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CORPORATE PARTICIPANTS

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Thanks for being here and my pleasure to be here and talking to you. Let us start. I am sure there are of some more who are probably enjoying the lunch or may be the walk after lunch. You might have seen a brief description we have given in our annual report about the 7 themes that we are driving today which in our opinion should be the key strategies that all the organizations must embrace. The New Commerce is the theme that I am going to talk about.

If you have seen the document we have tried to articulate the essence of each of these schemes with the help of 3 key ideas. After studying the patterns and based on the conversations with the clients, and analysts and looking at a lot of other trends etc., we came up with this key 7 themes. We have tried to articulate each of the schemes with the help of 3 key ideas. So we came up with 21 key ideas. Having some of the 21 in discussions and meetings, we started taking advantage of that saying 21 ideas for a 21st century organization.

One of the themes is New Commerce and here again the 3 key ideas that we believe are very important for everyone to take into account while preparing their strategies or how they try and transform their organization. These ideas are basically Micro, Mobility and Inclusivity. Let me spend the next may be 15 to 20 minutes talking about why these ideas are important for most organizations and what are we doing to help these companies transform themselves for that.

I am sure all of you are aware of the iPods, iTouches and iPhones and the related iTunes. Probably many of you are consumers as well downloading music. As you know few years ago, I used to say that the biggest thing about iPod really is the combination of iPod and iTunes. While there are a lot of other MP3 players, the ability to kind of link that instrument with a portal is a key innovation. After studying that more closely, we recognized that actually another big innovation is what we call Micro. Till about a few years ago, if you wanted to buy music you needed to buy the entire album even though you like probably only one or two songs. It was not possible to buy a single song. Today technology has made it possible and it is actually even viable and profitable for the company doing that. You can buy a single song for $0.99 cents and there are a lot of other people doing that. Not long ago even in places like India credit cards were not accepted in many places in India or credit cards were not accepted below a certain transaction cost below a certain cost of purchase because it was not viable. Today technology is making it possible to do this micro transaction and that is a big trend. If you see that even newspapers are trying to sell articles at that level, very interesting thing there is that with the web, people had at one time almost written off newspapers saying that when everything is available online, who is going to read newspapers. In fact interestingly today in several places people are actually talking about the 'Viewspaper' because news is now commodity. Everybody has the same stuff and nobody will appreciate the need for views more than a community like yours. While news is there everywhere, you can actually buy specific reports from New York Times and FT etc. Maybe many of you are subscribers of that weekly subscription from Financial Times. Today you can actually do that without buying the whole newspaper, you can buy a chapter without buying the book, without buying the album you can buy a song. So that model is becoming very important in the developed world. If you combine that with the trends in the emerging economies where the requirement is also about how do you sell to the next 3-3.5 bn people in these economies who actually need the offering whether it is a product or a service, at a much lower cost than what people got used to. Most organizations are recognizing that they need to transform themselves to be able to cater to these markets as well as the changing markets in the developed world in order to be able to do micro transactions in a profitable manner and today technology is making it possible. This is a key trend.

Mobility - when we say the other key idea is Mobility and when we talk about Mobility we really do not mean that only mobile technology, but technologies are certainly making it possible. Today whether it is work or people or resources or capital, everything is mobile. How do you transform your organization in order to be able to take advantage of that? I don't know how many of you have heard of this company called Lee & Fang which can contract manufacture almost anything.

They have a huge network of suppliers. They can take a big piece of work, break it into smaller pieces, get it done by different players in their network, bring it back altogether, re-aggregate and give it back to their customers. That is the trend in most industries. The work needs to be redefined to be able to do at a micro level; take a big chunk and break it. If organizations need to transform themselves how do you do that?

Let me go to the next one, which is about Inclusivity. Most organizations recognize that emerging economies are key growth opportunities. They also recognize that the innovation models that work for giving a quality lifestyle to the first 1-1.5 bn people in these economies whether it is North America or Europe or Japan, those models are enough or useful to be able to give quality life for the other 3-3.5 bn people in emerging economies which means that if they want to take advantage of these places, they need to have offering that these people can purchase. Second thing is how do you basically bring all those people into the economic activity? You might heard enough about number of people who do not have access to banking services. Even in a country like US, app 25%-30% of the people are still unbanked. They do not have access to financial services. Wal-Mart started a bank, they have branches. They have actually started a bank in Mexico in order to be able to do micro finance and things like that. In India we are seeing lot of interests from banks to be able to do rural banking, micro transactions, micro finance, micro payments, etc. I actually talked about what we are doing with Finacle Rural Banking. You might have seen hoardings talking about insurance coverage with Rs.2-Rs.3 per week premium. That is reality. In many advanced countries, actually people are falling off their chairs when they see that. It may not obviously give you a lot of coverage but the basic coverage that many of these people only can only afford and which needs that is being provided. Here again, one more thing that needs to be taken into account is that in phase I, most of the emerging countries like BRICS etc, in many of these cases in phase I, people saw them as market. In Phase II, they were seen as places with talent. So a lot of development happened here, once again with a focus on innovations for developed countries. Today, in our opinion the third phase is, companies coming here and innovating here with all the resource constraints that exist in these country, to come out with good and cheaper innovations to be able to take them to even developed countries. In healthcare for instance, today there are some of these ultrasound scanners that usually go up to thousands of dollars, today there are companies which have built some of these ultrasound scanners or at least attempting to build at 20th of that cost and without that it is actually not going to be possible to provide healthcare to everyone. The key thing is once something like that is available, people can actually take those same innovations back to other developed countries. Some people are calling it reverse innovation. So from seeing them as just talent pools to now seeing them as innovation hub, which can do innovation what we call low-resource intensity innovation. The belief is if we need to provide quality lifestyle to the next 3.5 billion people, you cannot follow the earlier innovation models which are very resource intensive, so how do you innovate here very differently and then take them to other developed countries. That is another thing that needs to be kept in mind.

So these are the three key ideas. We believe that in order to be successful, all the organizations must embrace these 3 key ideas because in emerging markets these are very essential. Even in the developed market the new business models are actually requiring this. What are we doing in this space? Just to give you some numbers, the opportunity is huge. As I said most large companies need to and are transforming themselves to be able to cater to these markets.

What are we doing in this space? While most of our research and innovation dollars and most of our product incubation, service differentiation and investments are about aligning them with the 7 themes, let me specifically talk about a couple of examples. Finacle rural banking - today most banks in India want to address rural segment in a different way. It is not going to be possible to start a branch there and staff it etc. That model works as long as they are able to service half a dozen or a dozen villages with one branch in a nearby place but it is not really adequately servicing all the consumers. Today technology is making it possible to give somebody a

customized mobile device so that they can actually go door-to-door and then provide those financial services. This is a trend. There are small companies which are actually trying to do that. There is hardly any Indian bank which does not want to do this. Finacle rural banking is an example.

Flypp based on earlier discussions etc., many of you may have already heard about this. Flypp is a white-labeled platform that we are building to help people in what we call the mobile ecosystem to be able to give a better experience to their consumers. A few years ago when we talked about mobile devices, we used to talk about limitations with respect its compactness, the screen size, the bandwidth and the battery life; those used to be the limiting factors with respect to the adoption of mobile devices. Today they are no longer the key things when people want to differentiate. Today if we talk about a mobile device, it really comes with a set of applications on it, content, its own portal. So you have a smart phone from which you constantly keep downloading, you can access the net, you can download content, you can download applications. No mobile device maker or a service provider provides just a device without the ability to download content and apps. Probably you are aware of the iPhone and its portal model and similarly Android phones have their own portals. While a few people can actually do that, not everyone can create that model. Flypp is a platform that we have built to help these companies to have their own portals to provide content and applications that consumers can download.

iEngage - another key trend that we see is that organizations are recognizing that they need to collaborate with all their consumers. This is especially a big trend in all the industries that deal with consumers where they are recognizing that consumers with their blogging, either make or break the brand. So they need to constantly look at what is the feedback, what are people saying, etc. If you have a lot of structured data within your organization, you can do business intelligence and arrive at something which is more or less accurate. But if you are actually trying to infer what consumers are saying on the net whatever you do, it is an inference because thousand people might have expressed some opinion and when you mine all of them and come up with something, it is an inference of what those people have said. The key thing is no organization can escape the need to constantly look at what is being said and what is being talked etc. and then take that into their decision making. So how accurate can the mining and inferencing be. iEngage is a platform that allows all the organizations to engage with or collaborate with all their stakeholders, most importantly their customers and all the partners.

The 3-screen convergence - we believe there are 3 most important screens in our lives, TV laptop/desktop and then mobile. While the last phase people talked about how do I provide the same content on all the 3 devices i.e. they should be able to see the stuff on TV, web, and mobile, what we are talking about is how it is not only about giving the same content, but how do you identify or how do you get a lot of intelligence about a consumer's activity on one screen and use that in something else. For example from a security and privacy perspective if you allow that data to be captured, is it possible for somebody to figure out that you are sports-enthusiast based on your TV activity and then do advertising on your mobile if you are close to a shop that is dealing with sports. That in a nutshell that is the model, but the opportunities are big. In the 3-scheme convergence, we have built a patent-pending platform. We have licensed it to one of the large providers in US. They are showcasing it in their labs and we are talking to several people. That is another big thing that we are looking at

Let me just ask a question. In all the English movie channels you would have seen that there are subtitles. Any idea what makes it possible and why do people do that? It is because of regulations. In the US, it is a mandatory thing that everybody must do because people with hearing disability should get the same experience. Therefore it is a mandatory thing. Every TV channel must provide that. Now the same thing is going to come on to the web also. Everyone must get the same kind of experience. A few years ago, one consumer in US sued a big retailer because he had some viewing disability and he could not get the same experience or he did not find information on the

website. So he sued the company and they had to pay him $2 mn. The point is that there are a number of people with those kind of disabilities. You look at the billions of pages that exist and need to be converted for accessibility. There is going to be a regulation everywhere. I am sure soon it may happen in India. We have built this platform called iProwe which helps organizations to understand the accessibility, capabilities of their website and web pages on how it needs to be changed. This again is also about inclusivity.

Let me pause here. These are some of the things that I wanted to talk about. Like I said, most of our research and innovation dollars and the offering or the new products or the platform that we focusing on, we are trying to align them around the themes and like I said this is one of themes that we are working on.

Let me stop here and see if there are any questions.

Unknown Speaker
How many clients you have on Flypp right now?

Subu Goparaju
Presently only one. But there are several we know are very interested.

Unknown Speaker
_____ marketing and R&D will be spent on solutions along these lines, the question is what are the catalyst or what exactly would be the factors that you are looking for that could make that R&D spend increase because in the earlier presentation on the media side, we did see the amount of investment that has been made, it has been pretty low ticket size up till now and that kind of commensurates with the fact that the returns on those investments have also been good but on absolute numbers a little smaller. What exactly in your view is going to trigger that incremental spend and so as to say the incremental return on those investments?

Subu Goparaju
That incremental spend thing you are referring to what I said now or the previous one?

Unknown Speaker
Right now, how will we see a higher absolute number getting spent because only when you probably spend higher incremental absolute number, we will see a higher absolute return of that?

Subu Goparaju
Let me say 2 things. One is the whole of SETLabs, one of the groups that I head with 640-650 people, is completely aligned around these themes. In fact some of the things that you are seeing here are either built by SETLabs or have enabled. For instance iProwe, the 3 -screen convergence that I talked about, are built in SETLabs. Some of the other things like Flypp and Finacle rural banking are enabled by the intellectual property created by SETLabs. The point is that for this entire group, the work is aligned around tomorrow's enterprise theme. Again most of the things that we are doing in the Product Incubation group are only around these themes. That is one part. Plus if you have attended BG Srinivas and Eric's discussion, they might have talked about some of the solutions that are happening in specific verticals. The second piece is that the investments are indeed very significant and these are some of the things that we are talking about are products and platforms for which we have business plans which means somebody has put their neck out there. In Infosys context, business plan must produce somewhere between $100-$200 mn in the 3-5 year timeframe. Like Shibu was saying, these are plans we hope that will happen and we are confident they will happen, but till they happen who knows. The thing is many of these things if it is

an approved business plan, it basically means that in a five year timeframe it should be producing somewhere between $ 100 - $ 200 mn otherwise it does not make sense. So investments are significant and the expectations are certainly significant in Infosys context.

Unknown Speaker
Is it more of a technology enabler for _____?

Subu Goparaju
We are in the business of helping organizations exploit technology. We have so far not been in the business of creating new technology. That is #1. Our belief is that the same technology is available to everybody and a key differentiator is how the technology is exploited. You have Wal-Mart which is considered super-successful in leveraging technology. You have also other companies who have kind of gone bankrupt. My point is not that technology is the only differentiator. Technology is a key differentiator no doubt. It is really the differentiation in innovative application of that. Our business model is really in innovative application of technology for business benefits. Most of our focus is on that. The second point is that when we talk about intellectual property, there are several aspects to that. When we create a new application leveraging multiple information and communication technology, it is our intellectual property. In the last 3 years, we have filed for about 250 patent applications with 13 or 14 having been granted so far because there is a lag between filing and granting. But a lot of these things are really about application of technology in a new context. In my opinion there is a lot of opportunity and life and scope there, so that is where we are focusing.

Thanks for your interest. Thank you very much.