

VISA APPLICATION OUTSOURCING

THE IMPACT OF DIGITIZATION
ON OPERATING MODELS,
PROFITABILITY & COMPETITION



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REPORT INTRODUCTION

The visa industry is a USD xxx bn global market where xxx of visa applicants apply for a visa using a visa application outsourcer.

As a specialist type of business process outsourcing (BPO), visa application outsourcing in its current form is more than two decades old. The visa industry is valued at USD xxx bn annually and is dominated by one company – VFS Global – which has a xxx% market share and by almost any metric is between xxx and xxx larger than any of its next competitors.

Despite the prominence of the industry, which touches the lives of c.xxx m people annually, very little has been published on how visa application outsourcing works. There are currently no comprehensive industry reports, little in the way of statistics and a complete lack of informed views on how visa application outsourcers, governments, and suppliers of enabling technologies engage to deliver these highly secure BPO services on a global scale.

Despite the prominence of the industry, which touches the lives of c.xxx m people annually, very little has been published on how visa application outsourcing works

Over the past five years, there has been significant investor interest in visa application outsourcing as the owners of VFS Global, private equity firm EQT, placed the company up for sale. During this time, at Souter Point we conducted

dozens of expert interviews with private equity firms, pension funds, sovereign wealth funds and strategy consultancies, all wanting to know how visa application outsourcing works and what the next decade has in store for the industry, particularly with regard to digitization.

After advising a consortium of investors looking to buy VFS Global, it became clear that high expectations were being placed on the continued outsourcing of the visa application process by greenfield client governments, along with increasing digitization of the visa application process.

Pre-Pandemic, visa application outsourcing was viewed as a niche market that exhibited strong fundamentals, a growth trajectory immune to the economic cycle and an untapped opportunity to leverage digital technologies to enhance profitability.

Pre-Pandemic, visa application outsourcing was viewed as an industry with strong fundamentals, a growth trajectory that was immune to the economic cycle and an untapped opportunity to leverage digital technologies

Of course COVID-19 hit, and the global travel market went into meltdown, but that investor interest in visa application outsourcing did not wane. In fact, in October 2021, when the international travel recovery was still highly uncertain, EQT offloaded a 90% stake in VFS Global to another institutional investor, Blackstone, for a reported USD 1.9bn. There was evidently belief that the market fundamentals were still strong, with growth returning at some point soon and a profitability improvement likely due to digitization.

Even with the recovery of international travel still unclear, in October 2021 Blackstone took a USD 1.9bn stake in VFS Global, the market leader

This belief is not without merit. There has certainly been a tendency for client governments to digitize more of the visa application process over the past five years, with increased use of online visa application forms, digital supporting documents and online payments. At the back end of the visa application process, e-visas are also becoming more prominent, with some of the largest issuers of visas like the Schengen Area and the UK planning to join the likes of Australia, India, Thailand, and the UAE in introducing e-visa schemes by the middle of this decade. Combined with technologies such as robotic process automation (RPA) and chatbots to improve productivity, as well as other opportunities to replace expensive human capital with technology like self-service queue management, self-service biometric enrollment kiosks and even remote biometric enrollment using a smart phone, it is easy to see how visa application outsourcing is ripe for digital transformation.

But how will these changes affect the incumbent visa application outsourcers like VFS Glob-

There has been a tendency for client governments to digitize more of the visa application process over the last five years

al, TLScontact, BLS International and the host of smaller, regional players? Having worked in the visa application outsourcing industry since 2009 as senior managers and independent consultants, at Souter Point we decided to find out.

We have produced this first-of-a-kind report into the visa application outsourcing industry and the impact of nine digitization initiatives on the status quo. Using published data, expert interviews with key executives at several companies involved in visa application outsourcing and our own knowledge of how this business works, we have produced a comprehensive overview of the industry and a detailed analysis of how digitization will impact the incumbent visa application outsourcer's operating model, profitability, and competitive positioning.

This first-of-a-kind report analyzes how digitization could impact the status quo, considering operating model, profitability and competitive positioning

We have also considered the time horizons impacts – that is, when we expect each of the nine digitization initiatives analyzed to take effect – as well as identifying any risks or limiting factors in our analysis.

As a final view on the impact of digitization on visa application outsourcing, we analyze what all nine digital technologies combined could look like for this industry over the 5–10-year time horizon, and what that would mean for incumbent visa application outsourcers.

Our analysis is the only informed, independ-

ent piece of research on the visa application outsourcing industry. As the interest in digitization of this industry grows, institutional investors, visa application outsourcers, providers of enabling technologies, governments and other research bodies will find this report's contents invaluable in establishing their own baselines for strategic planning.

Our analysis is the only informed, independent research on the visa application outsourcing industry, using research, data and expert interviews

From our research, we expect the new VFS Global majority shareholders Backstone to

Furthermore, due to the private ownership structure of most regional visa application outsourcers, there is potential for increased mergers and acquisitions activity as these businesses are unlikely to have the scale, resources, and capabilities necessary to make investment in digital technologies worthwhile.

The first part of this report focuses on the visa application outsourcing industry, detailing:

- Visas background;
- Visa market segmentation;
- Visa market analysis & growth forecasts;
- Key competitors;
- Visa application outsourcing;
- Visa application process;
- Added value services;
- Revenue models; and
- Procurement processes.

The second part focuses on the impact of nine digitization initiatives on the status quo, as well as analyzing the impact of all nine initiatives

together, covering:

- Online visa application forms;
- Digital supporting documents;
- Online payments;
- Self-service queue management;
- Robotic process automation (RPA);
- Self-service biometric enrolment kiosks;
- Remote biometric enrolment;
- E-visas; and
- Chatbots.

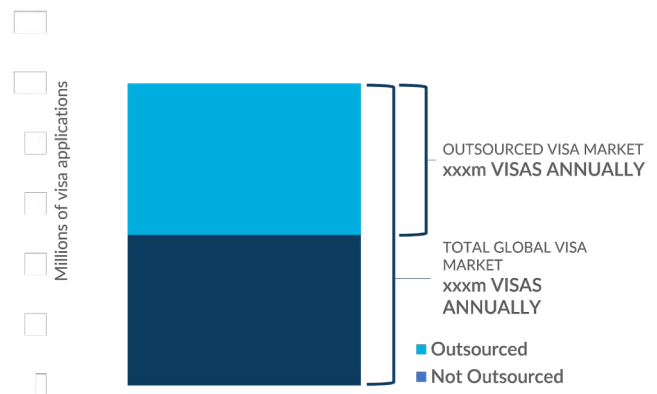
Throughout this analysis we cover the operating model, profitability, and competitive impacts on a typical visa application outsourcing contract. Our operating model analysis considers the impacts of digitization on people, process, and technology, using a traditional Schengen visa application process as a baseline. We analyse profitability impacts at an EBITDA level and consider how these impacts change if a visa application outsourcer has operations skewed towards three different combinations of low-, medium- and high-cost countries. The competitive analysis uses Porter's 5-forces model as a basis for analysing how industry attractiveness and competition are impacted by digitization. Furthermore, we introduce commentary on the time horizon impact of each digitization initiative, along with calling out the risks and limitation in our analysis due to the way client governments tend to behave.

This report is a comprehensive baseline in helping you understand the visa application outsourcing industry and how digitization may impact it so you may assess the industry's interest to your organization.

VISA MARKET ANALYSIS & GROWTH FORECASTS

Souter Point intelligence indicates that c.xxx m visas were issued in 2019 valuing the total visa market at USD xxx bn

In defining the visa market, we have considered either only countries that issue traditional visas or countries that require travelers to enroll their biometric data in person to arrive at the total market size for visa application outsourcers. Countries that use visas on arrival or ESTA-type pre-travel authorization systems that are 100% digital have been excluded from market analysis as they do not fall within the core business of visa application outsourcers.



Global Visa Market Size 2019 [sample data]
(Source: Souter Point analysis)

into the country. The UK (xxx %) and Schengen (xxx %) have similarly high correlations between the volume of international passenger arrivals and the number of traditional visas issued.

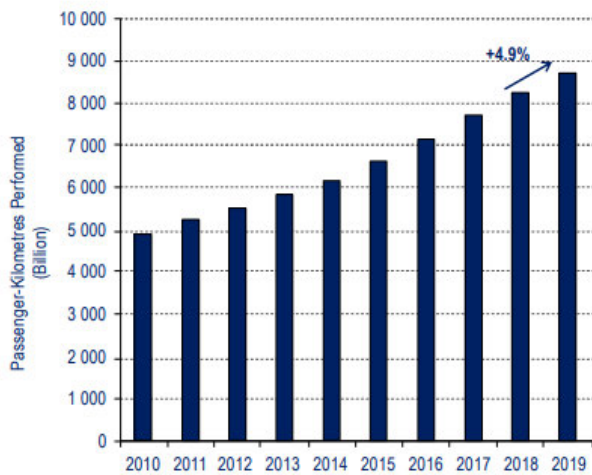
Visas issued and international passenger arrival volumes are intrinsically linked, with up to a xxx % correlation

According to ICAO data, revenue passenger kilometers (RPK) – a measure of international travel volume – rose by CAGR xxx % between 2014 and 2019, driving the fundamental growth in the visa market.

TOTAL VISA MARKET

From 2010, the total global market for traditional visas rose by a compound annual growth rate (CAGR) of xxx %, reaching xxx m visas in 2019. Our analysis indicates that this was driven by two underlying factors.

The biggest growth factor was the rise in international travel. There is typically a very high correlation between the volume of international passenger arrivals into a country and the number of visas issued. For countries like Australia, between 2014 and 2021 this correlation stood at xxx %, meaning that the number of Australia visas issued each year is intrinsically linked to the volume of international passenger arrivals



Revenue Passenger-Kilometres Performed 2010-2019
(Source: ICAO)

During this time, government visa policy changes - the second underlying factor in visa market growth - had a slight negative impact on the visa market growth rate, reducing it by a CAGR of xxx %. Government visa policy changes can work both ways – either reducing visa demand through liberalization schemes or increasing demand through a tightening of visa regimes.

Changes to client government visa policy can have a positive or negative effect on the total number of visas issued

Visa liberalization schemes may include the introduction of visa waiver schemes and the issuance of longer-term, multi-entry visas. Over the past decade, the Schengen Area has introduced visa waivers for countries such as the UAE, from where 225k Schengen visas were applied for in the last full year the Arab country was part of the visa regime in 2015. Meanwhile, countries like China, the UK and USA – as well as the Schengen Area – have started to issue longer-term, multi-entry visas to trusted or known travelers, meaning these individuals do not need to renew their visas every time they

wish to travel, dampening overall visa demand figures.

In terms of visa regime tightening, the largest example in recent years stems from Brexit and the UK's departure from the European Union. While EU nationals are still visa waived for short-stays, they must now apply for a UK visa if they wish to study, work or settle in the country. In our analysis of visa market growth through to 2019 the impact of Brexit is minimal as the UK only officially left the EU in the January of that year. However, we expect to see the number of longer-term UK visas rise in the short- to -medium term as a direct result of this event.

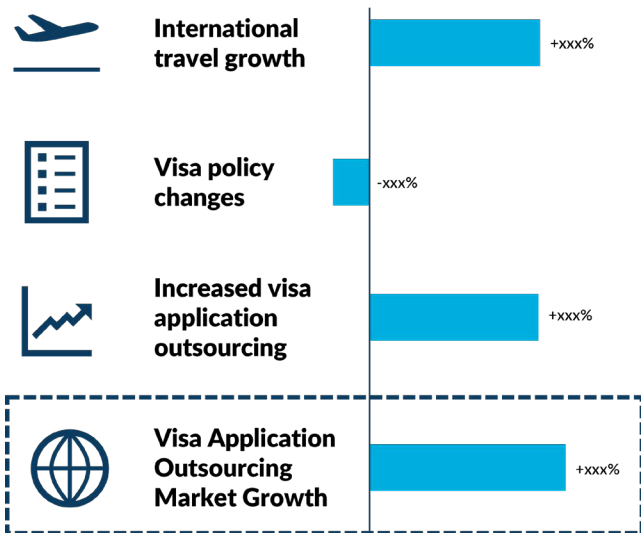
The net outcome between 2014 and 2019 was that government visa policy had a small, negative impact on the visa market growth of just CAGR xxx %, giving an overall CAGR of the global visa market between 2010 and 2019 of xxx %.

VISA APPLICATION OUTSOURCING MARKET

Souter Point data indicates that in 2019, the market for visa application outsourcing stood at circa xxx m visa per year – xxx of the total global market for visas. The remaining xxx of the visa market were traditional visas that were yet to be outsourced and were handled directly by client governments.

The outsourced visa market experienced explosive growth between 2014 and 2019, driven by greater client government outsourcing. From xxx m outsourced visa applications per year in

The visa application outsourcing market grew by CAGR xxx % between 2010 and 2019



Key Drivers of Visa Outsourcing Market Growth 2010-2019 [sample data]
 (Source: Souter Point analysis)

2014, the market grew by CAGR xxx % to 2019 – of which xxx % was driven by more outsourcing.

This growth was a combination of new countries beginning to outsource for the first time (e.g., Dominican Republic, Lebanon, Laos, Slovakia and Ukraine), in addition to a major new tranche of visa application outsourcing conducted by the UK government, with a contract for 750k annual onshore visa renewals let to Sopra Steria in 2018.

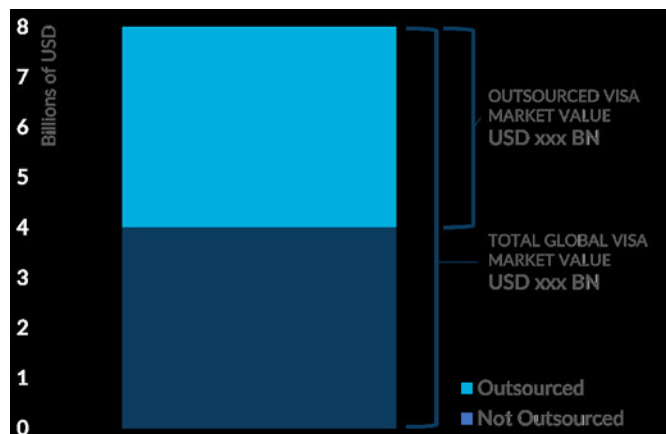
We estimate the global visa market value in 2019 was USD xxx bn, with an outsourced visa application market value of USD xxx bn. To calculate the global market value for visas, we conducted in-depth analysis of 117 core service fees and over 1,000 added value service (AVS) fees charged on the most popular visa routes.

The 2019 global visa market was worth USD xxx bn, with an outsourced visa application market valued at USD xxx bn

We combined this with Souter Point intelligence to define a price per application for contracts that operated under a government-pays revenue model. We then created a detailed financial model from the bottom-up to determine a distribution between core service fees to AVS fee to arrive at an average revenue per visa application. Using the global visa market and outsourced visa market calculations for market size, we were able to estimate the total market value for visas, as well as the value of the outsourced visa market.

The weighted average revenue per visa applicant was USD xxx in 2019, split xx:yy between core service fee and AVS fee

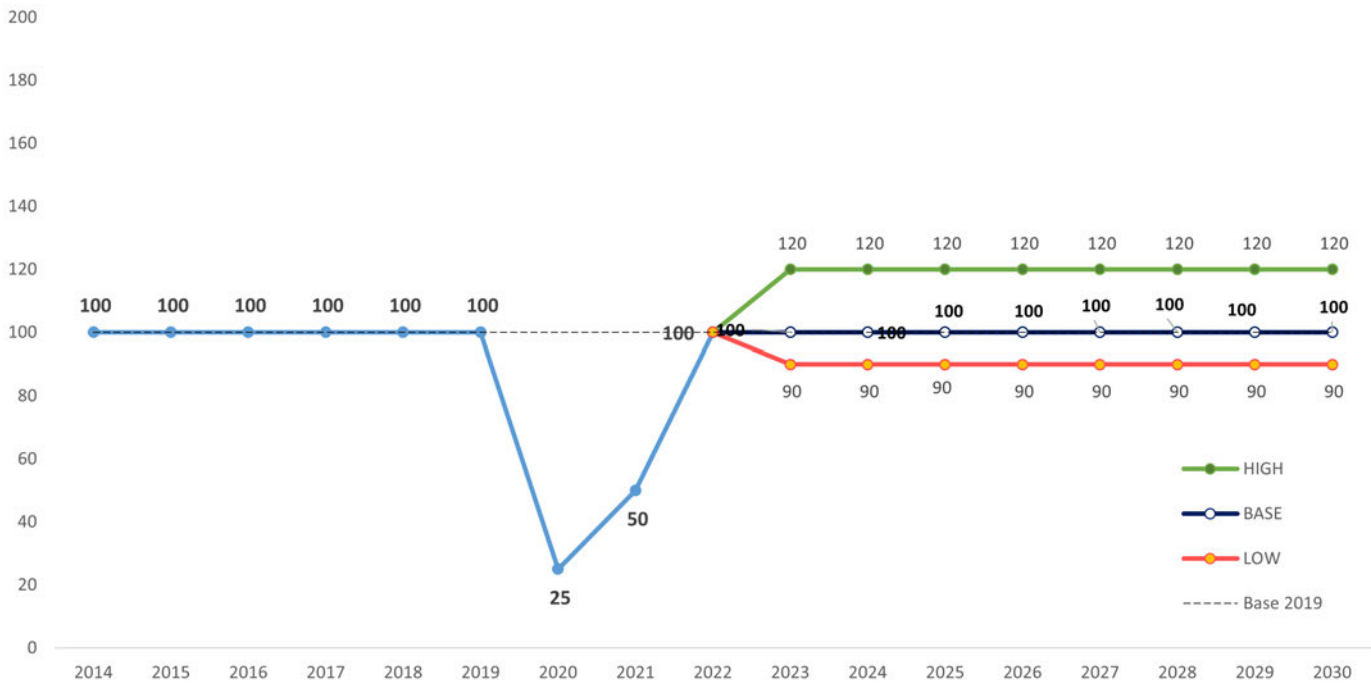
MARKET VALUE



Global Visa Market Value 2019 [sample data]
 (Source: Souter Point analysis)

Our analysis indicates the weighted average revenue per visa applicant in 2019 was USD xxx. This comprised of an average core service fee of USD xxx and an average AVS fee of USD xxx, a split of xx:yy. When applied to a global visa market size of xxx m and an outsourced visa market of xxx m, we valued the 2019 visa market at USD xxx bn of which USD xxx bn was outsourced.

FUTURE MARKET GROWTH



Total Global Market for Visas Growth Forecast 2014-2030 [sample data]
 (Source: Souter Point analysis)

At the end of 2022, we estimate that the global market for visas stood at c.xxx % of its 2019 volume, with xxx m visas applied for worldwide. Regions such as Europe and North America have led the recovery from the Global Pandemic as they were the first regions to fully re-open, but the Asia Pacific region – and predominantly, China – has applied somewhat of a brake to a full recovery.

In mid-2022, European Travel Commission and Oxford Economics research indicated that world international travel was still c.xxx % of 2019 levels. International traveler arrivals are expected to reach xxx % of their pre-Pandemic figure by xxx, with a full recovery anticipated from xxx. Due to the correlation between inter-

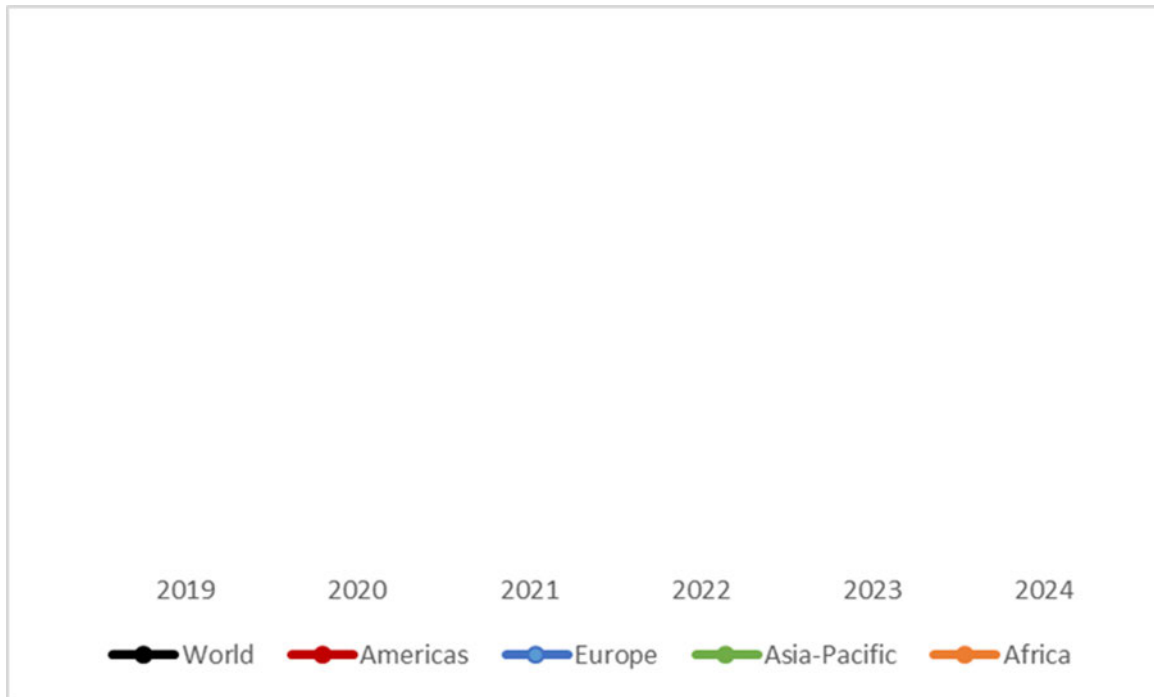
The global visa market is expected to fully recovery from the Pandemic by xxx and return to long-term growth rates thereafter

national travel and visas applied for – plus the fact that many multi-year visas will have expired during the period when international travel and visa services were suspended – Souter Point analysis indicates that a full recovery of visa volumes to pre-Pandemic will occur in xxx, reaching xxxm visas.

The re-opening of China is good news for the global visa market, but the big unknown at present is when visa issuing activity will return to Russia

From xxx, we expect long-term international travel and visa volume growth rates to return, save for any further major geopolitical event that could stymie growth recovery.

The re-opening of China at the end of 2022 is good news for the visa market, as China is typically one of the largest source countries for visa applications.



Source: European Travel Commission; Oxford Economics; Souter Point analysis

World International Travel Indexed at 2019 Levels [sample data]

(Source: European Travel Commission; Oxford Economics; Souter Point analysis)

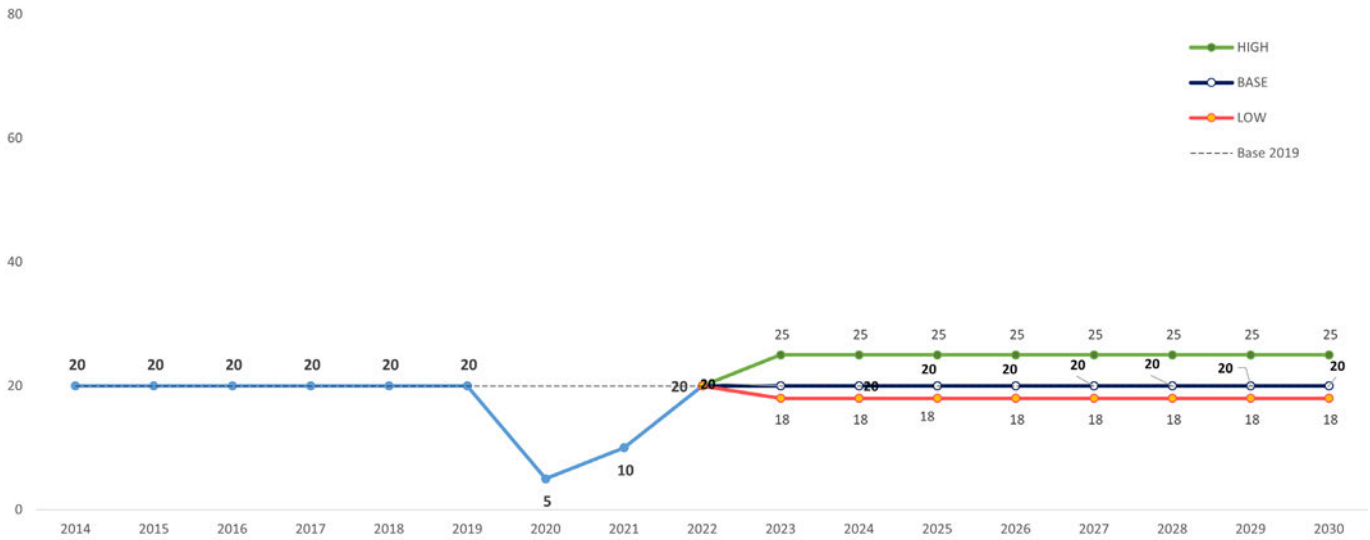
With the introduction of biometric data collection for Chinese citizens by Australia at some point between 2023/2024 (see the Australia detailed analysis below for more details), a further xxx m to xxx m visa applications annually will require a visit to a visa application center.

The big unknown at present is when and how international travel and visa issuing activity will return to Russia and Ukraine on the scale it has previously experienced. Similar to China, Russia is typically one of the largest source countries for visa applications and with the suspension of international flights to Europe, North America and other regions, demand for visas from Russia has plummeted since the invasion of Ukraine in February 2022. A visa application outsourcer for one major European destination we spoke to told us that visa volumes from Russia were at just xxx % of historic levels. While Ukraine itself has a substantially lower number of visas issued each year, it does make up a large proportion of visa activity to surrounding Schengen countries

as well as a non-trivial number of visas to other destinations.

The outsourced visa market is similarly expected to recovery by xxx, reaching xxx m visas. Growth will continue until the end of the decade, with a CAGR of xxx % between 2022 and 2030, reaching xxx m visas by 2030. The view of several industry experts we spoke to is that very few major greenfield visa routes are likely to come to market to the end of the decade as the largest visa markets are already outsourced. The remaining xxx of the total addressable market are a combination of:

- Routes with relatively low traffic (e.g., most visa national traffic into Africa);
- Long-stay visa applications that will be retained by client governments (e.g., many Schengen countries); or
- Governments that have no current plans to outsource the visa application process (e.g., most of Latin America).



Outsourced Visa Market Growth Forecast 2014-2030 [sample data]
 (Source: Souter Point analysis)

While it is possible we will see more lucrative routes in Asia outsourced – such as [REDACTED] – history indicates that such deals, if they ever actually come to market, will be heavily skewed towards domestic companies that typically do not operate visa services. [REDACTED]

[REDACTED]

In creating these market growth forecasts we have also applied high- and low-case scenario calculations to illustrate potential market growth if underlying factors are stronger or weaker than modeled in our base case.

In our high-case scenario, the total global market for visas reaches xxxm by 2030, of which xxx m will be applied for through a visa application outsourcer. Our low-case scenario has slower growth, with xxx m visas applied for in 2030, of which xxx m will go through a visa application outsourcer.

To provide deeper insight into our modeling, we have analyzed the markets for six major countries and regions, producing visa demand forecasts to 2030. Our Anglosphere client government market segment has been analyzed, consisting of Australia, Canada, New Zealand, the UK, and the USA, as well as our Schengen client government market segment, made up of the 26 nations of the Schengen Area.

KEY COMPETITORS

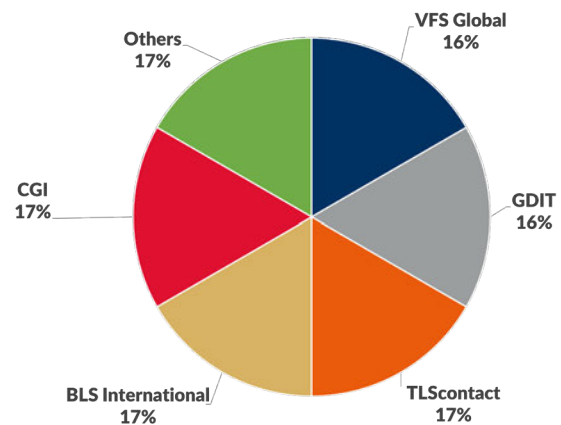
The visa application outsourcing market is at best an oligopoly, with a high degree of monopolistic competition.

The visa application outsourcing market is at best an oligopoly, with a high degree of monopolistic competition. The industry leader, VFS Global, has a xxx % global market share by visa volume, and while other players offer higher degrees of competition regionally and within the wallet share of government clients, it is hard to characterize the visa application outsourcing industry as anything other than highly centralized between a few key firms.

The No.2 firm in the visa application outsourcing industry is open to dispute, depending upon how size is measured. Based on the number of annual visa application processed, the No.2 spot goes to xxx, with a xxx % market share due to [REDACTED]

[REDACTED] Considering number of client governments, then, xxx is second, working for xxx client governments. However, considering [REDACTED], xxx is the second largest player in the industry.

The largest players have global presences in most (if not all) global regions and tend to work with the largest and most sophisticated client governments in the Anglosphere and Schengen market segments. VFS Global has a broad spread of xxx client governments in all outsourced



Visa Application Outsourcing Market Share by Visa Volumes Processed 2019 [sample data]
(Source: Company data; Souter Point analysis)

market segments, while TLScontact is skewed more towards the Anglosphere and Schengen. BLS International, by contrast, has more client governments in the Experienced - Rest of the World and Schengen segments, illustrating how each company has set growth objectives with different types of client government. CGI - along with GDIT - only works for the US government.

In this section we analyze the Top 5 players in more detail, as well as commenting on prominent regional players and specialist suppliers to the industry.

VFS GLOBAL



OWNERSHIP

OPERATIONAL FOOTPRINT

NO. OF VISA CENTERS

NO. OF GOVERNMENT CLIENTS

NO. OF COUNTRIES

ANNUAL VISA VOLUME



VFS Global Company Overview [sample data]
(Source: Company data, Souter Point intelligence)

VFS Global is the undisputed market leader in visa application outsourcing, processing by far the largest number of visa applications annually, working for xxx the number of national governments compared to xxx, the competitor with the next most diverse client base, and operating more than xxx the number of visa application centers than [REDACTED].

With xxx different government clients, VFS Global has a highly diversified contract portfolio across all client government segments and global coverage, making it less susceptible to changes in visa demand for any one region of the world. Major clients include Australia, Canada, India, Saudi Arabia, the UK and USA (the latter as a subcontractor to prime contract, CGI).

VFS Global pioneered the concept of a 'joint visa application center' - a single office that handles visa applications on behalf of more than one client government - and c.xxx% of the company's visa application centers are of this variety.

Formerly part of the Kuoni Group, VFS Global is privately owned by institutional investors. Former majority owner EQT, a Swiss private equity firm, put VFS Global up for sale in 2019, which attracted significant interest from other institutional investors. While that deal eventually fell through, with industry sources citing a failure of bidders to reach valuation as the primary reason, in October 2021, private equity firm Blackstone paid USD 1.9bn for a 90% stake in VFS Global, with EQT holding the remaining 10%.

[REDACTED]

[REDACTED]

[REDACTED]

CGI



OWNERSHIP

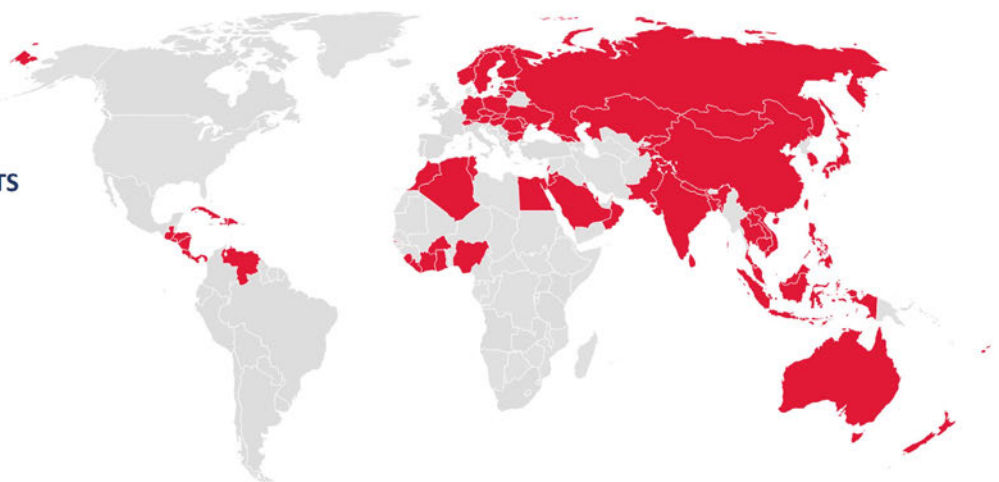
OPERATIONAL FOOTPRINT

NO. OF VISA CENTERS

NO. OF GOVERNMENT CLIENTS

NO. OF COUNTRIES

ANNUAL VISA VOLUME



CGI Company Overview [sample data]
(Source: Company data, Souter Point intelligence)

Canadian IT services company CGI acquired a US Department of State framework contract holder to enter the visa application outsourcing industry. The company uses VFS Global as an in-country subcontractor on this contract, in

the same way PAE is using TLScontact and GDIT uses BLS International.

CGI entered the visa application outsourcing market in 2010 when it acquired Stanley, a US

Department of State framework contract holder. While the company has frequently entertained bids for other major global visa application outsourcing deals - such as those by Canada, Spain and the UK - industry sources indicate [REDACTED]

[REDACTED]

As would be expected of a large IT service company, CGI's technical capabilities are strong. However, the company's core business is en-

terprise-class solutions, which are typically [REDACTED]

GENERAL DYNAMICS IT



OWNERSHIP

OPERATIONAL FOOTPRINT

NO. OF VISA CENTERS

NO. OF GOVERNMENT CLIENTS

NO. OF COUNTRIES

ANNUAL VISA VOLUME



General Dynamic IT Company Overview [sample data]
(Source: Company data, Souter Point intelligence)

GDIT is a USD 6bn IT services company and has been active in visa application outsourcing for more than a decade - although not for obvious reasons. [REDACTED]

[REDACTED]

In 2009, the US Department of State awarded, what was then CSC, a position on its 10-year global visa application outsourcing framework contract. When CSC was broken up in 2015 and a new entity, CSRA, created, the Department of State framework went with this new company. CSRA in turn was then acquired by GDIT in 2018, along with the visa application outsourcing business...

THE IMPACT OF DIGITIZATION

The visa application outsourcing industry is yet to take full advantage of the opportunities digitization offers.

As TLScontact CEO, Simon Yoxon-Grant put it in a recent CX Files interview, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]” Marc Ueckermann, Chief Technology Office at Xenith Technologies, has some sympathy with client governments in this regard as “ [REDACTED]

[REDACTED]
[REDACTED]”.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] To therefore make this report as applicable as possible to the way the visa application outsourcing industry actually works, we have analyzed nine different digitization initiatives to illustrate their individual impacts on visa application outsourcer operating models, profitability and competitiveness individually, covering:

- Online Visa Application Forms;
- Digital Supporting Documents;
- Online Payments;
- Self-service Queue Management;
- Robotic Process Automation;

- Self-service Biometric Enrolment Kiosks;
- Remote Biometric Enrolment
- E-visas;
- Chatbots.

As procurements occur infrequently - Bill Sillery, an independent identity management consultant, states that “*procurement cycles [for] most contracts last 5-7 years*” - we have also considered the time horizon impact of each technology, as well as identifying any risks or limitations of its implementation.

In a final section, we combine all nine digitization initiatives to demonstrate what a fully Digitally Transformed Visa Application Center could look like - truly evolving the way this industry works.

We close this report with a conclusion on what visa application outsourcers - and client governments - need to do to take advantage of the opportunities digitization offers, as well as the defensive steps needed to avoid value erosion and profitability reductions.

ONLINE VISA APPLICATION FORMS

Online Visa Application Forms have a xxx impact on visa application out-sourcers, even when analyzing the most technically complex type that are integrated with client government caseworking systems.

The operating model impact of Online Visa Application Forms is greatest on the technology front. The development of an Online Visa Application Form is relatively simple, however system integration with client government systems creates complexity. The flip side, is that this integration creates xxx [REDACTED].

As all visa application form data has been entered online by the visa applicant the Data Entry step at the visa application center is eliminated, reducing average processing time by xxx% - or xxx minutes.

However, the EBITDA impacts are xxx - our base case model shows a +xxx base point (bps) increase in profitability due to the introduction of Online Visa Application Forms, with [REDACTED].

Currently, Online Visa Application Forms are being xxx - particularly with Schengen States - and we expect this to continue, which risks [REDACTED].

xxx%
reduction in average handling
time

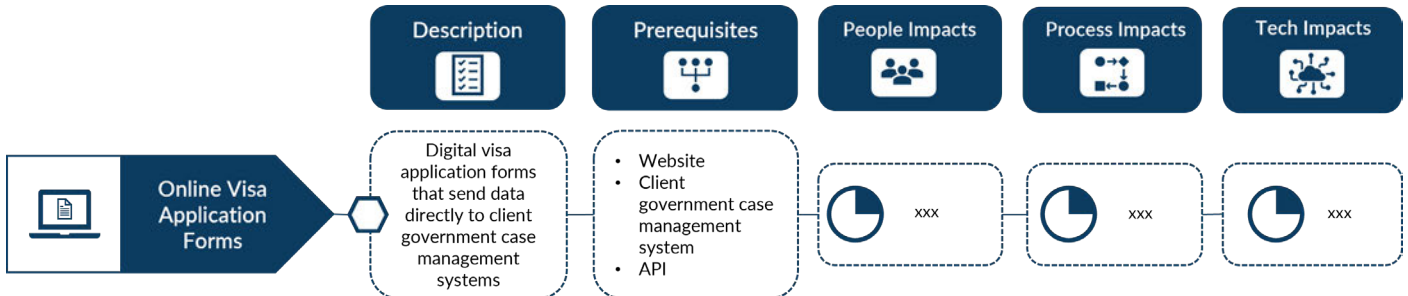
+xxx bps
increase in EBITDA margin

xxx
from xxx

xxx
likely by client governments in
the Medium Term

xxx Risk
negatively impacting customer
experience

OPERATING MODEL IMPACTS



Online Visa Application Forms Operating Model Impacts [sample data]
(Source: Souter Point)

The people and process impacts of Online Visa Application Forms are xxx as they change

However, technology impacts are xxx as



What are Online Visa Application Forms?

A visa application form is mandatory for every visa application. Forms can range in complexity from a straightforward, three-page document for a Schengen visa application to a dozen or more pages for a UK visa application.

Handwritten visa application forms are still in use by many governments - sometimes not through choice, with industry experts commenting that countries can have legislation that compels them to continue to accept handwritten forms - but the Anglosphere and many Schengen nations now make significant use of Online Visa Application Forms in various formats.

Digital Forms are the simplest type of online visa application form, which essentially recreate the paper form online, offering few benefits other than making it more legible.

Digital Forms with QR Codes are more advanced with form data encoded in QR codes once saved. The forms and QR codes are printed by the visa applicant and scanned at a visa application center to automatically populate an online database, saving on Data Entry.

Integrated Forms linked directly to a client database and/ or a visa application outsourcer case management system (CMS) transfer data directly to caseworking systems and are the most sophisticated, particularly when they include dynamic questions that change depending upon previous answers provided by the visa applicant.

Integrated Online Visa Application forms will be analyzed as they offer the most benefits of a transformation initiative.

People Impacts

Online Visa Application Forms fully remove Data Entry requirements at the visa application center. At scale, this can result in a lower visa application center labor costs; however, as in practice it is rare outside very large visa application centers (processing 50,000+ visa applications annually) to have dedicated Data Entry personnel the labor cost reduction potential is minimal.

Process Impacts

The removal of Data Entry entirely eliminates the data entry step in the visa application center process, saving on xxx minutes of application processing time - or xxx % of total processing time. Online Visa Application Forms offer [REDACTED] for floorspace and asset quantity reduction. [REDACTED]

[REDACTED]

Process efficiency improvements of up to xxx % are feasible through the elimination of Data Entry

Real-world impacts are only experienced when [REDACTED]

[REDACTED]

[REDACTED]

Technology Impacts

Online Visa Application Forms have a xxx technology impact as they require development, integration with other systems and a high level of ongoing cybersecurity.

[REDACTED]

Online Visa Application Form development is straightforward, the challenge is xxx

Online Visa Application Forms introduce cybersecurity risks as they provide a larger surface area that nefarious actors could exploit, such as denial of service attacks that can render Online Visa Application Forms inaccessible.

Online Visa Application Forms also need to be protected against [REDACTED]

[REDACTED]

While Online Visa Application Forms may seem like a simple technology on the surface, their complexities lie in ensuring [REDACTED]

is offset by cost savings in xxx (+xxx bps) and xxx (+xxx bps) possible in [REDACTED]

[REDACTED]

AVS uptake rates [REDACTED]

[REDACTED]

This EBITDA margin xxx by +xxx bps in our Low-cost operating countries scenario and +xxx bps in our High-cost operating countries scenario, driven by [REDACTED]

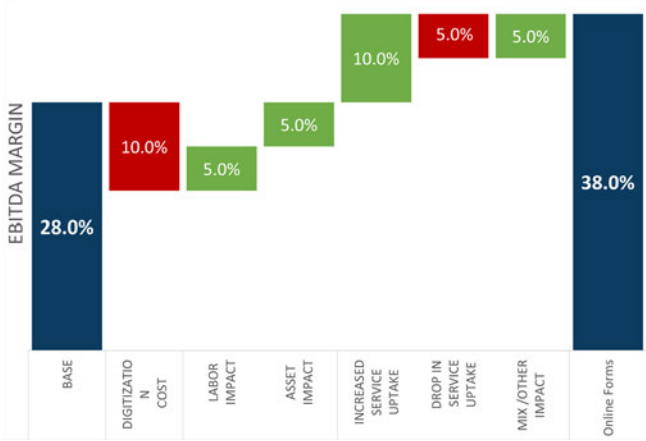
[REDACTED]

+xxx EBITDA margin improvement is feasible, and up to +xxx bps in High-cost operating countries

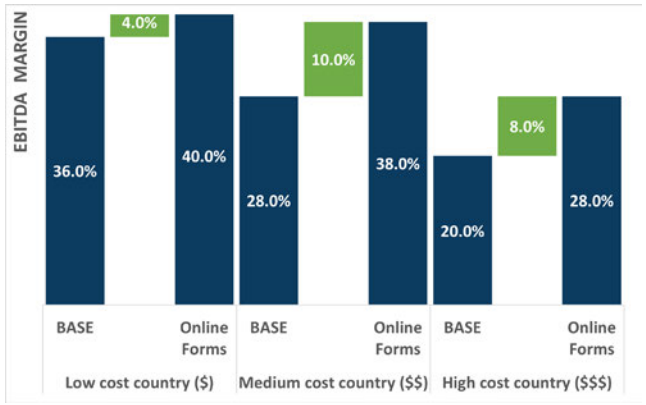
Overall, the profitability impacts of Online Visa Application Forms are xxx. Visa application outsourcers will experience the largest gains

[REDACTED]

PROFITABILITY IMPACTS



Online Visa Application Forms EBITDA Bridge - Base Case Scenario [sample data]
(Source: Souter Point analysis)






Online Visa Application Forms EBITDA Bridge - Low/Base/ High Cost Operating Scenarios [sample data]
(Source: Souter Point analysis)

The profitability impact of Online Visa Application Forms is xxx, xxx EBITDA margins by +xxx bps to xxx % in our base case scenario.

The ongoing cost impact of -xxx bps of EBITDA margin is due to [REDACTED]. However, this

COMPETITIVE IMPACTS

| | |
|--|---|
| COMPETITIVE RIVALRY <ul style="list-style-type: none"> • Uses commercial off-the-shelf technology • xxx |  MODERATE |
| BARGAINING POWER OF VISA APPLICATION OUTSOURCERS <ul style="list-style-type: none"> • Online Visa Application Forms are xxx • Integration creates xxx |  MODERATE |
| BARGAINING POWER OF CLIENT GOVERNMENTS <ul style="list-style-type: none"> • Client government risk of xxx • xxx not an important factor |  MODERATE |
| THREAT OF SUBSTITUTES <ul style="list-style-type: none"> • Technology is xxx • xxx |  MODERATE |
| THREAT OF NEW ENTRANTS <ul style="list-style-type: none"> • xxx • Government policies xxx |  MODERATE |

Online Visa Application Forms Competitive Impacts
(Source: Souter Point) [sample data]

Online Visa Application Forms have a xxx to xxx impact on the visa application outsourcing industry's attractiveness.

As Online Visa Application Forms are [redacted]

[redacted]

Which organization provides the Online Visa Application Form technology is [redacted]

[redacted]

The bargaining power of client governments is [redacted]

[redacted]

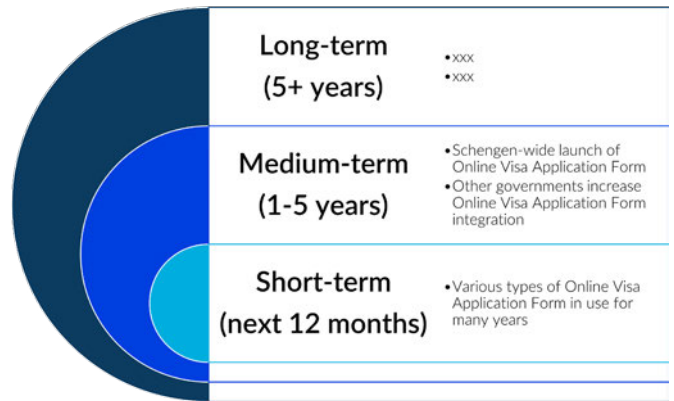
[redacted]

Bargaining power of xxx is xxx, with a persistent threat of xxx

We do not envisage [redacted]

[redacted]

TIME HORIZON IMPACT



Online Visa Application Forms Time Horizon Impacts
(Source: Souter Point) [sample data]

Online Visa Application Forms have been around for over a decade. The UK has used integrated Online Visa Application Forms overseas since 2014, as has the USA for a similar time period. Meanwhile, Canada and Germany have used digital visa application forms that generate 2D barcodes for 10+ years.

But what we are now seeing - and Souter Point's research indicates this will become more prevalent in the medium-term - are two dynamics at play.

The first, is that integrated Online Visa Application Forms will [REDACTED]

[REDACTED]

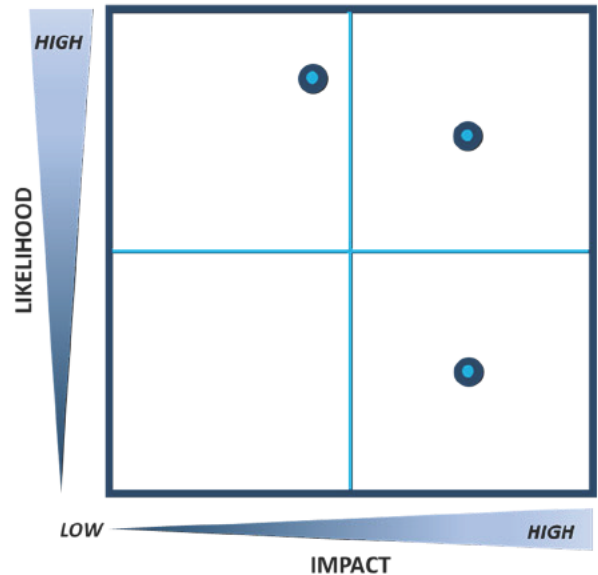
Secondly, we are seeing a tendency for [REDACTED]

LIMITATIONS & RISKS

Online Visa Application Forms are a simple technology but they do have dependencies and risks associated with their introduction.

Dynamic Form Complexity

Digitizing a Schengen visa application form - which has a standard 32 questions no matter which type of Schengen visa application is being made - is straightforward. Questions are either



Online Visa Application Forms Risks and Limitations (Source: Souter Point) [sample data]

mandatory or optional and turning it into an Online Visa Application Form does not require any complex logic or business rules.

More complex types of Online Visa Application Forms - such as those used by the UK - are dynamic, and are not so much a 'digital version of a paper form' but rather a series of questions that dynamically select the next question based upon the answer provided by the visa applicant.

Dynamic Online Visa Application Forms require logic and business rules to determine which questions to serve the visa applicant. These rules may be complex and will require careful development and ongoing audit to ensure they function as expected.

Client Government Technology

Client governments need a way securely to receive and casework Online Visa Application Form data. Online Visa Application Forms work best when integrated into client government systems, but this cannot always be guaranteed due to the reliance on client governments having appropriate technology and the will (and funding) to establish an integration.

Visa application outsourcers face a large risk

SUMMARY

Online Visa Application Forms are becoming more common and there is evidence they are also becoming more integrated with client government systems. However, there is also a trend of

Online Visa Application Forms technology is

Online Visa Application Forms have a xxx profitability impact, xxx raising EBITDA margins by +xxx bps in our base case. There is xxx AVS impact

Our research shows that Online Visa Application Forms will become more common and more integrated over the course of the decade, however we believe visa application outsourcers must ensure



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