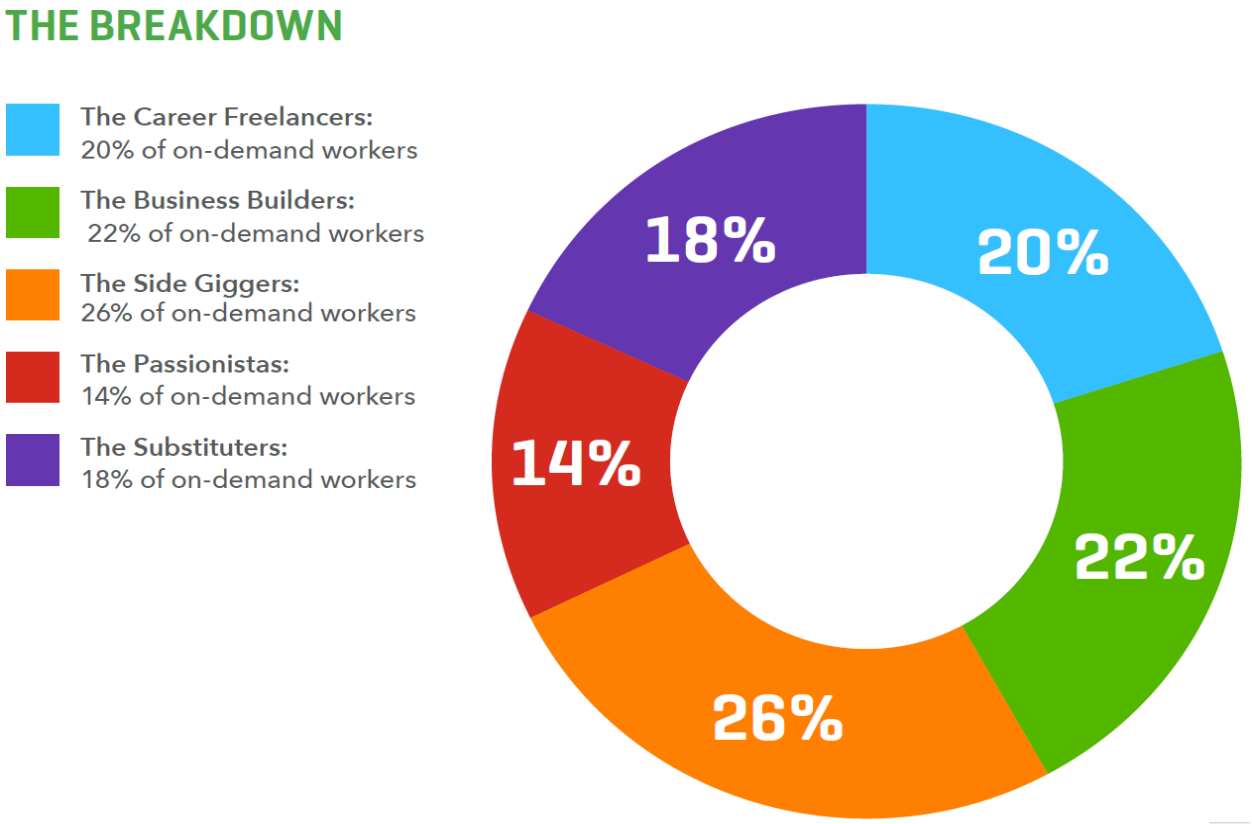
Results weighted to reflect the proportion of providers in each of the following segments:

- Drivers/Delivery
- Online Talent Marketplaces
- Field Service/Onsite Talent

The weights were developed based on the results from a separate, national survey of on-demand economy providers.

Intuit, The On-Demand Workforce, January 28, 2016.

Exhibit 8: Five Faces of the On-Demand Economy



Intuit, The Five Faces of the On-Demand Economy, January 28, 2016.

Exhibit 9: McKinsey Global Institute, Independent Work: Choice, Necessity, and the Gig Economy, October 2016.

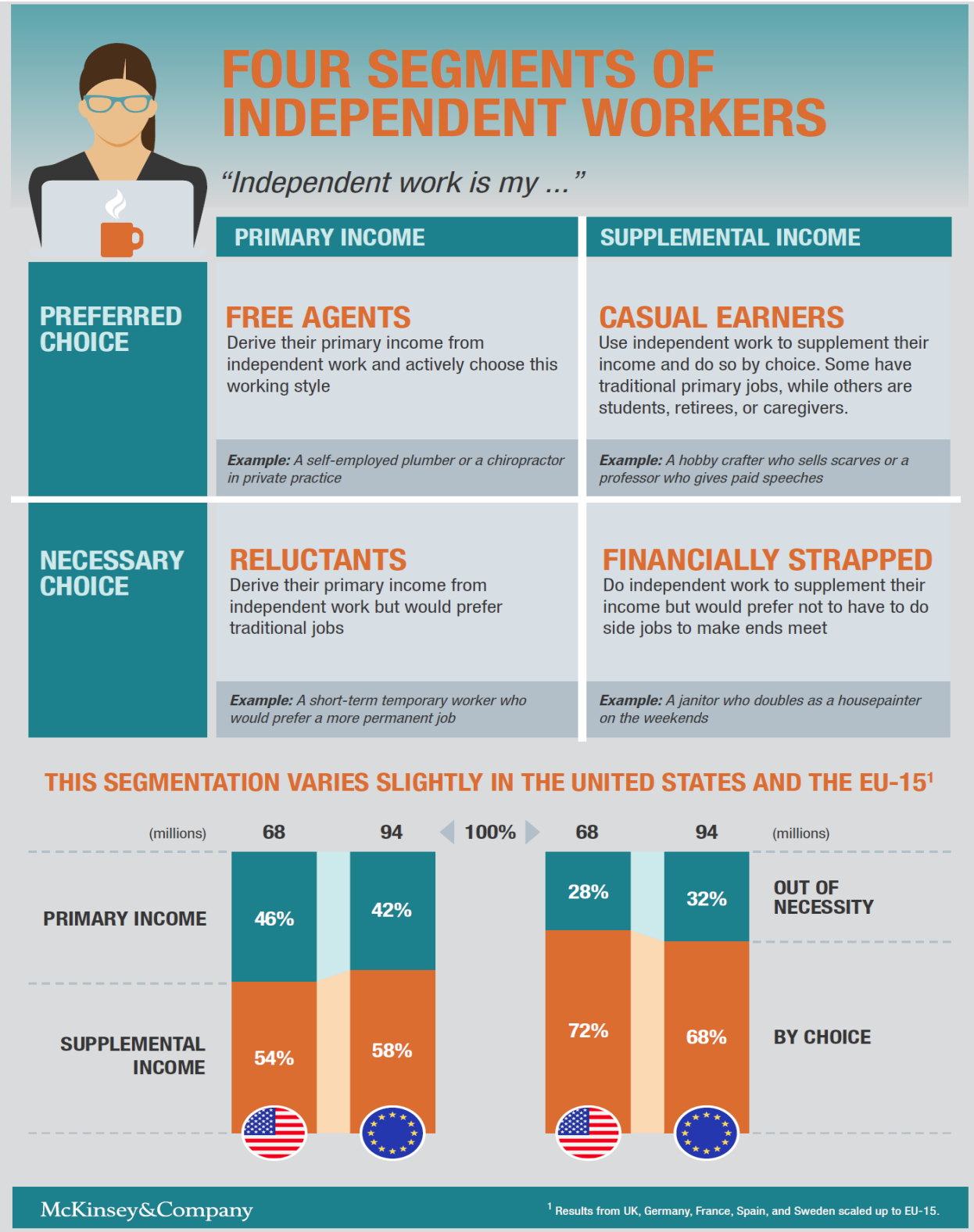


Exhibit 10: The Millennial Disruption Index, Scratch, 2016.

THE MILLENNIAL DISRUPTION INDEX

Identifies the industries most likely to be transformed by Millennials, the largest generation in American history.

3 years
•
15 categories
•
200+ interviews
•
10,000+ respondents

Methodology:

The data represented illuminates key findings from the Millennial Disruption Index (MDI), a three-year study of industry disruption at the hands of teens to thirtysomethings. Millennials, a generation born 1981–2000 and more than 84 million strong in the U.S. alone, use technology, collaboration and entrepreneurship to create, transform and reconstruct entire industries. As consumers, their expectations are radically different than any generation before them.

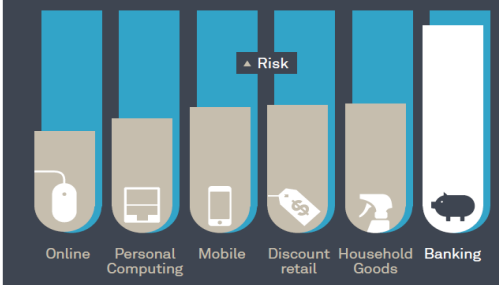
For the MDI, Scratch surveyed over 10,000 Millennials about 73 companies spanning 15 industries. The results paint a clear picture of which brands are loved, which are meeting consumer needs, and which are poised on the brink of disruption. The Index also sheds light on the topline features of companies that Millennials rely on and identify with.

A business category with a low MDI score is less vulnerable to disruption. For categories with a high MDI, Scratch forecasts disruption is imminent.

Scratch is a creative and strategic SWAT team that channels the power of Viacom's portfolio in new ways. For more information and the complete study, contact us at scratch@viacom.com.

scratch
VIACOM MEDIA NETWORKS

Banking is at the **highest risk** of disruption.

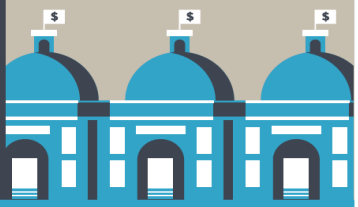


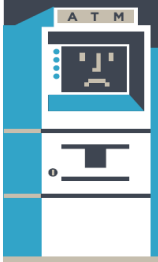
53% don't think their bank offers anything different than other banks.

71% would rather go to the dentist than listen to what banks are saying.

1 in 3 are open to switching banks in the next 90 days.

"I don't see the **difference** between my bank and all the others."





All 4 of the leading Banks are among the ten **least loved** brands by Millennials.

68% in 5 years, the way we access our money will be totally different.

70% in 5 years, the way we pay for things will be totally different.

The change will be **seismic.**

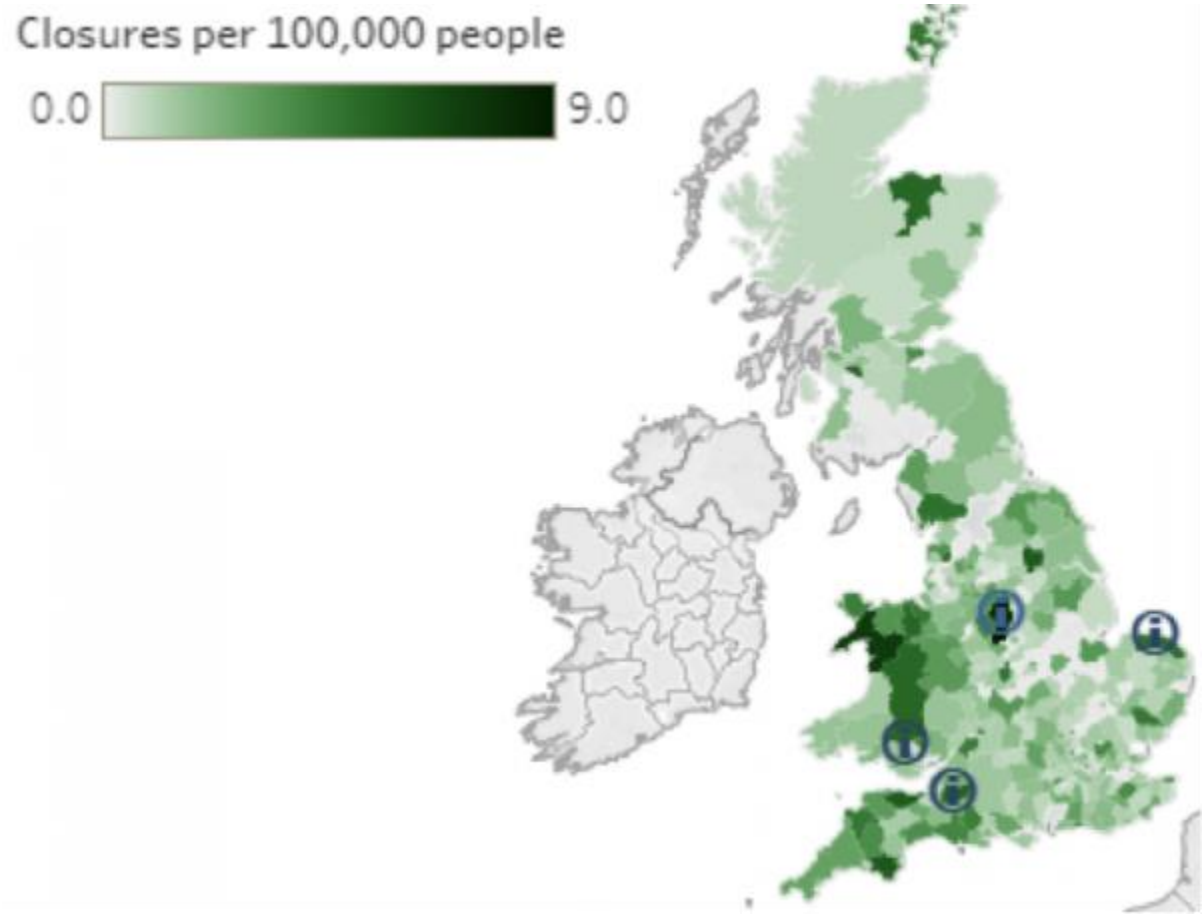
33% believe they won't need a bank at all.

Nearly half are counting on tech start-ups to overhaul the way banks work.

They believe innovation will come from **outside the industry.**

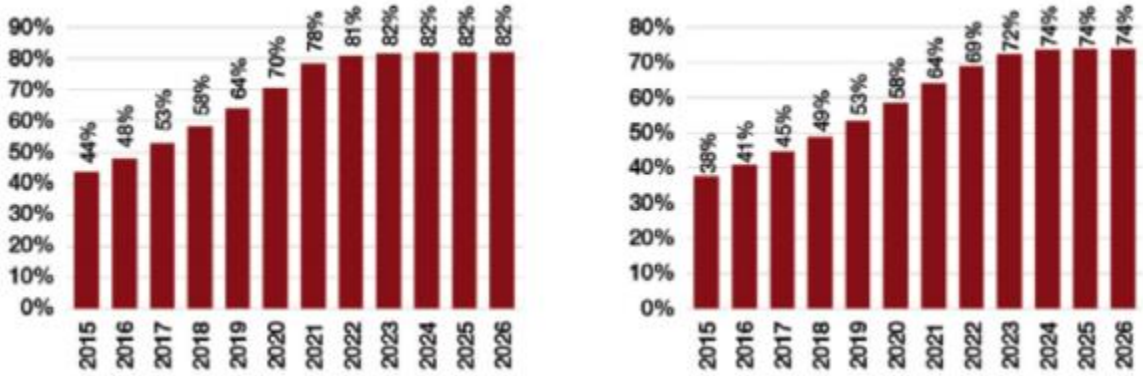
73% would be more excited about a new offering in financial services from GOOGLE, AMAZON, APPLE, PAYPAL, OR SQUARE than from their own nationwide bank.

Exhibit 11: Bank Branch Closures in the UK.



Source: FinTech in Focus, Milken Institute, December 20, 2016.

Exhibit 12: Share of Businesses Accepting Alternative payments, U.S. (left) and UK (right).



Source: Paul Hastings, The Future of Payments, cited in:
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