

There is an included document entitled

***QRT-3 Financial Matters Response Roadmap Document***

which gives a guide to the various financial model workbooks included with Cogent's response.

The above document describes the variant bid financial model workbooks and includes an overview of the value added features and assumptions made.

The current financial model workbook contains specific assumptions within the individual worksheets to which they are relevant.

**The overhead rates shown herein are a subset (specially lessened for this procurement) of the fringe benefit rate, G&A expense rate and OH rations calculated and certified by Cogent's external auditors and accountants**

*Calculations are based on FY2008 audited Financial Statements, See SEC Filing, Form 10K*

**Fringe (allocated to all Depts based on salary and headcount)**

401(k) Contribution  
Bonus  
Dental  
Life  
Medical  
Payroll Taxes  
Vacation  
Vision

**COS**

Employees working directly on customer projects  
Bonus and Fringe for COS are charged directly to customer

**G&A**

Legal, Accounting, Human Resources and other administrative indirect costs

**R&D**

Research & Development Costs are allocated to Software License fees

**S&M**

Selling & Marketing indirect costs

**OVERHEAD**

Overhead is allocated to all Departments (COS, G&A, S&M) based on an allocation model which considers facility square footage, Salary and headcount includes:

Advertising  
Bank Charges  
Books & Publications  
Commission  
Conferences & Seminars  
Depreciation  
Dues & Memberships  
Employee Development  
Employee Morale  
Insurance  
Intangibles  
Labor  
Non Cap Software  
Office Maintenance  
Postage & freight  
Promotion  
Property Tax  
Public Relations  
Recruiting  
Rent  
Reproduction & Printing  
Services, Consultants, Temps  
Subscriptions  
Supplies & Equip  
Taxes  
Telephone  
Telephone - Cellular  
Tradeshaw  
Travel  
Utilities

40000-00-01-401 - Cost of Sales - Labor (MAIN, Corp, COS Mt )  
40000-00-04-401 - Cost of Sales - Labor (MAIN, Taiw, COS Mt )  
40000-00-01-402 - Cost of Sales - Labor (MAIN, Corp, COS Sv  
40000-00-01-403 - Cost of Sales - Labor (MAIN, Corp, COS Prd )  
70000-00-01-700 - G & A Labor (MAIN, Corp, G&A Ex )  
70000-00-02-701 - G & A Labor (MAIN, Aust, G&A FA )  
50000-00-01-500 - R & D Labor (MAIN, Corp, R&D Ex )  
60000-00-01-600 - Sales - Labor (MAIN, Corp, Sales Ex )  
60000-00-02-600 - Sales - Labor (MAIN, Aust, Sales Ex )  
40000-00-05-401 - Cost of Sales - Labor  
40000-00-05-402 - Cost of Sales - Labor  
70000-00-05-700 - G & A Labor  
60000-00-05-600 - Sales - Labor  
65000-00-01-654 - Marketing - Labor (MAIN, Corp, Mark BD )

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	<i>Fringe</i>	<i>COS</i>	<i>G&amp;A</i>	<i>S&amp;M</i>
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**Cogent Systems, Inc**  
**Software Licensing Costs**  
**Through 2008**

COST OF REVENUE									Average
	2008	2007	2006	2005	2004	2003	2002	2001	
Product									
Maint/Svc									
Total Cost of Revenue									
R&D									
R&D as a % of COS									

Total Cost	2009/2010				2010/2011				2011/2012				2012/2013				2013/2014		2014/2015				2015/2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Third Party Contract set up																										
Third Party Contract run out																										
Capital item Charge																										
Spares Holdings Charge																										
<b>Total Termination For Convenience Charge</b>	-	-															-	-	-	-	-	-	-	-	-	-

Notes & Assumptions

1 Cogent will only seek to recover "real and actual" costs associated with Termination for Convenience from the Authority

2 Cogent will not seek to recover any "lost profit" or to levy any penalty associated with Termination for Convenience

3 For capital items which have not been purchased or leased by the Authority or Beneficiaries then a charge based on 50% of the outstanding net asset value of the item will be charged, this being an estimate of the Salvage value - capital items are amortised over three years.

4 Cogent will not seek to charge for its own legal, administrative and personnel charges associated with the Termination for Convenience

5 Termination Charges in the Service Period Extension will only be incurred if such an extension occurs

6 The values above have been shown by quarter but will be calculated on a day-by-day basis using the agreed Termination Date (Date of Notification plus 30 days Notice Period)

Cost and Income Model - Authentication (SD3)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Ext. Year1	Ext. Year2
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total					
<b>Direct Costs</b>													
<b>Revenue Costs</b>													
Staff costs			0.00										
Fringe Benefits			0.00										
Subcontractor costs (CLAS consultant)			0.00										
Software Licences			0.00					0.00					
Hardware maintenance			0.00					0.00					
Programme management			0.00										
Programme management Fringe Benefits													
Other direct revenue costs (Overheads)			0.00										
<b>Total Revenue costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>			
<b>Indirect Costs</b>													
Overheads			0.00					0.00					
Financing Costs			0.00					0.00					
Other indirect costs (specify)			0.00					0.00					
<b>Total Indirect Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital Costs</b>													
Hardware (servers etc)			0.00					0.00					
Comms equipment			0.00					0.00					
Server room costs			0.00					0.00					
Software Licences								0.00					
R&D			0.00					0.00					
Software development			0.00					0.00					
Other direct capital costs			0.00					0.00					
<b>Total Capital Costs</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Costs</b>	<b>0.00</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>			
<b>Charges</b>													
<b>Revenue Charges</b>			<b>0</b>					<b>0</b>					
<b>Milestone Charges</b>													
Milestone 1 (Core Capability)			0										
Milestone 2 (IOC)			0					0					
Milestone 3 (Post IOC)			0					0					
<b>Total milestone charges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>			
<b>Total Charges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>958.05</b>	<b>0.00</b>	<b>0.00</b>	<b>958.05</b>	<b>513.94</b>	<b>0.00</b>	<b>565.87</b>	<b>295.30</b>	<b>295.30</b>
<b>Profit Margin</b>	<b>0</b>												

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Subcontractor costs represents 20 days of CLAS consultant time.

Based on 10.000 users and includes the hardware and software and 3 years maintenace for the software and hardware.

SD6 Design Assurance																
Job Descr	Days	Days	Days	Days	Days	Days	Days		Days	Total Days	Basic daily Rate for grade	Core Capability sub total	IOC Sub total	Post-IOC sub total	Extension Years	Total basic cost by grade
Project Manager										0		0				
Service Delivery Manager								80		80		0	0	0	80	
Security Manager										0		0	0	0	0	
Tester										0		0	0	0	0	
Documentation										0		0	0	0	0	
Test Manager										0		0	0	0	0	
System Analyst (Requirements Analysis)										0		0	0	0	0	
Service Delivery Project Analyst									80	80		0	0	0	80	
Development Engineer Sr.										0		0	0	0	0	
QA Manager (Design Assurance)										0		0	0	0	0	
PMO Admin									80	80		0	0	0	80	
IT Security Officer									80	80		0	0	0	80	
Service Delivery Analyst									48	48		0	0	0	48	
Service Delivery Tech Support									120	120		0	0	0	120	
Service Delivery Tech Support Lead										0		0	0	0	0	
Total Days	0	0	0	0	0	0	0	0	408	408		0				
Costs																
Total Direct		£0	£0	£0	£0	£0	£0									
Fringe Costs		£0	£0	£0	£0	£0	£0									
Overheads		£0	£0	£0	£0	£0	£0									
										£0						
Total Labour	£0	£0	£0	£0	£0	£0	£0									

### Assumptions

Labour rates have increased by 10% over the three years

During the extension period all staff are one third time except the Service Delivery Analyst who is one fifth time

Cashflow  
DCF Charging Model  
£'000

Authentication

**Total Charges**

**Discounted Total charges**

**NPV**

Discount rate

2009/10			2010/11					2011/12	2012/13	2013/14	Total
Q3	Q4	Total	Q1	Q2	Q3	Q4	Total				
0	0	0	0		0	0			0		
0	0	0	0		0	0			0		
		0							0		



Product Name	Product Part Number	
Cogent Mobile Gateway Server License	MIDS-MGW-SVL	
Cogent Mobile Gateway Client License	MIDS-MGW-CTL	

#### Assumption

1. Assume that the server would be co-located in the server rack with the SD5 hardware. Thus there are no facility costs in SD3.

Cost and Income Model - Authentication (SD3)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Total
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total				
<b>Direct Costs</b>												
<b>Revenue Costs</b>												
Staff costs			0.00									
Fringe Benefits			0.00									
Subcontractor costs (CLAS consultant)			0.00									
Software Licences			0.00					0.00				0.00
Hardware maintenance			0.00					0.00				0.00
Programme management			0.00									
Programme management Fringe Benefits												
Other direct revenue costs (Overheads)			0.00									
<b>Total Revenue costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>		
<b>Indirect Costs</b>												
Overheads			0.00					0.00				0.00
Financing Costs			0.00					0.00				0.00
Other indirect costs (specify)			0.00					0.00				0.00
<b>Total Indirect Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital Costs</b>												
Hardware (servers etc)			0.00					0.00				0.00
Comms equipment			0.00					0.00				0.00
Server room costs			0.00					0.00				0.00
Software Licences								0.00				
R&D			0.00					0.00				0.00
Software development			0.00					0.00				0.00
Other direct capital costs			0.00					0.00				0.00
<b>Total Capital Costs</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Costs</b>	<b>0.00</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>		
<b>Charges</b>												
<b>Revenue Charges</b>			0					0				0
<b>Milestone Charges</b>												
Milestone 1 (Core Capability)			0									
Milestone 2 (IOC)			0					0				
Milestone 3 (Post IOC)			0					0				
<b>Total milestone charges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>		
<b>Total Charges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>958.05</b>	<b>0.00</b>	<b>0.00</b>	<b>958.05</b>	<b>513.94</b>	<b>0.00</b>	<b>565.87</b>	<b>2037.86</b>
<b>Profit Margin</b>	<b>0</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>			<b>0.00</b>		
<b>Profit Margin %</b>			#DIV/0!							#DIV/0!		

Subcontractor costs represents 20 days of CLAS consultant time.

Software Licences Based on 10,000 users and includes the hardware and software and 3 years maintenance for the software and hardware.

MIDAS Rate

26-Oct-09

Fringe  
Overhead  
G&A



Daily Rate  
without  
markup

Job Descriptions

Yearly rate

Project Manager		
Service Delivery Manager		
Deputy Service Delivery Mgr		
System Architect		
Senior Scientist		
PMO Admin.		
System Analyst		
Security Manager		
Security Design Authority		
IT Security Officer		
Security Controller		
QA Manager		
Test Manager		
Documentation		
Database Administrator		
System Administrators		
Training Manager		
Development Engineer Sr.		
Development Engineer		
Tester		
Service Delivery Project Analyst		
Service Delivery Tech Support Lead		
Service Delivery Tech Support		
Service Delivery Analyst		
Subcontractor		
CLAS Consultant		

Assumption

The standard Cogent list of job descriptions and daily rates apply to this SD.

		Core Capability Programme Management	Core Capability S	IOC Programme Management	IOC Staff Labour	Post - IOC Programme Management	Post -IOC Staff Labour		Total SD2	Basic daily Rate for grade	Core Capability sub total	IOC Sub total	Post-IOC sub total	Total basic cost by grade
Job Description	Days	Days	Days	Days	Days	Days	Days	Days	Total Days					
									0					
Project Manager		145							145					
Deputy Service Delivery Manager		145		130		204			479					
Security Manager			10						10			0	0	
Tester			90		20				110				0	
Documentation			30		60				90				0	
Test Manager			20		113				133				0	
System Analyst (Requirements Analysis)			40		40				80				0	
Service Delivery Project Analyst			40		130		204		374					
Development Engineer Sr.			20						20			0	0	
QA Manager (Design Assurance)			40		40				80				0	
PMO Admin		145			130		204		479					
IT Security Officer		145			130		204		479					
Service Delivery Analyst					35		110		145		0			
Service Delivery Tech Support					108		108		216		0			
									0		0	0		£0
<b>Total Days</b>	<b>0</b>	<b>145</b>	<b>580</b>	<b>130</b>	<b>806</b>	<b>204</b>	<b>830</b>	<b>0</b>	<b>2695</b>					
<b>Costs</b>														
Total Direct Labour Cost														
Fringe Costs														
Overheads														
									£0					
<b>Total Labour</b>	<b>£0</b>													

#### Assumptions

The PIOC period is 617 days through to the end of second quarter of 2013/2014.

Time frames are: Core Capability is 145 days, IOC is 130 days, and Post-IOC is 552 days.

#### Need to complete the assumptions

All labour categories produce work. There are no management only positions. The documents required in Schedule 6.1 are prepared by the labour listed.

IOC labour is to provide for the logical design of the middleware components on the mobile gateways, integration with the interim solution and migration to IAM when it is available.

Labour is to ensure compliance with web services connection standards and the connection requirements of section 10.3 of the SD3 section of Schedule 2.1 Services.

Provide for identity management, access management, session management ... as per section xxx

Security is to deal with two factor authentication, xxx

Service Delivery Project Analyst supports IAM migration on a full time basis during IOC.

Service Delivery Analyst supports auditing at one-fifth time during the Post-IOC period.

Service Delivery Tech Support assists the Forces in the customising of the MIS reports. Assume two days per Force and 54 Forces.

The Deputy Service Delivery Manager, the Service Delivery Project Analyst, the PMO Admin, and the IT Security Officer are at one-third time for the Post-IOC period of 617 days.

The migration to IAM will require coordination with all the Forces, iterative Technical Exchange Meetings with Force IT Managers, and iterative Technical Exchange Meetings with Siemens, the IAM prime contractor.