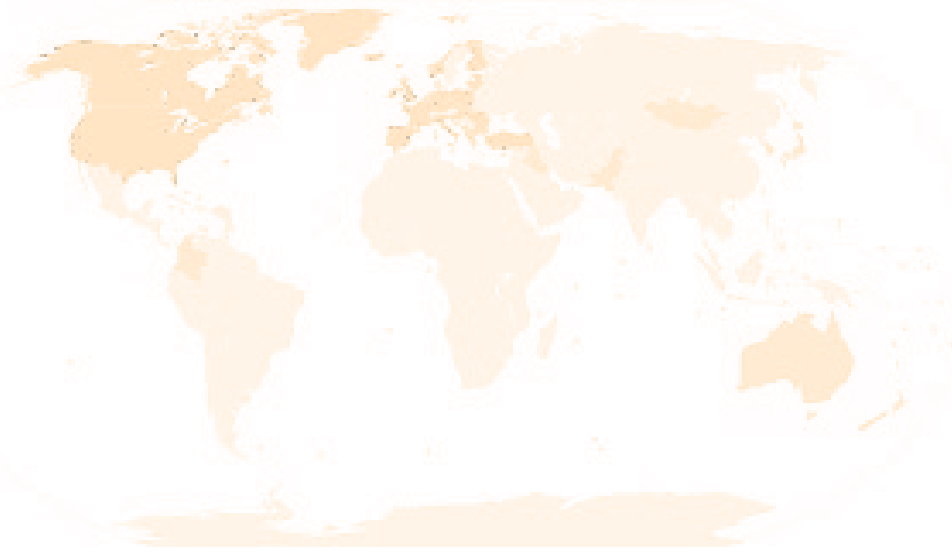
shadowhornet

ShadowHornet.com

Strategic Alternatives Report

for [redacted]



August 22, 2022

Contents

The Power of ShadowHornet...With 42 successful sourcing engagements over 8 years on 4 continents for some of the world's biggest technology names, *we help you translate knowledge into actionable results*. Our expertise in global workforce development led to an advisory role with the White House from 2016-2017. Working with us gives you the power, knowledge, and experience to quickly achieve exceptional ROI.

SitRep Summary

Summary of situation, key objectives and important background information.

Factors Leading to Engagement

[redacted] is a holding of [redacted] [redacted] Fund. [redacted] offers custom application development, integration, and enterprise platform services to Fortune 1000 customers, with a 14 year history of growth exceeding 20% YoY. [redacted] has grown to over 1200 current employees, with 1050 application developers, engineers, architects, quality assurance personnel, and DevOps specialists. [redacted] packages its services as “projects-in-whole”, or as outsourced operations. 44% of revenue is attributable to projects-in-whole, and 56% is derived from outsourced operations. The outsourced operations component of total revenue has grown from 38%-56% over the past 4 years as a deliberate valuation-enhancing go-to-market. [redacted] targets [redacted] to achieve a 70% rate over 2 years.

[redacted] was created as a low cost alternative to higher-priced development and engineering talent. By establishing operations in Tier 3 and Tier 4 US cities, historically, the company was able to offer wage rate arbitrage at 30-40% the comparable cost of higher price markets at a similar level of quality. This became a unique selling advantage from 2010-2020 and fueled rapid growth.

However, the pandemic of 2020, and resulting wage rate increases in these markets, combined with greater global competition, automation, and heightened turnover have eroded EBITDA margins by 472 basis points over the past 18 months. Furthermore, three year forecasts see turnover accelerating, and continued pressure on operating margins, through higher COGS, potentially depressing margins by 500-1000 basis points over this term. In short, [redacted] comparative selling advantage is eroding, adversely impacting future returns to [redacted]

[redacted] has engaged ShadowHornet LLC to determine strategic alternatives to achieving a lower COGS through sourcing through emerging lower-cost markets in order to recapture margin.

Goals / Objectives

[redacted] maintains the operational infrastructure, training capacity, and go-to-market platform to continue its profitable business margin. In order to preserve existing margins and improve future return, [redacted] must source talent at rates that are at least 40-50% of the existing US Tier 3/Tier 4 market. Developer cost accounts for 93% of COGS, and over 87% of total personnel. [redacted] aims to recoup at least 333 basis points of return over the next 18 months, and re-establish an operating baseline in the 8-12% EBITDA range over a 36 month duration. Not all of this cost recovery will occur from this effort - some will be driven by personnel reduction events in several US delivery centers. The combination of both efforts is what is expected to yield the target return.

As such, the goals of this strategic report are to:

1. **Identify emerging market locations with enough operating capacity to:**

   A) Offload operational load on a significant component of existing US-based delivery

   B) Enable growth in delivery through low-cost regions

   C) Maintain reputation of above average delivery and high customer satisfaction rates

   D) Avoid increase in operational cost/COGS, and related cost drivers

2. **Identify business entity structures**
3. **Enable delivery from 1 primary LCD location by 2024, in line with the 18 month EBITDA improvement plan**
4. **Use actionable intelligence from ShadowHornet LLC to enable a board location decision in December 2023.**

Low-Cost Domestic Sourcing Model Background (LCD)

The low cost domestic (LCD) sourcing model was developed to help U.S. private companies that are interested in evaluating and developing LCD sites either to scale or to improve the cost dynamics of their operations. This framework has been used extensively by private firms to evaluate the potential of setting up an LCD location over the past 14 years, and has been applied globally. The LCD model involves a database of over 420 possible variables for use in determining the characteristics and attractiveness of LCD sites.

Based on companies' goals and requirements, ShadowHornet selects the most pertinent variables, and works with its clients to assign relative weightings. Cost of doing business and workforce (inc. cultural alignment) typically rank as the most important criteria, followed by business and political environment and quality of life. Models can be as extensive as using over 80% of variables, or as few as 10-12% of the variables in the universe. The model has been used successfully since 2007.

LCD1: Cost of Doing Business

Lower cost of doing business is the most important criteria when selecting a locale. In fact, it must exist for companies to even consider a location. In terms of cost of doing business, labor costs followed by real estate and other infrastructure costs are the most important sub-criteria on the list. However, tax and economic incentives can impact labor and infrastructure costs significantly and can often contribute to short-term EBITDA objectives.

LCD2: Workforce

The second most important criteria are the characteristics of the workforce. Prior to embarking on a location search, most companies know the major skill sets they are going to require. Therefore, there needs to be a base of resources in the location that have the specific skill sets the company is seeking. Additionally, the company must be able to "pull" this talent to its firm amidst competitors. This is why competitive landscape and trusted relationships with educational providers and training programs in near proximity to the LCD location are important. These relationships guarantee a future stream of qualified workers. The existence of

these institutions and programs, coupled with their willingness to work closely with employers to tailor curricula to the changing needs of employers, rates very highly in the LCD framework. In addition, companies also place importance on good soft skills and cultural match because these skills reflect good work ethic, culture match, and loyalty.

LCD3: Business and Political Environment

Business and political environment typically ranks third in importance. The most important sub-criteria in this section is the existence of a unified coalition of government, business, and educators working together to attract, support, and retain business. This is commonly referred to as “community capital”. Although it is sometimes challenging to quantify, community capital is highly important when choosing between two locations.

Do local customs tend to provide reliable work habits? What does the regulatory environment look like, for example work permitting and local taxes? How complicated is this approach, and how aggressive are local governments in enforcing compliance? Does the local government make it easy to secure permits, etc.? Are agencies responsive to employer needs as they arise? Do the agencies provide ongoing support to businesses once operations have started? All of these can be crucial factors in site selection due-diligence.

LCD4: Quality of Life

Although quality of life is a factor for selection, it typically ranks as the lowest selection factor. It is used primarily to identify and forecast retention challenges and turnover. It is also an important factor in cultural alignment, and in directing college students to the firm. A high or low

quality of life, post-graduation, can be a significant driver of turnover. The quality of services such as hospitals and K-12 schools also must be assessed in quality of life, as do economic perceptions of the area, natural and cultural resources, family connections to the region, and the area's shopping amenities. Crime and the likelihood of “black swan” events that potentially impact employees are also an important sub-factor.

Future Revenue Potential

Existing similar business within a state, and potential for new business in the state, are important as a starting point for developing a list of states that may be suitable candidates for LCD sourcing locations. Proximity to existing clients for logistical reasons or company headquarters or regional offices are an important consideration. The broader the scalability goals, the more important these factors become in predicting future returns, operational challenges, and turnover. The future revenue potential brings the 4 LCD factors to determine potential revenue boosts from the considered location.

ShadowHornet Method and Approach

1. ShadowHornet worked collaboratively with the executive and operational stakeholders at [redacted] to determine financial and operational goals, key criteria, and weighting. A list of these stakeholders is found in Appendix - exhibit 1.

   Criteria included but were not limited to (full list available in Appendix - exhibit 2):

   - Time zone alignment
   - Transit
   - Proximity to Clients, Regional Offices
   - Workforce capacity in desired skill sets
   - Educational infrastructure
   - Competitive environment
   - Local customs and culture
   - Local tax and regulatory considerations
   - Language alignment
   - Existing skill sets in region at differing seniority levels
   - Local support
   - Business incentives (EBITDA-driving, 3 year)

2. ShadowHornet reviewed available variables with [redacted] stakeholders and selected 64 critical variables of concern in the LCD model.

3. Based on these requirements, objectives, and variables, ShadowHornet applied the following weightings to the LCD model:

   - Cost of Doing Business (37%)
   - Workforce (42%)
   - Business and Political Environment (23%)
   - Quality of Life (8%)

4. ShadowHornet applied these LCD weightings to a macro search, focused on North America, identifying 6 top candidate locations of 128 + 23 subregions (151 total)
    - Dominican Republic
    - North central Missouri (US)
    - Trinidad/Tobago
    - West central Texas (US)
    - Costa Rica
    - Quintana Roo state, Mexico
5. ShadowHornet leveraged its on-the-ground network in 4 of these 6 locations, and contacted on-the-ground stakeholders in 2 of these 6 locations to answer key questions.
6. ShadowHornet revealed findings to project stakeholders on June 3rd, 2022. Stakeholders reviewed with the board of directors and isolated the candidates to three locations by June 15th, 2022:
    - Dominican Republic
    - Trinidad and Tobago
    - West central Texas (US)
7. ShadowHornet performed 6 Factor analysis on 3 locations under consideration
8. ShadowHornet performed drill-down analysis on these 3 locations
9. ShadowHornet used on-the-ground network contacts to establish key players, including educational contacts, local officials, legal firms, and key influencers in the target market
10. ShadowHornet used above info to compile strategic considerations for each location, and range of strategic alternatives
11. ShadowHornet compiled all information into this strategic alternatives report presented to stakeholders August 10th, 2022
12. ShadowHornet adapted feedback from this read out for Board of Directors report, delivered August 22nd, 2022

Report Highlights

The three candidate locations offer significant advantages, and several glaring disadvantages to achieving [redacted] and [redacted] goals.

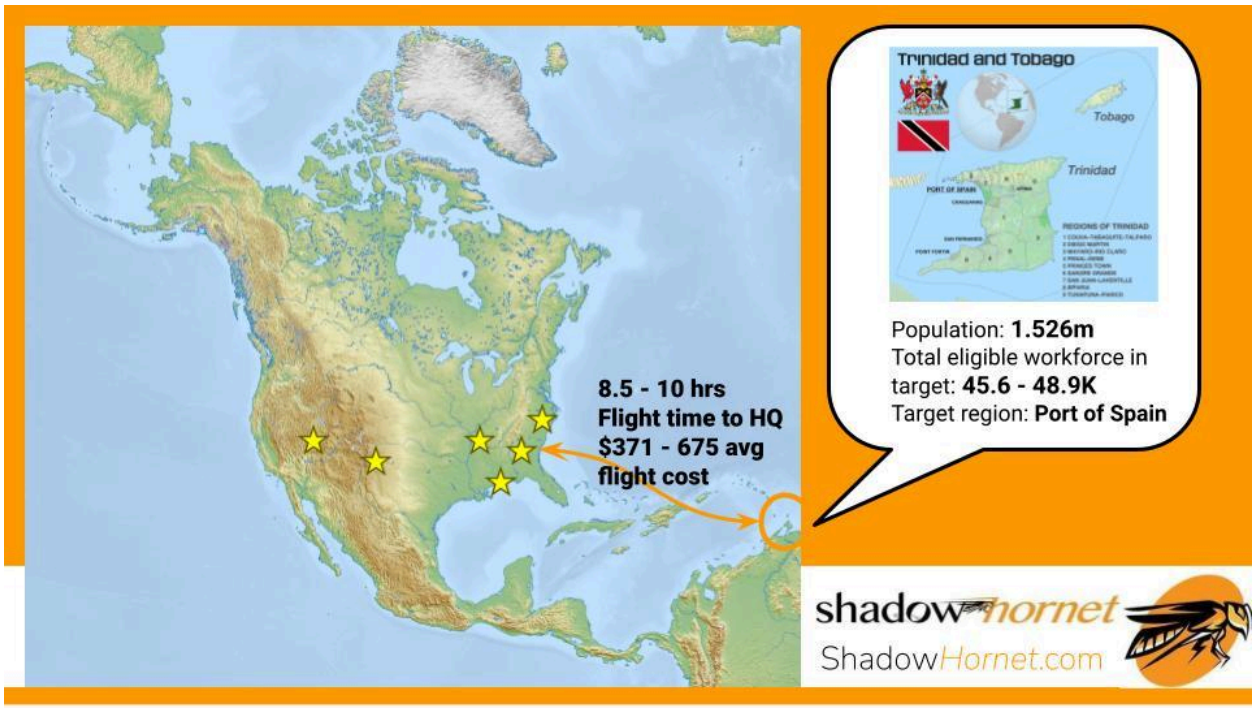
- Trinidad and Tobago offers the highest potential multi-institutional community capital, lowest competition, and highest ability to steer the targeted talent to [redacted]. This is counterbalanced somewhat by existing competition in the area, led largely by Fujitsu, Microsoft, Payless, and IBM. .
- Lubbock/Crosby/Lynn MSA (Texas) offers attractive economic incentives over a 3 year period and regional talent rates in the vicinity of the target EBITDA range. The regional capacity is moderate for the targeted skill domains. Regional community capital is moderate, and competition exists. The turnover forecast here is higher than the Dominican Republic (Santo Domingo), and Trinidad and Tobago due to a lower quality of life LCD factor.
- Dominican Republic (Santo Domingo) is rife with competition in the targeted domain areas, but offers the lowest cost-to-scale. Strides have been made in the past year in community capital, but should still be considered fragmented, offering limited support to businesses similar to [redacted].
- Dominican Republic (Santiago) offers a $2-3/on average discount to Santo Domingo, however, English fluency is notoriously challenged in this region, and expect high variability and longer recruiting time cycles. Trust is challenged in this market, and one legal services provider in the region was recently (Q1 2022) involved in a fraud case with a Fortune 1000 technology services provider.
- Master-feeder entity structures are available to [redacted] in both Trinidad and Tobago, and Dominican Republic. While typically used for hedge funds, several BPO firms have leveraged this entity as a tax shelter moving funds into the US, and bypassing both local

and some US tax incidence. The higher legal cost of establishing a Master-Feeder structure needs to be measured against the benefit, which can equate to a 10-22% tax incidence shield (post EBITDA), but requires on average $250K in additional legal costs. For example, [redacted] used a master-feeder to administer flow of funds from their BPO entity directly to their Series [redacted] fund.

- Trinidad and Tobago is eager to build around these types of use cases to further promote the region as a BPO destination, and open to arrangements and guarantees. Legal infrastructure should be obtained from outside the region for non-conventional entity structures such as master-feeder.

Applied LCD Model to Candidate Locations

Trinidad and Tobago Dossier



Trinidad and Tobago is an island nation located in the southern Caribbean Sea, its closest point is 6.8 miles offshore of Venezuela. It consists of two main islands, Trinidad and Tobago, and numerous smaller islands. Trinidad is the larger and more populous of the two islands, home to the nation's largest city, Port of Spain.

Largest city: Port of Spain 81,142 residents, 250,000+ MSA

Language (Official): English (*British)*

Target Sourcing Region: Port of Spain, MSA (250,00+)

Currency: Trinidad and Tobago Dollar (TT Dollar)

History: The islands were colonized by the Spanish in the 16th century and later became part of the British Empire. It has adopted the British formal educational system, resulting in a 98% literacy rate, one of highest in the world. Trinidad and Tobago gained independence from Britain in 1962 and became a republic in 1976.

Government: Trinidad and Tobago is a parliamentary democracy and a republic. It has a President as the head of state and a Prime Minister as the head of government.

Economy: The country has a diverse economy with sectors including oil and gas, manufacturing, agriculture, and tourism. Since 2005 it has aggressively marketed itself as a BPO destination, part of a unified effort from a loose 9 university coalition with economic development and government. It offers generous incentives to domiciled businesses to market their products and services in other countries, including a 150% cost rebate allowance.

Culture: Rich and diverse, influenced by African, Indian, European, and indigenous traditions. Vibrant community, limited major outside events. Fashion week, Film Festival, Rameela, and Carnival are most prominent. Expect work disruption post Christmas through commencement of Carnival.

Education: The country has a well-established education system, including primary and secondary education, and 9 major universities with skill set in the target domain.

LCD Model Applied: Trinidad and Tobago

After running a 64 variable macro search, Trinidad and Tobago emerged as a top 5% destination. The following graphics depict the ShadowHornet LCD findings from this analysis. The spreadsheet of these findings has been supplied separately to stakeholders, and is available for this presentation.

ShadowHornet LCD Matrix: Trinidad and Tobago

Code	Aspect
	LCD1 - Cost of Doing Business
LCD-1_TNT	Labor Rates
LCD-2_TNT	Assessed area (subregion)
LCD-3_TNT	Port of Spain
LCD-4_TNT	Port of Spain
LCD-5_TNT	Port of Spain
LCD-6_TNT	Port of Spain
LCD-7_TNT	none
LCD-8_TNT	none
LCD-9_TNT	Commercial Real Estate by Comparable Class
LCD-10_TNT	A
LCD-11_TNT	B
LCD-12_TNT	C
LCD-13_TNT	Short-Term cost range (1-30 seats)
LCD-14_TNT	Availability of Short-term Commercial Real Estate
LCD-15_TNT	Infrastructure
LCD-16_TNT	Bandwidth (Broadband)
LCD-17_TNT	Water
LCD-18_TNT	Sewer reliability
LCD-19_TNT	Electric costs
LCD-20_TNT	Electric grid maturity
LCD-21_TNT	Electric redundancy - Disaster Recovery
LCD-22_TNT	Environmental Black Swan risk
LCD-23_TNT	Sales Tax rate
LCD-24_TNT	Property Tax
LCD-25_TNT	Local Taxes
LCD-26_TNT	National Taxes
LCD-27_TNT	Corporate Income Tax
LCD-28_TNT	Local Incentives
LCD-29_TNT	National Grant Programs (Incentives)
LCD-30_TNT	Airport Access
LCD-31_TNT	Public Transit
LCD-32_TNT	Sovereign Rating
	LCD 2 - Workforce Characteristics
LCD-33_TNT	Computer Science & IT Workforce
LCD-34_TNT	Nearby Colleges & Universities
LCD-35_TNT	Total Yearly Educated Matriculation Universe
LCD-36_TNT	Special Programs in Target Skillset
LCD-37_TNT	Skill Sets of Knowledge Workforce
LCD-38_TNT	Population/Scale
LCD-39_TNT	Current Resource Availability
LCD-40_TNT	Labor Supply Competition
LCD-41_TNT	English fluency - accent variability
	LCD3 - Business & Political Incentives
LCD-42_TNT	Business/Political/College Consortium
LCD-43_TNT	Political Support
LCD-44_TNT	State Regulations
LCD-45_TNT	Technology & Vendor Ecosystems
LCD-46_TNT	Political Stability (National)
LCD-47_TNT	Political Stability (Regional)
LCD-48_TNT	Geopolitical Black Swan risk (National)
LCD-49_TNT	Geopolitical Black Swan risk (Regional)
LCD-50_TNT	Extortion Risk
LCD-51_TNT	Local Bribery Customary?
LCD-52_TNT	Flow of Currency concerns? Tax shield eligible?
LCD-53_TNT	North American cultural understanding
	LCD4 - Quality of Life
LCD-54_TNT	Cost of Living
LCD-55_TNT	Housing
LCD-56_TNT	Commute
LCD-57_TNT	Crime Rates (% of total crime in area)
LCD-58_TNT	Property Crime Rate
LCD-59_TNT	Violent Crime Rate
LCD-60_TNT	Hospitals
LCD-61_TNT	K-12 Schools
LCD-62_TNT	Climate & Geographic sensitivity
LCD-63_TNT	Climate
LCD-64_TNT	Transit Challenges
LCD-65_TNT	Arts & Recreation

LCD1 - Cost of Doing Business

LCD-1_TNT	Labor Rates	Years of Experience
LCD-2_TNT	Assessed area (subregion)	0-3 3-7 7-10 10+
LCD-3_TNT	Port of Spain	BPO 1 Skillset being assessed
LCD-4_TNT	Port of Spain	BPO 2 Skillset being assessed
LCD-5_TNT	Port of Spain	BPO 3 Skillset being assessed
LCD-6_TNT	Port of Spain	BPO 4 Skillset being assessed
LCD-7_TNT	not applicable	
LCD-8_TNT	not applicable	
LCD-9_TNT	Commercial Real Estate by Comparable Class	
LCD-10_TNT	Class A/sqft, Class B/sqft, Class C/sqft, Short-Term/ 30 head	
LCD-11_TNT	Commercial Real Estate by Comparable Class	
LCD-12_TNT	A	
LCD-13_TNT	B	
LCD-14_TNT	C	
LCD-15_TNT	Short-Term cost range (1-30 seats)	
LCD-16_TNT	Availability of Short-term Commercial Real Estate	
LCD-17_TNT	Infrastructure	
LCD-18_TNT	Bandwidth (Broadband)	
LCD-19_TNT	Water	
LCD-20_TNT	Sewer reliability	
LCD-21_TNT	Electric costs	
LCD-22_TNT	Electric grid maturity	
LCD-23_TNT	Electric redundancy - Disaster Recovery	
LCD-24_TNT	Environmental Black Swan risk	
LCD-25_TNT	Sales Tax rate	
LCD-26_TNT	Property Tax	
LCD-27_TNT	Local Taxes	
LCD-28_TNT	National Taxes	
LCD-29_TNT	Corporate Income Tax	
LCD-30_TNT	Local Incentives	
LCD-31_TNT	National Grant Programs (Incentives)	
LCD-32_TNT	Airport Access	
LCD-33_TNT	Public Transit	
LCD-34_TNT	Sovereign Rating	

LCD 2 - Workforce Characteristics

LCD-35_TNT	Computer Science & IT Workforce	
LCD-36_TNT	Nearby Colleges & Universities	
LCD-37_TNT	Total Yearly Educated Matriculation Universe	69,545 students
LCD-38_TNT	Special Programs in Target Skillset	"Known / Accessible contacts:
LCD-39_TNT	Skill Sets of Knowledge Workforce	
LCD-40_TNT	Population/Scale	
LCD-41_TNT	Current Resource Availability	
LCD-42_TNT	Labor Supply Competition	
LCD-43_TNT	English fluency - accent variability	

LCD3 - Business & Political Environment

LCD-44_TNT	Business/Political/College Consortium
LCD-45_TNT	Political Support
LCD-46_TNT	State Regulations
LCD-47_TNT	Technology & Vendor Ecosystems
LCD-48_TNT	Political Stability (National)
LCD-49_TNT	Political Stability (Regional)
LCD-50_TNT	Geopolitical Black Swan risk (National)
LCD-51_TNT	Geopolitical Black Swan risk (Regional)
LCD-52_TNT	Extortion Risk
LCD-53_TNT	Local Bribery Customary?
LCD-54_TNT	Flow of Currency concerns? Tax shield eligible?
LCD-55_TNT	North American cultural understanding

LCD4 - Quality of Life

LCD-56_TNT	Cost of Living
LCD-57_TNT	Housing
LCD-58_TNT	Commute
LCD-59_TNT	Crime Rates (% of total crime in area)
LCD-60_TNT	Property Crime Rate
LCD-61_TNT	Violent Crime Rate
LCD-62_TNT	Hospitals
LCD-63_TNT	K-12 Schools
LCD-64_TNT	Climate & Geographic sensitivity
LCD-65_TNT	Climate
LCD-66_TNT	Transit Challenges
LCD-67_TNT	Arts & Recreation

The detailed scoring and data from this variable analysis is intended to be consumed in the accompanying PDF and spreadsheet report. The findings are included on the next several pages as well.

ShadowHornet LCD Matrix: Trinidad and Tobago

Score	Code	Weighting	Aspect	Description	Supplemental			
	-	37%	**LCD1 - Cost of Doing Business**					
	LCD-1_TNT		**Labor Rates**	BPO and technical skillset competency highly ranked relative to price. Extremely favorable price dynamics, low growth in wages, post 2020.	***Years of Experience***			
	LCD-2_TNT		**Assessed area (subregion)**	Skillset assessed - overall	**0-3**	**3-7**	**7-10**	**10+**
	LCD-3_TNT		**Port of Spain**	**BPO Target Skillset 1**	**$17-21**	**$20-31**	**$27-53**	**$48-57**
	LCD-4_TNT		**Port of Spain**	**BPO Target Skillset 2**	**$28-31**	**$29-38**	**$35-52**	**$45-91**
	LCD-5_TNT		**Port of Spain**	**BPO Target Skillset 3**	**$25-33**	**$28-36.50**	**$34-45**	**$39-60**
	LCD-6_TNT		**Port of Spain**	**BPO Target Skillset 4**	**$30-37**	**$33-51**	**$45-62**	**$55-82**
	LCD-9_TNT		**none**	BPO 3	*Commerical Real Estate by Comparable Class*			
	LCD-10_TNT		**none**	BPO 4	Class A/sqft	Class B/sqft	Class C/sqft	Short-Term/ 30 head
	LCD-11_TNT		**Commercial Real Estate by Comparable Class**	Price sensitivity is low relative to demand. Appreciation C-class < 2.5%. Cost of land in C-Class averages $520-680/sq ft. Construction costs are high due to logistics and lack of qualified engineering on island, must be outsourced.	**3.08**	**2.91**	**2.16**	**$2,800-4,952**
	LCD-12_TNT		**A**	$3.08/sq ft with $4-7 common area charge				
	LCD-13_TNT		**B**	$2.91/sq ft with $3-6 common area charge				
	LCD-14_TNT		**C**	$2.16/sq ft with $2-3.50 common area charge. **Crime a factor in this class				
	LCD-15_TNT		**Short-Term cost range (1-30 seats)**	$2,800 - 4,952				
	LCD-16_TNT		**Availability of Short-term Commercial Real Estate**	Limited options. New market entrants in past 6 months: Chaconia, Ochre Indigo. Existing options: Regus, DaVinci. Occupancy level < 53% (high).				
	LCD-17_TNT		**Infrastructure**	Maturity is improving, but below-average.				
	LCD-18_TNT		**Bandwidth (Broadband)**	TSTT, Novo Communications, R.B.C.S wireless, Starlink (planned 2023). GreenDot, AirLink, Amplia, ICNTT, BMobile, Digicel. Commercial cost is substantially higher than US, due to subsea cabling infrastructure pass-through. Commercial to serve 30 head office ranges from $3970 - 5100/monthly. Note - virtual arrangements should include provision for home internet, estimated at $23-37/monthly (broadband only); partially subsidized.				
	LCD-19_TNT		**Water**	WASA, Tobago Water. $0.31 per cubic meter, lowest in Caribbean region.				
	LCD-20_TNT		**Sewer reliability**	Known issues in 2021, 2018, affecting contniuity. Largely residental issues.				

The labor rate analysis indicates the favorability of the wage structure for each of the target skill sets assessed. Entry-level rates are $12-15 lower than what is currently being paid by [redacted].

Aspect	Description	Supplemental			
LCD1 - Cost of Doing Business					
Labor Rates	BPO and technical skillset competency highly ranked relative to price. Extremely favorable price dynamics, low growth in wages, post 2020.	*Years of Experience*			
Assessed area (subregion)	Skillset assessed - overall	0-3	3-7	7-10	10+
Port of Spain	BPO Target Skillset 1	$17-21	$20-31	$27-53	$48-57
Port of Spain	BPO Target Skillset 2	$28-31	$29-38	$35-52	$45-91
Port of Spain	BPO Target Skillset 3	$25-33	$28-36.50	$34-45	$39-60
Port of Spain	BPO Target Skillset 4	$30-37	$33-51	$45-62	$55-82
none	BPO 3	*Commerical Real Estate by Comparable Class*			
none	BPO 4	Class A/sqft	Class B/sqft	Class C/sqft	Short-Term/ 30 head
Commercial Real Estate by Comparable Class	Price sensitivity is low relative to demand. Appreciation C-class < 2.5%. Cost of land in C-Class averages $520-680/sq ft. Construction costs are high due to logistics and lack of qualified engineering on island, must be outsourced.	3.08	2.91	2.16	$2,800-4,952

shadowhornet
ShadowHornet.com

	LCD-21_TNT		**Electric costs**	Electric costs much lower than peer group in Carribean, at 0.053 kWH, benchmarked against 0.187/kWH. Very inexpensive, but tradeoff with emergency reliability and wide-scale outage events, Aug 2022, Jan 2022, Feb 2021, June 2020, Mar 2020, impacting > 15% population.
	LCD-22_TNT		**Electric grid maturity**	Moderate to lower
	LCD-23_TNT		**Electric redundancy - Disaster Recovery**	National mitigation in place, redundancy exists, vulnerable to electric grid outage.
	LCD-24_TNT		**Environmental Black Swan risk**	Health advisories common, infectious diseases (Zika, Measles) 2022. Major earthquake risk (6.7 mag, 21 Aug 2018). Volcanic risk (Kick 'Em Jenny), active subsea.Hurricane risk high June - October. Flooding affected 800,000 residents in 2021. Note that major power outage occurred 16 Aug 2022, 30% of island impacted, landslide.
	LCD-25_TNT		**Sales Tax rate**	12.5% (VAT)
	LCD-26_TNT		**Property Tax**	None applicable for requirements - VAT more likely.
	LCD-27_TNT		**Local Taxes**	Non-domiciled entities can be subject to additional local tax of 3% on income earned in country, special circumstances apply, requires legal guidance.
	LCD-28_TNT		**National Taxes**	VAT - 12.5% on corporate real estate and short-term, has declined from 15% in 2015.
	LCD-29_TNT		**Corporate Income Tax**	30% - Aug 2022
	LCD-30_TNT		**Local Incentives**	None specific to BPO from Port of Spain, incentives nationalized into corporate tax code.
	LCD-31_TNT		**National Grant Programs (Incentives)**	Section 10E, Corp Tax Act 75:02, 150% on training allowence. RDF (R&D facility), $500,000 TT (single co), $1,000,000 JV. 150% promotional allowence on domiciled entities for foreign market access.
	LCD-32_TNT		**Airport Access**	Piarco Int'l, 8hr - 10:45hr from ATL HQ, $371 - 675 avg flight cost. No direct connections IAH, MIA,

	LCD-33_TNT		**Public Transit**	PTSC. Unreliable, reports of dangerous exchanges in transit. No set schedules. Poor grade. Taxi system primary vehicle for business travel.
	LCD-34_TNT		**Sovereign Rating**	BBB- (S&P), Ba2 (Moody's), improving outlook, however steady decline since 2005 from A-/Baa2. Reflects diminished infrastructure leverage in rising rate environments.
		42%	**LCD 2 - Workforce Characteristics**	
	LCD-35_TNT		**Computer Science & IT Workforce**	The region's feeder systems offer over 12 viable feeder systems in the target BPO1-4 skillset, with a total resource pool of 45.6 - 48.9K at all levels in destination.
	LCD-36_TNT		**Nearby Colleges & Universities**	University of Trinidad and Tobago (UTT) University of Trinidad and Tobago University of the West Indies (UWI) University of the Southern Caribbean (USC) The College of Science, Technology, and Applied Arts of Trinidad and Tobago (COSTAATT) School of Business and Computer Science (SBCS) College of Science, Technology, and Applied Arts of Trinidad and Tobago (COSTAATT) Cipriani College of Labour and Co-operative Studies Arthur Lok Jack Global School of Business
	LCD-37_TNT		**Total Yearly Educated Matriculation Universe**	98% literacy, one of most literate nations in world.

	LCD-38_TNT		**Special Programs in Target Skillset**	UTT - Control and Computer Engineering, Centre for IT and Communications Tech, Software Eng, Machine Learning (BPO 1-4) UWI - Computing & Information (specific focus on BPO4, accreditation and track) SBCS - BPO1 entry point Arthur Lok Jack GSB - specific track in global coordinated operations, BPO 2-4.
	LCD-39_TNT		**Skill Sets of Knowledge Workforce**	Special programs and tracks in BPO 1-4 exist at institutions identified, and talent is used by other BPO providers. Enough capacity exists to support client goals and objectives.
	LCD-40_TNT		**Population/Scale**	On par with Belton-Waco-Kileen, TX MSA, and Albuquerque, NM MSA (ranks 27)
	LCD-41_TNT		**Current Resource Availability**	HIGH - talent for BPO1, 3 accessible, large pool accessible for BPO2, 4
	LCD-42_TNT		**Labor Supply Competition**	Moderate. Onshore Outsourcing investing in a BPO center in Port of Spain (proj. scale, 60). IBM, Microsoft, Fujitsu, Payless all have small established operations. Fujitsu is most active and has strongest relationships with local universities.
	LCD-43_TNT		**English fluency - accent variability**	English primary (British). Highest score.

		23%	**LCD3 - Business & Political Environment**	
	LCD-44_TNT		**Business/Political/College Consortium**	Strong informal collaboration, evidence of formal organization of leadership from Fujitsu, UTT, UWI. Arthur Lok Jack regularly organzing global and local events on pertinent topics (Q3 2021, Q2 2022)
	LCD-45_TNT		**Political Support**	Positive attitude towards technology and business services among local government, economic development, and universities. Coalition actively aiming to publicize and draw attention to nation's advancing business climate.
	LCD-46_TNT		**State Regulations**	Limited. Non-aggressive regulation, however strict tax collection and response. Stringent data protection regulations and measures, with penalties. Has led to development of Cybersecruity, Fraud Detection, and Risk Mitigation university tracts at UTT, UWI.
	LCD-47_TNT		**Technology & Vendor Ecosystems**	Moderate and advancing. Fujitsu is industry leader, Microsoft, Amazon, IBM, Payless all have technology operations existing. Fujitsu most advanced partner. Emerging bright spot of cybersecurity, forensic computer security, and risk mitigation programs at local universities.
	LCD-48_TNT		**Political Stability (National)**	86 on World index, higher than US (95).
	LCD-49_TNT		**Political Stability (Regional)**	Corruption noted in business community of Port-of-Spain, more for local transactional business. Overall, stable, pockets of organized crime and resultant violence.
	LCD-50_TNT		**Geopolitical Black Swan risk (National)**	Sight 2021 economic contraction of GDP 1.02% (FCB, IMF). Inflationary pressures on par with US. Low risk of black swan gp events.
	LCD-51_TNT		**Geopolitical Black Swan risk (Regional)**	Low risk of Port of Spain gp events.

	LCD-52_TNT		**Extortion Risk**	Higher for transactional businesses in certain regions of Port of Spain, corporate environment removed, low risk.
	LCD-53_TNT		**Local Bribery Customary?**	Bribery is noted, mainly for street-level retail businesses. Corporate sector highly removed, legal/governmental apparatus not involved at National level.
	LCD-54_TNT		**Flow of Currency concerns? Tax shield eligible?**	YES. TT Dollar is national currency. TT dollar suffering inflation, foreign currency shortage in nation, impacting foreign exchange. Recommended dollar-based entity structure for payment to employees in USD, baselined to USD. TT Dollar overvalued 13-17% (Q2 2023 Goldman Sachs estimate).
	LCD-55_TNT		**North American cultural understanding**	Extremely high. Alignment to British educational practices and cultural adoption of US media leads to high understanding of US. Leads to strong customer support, teamwork, and knowledge of current US events.
	-	8%	**LCD4 - Quality of Life**	
	LCD-56_TNT		**Cost of Living**	Monthly costs family of 4: $4,345 USD. Estimated 47-53% less expensive than US. Inflation of TT Dollar may mitigate some effect, but not substantially. Can insulate by USD transactional entity.
	LCD-57_TNT		**Housing**	$9.74/sqft - $19.53/sqft, rental rates. Avg home pricing $156,344
	LCD-58_TNT		**Commute**	Port of Spain average commute 17.3 minutes. Significantly below US average.
	LCD-59_TNT		**Crime Rates (% of total crime in area)**	Violent crime on the rise since 2018, as well as property crime in Port of Spain. 38.7 / 100,000K. Organized crime/gang activity established, most violence localized and concentrated. High crime relative to region.
	LCD-60_TNT		**Property Crime Rate**	2,226 / 100,000
	LCD-61_TNT		**Violent Crime Rate**	38.7 / 100,000
	LCD-62_TNT		**Hospitals**	Two-tier system; 7 hospitals. 2.7/1000 beds. Highest in Carib region. Post acute challenges - might lead to older employees having to seek healthcare for parents outside region, or specialized conditions. Ministry of Health active in promoting healthy lifestyles.

	LCD-63_TNT		**K-12 Schools**	Education well regarded, highest in region, one of highest rates of educational attainment globally. British educational system. Public and Private options well regarded.
	LCD-64_TNT		**Climate & Geographic sensitivity**	High. Hurricane risk and tropical storms, earthquake, volcanic risk, heat likely to drive increased electric and utility expense, albeit at lower baseline cost than US.
	LCD-65_TNT		**Climate**	Tropical. Rainy seasons can lead to flooding events, Hurricane risk.
	LCD-66_TNT		**Transit Challenges**	Public transit unreliable. International travel often impacted by US, MIA and IAH delays. Cancellations of international flights uptick at Piedro Int'l since 2020.

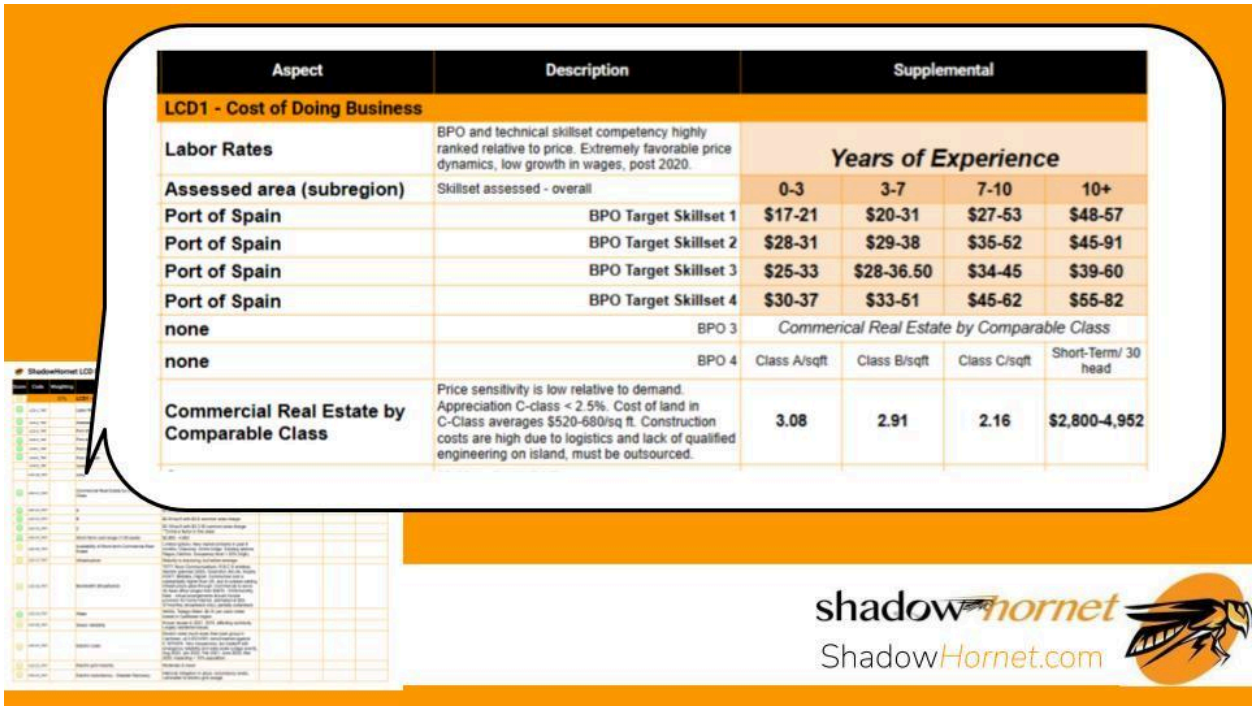
	LCD-67_TNT		**Arts & Recreation**	Vibrant community, limited major outside events. Fashion week, Film Festival, Rameela, and Carnival are most prominent. Expect work disruption post Christmas through commencement of Carnival.

Comparative LCD; Discussion

Cost of Doing Business (37%)

[redacted] assessed 4 specific skill sets for BPO consideration. Software configuration during platform integration activities, Tier 2 mid-level development support, systems analysis, and senior development engineering, coded as BPO1, BPO 2, BPO 3, BPO 4, respectively.

The labor rate analysis indicates the favorability of the wage structure for each of the target skill sets assessed. Entry-level rates are $12-15 lower than what is currently being paid by [redacted].



Aspect	Description	Supplemental			
LCD1 - Cost of Doing Business					
Labor Rates	BPO and technical skillset competency highly ranked relative to price. Extremely favorable price dynamics, low growth in wages, post 2020.	*Years of Experience*			
Assessed area (subregion)	Skillset assessed - overall	0-3	3-7	7-10	10+
Port of Spain	BPO Target Skillset 1	$17-21	$20-31	$27-53	$48-57
Port of Spain	BPO Target Skillset 2	$28-31	$29-38	$35-52	$45-91
Port of Spain	BPO Target Skillset 3	$25-33	$28-36.50	$34-45	$39-60
Port of Spain	BPO Target Skillset 4	$30-37	$33-51	$45-62	$55-82
none	BPO 3	*Commerical Real Estate by Comparable Class*			
none	BPO 4	Class A/sqft	Class B/sqft	Class C/sqft	Short-Term/ 30 head
Commercial Real Estate by Comparable Class	Price sensitivity is low relative to demand. Appreciation C-class < 2.5%. Cost of land in C-Class averages $520-680/sq ft. Construction costs are high due to logistics and lack of qualified engineering on island, must be outsourced.	3.08	2.91	2.16	$2,800-4,952

This scales up to an advantage of $26 per hour at the senior levels of BPO1. An advantage of $68 was found at the senior level of BPO4. The range of advantage was between $12 to $68, equating to a 53.4%, 45.3%, 49.1%, and 47.2% average cost advantage over [redacted]

A clearly sustainable cost synergy exists, that on average, across all skillsets assessed (BPO1-4), would persist for the target range barring highly unlikely catastrophic levels of inflation or economic disruption (e.g. war, natural disaster). The cost of doing business variables are low, relative to the US, and in many cases, other cost-driving factors exceed that of the US, maximizing the likelihood of success in this market.

One cost driver of consideration is the infrastructure environment. While well regarded regionally, it has become increasingly sensitive to natural disasters since 2018.

Infrastructure: The country has invested in modern infrastructure and technology to support the BPO industry. This included reliable telecommunications and internet connectivity, which were essential for handling customer service, technical support, and back-office operations. However, the reliability and redundancy built into the telecom and electric infrastructure are significantly

cross-checked by a pattern of black swan environmental events, including a 50-year flood impacting 800,000 residents of the nation in 2021. Severe disruption has occurred in 2018, 2020, 2021, and as of the printing of this report in 2022. This is a recent phenomenon, but clearly would impact operational readiness and effectiveness for custom-critical clients.

Workforce (42%)

Workforce Skills and Findings: The country has a well-educated and English-speaking workforce. This is a significant advantage for BPO providers, as it ensures effective communication with clients and customers in English-speaking markets. *A comparative global advantage, extremely rare, in which the target location eclipses the client's capability, was found in the area of Data Security, CyberSecurity, and Forensic Computing.* The feeder system is generating 245 of these personnel on average yearly, increasing at a rate of 8% YoY since 2019.

Industry Growth Climate: The BPO industry in Trinidad and Tobago is growing, with more international BPO providers establishing operations in the country, largely led by Fujitsu, the employer-of-choice in the nation.

Challenges: Competition from other BPO destinations creating outflight, the need for continued investment in workforce development and training, and dollar rate inflation all pose challenges. Increasingly, since 2018, natural environmental phenomena have disrupted life in the nation, including earthquakes, volcanic activity, floods, and tropical storms.

Business and Political Environment (23%)

Government Support: The Trinidad and Tobago government has been supportive of the BPO industry's growth since 2005, offering various incentives and initiatives to encourage investment in the sector. This support included tax incentives, grants, and streamlined business registration processes, but several of these programs have been curtailed, starting in 2017.

Political Stability: The nation is considered extremely stable. Its political stability exceeds that of the US, and while corruption exists on the island, it is isolated to the street-level and retail levels, concentrated in known pockets. Little evidence exists to suggest that state government

is involved in corporate corruption and large-scale bribery in the corporate sector. This is a stark contrast to several nations in its geographic vicinity (e.g. Venezuela, Brazil).

Quality of Life (8%)

Cultural Affinity: Trinidad and Tobago shares culture-in-common with North America, making it easier for employees to understand and relate to North American companies and their customers. This cultural alignment helps in providing high-quality customer service and forging a teamwork mentality.

Cultural Aspects: Local residents form a strong generational and familial bond with the island, in large part due to its unique and vibrant culture. Several events, particularly Carnival, Fashion week, Film Festival, and Rameela are most prominent. Expect work disruption post Christmas through commencement of Carnival as it is extensively regarded as an informal work-free holiday, even though several days are not a national holiday.

Crime: Is a sore spot for the nation. While crime tends to be isolated, regional organized crime conflicts and cartel competition in the narcotics trade has led to well above average violent crime rates locally, and globally. It is clear from on the ground interviews that this crime has not directly affected the corporate sector or business climate, however the frequency with which crime was mentioned from multiple parties suggests that the fear of crime is pervasive, and may have a future impact on the workforce.

Six Dimensions Analysis

The Six Dimensions Analysis takes findings from the LCD report and applies them to your operating goals and requirements to surface likely issues. The findings of the Six Dimensions analysis are below.

Background of the Six Dimensions Analysis

The Six Dimensions Analysis is the mechanism to translate information and intelligence into actionable “on-the-ground” activity that results in ROI. Each of the six factors are related, but some more strongly than others. For example valuation considerations can often be in direct conflict with long-term operational sustainability. Some stakeholders looking at shorter-term exit events will make this sacrifice to enhance valuation, whereas others with a longer time horizon will not.

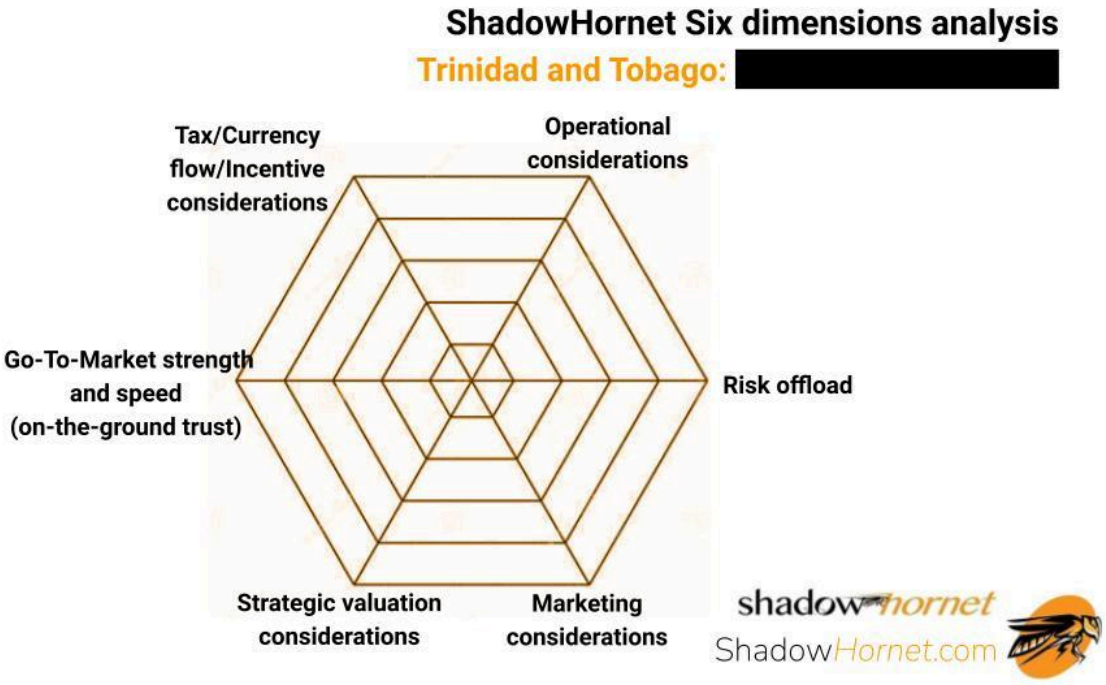
Go-To-Market speed may conflict with risk offload – the faster you move in the absence of trusted relationships, the more risk to you operations and quality.

Tax and incentive structure of a target location may be extremely attractive, especially in short-term and cash flow driving scenarios, but may present challenges in marketing the destination as an attractive and well understood value driver.

The Six Dimensions Analysis applies LCD report information to your goals and requirements to establish the decision making framework for your stakeholders and Board of Directors. It uses these topic areas:

- Operational Considerations
- Risk Offload
- Strategic Valuation Considerations
- Go-To-Market speed (“On-the-Ground” trust)
- Tax/Currency flow/Incentive considerations
- Marketing Considerations

In the next stage, the Six Dimensions Analysis is combined with the Drill Down analysis, specific information is applied, including names and contacts of entities and people known to ShadowHornet (FoS) to help you assess confidence level in go-to-market, and guide the Assessment and Site Selection decision process and its operational execution.



Operational Considerations

The cost of travel to the target nation is low. However, the lack of direct flight options from HQ and regional sites, long flight times (8:50 - 10:45), and track record since 2018 of increasingly canceled flights suggests that in the event of team building activities, project-specific on-sites, and marketing/sales onsites, [redacted] may incur unfavorable experiences, and additional costs. In the Assessment phase, these will be factored into financial projections.

Additionally the risk of environmental events and natural disasters is substantially higher than other BPO destinations under consideration. The increasing frequency of these events, since 2018, and resulting wide scale utility disruptions suggest that there is a higher probability of

operational disruption in which critical personnel may not be available to work, or may not even be reachable for days to weeks at a time. The 2021 flooding event was such an example, where 55% of the entire nation's electric infrastructure was offline for 6 concurrent days.

However, despite these risks, the cost of business is low enough that it may not impact aggregate financial objectives. Operational disruption, if handled effectively at the managerial level, with adequate forward disaster recovery and redundancy planning, should not impact strategic goals.

Operational Considerations Score: 2.9

Risk Offload

The likelihood of 80-100% risk offload from US delivery is low in this destination. Given the characteristics of the workforce, expect 70-75% productivity and quality relative to US delivery. The risk of disruptive events may bring this productivity level into the low to mid 60% range. Robust availability of the target BPO1-4 skill sets, and trusted relationships to drive talent to [redacted] can mitigate this risk.

Risk Offload Score: 2.8

Strategic Valuation Considerations

The expected cost synergy, and ability to forge relationships with talent feeder systems and institutions at the middle stages of BPO maturity should be a valuation driver. [redacted] are major industry names, and that prestige factor should drive interest in building sustainable relationships with strong affinity and support. The location selection would build sustainable EBITDA and Operating synergies over the target time horizon, that could scale well beyond initial objectives. It is likely that the firm could achieve scalability 3-4X its initial target goals in this location.

Strategic Valuation Considerations Score: 3.1

Go-To-Market Strength and Speed (“On-the-Ground” trust)

The region’s community capital, coupled with eager desire to build the nation as a premier BPO destination, reinforced by incentives to do so create a climate for success. Several known contacts (FoS) existing in the region will expedite go-to-market through trust built in the assessment process. This is not always the case. Many attractive BPO destinations lack this degree of community capital, and known, trusted entities. The region also has copious availability of short-term office real estate, with at least 9 options in Port of Spain, and an occupancy rate of 53% meaning you can move fast with office location and contracting.

Go-To-Market Strength and Speed Score: 4.1

Tax/Currency flow/Incentive considerations

The relatively high corporate tax rate (30%) will present EBITDA challenges that can be overcome through creative entity construction. Structuring the entity on a USD basis, versus local currency is an option, especially since the TT Dollar is overvalued and has been subject to accelerating inflation impacting foreign exchange. ***** would be eligible for several incentives. An unconventional master-feeder entity structure is possible in this region, albeit at forecasted additional legal costs of over $250,000. The governmental incentive structure WILL NOT fully mitigate the financial tax impact and should not be considered as a prime selection criteria. Relative to other BPO destinations, the incentives are moderate to low.

Tax/Currency Flow/Incentive Considerations Score: 2.4

Marketing Considerations

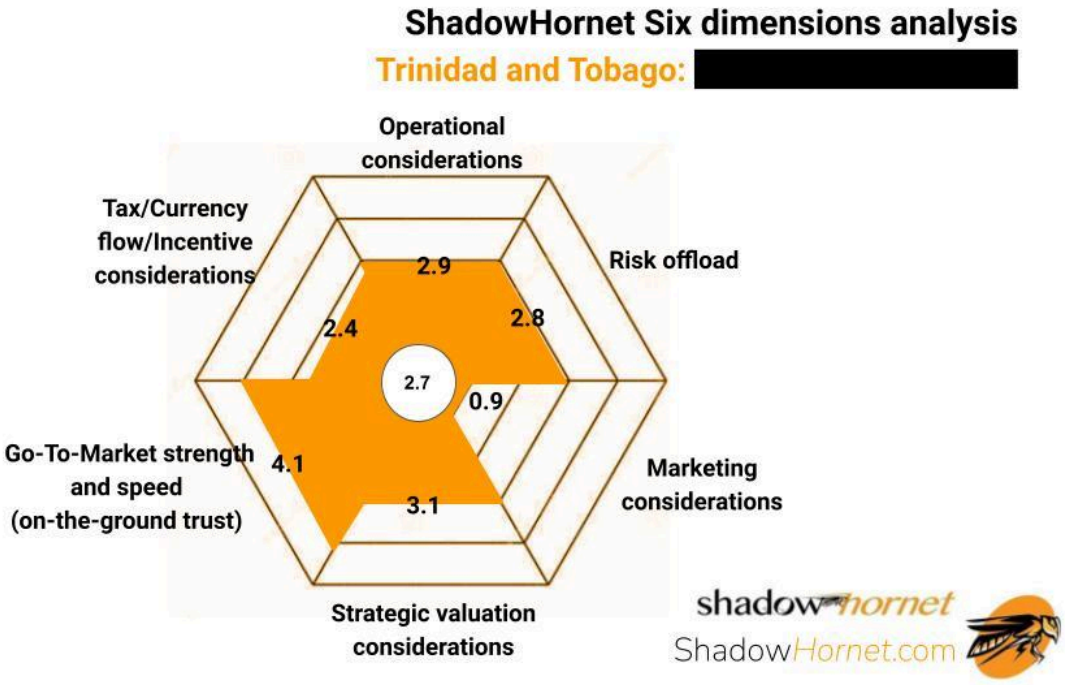
While the region has actively marketed itself as a premier BPO destination since 2005, it is not well known in corporate circles or in the US market. It is highly unlikely that access to the nation’s talent will create a perception of value without substantial marketing support. The workforce, while highly available in the target skill sets, is small relative to more well known outsourcing markets like India, Eastern Europe, and LATAM. It will take additional marketing investment, perhaps an infeasible level, to position a site selection of Trinidad and Tobago and

access to its workforce as a valuation driver. The valuation driver will have to come from direct financial synergies. In a short-term exit scenario, selection of Trinidad and Tobago would be seen as either a “strike” against valuation, or neutral at best.

Marketing Considerations Score: 0.9

Trinidad and Tobago Overall Six Dimensions Analysis Score:

2.7



Drill Down Analysis

In this stage we get below the data to make the intelligence from the Six Dimensions approach actionable. We will depict known assets in-region known to the firm and its network. These contacts are trusted, accountable and vouched for from ShadowHornet's experts, giving our clients a unique advantage in speed and confidence of go-to-market.

The Drill Down Analysis consists of the following areas:

1. Subregional assessment
2. Pipeline access (where)
3. Competitive environment/in-region players
4. Branding differentiation (ability to attract)
5. Partner environment
6. Legal/business entity strategies

Trinidad and Tobago Drill Down Analysis

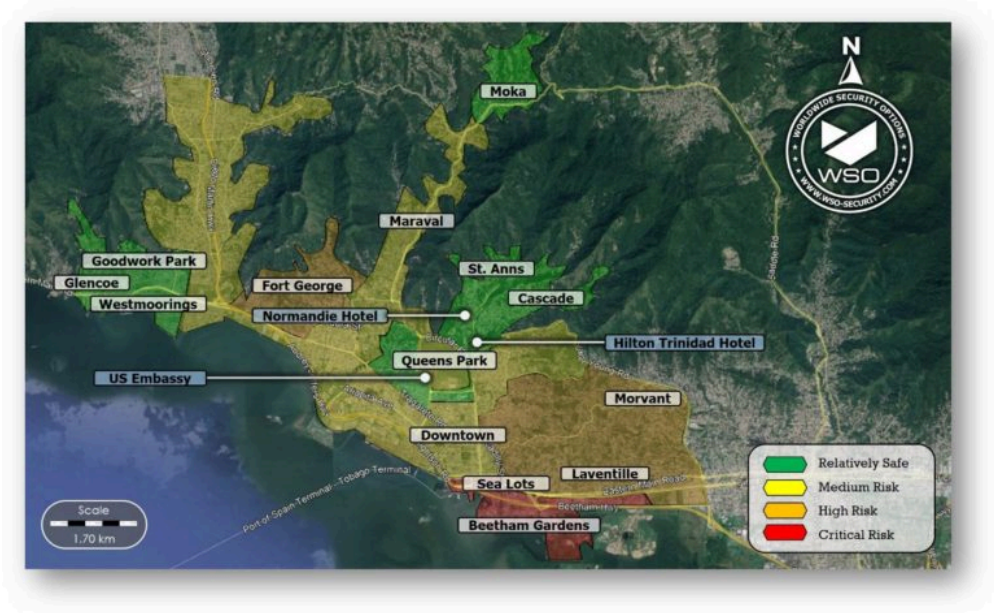
Subregional assessment

Site selection should emphasize the Port of Spain Central Business District, Saint Clair, and Saint James districts, depending on the desired cultural alignment. Caution is urged in both CBD and Saint James site selection as on-the-ground contacts reported at least 2 instances of crime impacting corporate business travelers, one a mugging, and one a vehicle break-in. The US Embassy is located in the Saint Clair district, abutting Queens Park.

Saint Clair is an upscale business district, with premier mixed use retail, commercial, and residential properties. Saint James is a vibrant, entertainment-focused district, where restaurants and attractions typically serve both young professionals and executive dining interests. If the destination is to be used in sales support, proximity to Saint James or Saint Clair is recommended, given the quality of the experience in these districts, hotel options, and the fact that public transportation is notoriously unreliable, meaning that taxi transit will be a likely necessity.

City District Overview

The Saint Clair District, just northwest of Queens park is regarded as a safe and upscale area. To its west, Saint James is also regarded as a generally safe area. While upscale hotels, such as the Hyatt Regency, Marriott, and Regus offices are located in the Sea Lots region, waterfront, the area between this area and the Port of Spain port facilities in the southwest CBD are rife with crime, warranting a WSO “Critical Risk” warning.



Pipeline access (where)

For BPO 1 - BPO 4 skill sets, [redacted] will likely base the majority of its sourcing efforts around the University of Trinidad and Tobago, the University of the West Indies, The College of Science, Technology, and Applied Arts of Trinidad and Tobago (COSTAATT), and Arthur Lok Jack School of Business. While 9 educational institutions develop similar targets, these feeders reputationally excel relative to other institutions. Arthur Lok Jack SoB regularly organizes regional and global events and is affiliated with UWI. Timetables could be accelerated because of FoS contacts at this institution. The University of the West Indies and University of Trinidad and Tobago both offer specialized course tracks in software engineering and development. Here are the likely recruiting targets for BPO1-3 entry-level talent.

For mid-level talent, regional staffing partners may be used in the initial seed phase of office build out, but are not necessary. FoS contacts can inform and influence established mid and senior level talent in this market, likely employed by Fujitsu, Payless, or IBM.

Institution	Feeder Program(s)	Applicable BPO Skill	Key Contacts (FoS)
University of Trinidad and Tobago	John S. Donaldson - IT; Computer, Network, Telecommunication Engg [Feeds Fujitsu, IBM]	BPO 1, BPO 2, BPO 3	Lisa Wharwood
University of West Indies	Dept of Elec and Computer Engineering - Bachelor's (entry) Masters track (mid) Computer application engineering [Feeds Fujitsu, IBM, Payless]	BPO 1, BPO 2, BPO 3, BPO 4	Dr. Ajay Joshi Dr. Arvind Singh
Arthur Lok Jack School of Business	Bachelor of International Business [Feeds IBM]	BPO 1 - only	Mariano Browne
Existing talent-in-market	Existing Employers	BPO 2, 3, 4; BPO 1 (mid - senior)	Sherron Joachim

Competitive environment/in-region players

[redacted] will mainly be competing for the top tier talent in the marketplace from the following major employers, who each have some semblance of a formal sustained relationship with the institutions, some established for over 15 years.

Four firms have expanded to Trinidad and Tobago or announced intended expansions in 2022. The market is clearly becoming more competitive, particularly for small to mid-tier custom development, support, and BPO organizations. [redacted] would likely fall between the island's top technology employers, and above the small and mid-tier BPO organizations to stake a competitive claim.

Below is a breakdown of the organizations for which you are most likely to directly compete for the mid-high level of talent in the region. Note that these have similar characteristics and may also serve as a source of talent for [redacted].

Competitor Firm	Estimated share of target BPO skillset	Competitive Tier	Competitiveness against this firm
Fujitsu	2.4%	Highest	Not likely to compete for talent effectively
Payless	2.1%	Moderate	Moderate success likely in competing for talent
iQoR	1.1%	Moderate	Moderate success likely in competing for talent
Laqtel	1.1%	Moderate	Moderate success likely in competing for talent
IBM	0.9%	Highest	Not likely to compete for talent effectively
CL Financial	0.9%	Moderate	Moderate success likely in competing for talent

Republic Bank	0.7%	Moderate	Moderate success likely in competing for talent
Central Bank of Trinidad and Tobago	0.6%	High	High degree of success likely in competing for talent
BMobile	0.3%	Moderate	Moderate success likely in competing for talent
Microsoft	0.2%	Highest	Not likely to compete for talent effectively
Caribbean Airlines	0.2%	High	High degree of success likely in competing for talent
Onshore Outsourcing	0.1%	High	High degree of success likely in competing for talent
Teleperformance	0.05%	High	High degree of success likely in competing for talent
Bill Gosling Outsourcing	0.01%	High	High degree of success likely in competing for talent

Branding differentiation (ability to attract)

If [redacted] wants to build operational effectiveness around the highest caliber talent in market, it will directly compete with the relationships built over this timeframe, as well as annual investments and fundings from Fujistsu, IBM, Payless, Microsoft, and more recently Amazon (at ultra small scale) in 2021.

ShadowHornet advises that this approach would likely lead to failure, given [redacted] orientation as a high performing, mid-tier development organization based on quality of delivery. A much more effective approach would be to target mid-tier talent at the more selective organizations, in an

almost supplementary capacity. This would enable the firm to build unique new relationships, and appeal more deeply to an accessible tier of candidate likely to remain loyal to [redacted] for several years.

Partner environment

The three strongest partners who would be most conducive to supporting *****'s business expansion efforts are the Arthur Loc Jack School of Business, the TT Ministry of Trade and Industry, and the Trinidad and Tobago Investment Promotion Agency (TIPA).

Arthur Loc Jack School of Business appears to be a logical starting point for pipeline partnership, beginning with a discussion about considering placing the school in prominence in its recruiting strategy. This conversation could be brokered immediately, and would have the added benefit of expanding the network into the University of the West Indies through its affiliation. ShadowHornet does not recommend partnership discussions with UTT, initially, as there is a pattern of information leaks to competitive parties outside of this ecosystem, which itself is dominated by Fujitsu and IBM.

Starting discussions with TIPA will place [redacted] as a potentially qualified Section 10E, (75:02) entity. This process can lead to beneficial exchanges between TIPA and [redacted] in forging relationships in Port of Spain, with a portion of [redacted] costs covered under Section 10E through TIPA. TIPA has extensive reach in Port of Spain, and can assemble audiences on short notice and request through the evaluative process.

Legal/business entity strategies

While not above-the-line, tax incidence and flow of funds back to the master [redacted] US entity will be key criteria for the appropriate entity discussion. Firms domiciled in Trinidad and Tobago are subject to a 30% corporate tax rate, with 12.5% VAT applying under several qualified circumstances. At least one firm, [redacted], has structured a Cayman-based master-feeder (reportedly a Cayman Unit Trust) as a tax shield, but this approach may be too complex for the limited scope of [redacted] initial activities. Given its requirements, [redacted] has several entity options, all commonly used in Trinidad and Tobago for firms expanding to the region. While ShadowHornet can advise on options commonly used, we do not furnish legal advice, and it is highly recommended that you consult a local specialist in business law as you

consider entity construction. We have provided two specialists below who are highly regarded in the Trinidad and Tobago code of business law.

Common Legal Structures in Similar Scenarios: Trinidad and Tobago

- General Partnership, Limited Liability Partnership with one foreign domiciled partner, one native partner.
- LLC with non-national ownership.
- Private Limited Company with local directorship, provides a degree of tax latitude. This mode is most common for BPO entities, and is used by an estimated 60% of BPO firms.
- Subsidiary: May be appropriate depending on assessment of actual business risk.
- Special Purpose Company (SPC): An SPC under Trinidad and Tobago law limits the range of allowed operational activities, but provides tax benefit and opens the door for multi-layered, multinational business ownership architectures.

Recommended Experts in Trinidad and Tobago Business Law, Entity Construction

Firm	Recommended Contact
M.G. Daly and Partners	Sashi Indarsingh
M.G. Daly and Partners	Tristan Alexander

Strategic Alternatives Recommendations

We estimate an 80% probability that [redacted] can achieve its EBITDA goals in Trinidad and Tobago over a three year period. It is vital that the firm meet critical stakeholders to forge independent assessments, and critically review the following plan to determine if it is feasible and in-line with current operating approaches. This is our recommended highest-confidence and fastest path to operationalizing in Trinidad and Tobago.

1. Consider operating versus tax and flow of funds objectives. Tax considerations are material, and entity structure will substantially impact actual operating results achieved versus flow of funds business results.

2. Focus on a PLC entity structure, this is an effective model consistently used by similar BPO companies with similar objectives.

3. Validate that Port-of-Spain is an acceptable regional location in the assessment. We urge that the vitality of this business district makes it a superior destination that operationally and culturally aligns. However, not all BPO entities have selected Port-of-Spain, opting for more suburban locations and other communities 8-10 miles east.

4. Make a determination of the real estate objective for the office environment. It does not appear under the holding horizon that purchase is necessary, and therefore short-term variable office real estate will be an effective mechanism to achieve goals. Since the office will be used as a sales destination on occasion, it is important to emphasize the client experience, and therefore, a Regus-type office environment may not be appropriate

5. Emphasize Saint James, Saint Clair region for real estate determination. If the Central Business District is desired, focus search east, northeast sub quadrants.

6. Forge relationships with Arthur Loc Jack School of Business first, in tandem with Trinidad and Tobago Investment Promotion Agency (TIPA). These entities will be able to

identify immediate candidates in the target skillset, and will be able to help you forge trusted relationships across the Port-of-Spain Market.

7. Consider a hosted event with Arthur Loc Jack School of Business to emphasize market entry and the unique angle [redacted] is taking in achieving its vision.
8. Strongly consider the marketing value of the location, which is clearly developing as a BPO destination, but not yet well understood enough to inherently create perceptual value
9. Emphasize black swan risk in FP&A financial modeling in the assessment phase. A Trinidad and Tobago operating baseline, based on financial data, looks structurally attractive, but the threat of operational disruption in this region, particularly since 2018, is real, and will likely adversely impact operations. Use disruptive events in forward financial models.
10. Consider if Cybersecurity can be appended to your desired BPO 3 or BPO 4 skillset. The focus on architecture, coupled with the regions clear focus and actual qualified workforce can be used both as a bolster to your operations, AND as a unique marketing narrative in a highly valued and competitive market arena (Cybersecurity and risk mitigation), that could enhance the strategic marketing value of this destination as a value driver.