

COMMERCIAL OFFER

CAPCO'S COMMERCIAL OFFER: TRANSFORMATION PHASE 1 (FEB-APR 2021)

Capco proposes to contract the scope of this opportunity under the existing Athena framework. This will provide HSBC with immediate discounts not tied to volumes, offers commercial flexibility, and ensures speed to contract. Against existing General advisory rates, we estimate the total discount to be c.20%

PROGRAMME DELIVERY PHASE 1

COMPETITIVE RATES (20% discount vs General Advisory MSA)

- 33-34 FTEs (depending on month) forming Core Design team, priced using Athena rates
- Any significant change to the scope and requirements prior to contracting may result in updating the estimated price below

Workstream	Sub Workstream	01.02-30.04	01.05-30.09	01.10-31.12	2021
		Phase 1	Phase 2	Phase 3	Total
Programme Partner	Programme Partner	14,850	24,750	14,850	54,450
Programme Management	Programme Management	55,220	92,033	55,220	202,473
Operating Model	Validation	64,570	-	-	64,570
Workforce Delivery	Workforce Delivery	55,220	92,033	55,220	202,473
	Org Design	64,570	-	-	64,570
	Migration	171,709	286,182	117,167	575,058
	Offshore Build	34,919	87,018	52,221	174,148
Service Management & Process Delivery	Business Engagement	89,705	149,508	-	239,213
	Service Implementation	145,475	157,153	60,170	362,798
	Delivery & KPIs	128,737	195,323	-	324,060
Workforce Uplift	Workforce Uplift	55,220	92,033	55,220	202,473
	Upskill	108,274	180,456	108,274	397,004
	Talent Management	64,570	107,617	64,570	236,757
Totals		£ 1,053,038	£1,464,108	£582,901	£3,100,048
Total minus Athena Rate Card discount (6-6.5%)		£ 989,856	£1,373,505	£ 545,013	£2,908,374

This is a summary view, for further breakdown of roles, responsibilities, rates and calculated workdays please refer to Capco's Excel Template submission
NB. All prices are presented in GBP

FIXED CAPACITY PRICE

- Capco will cap the agreed price for these work packages and charge for our resources using Athena rates. By fixing the input capacity, this will give HSBC cost certainty and transfers delivery risk to Capco.
- However we are also open to exploring other preferred commercial options with HSBC.

35% FEES AT RISK

Capco will put 35% of our fixed capacity fees at risk vs. executive satisfaction (via balanced monthly scorecard). We propose an upside of 10% bonus should Capco over perform.

ATHENA RATE CARD DISCOUNT 6+%

Productivity credit of 6%, increasing to 6.5% to be applied, currently estimated at c.£192k for Phases 1-3. Added to the discount against general advisory this delivers an overall discount of c.20%.

INVESTMENTS WORTH £1M+ (Phase 1-3)

1. Capco will invest 1 days per working week of our Global Data Lead & 2 SME partners (typically billable @ £2500 daily, investment for 40 days = £300k investment)
2. Access to data training curriculum with IP worth £320k
3. CODE Accelerator (Operating Model Tool) worth £150k
4. Q1-22 Transition fund of £100k available to fund outstanding activities at end 2021
5. £250k recruitment acceleration fund if HSBC choose Channel 2 Recruitment offer

SPEED TO CONTRACT

Ability to roll into existing Athena contract will ensure swift mobilisation

CAPCO'S COMMERCIAL OFFER: PHASES 2 & 3 (MAY-DEC 2021)

Capco proposes to continue operating under the Athena framework for phase 2 & 3. Where it is relevant, we will enhance this further by placing specific work package prices against outcomes, whilst maintaining a significant portion of fees at risk for any fixed capacity work.

PROGRAMME DELIVERY PHASES 2 & 3

COMPETITIVE RATES (20% discount vs General Advisory MSA)

- 26-29 FTEs (depending on month) in Phase 2, with ramp down in Phase 3 to 18 FTEs, priced using Athena
- Any significant change to the scope and requirements prior to contracting may result in updating of the estimated price below

		01.02-30.04	01.05-30.09	01.10-31.12	2021
Workstream	Sub Workstream	Phase 1	Phase 2	Phase 3	Total
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FLEXIBLE PRICING OPTIONS

- **Fixed Capacity:** Capco will cap the agreed price for these work packages and charge for our resources using Athena rates. By fixing the input capacity, this will give HSBC cost certainty and transfers delivery risk to Capco.
- **Outcome Based:** Capco are open to introducing Outcome Based pricing for specific work packages as scope and requirements are agreed, this can be in the form of milestone billing or unit pricing (e.g. unit pricing is possible for Recruitment and Training, we have provided an example of recruitment unit pricing on following slide)

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ATHENA RATE CARD DISCOUNT 6+%

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INVESTMENTS WORTH £1M+ (Phase 1-3)

Investments outlined on previous slide calculated based on phases 1-3.

ALTERNATIVE COMMERCIAL OPTIONS FOR RECRUITMENT AND TRAINING

Below is an example of recruitment on demand pricing should HSBC prefer our Channel 2 Recruitment as a Service offer. We have also offered 2 alternative Outcome based options for Training, Capco would welcome the opportunity to further explore these options with HSBC once requirements are agreed.



RECRUITMENT AS A SERVICE

Offer Summary

- Under our Channel 2 Recruitment as a Service offer, Capco would provide an end-to-end recruitment service.
- To demonstrate our commitment for successful delivery as a business partner, Capco will pick up the recruitment delivery risk by offering HSBC a unit price per recruit
- To further enhance this offer, we will also offer HSBC a Recruitment Acceleration Fund of £250k should HSBC take up this alternative offer.

Illustrative Example: Unit Price for FTE Recruitment

Estimated Unit Price (cost per resource recruited)	£2,250
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Assumptions underpinning Example

- Assumes recruitment of 180 India FTES based on 20 recruits per month between April and December 2021. Following agreement of scope, Capco will amend the unit price.
- Recruitment activities will be conducted at HSBC offices.
- Any expenses related to recruitment activity will be pre-agreed.



TRAINING ON DEMAND

Offer Summary

Capco can also provide a more comprehensive end to end training service by providing direct training to HSBC employees. We have offered a couple of Outcome based commercial options below and would welcome the opportunity to work with HSBC in refining your preferred option once the training requirements have been agreed with you following phase 1 of the programme.

Option 1

- Capco will source training FTEs to develop training contents, coordinate and run the training sessions, and provide the actual training to HSBC employees.
- We would simply charge for this based on the FTEs input requirements x Athena rates
- Fees at Risk – Capco will place 35% fees at risk against this option, based on trainee satisfaction feedback and delivery on time.

Option 2

- Capco will develop a unit-based charging mechanism whereby Capco is paid for each FTE trained, or number of courses provided.
- To avoid any over charging to HSBC, there may be a one-off charge separate from the unit price for content development, as this is not a repeatable requirement once content is developed.

* HSBC can also leverage Capco existing developed training curriculum at no extra charge, we estimate the value of this IP to be c.320k for 32 courses we have identified.

CAPCO'S COMMERCIAL OFFER: RESOURCE AUGMENTATION

For any resource augmentation requirements for the BAU WCDAO team, Capco proposes to continue working under the existing Athena framework, allowing HSBC to benefit from our competitive global Athena rate cards and the annual productivity credit. Our offer is then underpinned by a flexible commercial approach.

GLOBAL DATA CAPABILITY

COMPETITIVE RATES

Capco can offer nearshore and offshore Data Analyst, Design and Data Science resources to HSBC using our **competitive global Athena rate cards**

HSBC Athena Title	Day Rate in Local Currency for Capco Implementation Resources ¹						
	India INR	UK GBP	US USD	Hong Kong HKD	Malaysia MYR	Poland ² PLN	Canada ³ CAD
Portfolio Manager	27,679 ⁴	1,004	1,395	11,795	n/a	n/a	1,737
Programme Manager	26,875	787	1,325	9,245	2,652	2,800	1,362
Project Manager	20,156	627	1,109	7,715	2,016	1,725	1,085
Sr Business Consultant	19,971	576	964	5,791	1,593	1,725	996
Business Consultant	12,451	353	617	4,299	1,011	1,315	661
Sr Business Analyst	13,376	547	964	5,791	1,593	1,725	946
Intermediate Business Analyst	n/a	495	n/a	5,240	n/a	1,725	856
Business Analyst	9,986	335	617	4,299	1,011	1,315	580
PMO Manager	13,376	430	729	5,791	1,243	1,315	744
PMO Analyst	7,397	303	542	2,673	852	980	524

¹ Further rate cards details are presented in Capco's excel submission

² Recently agreed Poland GTC rates mapped to Athena structure

³ Canada CDCO rates mapped to Athena structure

⁴ GCB 4 equivalent GTC rate has been used

FLEXIBLE MODEL

Augmentation Flexibility: Capco offers HSBC the flexibility to drawdown on our Data Analyst and Engineering capabilities globally if backfilling is required.

Roll-off Flexibility: We offer HSBC a 24 hours notice period for roll-off.

Commercial Flexibility: Should HSBC prefer to agree the requirements and volumes upfront, Capco are also open to considering alternative commercial models such as fixed capacity or managed service.

ATHENA RATE CARD DISCOUNT 6+%

In line with the Athena MSA, HSBC will benefit from the annual productivity rebate of 6%, increasing to 6.5%, against total annual spend under this arrangement. This together with our competitive rate cards will provide discount benefits to HSBC from day 1, that are not tied to volume.

RIGHT TO HIRE

Capco's commercial offer also allows HSBC to make recruitment offers to our offshore data resources. We will work with HSBC on a case-by-case basis whenever you have identified a candidate.

ATHENA SERVICE MANAGEMENT INVESTMENT

Athena Service management team to support HSBC augmentation requirements (valued at c.£100k).