

**Participant**

How many people do you have in this business today and excluding Finacle and how do you think that it is planning out?

**Sanjay**

So like Bala mentioned today morning, there are about 4500 people who are working in this area, excluding Finacle and couple of very interesting factors here, our metrics are very interesting for example, if you asking what is utilization and I don't know about that, because I do not bill head count. So for me what is revenue per delivery headcount does not matters and similarly, when you ask me what is the headcount trajectory, for me headcount trajectory probably should be at par or at best growing by very, very small fraction because it is not about hiring more people, it is about extracting the individual capacity of the engineering team that we have. So, what we have clearly said is that we will double our engineering team currently, it is about 500 people which we will double to about 1000, because we have to engineer more products, and more platforms, rest of it is extremely not to small in the sense that marginal headcount increases are the ones that we are looking at because this is not a headcount-driven business, if you will. BPO is kind of the services, a lot of platforms, so we will follow the BPO planning and there also higher end productivity is consolidated with the headcount. Hopefully nothing because if we are gaining revenue then that is the purpose of the whole strategy.

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**Participant**

You said that one of the reasons for the being upgrading on the products, platforms strategy is that Industry is facing challenges of Commoditization. So what the growth is likely. How do you know that current platforms and products are enough for growth?

**Sanjay**

Like you do in your business from an investment perspective you will always manage a portfolio because you never know what is the right fund you are making. So what you will do, you will construct a portfolio and then you will monitor the performance of the portfolio. And in this area we have done same thing, we have a portfolio of products, platforms and set out solutions into one place and we monitor the collective performance of the portfolio over its life cycles, some platforms may die and some produces but the portfolio has an overall platform. We follow exactly the sample principals that the overall portfolio of investment in these area deliver the company strategy. Each individual products and platforms may or may not succeed because otherwise you can't make each product or platform individually. It stops innovation and innovation thinking because then it has become very, very certain and very restricted in what we would like to do because we stop taking chance and bet so most strategies based on the Overall portfolio.

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**Participant**

What I am trying to understand is that are we trying to work, thinking that any pricing decline or decline from the rest of the business will be compensated by this service line?

**Sanjay**

So our thinking has been that this is not a fillar for what happens in the rest of our business. This is the line of growth for Infosys and we have to maximize. There is a consulting and system

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integration line of business and there is a business IT services line of business where we have our own growth plan and that is the reason why I wanted to show you one more slide of Infosys labs which was what is happening with the investment in the traditional business. They have their own growth strategy. My plans of what to do in this area and how to grow is not based on what poles will get created but how far we will push this and how much because technically, I should be taking this through the maximum amount of growth that one can drive, while the other service lines of business, what we have done is modeling to understand that the combination of all this which keep us on path of growth and profitability the way we would like to see on the path. But the planning is not the design and what has happened on this side and we are strategizing to cover that stage. What we are looking at is these are the great growth opportunities and we should be maximizing all those in these areas. So it is that mindset. These are the next generation growth engines. If you look at what has happened in the cloud, if you look at what has happened to platforms, if you look at what has happened to mobility ,technology in the future will not be consumed the way it was consumed in the past and hence we are very clear that this is an area which has to grow exponentially because that is the way technology would be used in the future. While we have to continue to grow depend and shape the large portfolio of business that we already own because that is the reality today but overtime this line of the business has to grow disproportionate because that is where the opportunity is in the future.

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## Participant

If you can shed some light on the process, how we determine the process? How do you decide which area to invest in ?

## Sanjay

What we have done is, if you look at Infosys have organize 4 verticals and each of verticals there are multiple sub verticals and there we have analyzed thoroughly where is the space where such innovation has high growth potential simple example is the smart grid in Utility. We know that it is a great area of innovation or looking at retail institution and retail industries or looking at a distributing trade management in the FMCG company or we are looking at analytics in Manufacturin. So what we have done is over the last six months we have analyzed and identified spaces. In each of these spaces, there are other companies playing, there are other products in play , there are players. That is what we call the play analysis. So, we have analyzed the core thing to understand what is the play? What is the right way to get into this industry segment because there are other niche players, there could be other products, there could be something providing part of platform so from a long term perspective what should be our play and the play decides what should be our offering, and offerings is a combination of products, platforms and solutions. Now we have to go into that play with products, with platforms and that is why the day we have heard people cross referencing platforms. Somebody presenting to you platform A and actually that person is cross referencing some other platform in terms of platforms, because that would be the operations and we this entire set of intellectual assets are used in a cross leverage basis. I actually have a team whose only job is cross leveraging of the intellectual assets. Asset built for a bank how I can use it for a retailer? If an asset is built for retail how I can use it for FMCG company. So in each of the spaces and the play we go with offerings. Offerings can be created like I mentioned by engineering, by co-creation, through partnerships or through acquisition. So that is the complete sort of view and so we are identifying at the moment about nine spaces that we focused on and the entire suite of offering that we have today is concentrating on, we are dominance in those cases.

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**Participant**

Do you have a business plan?

**Sanjay**

I have plans at the product level, platform level, space level, industry vertical levels, product suits added horizontally so as many slices and dices as one could look at.

**Participant**

What metrics do you use you decide and at what level?

**Sanjay**

I think given where we are, given that we are into this for a few quarters now, I do not think this is the time to collapse the portfolio, this is actually the time when we are expanding the portfolio because we have spread out and take the portfolio. So, we are more driven by opportunity and growth potential and the primary driver rather than realization and ROI because that is when you constructed the portfolio then you getting from an ROI perspective. So currently the real focus is which are the high growth areas, invest ,enter and start growing the business. Because adoption and dominance is currently important thing rather than I am giving because of spend we think it is important but I think there is a little bit more to it.

**Participant**

Can you talk about the sales process for deal of platforms and solutions?

**Sanjay**

For deals what I call is demodel. And what I mean by demodel is we are bringing all categories of services products, platforms to our clients which is important for us to maintain integrity of the relationship, which is the relationship manager should not be 4-5 of them because then you lose the trace of relationship. So, a relationship manager is a horizontal bar of the team which means they understand about every service offering to be able to drive competition but in my team products ,platforms and solutions ,I have a team of sales people which we are investing in. These are people who have subject matters experts on certain platforms who know how to construct transaction based deal for example because that is the science and an art is to how do you construct an outcome based deals and plus there is multiyear outcome based is even more important. So, that is about the vertical part of the team so if you imagine a team I have clients relationship executives who are more horizontal and generic in their capability and once there is an opportunity, the subject matter expert team that goes in who actually takes the deal from ideas to actually sign the contract. Because they really understand how to sell the platform, how to technically qualify and those sort of things. So we have invested in that and we will continue to invest there. Simultaneously, we have created a separate marketing team because marketing our products and platforms is a very different ball game again. Because products and platforms you market before you sell, you have to go and launch products. For example, a couple of months ago, you would have heard about Infosys doing the BrandEdge launch in our innovation center in London. There is a similar innovation center in London, there is a similar innovation that we are now conceptualizing in the US because of the kind company experience the products and platforms. Some of the demonstrations that we have done late afternoon something called Lamstrom I don't know if you have noticed it. Lamstrom is an online demonstration center in which any client can log in from wherever they are and actually see a demo of our product. So the

marketing is much more demo oriented, much more if you give them ability to play the evaluation licenses and try stuff out. You do launches rather than only doing reference because services business has driven mostly by reference whereas products and platforms driven more by launches. So there is now dedicated separate marketing team that is focused on continue on these products, platforms and solutions.

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## **Participant**

What do you think is revenue potential of your best Products?

## **Sanjay**

So we follow some very fundamental rules in our portfolio. One fundamental rule is that if we invest in a product or a platform where we would like to see that these products and platforms has a material run rate in three years' time period. So the hurdle rate that you talked about and so in the portfolio that you see of today, the 12 platforms and the 11 products that I talk about, all of them have a very material business plan. We do not look at products, which will give me 3 million, 5 million, 10 million, 20 million over the next three years' period, it has to reach a significant number. So, all the products that we look at fundamental business case and when we approve it for investment then a three year trajectory has to be 3 digit number. I am not going to share the exact threshold because we don't make it public but that is the whole thought process behind this. In early days it might look like the starting point in a small investment but we are very clear that we have to become substantial and sometime you do not know, what we don't know we don't know but what looks like a good idea then we fund it from concept to POC but at a POC stage we get into the business planning and process kind of now and now that we have a POC it does still make sense for us to invest further because sometimes you cannot really get the long term view how business would be pan out unless you talk to the clients, unless you go out of the pilots. That activity will be maintained but any of the investments that we make always investments which should give us substantial revenue streams.

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## **Participant**

Will you focus only on the enterprise products and platforms?

## **Sanjay**

So we debated that a lot because there are three ways to do this. Focus on enterprise and global 2000. Focus on SME, and focus on B2C. Where we have started is to focus on the enterprise because that is the most robust client base that we have and we are sharpening our knowledge and skills about the consumer segment by doing product which are in B2B or B2C. For example, if you look at the Airtel Money. Airtel Money is B2B to B2C essentially a very consumer centric product. But we have not deployed directly to the consumer, we don't have the ability to teach them how it works but whereas Airtel have. Like we always say never say never, overtime we might decide to come out with the products which are directly B2C segment but that will see a complete completely different route to construct and the same will be true for small and medium enterprise because we get the distribution mechanism will be different. So at the moment we are focused on global 2000 enterprise end but it is not that the rest of segments are no-no. They are part of our roadmap and at the appropriate times we would decide what to do with these.

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**Participant**

Why don't you write apps?

**Sanjay**

So at the moment we don't have time to go through, there are lots of enterprise apps. When you are looking at the app probably it is B2C app world when you have an app in consumer space and those commercial models for example we are doing mobile phone apps through the Flypp product we have a partnership for example with Aircel like if you take any Aircel connection to an application store and those apps are done by us. Increasingly if you look at the future consumer centric apps will be smaller and smaller in terms of their revenue potential both in terms of the cost of creating as well as in terms of cost of monetizing. The real commercial benefit of that comes from the ability to put together the ecosystem and allowing e-commerce transactions to go to that platform. So we are focused on the app platform and not only on writing the apps because overtime you can technically even assume the writing will be free. what would really matter is how much commerce can you drive through the app platform. So it is not that we do not write apps. We write a ton of applications our apps called enterprises for example, in engineering companies you want to run certain operations and for examples of that what we are doing there but we do that, we have almost 60-65 clients today where we write an enterprise apps, etc. B2C apps probably not at this stage because that is a system which is more on more selection based. We are more focused on what is the commerce that goes through that app platform and how can we monetize that commerce rather than writing the functionality. Because a student sitting in one college can write a very fantastic app why do I want to go when start creating apps in that particular market. The real fun is in they need to get commercialize what happens using those apps in the platform. So, we have taken a Flypp which was Flypp mobile when we started ,then we extended that it to TV ,Flypp TV and then if I start by Flypp Enterprise, I have a private app store and I can actually install a private app store there. We do similar to what is an Apple app store or an android app store, I can do a private app store for you. Because you want highly secured authenticated applications only. You don't want an open system where you can put open app out in environment that clients can download and install you want a private app store, I can install a private app store for you and that is where we are seeing more traction. We also started a kind of device company because bringing these app store actually go with devices. When you are buying a phone it comes with an apps store so we started working with some of the new age devices and app stores beyond the traditional device and see what we can on those products. So we are taking a different view and we are still watching what would happen with Window 8 and how it change the ecosystem but not focusing on just writing apps.

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**Participant**

How you doing differentiation in ADM space?

**Sanjay**

What we are doing in this entire ADM space is sustaining a differentiation from high degree productivity perspective and that is how what you saw today in terms of the applications, maintenance innovation which we have done there are some more things on the application development side, etc. All of that holds up into the characteristics of the profitability and revenue productivity of our regular business that we do. So if you look at our current portfolio of \$7 bn that you see, sustaining the revenue profitability and revenue productivity of that business is where we are focused. So if you look at what is the outcome of that innovation you would see the characteristics of this business that is dominant business because you go into getting better

realization, better productivity, better quality as well as higher revenue productivity from these business.

### **Participant**

How effective was that?

### **Sanjay**

We have done what we call the business value modeling, we have done a material amount of modeling. We have been able to tell that obviously there we play at an application level but to be able to tell that an overall portfolio level we should have because we would have because portfolio but each application where we use the innovation so we have models where we track at the application level that we would not do this innovation what will be the performance of the modules if we use innovation otherwise, it would be difficult to do that in these things.

Why we disconnect to say that people need the different mindsets, they are not necessarily need different skills because they may have the same technology skills they would be actually perform and in the 150,000 people we do find people who have that mindset and we have chosen to give because the Indian market has not offered these product opportunities to at large. So we find that there are product managers who have reconciled to a certain extent and now that is opening up they want to come back with their product carrier. there are internal hiring and lot of external hiring's also because every quarter we are hiring people in the engineering team, etc. from classical product companies and at that time we should not forget that there is a lot of value in getting young talent into the stream.

So when you look at some of these areas these are emerging and fast moving technologies and that is why we can do very-very interesting stuff with young talent because these technologies are new. what we have done is focus on identifying internal talent which is excited as well as capable of doing things and on the other hand going outside. You will find that product platforms and services build in very good If you go to Infosys.com there are videos of product managers and product engineers talking about what kind of product they are making. If you go to YouTube you are finding them talking about what are we trying to do because this talent when it comes to the channels.

So the team is building and so far so good. It is very hard to find and build the talent but at the same time we will have this talent because it is not in an abundance. So far it has not been and we have to see how it works out overtime. Because in any business when you set up a new vision or a new direction you have to face curve so you will have to have then we don't do value of and then real test would be how strong we .

### **Participant**

What are the risk that you see to this business model as we are reaching one-third of target over five to seven years?

### **Sanjay**

They are 3 fundamental kind of this one is if we make wrong choices in our portfolio and we are not clear sighted and clear minded about the portfolio because if you realize late that would be the wrong choice in the portfolio and which is not that it is just going to change and stuff like that. Any intellectual assets like business has an investment phase and a commercialization phase and if you realize that the portfolio is wrong at the end of the investment phase pretty much loss it all

because you start building again, so that is a little pocket centric so we have to be very cautious so that why every business plans has multiple exiting criteria, we keep on watching carefully what time is a good time to exit because then innovation of the service is a very hard business so it is important to time that this is the time to rethink of the portfolio and that is when you are clear that hopefully you are working on the right portfolio that is important so that takes to do that that's one. Second point of answer is that typically these areas are highly disruptive in technology perspective. Something new model or new technology can come from this industry because specifically in areas like mobile cloud these are firstly the technological innovation so we have to constantly keep ourselves very-very clear mind about the technology roadmaps and whether we are on the right path from technology choices, being partners we make choices and in technology each of these choices are very important for us that's the second thing. Third is we got about what I would call is launch investment. which means if you come out with a product what is the velocity in which you can drive market adoption of those products and hence the stability investment into driving these apps, marketing, the market presence, branding, marketing positioning adoption is what I am sure what you have network effect, and so focusing on the user base and growing the user base is a very important issue. When we are discussing this topic at this stage and good questions are take the contract value, what is the amount of adoption, what amount of market footprint covered because those is evident from a long term perspective rather than the traditional service that we used to do so I would say this would be the most significant risk whether the portfolios are good, whether the technological footprint is good and whether the adoption with respect to the client is good those are the most important things.

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