FRANDATA LENDER SOLUTIONS

FRANdata
Franchise Business Intelligence

FRANdata

- Lenders rely on FRANdata's franchise industry-accepted key performance metrics, unit continuity rate™, true failure rate and recurring revenue self-sufficiency™ to correctly assess the performance of a franchise

- With more than 7,400 lender members representing close to 2,000 lending institutions, the Franchise Registry is a cornerstone for the lending community's franchise underwriting and business development needs

- Data integrity can only be achieved with a solid foundation. In Franchising, the FRUNS system is it. Lenders use the FRUNS (FRANdata Unique Numbering System) coding system to uniquely identify every franchise brand within their database. **FRANdata has issued more than 6,200 FRUNs numbers to date with an average of 1-2 new FRUNs assigned per day**

- FRANdata draws deep insights for lenders from the largest database of franchise information in the nation, more than 40,000 franchise documents going back 25+ years

FR FRANCHISE REGISTRY
Brought to you by FRANdata

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Franchise Business Intelligence

FRANDATA: TRUSTED INDUSTRY EXPERTS

- Go-to source for reliable data and analysis for franchise rankings
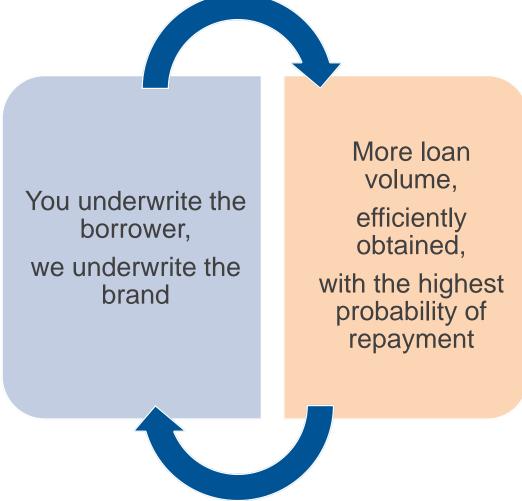

Multi-Unit Magazine
Mega 99

- FRANdata is the strategic research partner of the International Franchise Association (IFA)

- Key industry subject matter experts by major media publications such as The Wall Street Journal, The Washington Post, CNBC, Bloomberg, and Forbes

FRANdata
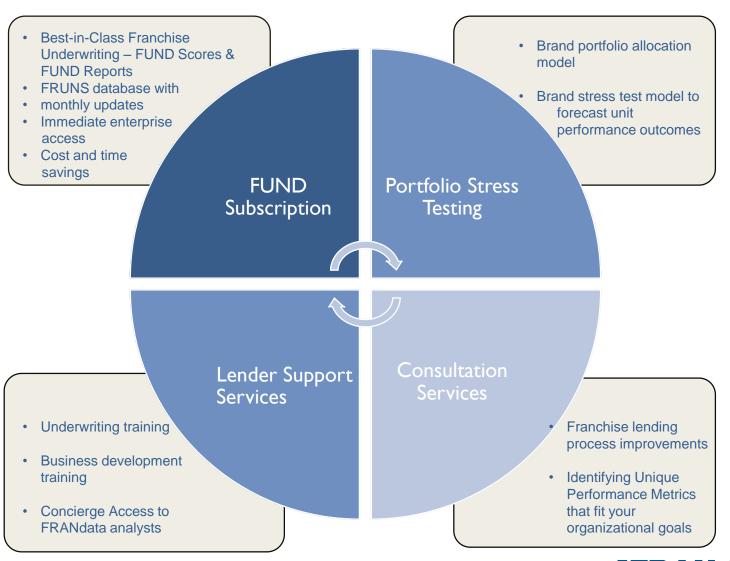Franchise Business Intelligence

FRANDATA VALUE

You underwrite the borrower,

we underwrite the brand

More loan volume,

efficiently obtained,

with the highest probability of repayment

Frandata Proprietary

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FRANDATA LENDER SOLUTIONS

- Best-in-Class Franchise Underwriting – FUND Scores & FUND Reports
- FRUNS database with
- monthly updates
- Immediate enterprise access
- Cost and time savings

- Brand portfolio allocation model
- Brand stress test model to forecast unit performance outcomes

FUND Subscription

Portfolio Stress Testing

Lender Support Services

Consultation Services

- Underwriting training
- Business development training
- Concierge Access to FRANdata analysts

- Franchise lending process improvements
- Identifying Unique Performance Metrics that fit your organizational goals

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FUND SUBSCRIPTION

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Franchise Business Intelligence

FUND SUBSCRIPTION

Enterprise Access to Best-in-Class Franchise Underwriting and Reporting

- Best-in-Class Franchise Underwriting – FUND scores & FUND reports
- FRUNS database with monthly updates
- Immediate enterprise access
- Cost and time savings

FUND Subscription

FRANdata
Franchise Business Intelligence

FUND SUBSCRIPTION

Enterprise-level access to the complete library of FUND Reports and the Franchise Registry's information and underwriting tools.

Streamline your underwriting and business development processes. A FUND Subscription provides your team with a unified source for franchise analytics and loan approval needs.

The subscription will:

- ✓ Improve portfolio outcomes
  - Franchise analysis over a 7-10 year period to provide performance insights through an entire economic cycle and the average life of a loan

FRANdata
Franchise Business Intelligence

FUND SUBSCRIPTION (CON'T)

Enterprise-level access to the complete library of FUND Reports and the Franchise Registry's information and underwriting tools.

The subscription will:

- ✓ Save your Credit Officers & BDOs time
  - Provide details for loan write-up
  - Provide focus for underwriters
  - Provide a set of standards to apply underwriting rules

- ✓ Provide extra protection with regulators

- ✓ Improve your ability to monitor portfolio performance: The FRUNS monthly updates ensures that you have every franchise coded correctly in your database to monitor portfolio performance

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BEST IN CLASS UNDERWRITING: FUND REPORTS & FUND SCORES

CHALLENGE:

In a competitive marketplace, speed wins deals. Speed can only be achieved with an efficient credit underwriting process.

Franchise lending is unique. It adds both a layer of complication to deals and an opportunity for improved portfolio outcomes because franchise system performance history is a great predictor. However, banks do not have efficient access to franchise information and analytics to understand what good performance looks like; additionally, banks don't have access to critical benchmark data, which leads to a greater risk of an accumulation of bad franchise loans discovered after it is too late.

CONSIDER THE FUND SCORING MODEL:

One third of franchise systems are top performers, one third are average performers, and one third are under performers.
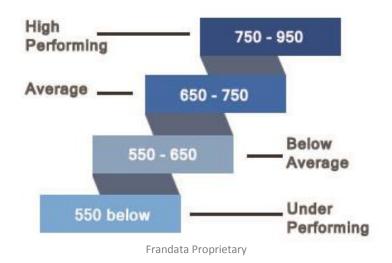
BEST IN CLASS UNDERWRITING - FUND REPORTS & FUND SCORES

The FUND™ Score:

- is a single cumulative score that offers lenders the ability to measure risk across franchise brands using a common scoring model.

- The model consists of a possible 950 points associated with 12 risk and performance categories that influence unit level performance.

- A weighted balance of historical and current performance are measured with scores given based on the range of outcomes across hundreds of brands.

FUND Credit Scoring Ranges

	Score Range
High Performing	750 - 950
Average	650 - 750
550 - 650	Below Average
550 below	Under Performing

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DIFFERENCE BETWEEN FICO VS. FUND REPORT

FICO™

15% Length of Credit History	
20% New Credit + Credit Mix	
30% Credit Utilization	
35% Payment History	

FUND™ REPORT

10% Agreement & Relationship	
26% Unit Success Projections	
26% Franchisor Performance	
38% Franchise System Performance	

BORROWER — FRANCHISOR

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FUND Subscription

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FRUNS DATABASE

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FRUNS DATABASE: KEEPING TRACK OF YOUR FRANCHISES

CHALLENGE:

Banks do not have the in-house knowledge base, expertise or resources required to accurately track franchise brands over their lifecycle. This leads to dated, inaccurate and misleading information which causes faulty decision making, expensive mistakes and missed opportunities.

CONSIDER THIS:

FRANdata adds 1-2 new franchise brands into its database DAILY. Each month, there are on average 60 changes to franchise brand names and franchise incorporated names.
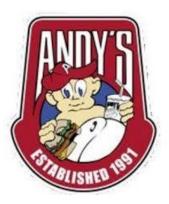
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FRUNS DATABASE:
WHY DO BRANDS CHANGE THEIR NAME?

Changes to brand names happen often, for a variety of reasons, such as:

- Trademark issues
- Consumer research
- Redefining a business or expanding a business offering

Example: Southern fast food chain had trademark concerns outside of its home state of North Carolina.

FRUNS DATABASE

WHAT IS FRUNS?

The FRANdata Unique Numbering System (FRUNS) identifies, codes and tracks all franchise brands with FRANdata Unique Numbers. FRUNS is the same system the U.S. Small Business Administration adopted in 2013 to identify and track franchise lending. The adoption of FRUNS will allow for accurate tracking of your bank's individual and aggregate franchise portfolio performance.

THE FRUNS SUBSCRIPTION SOLUTION WILL

- Enable you to track Lead Flow by Franchise Brand - highlighting brands that require more investigation. This capability also drives you to figure out what fuels the lead flow

- Empower your BDOs to know that an opportunity is a franchise

- Accurately follow performance of franchise loans by allowing you to highlight brands that have performance issues and enable you to find more deals for brands that have accurate performance

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IMMEDIATE ENTERPRISE ACCESS TO FRANCHISE INFO
VIA FRANCHISEREGISTRY.COM

10839 Christian Brothers Automotive

General	**Underwriting**	Unit Geography	Business Development	SB

Total Number of Franchised Units	1
Total Number of Company-Owned Units	
Year First Unit Opened	
Geo Footprint (No. of States/Terr with Units) ?	
FUND Report ?	
FUND Score ?	
Historic Unit Success Rate ?	
Projected Unit Success Rate ?	
3-year Continuity Rate ?	c
3-year Growth Rate	c
Monthly Average Unit Revenue	c
Franchise Recurring Revenue Self-Sufficiency	c
Bank Credit Report (BCR) ?	
Franchise Disclosure Document	
SBA Documentation	

Access to $1,000 of franchisee contact details

Access to Growth Rates

Immediate downloads of BCRs and FDDs

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ADDITIONAL UNDERWRITING DATA

Historical Unit Success Rate

Projected Unit Success Rate

3-year Continuity Rate

3-year Growth Rate

Monthly Average Unit Revenue

Franchise Recurring Revenue Self-Sufficiency

Total # of Franchised Units

Total # of Company-Owned Units

Year First Started Franchising

GEO Footprint (# of states/territory with units)

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BUSINESS DEVELOPMENT DATA

Total # of Projected Units

Projected Units by State

Average Unit Ownership Transfer Per Year

Average New Unit Openings Per Year

New Unit Investment Requirement

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ABOUT FRANDATA

FRANdata
Franchise Business Intelligence

Why FRANdata

FRANdata is unique in its ability to assist with your objectives. We are the only research resource in the industry that focuses solely on franchising. Working with our clients on their most challenging issues requires deep industry and functional expertise. We invest significant time and effort in developing and renewing a knowledge base that offers unique perspectives and insights to our clients. We apply our understanding of market and industry forces to develop long-term macroeconomic perspectives.

As the strategic research partner for the International Franchise Association (IFA), we study all aspects of the franchise model and stay on the forefront of franchise performance metrics and analytics. By leveraging and owning the largest database of franchise information in the world, FRANdata harnesses facts and figures into best practices that set strategies and transform acceptable outcomes into highly successful businesses for our clients.

With our more than 25 year history of information and strategic integrity, FRANdata regularly receives national and international media recognition as the trusted source for understanding franchising in the United States.

SMALL SAMPLE OF RECENT FRANDATA CLIENTS

"This has been a productive engagement with FRANdata. Tide Dry Cleaners, and Procter and Gamble as a whole, are very data-driven businesses. FRANdata brought forward quality analysis and perspective in the Franchising and Dry Cleaning arenas. They were able to gather and analyze financial and operational information as well as provide us the helpful insights and metrics that enabled us to focus our strategy." **–Jeff Wampler, CEO Tide Dry Cleaners**

FRANDATA EXECUTIVE MANAGEMENT

BRINGING TOGETHER THE BEST ANALYTICAL MINDS IN THE INDUSTRY WITH A COMBINED EXPERIENCE OF MORE THAN 60 YEARS IN BANKING AND FRANCHISE FINANCE.

WE ARE FOCUSED ON PROVIDING THE BEST OUTCOMES FOR OUR LENDER CLIENTS

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FRANDATA EXECUTIVE MANAGEMENT

Darrell M. Johnson, CFE
Chief Executive Officer
djohnson@frandata.com

Better known as the "Franchise Economist" -- Darrell Johnson has been CEO of FRANdata since 2001. As CEO, he has transformed FRANdata from a data/FDD database company to a world class franchise-focused advisory firm. He is a nationally recognized authority on franchising and is a frequent speaker and author on franchising topics. Darrell was instrumental in the creation of three industry accepted franchise industry performance measurements: unit continuity rate, recurring revenue self-sufficiency, and real-business failure rate. Johnson has served on many private company and non-profit business boards.

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FRANDATA EXECUTIVE MANAGEMENT

Edith Wiseman, CFE
President
ewiseman@frandata.com

Our franchise whiz, Edith Wiseman is a veteran of FRANdata. As President of FRANdata and she has played a pivotal leadership role in the strategic growth of FRANdata's Capital Access and Franchise Business Intelligence suite of solutions. Wiseman is responsible for sales, product development, and market strategy. She strongly believes that FRANdata's proprietary databases, braintrust, and best-in-class client base continue to raise the level of sophistication within the franchising industry.

Highlighted in Franchise Times magazine as a rising star in franchising, Wiseman has long been a key figure in understanding business model best practices. Her franchise financing expertise and work with the US Small Business Administration (SBA) has had a major impact in the amount of capital flowing into the franchise community.

FRANdata
Franchise Business Intelligence

FRANDATA EXECUTIVE MANAGEMENT

Paul Wilbur
Chief Operating Officer
pwilbur@frandata.com

As COO of FRANdata, Paul is instrumental in building the research and consulting framework at FRANdata. Paul manages the Research, Information Management, Marketing and IT departments and plays an integral role in the strategic development of FRANdata's suite of franchise solutions. As a 16 year veteran at the company, he is the franchise business model expert and plays a key role in fostering the strategic advisory relationships to some of FRANdata's biggest clients- one of which is the International Franchise Association whom Paul brings with him years of experience in the field of database and knowledge management.

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FRANDATA EXECUTIVE MANAGEMENT

Ron Feldman, CFE
Chief Development Officer
rfeldman@frandata.com

Ron eats, breathes, and speaks all things franchising, as Chief Development Officer at FRANdata, Ron Feldman utilizes his knowledge and experience with franchise finance to improve the flow of capital to the franchise community. His efforts build upon FRANdata's financing solutions for franchisors that assist their franchisees with the financing process. Our clients lean on Ron's more than 20 years experience in almost every aspect of franchising, as a franchisee and franchise lender, to advise them on best practices, and strategic direction.

In 2013, Feldman was awarded the Sid Feltenstein MVP Award for service to the IFA's Political Action Committee (FRANPAC). As a principal of Siegel, He sits on the supplier forum advisory board of the IFA.

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FRANdata is the only source of comprehensive information about franchising:

- ❑ Fact-based research and analysis
- ❑ World's largest database of franchise information
- ❑ Tracks and analyzes more than 3,500 brands in 30 sectors and 235 industries
- ❑ Manages Franchise Registry for SBA Approval

FRANdata 's capabilities are unique in the franchise world:

- ❑ Custom Research: Addresses questions/needs with timely analysis
- ❑ Reports: Data, analysis, trend forecasts
- ❑ Complete objectivity: FRANdata receives no advertising or referral fees

General Questions?
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