

**Why Sovy?** At Sovy, we are dedicated to simplifying business compliance for Micro and Small to Medium-Sized Enterprises, globally. Sovy offers a cloud-based solution allowing MSMEs to reduce their in-house compliance time and resources, resulting in significant recurring cost savings over alternative solutions.

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**Opportunity** This is an opportunity to invest in Sovy Trust Solutions Limited (Sovy) with UK HMRC EIS tax benefits for those that qualify. Sovy is an Irish Limited RegTech company founded by a team with the experience to address the compliance regime faced by MSMEs. Increasingly, the 350M MSMEs worldwide are becoming subject to regulatory obligations at local, regional and global levels.

Regulators, customers and supply-chain partners expect compliance, it is now a requirement, no longer a choice.

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**Problem** The EU's General Data Protection Regulation (GDPR) is a prime example of the increasing global focus on data privacy. That focus is on the protection of personal data rights for EU citizens. Upwards of 90% of MSMEs, who should comply, do not (FSB 2018 survey of GDPR compliance). Canada, USA, China, Brazil and others are implementing similar strong data protection regulations.

In addition to data privacy, MSMEs face a diverse set of regulations in workplace conduct, anti-discrimination, employment law, anti-fraud and anti-corruption. Global scrutiny is on the rise. If MSMEs fail to comply with these regulations, they run the risk of fines, prosecution by authorities, termination of contracts by their customers and their supply-chain partners.

MSMEs need help now.

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**Solution** Sovy simplifies business compliance for MSMEs by breaking down the complex regulatory requirements into an understandable, step-by-step approach. Sovy serves MSMEs with a SaaS compliance-in-the-cloud model with regulator-accepted training and a practical process-driven approach to compliance.

MSMEs maintain and administer their own compliance program in the cloud. They can focus on their principal tasks, safe in the knowledge that they can demonstrate they have met the privacy, conduct and anti-fraud standards required of them. A proven compliance approach is coupled with machine learning.

Displaying Sovy's "Privacy Respected Here" badge on their website or storefront will reinforce trust.

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**Marketing** Challenges in selling to the MSME sector are awareness (where they recognise their obligations) and adoption of a compliance program in the cloud. Sovy offers solutions that are affordable and effective. In response to these challenges, Sovy has developed a "Credible Introducer Strategy" (CIS), which leverages organisations and professionals (trade associations, chambers of commerce, professional bodies, accountants, insurance brokers, etc.) who already have large numbers of MSMEs as trusted members or clients. These Introducers will receive commissions and/or discounts for their members with on-going commissions for subscription renewals.

Initial focus is in the EU and UAE. Expansion plans include Canada and the US; other countries will follow. The product roadmap is innovative and expansive.

Sovy's freemium offering in 1Q19 will appeal to prospective MSMEs who will, by simply entering their URL, generate a Privacy Readiness Report, which will also give Sovy opportunity to upsell.

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**Leadership** Sovy's Co-Founders and team have decades of experience in global regulatory risk and compliance, security, mass digital marketing, highly-regulated operations and turnarounds. They have built successful businesses both in complex corporate and innovative start-up settings.

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**Status** The Sovy Compliance Hub, GDPR Privacy Essentials and Compliance eLearning are in first release. Sovy is a preferred vendor choice with several trade associations.

A summary of select deals:

The company has joint-marketing agreements with the Small Firms Association and ISME in our test market in Ireland, with target marketing in 1Q19 to 20,000 prospects. Also, beginning in January, Charities Buying Group will offer to charities, NFPs, NGOs and the education market. Terms are being finalized with the \_\_\_\_\_ to reach 1M MSMEs and with \_\_\_\_\_ who wish to resell solutions and regulatory advisory services to their clients (as a test market with an accounting affiliate). Discussions on-going with U.K. insurance brokerages to be their vendor of choice

**Competition** Major consultancies and law firms who offer compliance consultancy are not focused on the MSME market. We view them as potential partners.

There are regional and local boutiques which have focused narrowly on GDPR, cyber security or training. Typically, they do not have the end-to-end regulatory compliance programme MSMEs need. A few larger privacy management firms such as TrustArc and OneTrust are also not focused on MSMEs, specializing in larger scale efforts with higher price points.

**Revenue** Revenue forecasts are based on receiving annual, renewable subscriptions to Sovy services. Break-even can be achieved at 10,000 subscribers. The forecasts assume an attrition rate of 20% per annum. The forecast below is conservative and focuses on the market of MSMEs with 1-30 employees. Other models add other segments, vary client subscription adoption and per-client revenue, and add eLearning sales to larger enterprises to forecast more aggressive results and break-even in 2019 or 2020.

Forecast	Year	2019	2020	2021	2022
	Subscribing Businesses				
	Revenue €				
	Cost of Acquisition €				
	Operating Cost €				
	EBITDA €				

**Funding** The founders and existing shareholders have committed over \_\_\_\_\_ in cash and a further substantial amount in non-cash contributions to launch the solution. Extensive outreach to EU regulatory agencies preceded the build to garner support for the compliance in the cloud approach for MSMEs.

Sovy has received Advance Approval for EIS from the UK HMRC. Sovy has raised \_\_\_\_\_ of the \_\_\_\_\_ initial EIS goal. Share price is \_\_\_\_\_ at a pre-money valuation of \_\_\_\_\_.

Enterprise Ireland has flagged Sovy as a High Potential Start Up and we are in due diligence to receive match-funding of private investment up to \_\_\_\_\_. Irish grant application in progress for up to \_\_\_\_\_.

These funds will be used to further prove the Sovy business model, hire a sales team, continue development and add customer service capabilities.

The company may raise additional equity or debt-based capital, at higher valuations, via direct investors, specialty funds or through government-backed programs. This will be done as required for global expansion.

**Exit** There are a number of possible exit options including a trade sale, IPO or technology licensing with shareholder distributions. The platform will have wide appeal to global consultancies, legal and accountancy firms, international business directories, hosting platforms, system integrators and other SaaS companies.