

## INFOSYS US ANALYST MEET

### AUGUST 1, 2008

#### Mr. Pradeep Prabhu – Head - Software as a Service

Thank you Sandeep. Good afternoon folks. My name is Pradeep Prabhu and I head Software as a Service business at Infosys. The Software as a Service business is a new business line so over the next 10-15 minutes I will give you a quick update on where we are and what we are doing. As you heard earlier in the day, Infosys has a great track record of establishing new service lines over the years. Software as a Service was incubated early last year. So, the business is in its early days. Software as a Service as you all know is an emerging trend in our industry and it's about externalizing or externalization of applications delivered over the internet. Now in our daily lives, as consumers in our personal lives, we are used to this model. We do our e-mail, Gmail, Yahoo whatever else over the internet. We do our search, we do our video sharing, our photo sharing, all of this remotely, using remote services that are being delivered over the internet.

Infosys enterprise software as a service is about delivering Infosys business applications which means its Infosys IP, its Infosys branded applications hosted from our data centers and delivered over the internet to multiple enterprise clients. Now, businesses have started adopting this model, especially in certain workloads or certain application areas - CRM as you all know is one of the areas which has moved to this model, salesforce.com – I am sure you are all aware of that and there are other areas as well where enterprises are looking at this model to get business benefits of using the Software as a Service delivery model. The three tenets of the model from an Infosys perspective is, vertical integration, client-centric innovation and outcome based pricing. You heard earlier in the day, from our CEO, COO and CFO about how we are focused on providing different pricing models and outcome-based pricing is about providing pricing from a pay-for-usage by transaction, by page views or by revenue sharing. When I talk about client-centric innovation, our clients are enterprise clients; they are very large clients, so its about providing them the flexibility to do some customization, to providing them the flexibility to have some differentiation, to have some competitive advantage, by having some enhancements which are very specific to them but also providing them enterprise class in terms of scalability, in terms of performance, in terms of robustness and most importantly in terms of security. And vertical integration is about bringing all of these together and delivered out of our data center out of Bay Area. So, we are delivering all of this out of our data center. You heard Amitabh talk about earlier how we are bringing IT and BPO together. So the different service lines, the different expertise that Infosys has, in terms of, for example, infrastructure management, in terms of BPO, in terms of consulting, in terms of application development are all brought together and integrated vertically to provide some compelling benefits to our clients in terms of, for example taking single point SLA, in terms of providing them a complete accountability for their business benefits they are expecting from the program and what they want to actually achieve out of that implementation by having outcome-based pricing attached to it, by being a complete transformation partner, right from defining the requirements, running the infrastructure and providing all of this with a single accountability.

So, moving on, our first enterprise SaaS offering, I'm going to discuss around the first offering, but we have multiple offerings that are being incubated because one of the benefits of this model that the clients are looking for is regarding the operational scale that you can achieve when you have infrastructure and data center that's optimized and application infrastructure that is optimized across multiple clients and even over multiple applications. The first offering that we have is around social computing or Web 2.0, an emerging trend as you all know and the consumers have embraced this over the last few years, consumers have started using Web 2.0 or social computing to actually get information, to get ideas to evaluate products, to evaluate the best bargaining, the best deals out there, all from each other and using a variety of online tools to basically interact with each other and even with the companies, even with the businesses. So businesses have started adopting this and trying to figure out how they can partner with consumers and use these online tools to better service them, to better support them, to better sell and to better co-create with clients. So, the consumer facing is the first offering that we have. Of course the transformation that can be achieved in collaboration, in sales, in marketing can be for business to business as well, which is partner facing or it can be for the employee facing as well. So, giving you a quick view of what the consumers facing application, the social commerce application that we are delivering in the cloud, its really about bringing a set of social technologies, all integrated together. You heard social networking being mentioned earlier in the morning. It's about user-generated content like blogs or wikis and videos and other things; all bringing together to provide an integrated social infrastructure for a business to interact with other social technologies and other social sites that are out on the internet. So, what we are doing really is bringing this presence of a business in the web to allow them to collaborate with consumers and also being able to be present where

the consumers are, whether be it in Myspace or Facebook, an ability to figure out what needs to be done to be present there, to be able to service them, to be able to cross-sell to them and basically help them to maybe support each other and sell to each other. On the other side we are integrating this with enterprise IT systems, for example, integrating this with the e-commerce system or integrating this with the e-marketing system. This allows companies to respond in real-time or on a continuous basis to customer requirements to what they are discussing, to what their trend lines are in terms of brand, in terms of product and providing that business insight to allow them to make some decisions regarding pricing, product etc. etc. You've heard in the morning Subash talking about the mobility and mobile and social networking moving to this space. We are also integrating with the new technologies from the web into mobile and IPTV etc.

Clearly for businesses to get benefit from this, we have to deliver very specific business scenarios for clients. We are bringing in these integrated social technologies and creating specific business scenarios for our clients and then tailoring that to the specific industries whether be it media and entertainment, retail, banking etc. Clearly the scenarios, the social commerce scenario that I mentioned is one such scenario and if you look at the scenarios that are around, the first one, how do you support the market research function in an organization, instead of doing an occasional survey, how can we ensure that there is continuous listening to the customer on the web and having tools on their website to be able to continuously listen to them, continuously take their feedback. So we are complementing the market research function that way. If you look at sales, an example there I would take with e-commerce, how the integration of a simple functionality like ratings and reviews has proven that that is generating much more sales for e-commerce websites because inherently, we tend to trust each other. If you have given a good rating for a product or service and you see that, then you tend you buy that. The conversion rate in providing something like ratings and reviews integrated with an e-commerce environment, infrastructure is providing some compelling conversion for retailers. If you take a banking example, you are opening a deposit form on the internet, and it might be an example of you are not sure, should I open this, there's a great interest that I'm receiving, but am not sure whether I should open the form or how can I get some support. So, having a click-to-chat option, having an option there where which shows how other users have, an FAQ and having a forum there which can answer some questions or even having a customer service rep come up and the screen coming up saying, "How can we help you in completing this process," is supposed to be helping on the sales side. On the marketing side, instead of broadcasting messages broadly, it's about listening interactively to customers, by having things like communities, especially if your brand or a product is inclined to having a loyal consumer community, creating those communities and etc. And if you look at support, we see great examples in support where customer service support can be more to help clients or consumers help each other having technical specs out there and having this technical community or even consumers helping each other around customer support scenarios instead of calling on a phone and waiting for 5, 10, 15 minutes for getting the right answer because some of these are commonly encountered problems that can be intuitively supported. And the last is around the product development itself, or on co-creation, is really getting your customers to help you improve your own products and services. These different scenarios are being created using a set of social technologies, integrating them with information systems, enterprise information systems in the background and also integrating them with the websites where the consumers are where they are interacting with each other and with organizations.

To conclude, this is a case study of where we have gone live with a client. This is a client which wanted to transform its web presence from being a static content page to an interactive channel to make it a viable channel for sales and marketing and they wanted to launch a direct customer touch-point, the way to do direct consumer touch-point, they were shifting their budget from traditional media to online media to take advantage of these social technologies. They wanted to engage and collaborate with their customers to deepen brand loyalty and thus increase their average selling price and growth as well. And obviously they wanted a state-of-the-art integrated web platform to enable to do that and that's what we provided by integrating our Infosys social platform and revamping their website. We provided a 360 degree customer experience, a cohesive user experience by providing the set of technologies which allows customers to come and interact with them, to have ability for their customers and consumers to upload videos, to share the work that they are doing around those products, to have analytics to understand how these consumer sentiments and preferences are around their product lines, around their brands. This was a turn-key outsourcing. We ran this entire infrastructure from our data center in the Bay area and one of the benefits we provided was the shorter time to market because this is a product, a platform that Infosys has built and then we were able to integrate it with their IT systems, usage-based pricing, this is based on page views. As the usage increases, our upside increases and the business benefits also increase because we have been successful in getting their consumers to start using this functionality to better service and to better sell. And we have an innovation track jointly with the client working with other leading universities and firms. This is an

emerging space, this is an evolving space, so looking at how latest new technologies can be tapped to deliver business benefits.

So that's all I have and I am happy to take questions. Thank you very much.

### **Male Speaker**

Hi, I have a question about the size of this business. If we look at over the next few years, what are the projections or the expectations understanding that you were just incubated last year?

### **Pradeep Prabhu**

Like I said it is in early days. We have a business plan, a 3-5 year business plan and it is very early to say how this market and how this service is going to evolve in terms of actual revenue size. But the trends are promising.

### **Male Speaker**

Are there particular verticals that you are targeting, more so than others?

### **Pradeep Prabhu**

Yes, we are seeing good acceptance of both the Software as a Service model as well as the collaboration, application like Subhash mentioned in the media and entertainment. We are seeing it especially in high-tech manufacturing, especially manufacturers who never had a direct touch-point with the customers. We are seeing it in retail, especially with e-commerce integration and also in the financial services vertical.

### **Kamakshi Rao**

What is the extent of investment in this business and how should I think of the time frame for your being an investment division versus a profit division?

### **Pradeep Prabhu**

Okay, Shibulal mentioned about the various service lines that we have incubated over the last few years and over a period of time, we have made sure that they are, contributing significant value to both our customers, to our topline and bottom-line. So these are early days, we just incubated it last year. We have a business plan. This is run as per milestones. Investments are happening as per milestones and revenues are happening as per milestones and we are on track.

### **Trip Chowdhry**

Yes, Trip Chowdhry with Global Equities Research. The question I have is we have been hearing some rumblings in various industry contacts telling us that Infosys itself uses a lot of processes for Human Resource Management internally and they are planning to open up that platform to the customers. My question is, is that true and secondly if it is true, when can you be providing those services to your clients?

### **Pradeep Prabhu**

Okay, Human Capital Management is not an area that I am focused on, my business unit, so I would not be able to answer that precisely but that's one of the areas that along with CRM collaboration, procure-to-pay, Human Capital Management, these workflows or these applications people are looking at platforms and market is looking at software the service and as computing utilities.

### **Sandeep Mahindroo**

We now move to the last session of the day, the executive open house session. We will just pause for a moment before the podium is set up again. Thanks