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Male Speaker:	In the US, Infosys Consulting is the next generation consulting model, which combines high-end consulting with the benefits of the global delivery model, which provides high value to the customer. Steve Pratt and Paul Cole will jointly make this presentation over videoconference from Fremont. It is about 10:30 pm for them on Sunday night. I would now like to introduce to you Steve. Steve can you please raise your hand. Steve is the CEO and Managing Director of Infosys Consulting. Steve has over 20 years of experience in business consulting. He was elected as one of the top 25 consultants in the world in 2003. His primary area of expertise is in helping clients improve the value of their relationships with their customers and to become more competitive. He has an established track record of growing innovative consulting practices that excel at client service. Prior to joining Infosys Consulting, Steve was with Deloitte Consulting since 1992. He was elected to Braxton Board of Directors in 2003. I would now like to introduce to you Paul Cole. Paul is the Managing Director of Infosys Consulting. Paul can you please raise your hand. For the majority of the past 23 years, Paul has focussed on leading and growing successful consulting practices. Prior to joining Infosys Consulting, Paul was with Cap Gemini Ernst & Young since 1995. At Cap Gemini Ernst & Young, he was the Head of Global Operations in 2003 and 2004. Paul has a proven track record in new business development and client service. Most recently, he demonstrated superior managerial and operational expertise as Head of Operations for Cap Gemini Ernst & Young. Over to Steve and Paul.
Male Speaker:	Thank you Kakal. We will now hear about the opportunities and challenges in the Asian markets from Sriram. He is participating over videoconference from Tokyo. He believes that the growth of a region is dependent on the medals you win in the Olympic games. Asia-Pacific is an important market for Infosys and contributes about 10% of Infosys' revenues. Sriram heads the Asia-Pacific business unit for Infosys Technologies Limited. He is a member of the board of Infosys Technologies Company Limited, Shanghai, and also of Infosys Technologies, Australia. Over to Sriram.
	Sriram, we cannot hear you. Sriram, you are not audible here.
V. Sriram:	Can you hear me now?
Male Speaker:	Yeah, we can.
V. Sriram:	Okay, I will talk about what are the moves we are making in Asian markets, what does it mean to Infosys, and specifically in the various markets that we operate in. Can we go to slide number 2 please? All of you are familiar with this. I will not get into the safe harbor conditions. Please do not construe anything as a forward-looking statement here. Going to slide 3, which was the reference that was made in the introduction about why I think Olympics has got something to do with the markets in Asia. If you go to the next slide, which is slide number 4, this gives the history of nations in the Olympic games in the last 20 odd years. And there is a very clear trend and that is that the predominantly strong western nations, their medal count is slowly coming down, and even if you look at the current games that just finished yesterday in Athens, you will find that in the top five countries, we have Australia, Japan, and China which are really part of my portfolio as far as the Infosys business is concerned. If you go to slide 5, there is a summary slide on world markets and Asia-Pacific markets. The key is the bottom two rows which is shaded in yellow. Asian region is roughly about 100 billion plus and it is growing at a rate of about 8% plus compounded as per Gartner. So it is a fairly large opportunity, and our approach to Asia-Pacific, which is on slide 6, is really we need to understand the need for variations of strategy in various markets that we work in within Asia. Mr. Murthy talked about the cultural diversity and Asia probably along with Europe are the two regions where the diversity is the highest. We need to really understand and leverage the cultural diversity to our advantage. Obviously, we have to make sure that our solutions are in line with what the market needs and do the appropriate investments so that we can reap long-term benefits.
	If you go to slide 7, there was a reference of this made by Nandan on how do we stay ahead of the game by innovating further on the global delivery model and this slide represents a view of what the next generation model looks like. Like everything else that this company has done, we want to keep client at the center of the things and there is a ring which is the client facing ring which is really the market side, and as far as my portfolio is concerned, we are really looking at Japan, Asean countries; Hong Kong, Taiwan,

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Australia, and China. And then we have the global hub, if you will, which is India and China, and we want to make sure that these three entities, that is, the client, the market side piece of Infosys, and the global hubs are connected very seamlessly to provide a scalable, a robust, a culturally very close to the client business model which is very very hard to duplicate. Slide 8 talks about what does Infosys achieve in Asia-Pacific in terms of numbers. Our history relatively is shorter; if you look at the last 7-8 years, we have been growing at a compounded rate of 100% plus albeit on a low base. On a LTM basis, as of Q1 end, we are looking at revenues in excess of slightly over $100 million. Slide 9, as was mentioned in the introduction, we are close to about 10% of the revenues. We operate out of six offices; Tokyo, Hong Kong, Shanghai, Beijing, Melbourne, and Sydney, and have in excess of 2000 people. If I jump over to slide 10, this gives the revenue split. Basically the two major markets are Japan and Australia, and greater China and the others are just beginning to emerge.

I will now spend a little time on markets in Asia-Pacific. If you can go to slide 11 please. As, I am not sure if you can recognize the athletes from the various countries here. The main markets are really Japan, Australia, China, and the Asean countries. If you go to slide 12, there is a quote from Gartner; "Japan continues to be the second largest IT services market in the world," and if I exclude Japan in the Asia-Pacific region, the way Gartner classifies, Australia and China are the two largest markets. And by 2006, China is expected to overtake Australia in terms of the market size. I will now talk about individual countries. Can we go to slide 13 please? Japan has always been a big question mark in more ways than one. Mr. Murthy talked about the deflationary pressures in a G7 economy and I guess Japan was really leading it from the front in that sense. But I do believe that Japan's economy is slowly turning around and so is its view towards IT services and how do we leverage offshore for competitiveness. Slide 14 gives a picture of what are the segments available in Japan and basically our sweet spots which is application development, IT management, and software maintenance is really in the middle of that bar chart, the bars around the yellow area, and it is a significantly large piece for us to take advantage of. Slide 15 talks about the details of the market. Japan is the only other country outside of the US with such a large number of Fortune 500 companies which has been our traditional area of strength. So, our expectation is that as these companies start recovering in terms of their own health and start looking at IT in a very different way, it is there for us to leverage. In the last 12 months or so, interest in offshore is very high. If the number of visits to Infosys are any indication, and the fact that we are also building our capability in China would be a very significant factor on how we leverage our presence in Japan. Today we have about 15 odd customers, all marky names, with very strong deep and wide relationships, and as far as the offshore space is concerned within the market there is a general acceptance that Infosys is the leader and if at all somebody considers offshore as a strategy, we would definitely get called. We do our annual customer events; we do one here in Japan as well which is called the Infosys Leadership Forum and basically we are able to bring in the CXO level members from various customer organizations to talk about really issues that matter to them.

I will give a quick summary of Japan strategy in slide 16, there is a lot of stuff here. But I just want to focus on two different boxes here. One is what is called as a 2007 problem. Japan has a very unique situation where there is plenty of legacy around and the people who are maintaining those legacy systems are all from the baby boomer generation, and a fair number of them will retire in 2007 which gives us a very unique opportunity to go after. We are investing significantly in coming out with the solution in line with the rest of the company's strategy of differentiating ourselves, which will enable us to capture a fair piece of this available market. The second thing I would like to talk about is the immersion and the reverse immersion programs, which is the third box from the bottom. One of the biggest challenges and the stereotype of Japan is it is impossible to do business here because if you do not know the language it is so hard. As a company we have made significant investments in the last few years and probably we are the only company, which is putting money in training both the Indian talent on how to manage business in Japan and also training the Japanese talent in India to make sure that we have a very seamless global delivery. I do believe that all of this put together along with the high profile that we enjoy as evidenced by Mr. Mori's visit, gives us a sustained competitive advantage which has GDM at the core of its heart.

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I will talk about Australia, slide 17. With the acquisition I think for us it is a new chapter. And the details of the market which are in slide 18 really gives an idea of what are the segments that are available to us, and here also a major part of the market really comes in with our sweet spot which is application development, integration, and maintenance services. Slide 19 gives a little more of details. Infosys is in a very unique position in Australia where we are an absolutely a credible alternative to the established big 4, and the clients that we have been working with, the clients we have been talking to are actually really looking forward to working with Infosys to ensure that there is absolute predictability about delivery and value for money, and I do not think there is any other local player in the Australian market which is as far as ahead as we are in terms of using the GDM. Acquisition of Expert Systems is a corner stone of this strategy that allows us to really build the new generation GDM model, which I will talk about in the next slide.

The next slide is really the new generation model in the context of Australia. Today if you look at after the acquisition of Expert, we have about 400 odd people who are local Australian people working on the client facing side. Along with the traditional GDM model which allows us to send people to the market and supported by a large team from the hub in India. And in future this hub could be out of China as well. And as I mentioned before, we are able to do this very seamlessly even in the early times, we acquired the company only in January, in the last six months we have found that this is giving incredible value to our customers because they get the comfort of dealing with somebody local who is flexible enough yet they have the security that Infosys with its large capability base all over the world is right behind it, which is what is depicted in slide 21, and this is really an ad spot. And if you read this carefully, the emphasis on local as far as the customer is concerned to give a local face, predictable which is consistent with the overall corporate story, and with a vast on-demand global capability which is really the GDM piece which is core to our overall strategy.

I will move over to China, slide 22. I think this headline in the Time Magazine gives an idea of where China will be in our strategy. I will spend a little time on slide 23 on why are we doing China, there must be several questions in your mind. The way we are looking at it, China is a very attractive, growing, large market. Our existing relationships in terms of global clients, they are investing a lot in China, and it makes sense for us to make sure that we leverage that investment. And as a part of our vision to be a global company, we have to be in China, and on top of that China offers a very attractive talent pool that we can leverage for the next generation model. Slide 24 gives some details on what is happening in China in general, but it suffices to say that the degree of foreign direct investment which is in excess of $500 billion is mostly done by Fortune 500 companies and that is really our sweet spot and I think that is a great opportunity for us to capitalize on. And the fact that they are hosting Olympics in 2008 also gives it more visibility and makes it more international for us to ease in very easily. Slide 25 gives you a little bit of details about the talent side and the market side. Just like India, there is enough emphasis on education in China. There are a number of engineers, very talented, who are graduating every year. And to quote Gartner "Chinese IT services industry will actually probably even overtake Japan by 2012 which seems like a far cry at this point in time, but given the focus of the Chinese government on this industry, I have no doubt in my mind that they will be a formidable market as we go along. So in summary, China is the only country other than India that has an equal IT talent in terms of cost, quality, and scale, and as a part of our global strategy, it makes sense for us to leverage this. The same thing in a little more detail on slide 26. I think the Chinese talent and Indian talent have complementarity, and if we can mix this very well, it is a very unique opportunity for Infosys to evolve the next generation model by combining India and China.

I talked about our global clients, what are they expecting us from China, which is on slide 27. They really want us to service their business in China just like as Kakal said, we are doing so many global rollouts etc., that our customers are expecting us to do this in a very seamless way irrespective of the geography that they are in. At the same time they want to make sure that the quality processes, the intellectual property protection, and the cycle time reduction that we have been able to traditionally give are met as well. And some of the multinationals also have as a part of their agreement with the Chinese government to invest in a certain amount in China and that investment is something that, you know, we can leverage to provide services with. So in summary, as far as China is concerned, the summary is given in slide 28, we really want to dream big, but as always we want to start small but scale very rapidly.

Slide 29 gives the summary of what we propose to do in China. In terms of segments, we will start with the multinational segments going all the way to Chinese customers in phases and provide different value points by combining our presence in China along with our traditional operating model to the various segments in line with what each segments' needs are. So, in summary, I think what we are trying to do is define the game by extending the global delivery model beyond its traditional definition by combining our subsidiaries, by combining another talent pool in China and make sure that this whole thing works in a very seamless way with focus on local domain, local culture, relationships that gives us a very scalable and a robust model. We have identified specific opportunities in each market, you know, which we will pursue, and it gives us a very unique leadership position to be seen as an end-to-end service provider that uses the new generation global delivery model. And finally it is my firm belief that as the center of gravity shifts more and more towards Asia, Infosys is very well placed to take advantage of this shift. Thank you very much, and I am ready for questions, I will be very happy to answer them.

Anantha:	Yeah, hi Sriram, this is Anantha from Morgan Stanley. Could you comment on the relative profitability of different markets in the Asia-Pacific geography and how they compare into the US and Europe in your view?
V. Sriram:	Well, as you know, we do not in general give a break up on profitability across various regions. The only data that we publish is at the Asia level which is there as part of our quarterly results. I am afraid I would not be able to give you more specifics than that.
Anantha:	But would you be able to give some quantitative comments on whether one geography, sort of, stands out in terms of being the higher or lower profitability?
V. Sriram:	Well, my view is this, as far as China is concerned we are in the investment mode. So, it is a little too early to comment. And Australia we have just, in the process of integrating with the company that we acquired. So, in some sense it is not comparable. But the fundamental truth is, as long as we identify the right solution sets and deliver it very productively, I think we will be able to protect our profitability, which is what has been our experience. So for example if you look at Japan, a fair part of our portfolio is really around package implementation and package-led solutions which allows us to manage our profitability far better.
Neelkanth Mishra:	This is Neelkanth Mishra from CSFB. Putting the same question in another way, in fact, we found that companies like NEC and Fujitsu are just about turning their IT services solution profitable, plus a company like Datacraft which have tried hard to expand into China, Korea, Japan, are still struggling to make profits there. So, on a market situation basis, how do you see the profitability and the competition in such markets?
V. Sriram:	See profitability is a function of what price points that we can get and how efficiently can we execute as all of you know. If I look at any of the markets in Asia, I think from the price point standpoint there is a very wide spectrum. A tier one company, you mentioned NEC, Fujitsu, if you look at their rate structures, they are significantly high and comparable to big 4 in certain cases. And as long as we are able to position ourselves as a very credible alternative, we can also play in the same price band, but at the same time by combining our global delivery model, I think our ability to generate profits out of that engagement will be far far better. The second important driver of profits in this context, most of Asia is really oriented towards fixed price projects, there is very little time and material. I think it is a very cultural thing. People just want to make sure that you get it on fixed price. So our ability to fix price, our ability to make sure that we de-risk the execution of that fixed price is what will determine our profitability.
NeelKanth Mishra:	Okay. Thank you.
V. Sriram:	And I think we are so far quite comfortable in both these dimensions.
Female speaker:	I am afraid we cannot take up any more questions due to time constraints. Thanks for your cooperation. Thank you Sriram for the presentation.

V. Sriram:	Yeah, thank you so much.
Female speaker:	We will now break for lunch. Lunch is being served on the second floor and volunteers will guide you there. We request you to assemble back here at 2.15 p.m. after the lunch followed by the tour facility. Thank you all.