

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

LABOR for entire company

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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LABOR COS ONLY

\$

Fringe	COS	G&A	S&M

DEPT	CATEGORY	Balance
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COS		
	Depreciation	\$
	Intangibles	\$
	Occupancy	\$
	Other	\$
	Supplies & Equip	\$
	Travel	\$
	bonus	\$
	Fringe	\$
COS Total		\$

G&A		
	Depreciation	\$
	Insurance	\$
	Legal & Accounting	\$
	Occupancy	\$
	Other	\$
	Services, Consultants, Temps	\$
	Supplies & Equip	\$
	Taxes	\$
	Travel	\$
	Labor	\$
	Fringe	\$
G&A Total		\$

R&D		
	Depreciation	
	Occupancy	
	Other	
	R&D	
	Services, Consultants, Temps	
	Supplies & Equip	
	Travel	
	Labor	
	bonus	
	Fringe	
R&D Total		\$ -

0.00%

S&M		
	Depreciation	\$
	Fringe	\$
	Occupancy	\$
	Other	\$
	Supplies & Equip	\$
	Travel	\$
S&M Total		\$

Grand Total

Cogent Systems, Inc
Software Licensing Costs
Through 2008

COST OF REVENUE									
	2008	2007	2006	2005	2004	2003	2002	2001	Average
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	Q3	Q4	Q1	Q2	Q3	Q4				
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Two Year Extension Period									
Third Party Contract set up					-	-	-	-	-	-	-	-	-	-	-	-												
Third Party Contract run out																												
Capital item Charge					-	-	-	-	-	-	-	-	-	-	-	-												
Spares Holdings Charge																												
Total Termination For Convenience Charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				

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
- 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.
- 3 Cogent will not seek to charge for its own legal, administrative and personnel charges associated with the Termination for Convenience
- 4 Termination Charges in the Service Period Extension will only be incurred if such an extension occurs
- 5 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 - Comms (SD4)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Ext. Year1	Ext. Year2
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total					
Number of Forces Requiring Comms		12		12	12	12	12		12	12	12	12	12
Direct Costs													
Revenue Costs													
Staff costs													
Fringe Benefits													
Subcontractor costs			0					0.00				-	-
Software Licences			0					0.00					
Hardware maintenance			0					0.00					
Programme management			0										
PM Fringe Benefits			0										
Other direct costs (Labor OH)			0										
Total Revenue costs	0	0	0	0		0.00	0.00			0.00			
Indirect Costs													
Overheads			0					0					
Financing Costs			0					0					
Other indirect costs (specify)			0					0					
Total Indirect Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Costs													
Hardware (servers etc)			0					0					
Comms equipment			0					0					
Server room costs			0					0					
Software Licences			0					0					
R&D			0					0					
Software development			0					0					
Other direct capital costs			0					0					
Total Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs	0	0	0	0		0.00	0.00			0.00			
Income													
Revenue Charges			0					0.00					
Milestone Charges													
Milestone 1 (Core Capability)		-	-										
Milestone 2 (IOC)			-					0.00					
Milestone 3 (Post-IOC)			-					0.00		0.00			
Total milestone charges	0	-	-	0.00		0.00	-			-			
Total Charges	0	-	-	0.00	516.61	0.00	-	516.61	513.94	-	578.53	295.30	295.30
Profit Margin	0	-	-	0.00		0.00	-			-			

		#DIV/0!							#DIV/0!			
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1. BlueCheck and the other peripheral devices airtime is paid for the by the host device under MIP
2. All-in-one device airtime is paid by the Force under pre-existing commercial arrangements with their mobile phone supplier.

Assumptions

not_l001 / 2279039 / v1
6 February 2009 bonea

Cashflow
DCF Charging Model
£'000

Communications

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				
-	-	-	-		-	-			-		
-	-	-	-		-	-			-		
		-							-		

Cost and Income Model - Comms (SD4)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Total
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	12	12	12	
Number of Forces Requiring Comms Devices		12		12	12	12	12		12	12	12	
Direct Costs												
Revenue Costs												
Staff costs												
Fringe Benefits												
Subcontractor costs			0					0.00				0.00
Software Licences			0					0.00				0.00
Hardware maintenance			0					0.00				0.00
Programme management			0									
PM Fringe Benefits			0									
Other direct costs (Labor OH)			0									
Total Revenue costs	0	0	0	0		0.00	0.00			0.00		
Indirect Costs												
Overheads			0					0				0
Financing Costs			0					0				0
Other indirect costs (specify)			0					0				0
Total Indirect Costs	0	0	0	0	0	0	0	0	0	0	0	0
Capital Costs												
Hardware (servers etc)			0					0				0
Comms equipment			0					0				0
Server room costs			0					0				0
Software Licences			0					0				0
R&D			0					0				0
Software development			0					0				0
Other direct capital costs			0					0				0
Total Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs	0	0	0	0		0.00	0.00			0.00		
Income												
Revenue Charges			0					0.00				0.00
Milestone Charges												
Milestone 1 (Core Capability)		-	-					0.00				-
Milestone 2 (IOC)			-					0.00				-
Milestone 3 (Post-IOC)			-					0.00		0.00		-
Total milestone charges	0	-	-	0.00		0.00	-			-		
Total Charges	0	-	-	0.00	516.61	0.00	-	516.61	513.94	-	578.53	1,609.08
Profit Margin	0	-	-	0.00		0.00	-			-		
Profit Margin %			#DIV/0!							#DIV/0!		

Assumptions

1. BlueCheck and the other peripheral devices airtime is paid for the by the host device under MIP
2. All-in-one device airtime is paid by the Force under pre-existing commercial arrangements with their mobile phone supplier.

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		
		£0
		£0
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
SD4 Communications	Days	Days	Days	Days	Days	Days	Days	Days	Total Days					
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	5			115					
Documentation			30		60	5			95					
Test Manager			20		113	5			138					
System Analyst (Requirements Analysis)			40		40	5			85					
Service Delivery Project Analyst			40		130	203			373					
Development Engineer Sr.			20						20			0	0	
QA Manager (Design Assurance)			40		40	5			85					
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
Total Days	0	290	580	130	806	204	854	0	2864					
Costs														
Total Direct Labour Cost														
Overheads														
									£0					
Total Labour	£0													

Assumptions

PIOC time period ends the second quarter of 2013/2014.

Cogent submits for accreditation for the CJX Code of Connection, version 5.2 during the Core Capability period with a five day effort by the Test Manger, QA Manager, System Analyst, Tester, and Documentation.

Cogent submits for re-accreditation for the CJX Code of Connection, during Post-IOC period with a five day effort by the Test Manger, QA Manager, System Analyst, Tester, and Documentation.

Capacity Management, Demand Management, and Availability Management added to the Service Management.

Security Management and use of encryption

Maintain the connection standards for the Authority and the Beneficiaries.

Work with all the Forces to document all connections and provide the connections for the (10) Forces that do not have a gateway. The Force pays for the wireless communications by contract with local telecommunications companies.

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

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.

Assumption regarding what is provided by the MIP.

Assumption regarding what is provided by PNN and CJX

Work with the Forces to gather information to collect into the Audit subsystem. This involves repeated Technical Exchange Meetings and documentation and document reviews by both sides.