



Enterprise Solutions - Change agents for Business Transformation

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Good morning and welcome to this presentation. In the next half an hour, I will be walking through the enterprise solutions activities and the kind of work we have been doing. I know it is approaching lunchtime so I will try to be on time. I will read out the slide numbers as we go through. Let us take a quick look at the market trends.

We definitely see consolidation happening in the market place. As you may be aware, PeopleSoft recently bought JD Edwards and they are now trying to rationalize the product suits between the two vendors trying to inculcate some of the best business practices and functionality between the two packages. PeopleSoft did a relatively good job when they acquired Vantive a couple of years ago and now the CRM suite is well integrated within the PeopleSoft version 8 product. We do see Oracle trying to make an hostile bid to take over PeopleSoft but that is something we need to wait and watch. We also see Microsoft acquiring Navision and trying to address the small and medium business with two packages, namely Navision as well as Great Plains, which they already had. We also see the tier-one package vendors trying to address the same segments, small and medium business by adapting their products to suit the small and medium businesses. Example again SAP has signed up with AMEX, they have launched a product called Business 1, which primarily addresses the auto processing and financials for small and medium enterprises. Similarly Oracle has launched their E-business suite called EBS, a special edition for small and medium businesses, which means that the license sale for large enterprises have reduced in the last few years and these vendors are trying to focus on the small and medium business. We also see Microsoft trying to be a serious contender in tier two ERP & CRM solutions. They have their own suite of products in the CRM space. We also see the leading package vendors embracing web services. They have re-architected their products to enable multiple business application integration and also try and make the end user easy to deal with the product. As per market estimates, we see the overall packaged services space in terms of license revenue being in the range of \$26 billion and what it means for service providers like us is a rough range about 1.5 times the license sale which is about \$40 billion market opportunity by year 2005, which is pretty significant in terms of where we are today and what the potential is in the market place.

We also see most clients focusing on version upgrades. The package vendors themselves are looking at upgrading functionality and bringing new dimensions to their products. That means that they need to help clients migrate to the new platforms and this is something where we come in, where we are able to help clients do this migration with a cost which is comparable with the current competitive landscape. We also see our clients looking at global rollouts. Most large enterprises have finished the primary implementations and today they are in a position to take this to multiple divisions within the enterprise and also across different geographies. We also see an increased acceptance of offshoring for production support and enhancement within the enterprise solution space. Large global players who did not have significant offshore presence are now setting up offices. They are trying to emulate the global delivery model though they are pretty early in this game. We also see certain key criteria, which have been listed by analysts about how the clients do make choices when it comes to selection of vendors. They are really looking at displacing multiple contractors and looking at primary vendors who have the capability of offering multiple services addressing the total supply chain. The ability to take ownership and ability to prime a contract is one of the key differentiators, also the ability to address the clients' business needs, a clear business domain understanding and expertise is very much required, and also the ability to address industry vertical solution footprint is a criteria, which the large enterprises are looking towards when they select vendors.

A quick snapshot of enterprise solution. We have had an aggressive and impressive growth in the last three years, a CAGR of 81% in terms of people growth. If you take similar period, we had over



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87% revenue growth and the slide also talk about CAGR of 56% revenue growth but that is computed for the fiscal year. Through our methodologies, we have been able to try and increase our offshore efforts and last quarter we stood at 48.5%. There is a significant achievement again looking at the kind of business we are in. It requires a very high degree of business interface with the client. So, depending on the kind of service offering be it implementation, version upgrades, or production support, we have been able to increase the effort offshore thereby delivering value to our clients.

If we move to next slide, the overall service footprint in the enterprise solution space calls for a rigor on par with some of the strategy initiatives, which a client would undertake. It would mean a clear understanding of the client's businesses, ability to consult and drive the change within the client organization, ability to have a clear business understanding and domain competency, our ability to understand different packages, ability to evaluate different packages, and recommend the best, which suits the client need, our ability to leverage a global delivery model in a challenging environment of implementation of a package and also reduce the total cost of ownership to our client is some of our key competencies. Some quick numbers: We are over 1900 people in the practice today. These consultants have the industry exposure, they have expertise in the packages, and also have a technical understanding of the businesses. If you look at the revenue last quarter, we grossed over 30 million in revenue. We do have expertise across multiple leading global packages. We have delivered over 140 projects across the globe. We have today been able to address over 83 customers, and we are one of the fastest growing practices within Infosys.

If you move to the next slide, slide #5, the breadth of the packaged service offerings is well captured here, both in terms of the vertical domain where we have competencies in manufacturing, logistics, utilities, apparel, retail, and finance. We do address the complete footprint in terms of services starting with IT strategy and roadmap, helping clients identify the best technologies including packages, and help clients implement these packages successfully within the given timeframe and within the budgets is our strength. So, we have the complete breadth of service offering within this footprint. If you also look at addressing the complete supply chain starting from customer relationship management, our solutions to back end ERP transaction systems, be it supply chain optimization packages, we do have expertise in these niche packages, be it Siebel, Clarify, Vantive, Oracle within the CRM suite, I2 managerial stake in the supply chain suite. We today address the top 3 product vendors in terms of services, SAP, Oracle, and PeopleSoft. We also help clients integrate multiple business applications using middle ware tools like TIBCO with MQ series. We also address the order management systems and warehouse management systems, products like HK systems and Yantra. So, if you look at the complete suite of offerings, we are able to help clients address all segments of the supply chain.

If you move to the next slide, slide #6. Again, this quickly talks about our presence. We are having significant presence in the US, also in Europe, and in Japan and Australia. We have projects, clients, and engagements across the globe.

Slide #7. A quick look at our alliances and relationships. Having to deal with product vendors, having to address some of the new dimensions of the products, we do have good relationships with almost all the key product vendors. We are alliance partners with Siebel, Oracle, TIBCO and Avaya. We also have set up competency centers for all these products where we conduct research, where we build solutions, where we also showcase some of our best practices. We are also using and leveraging alliances to penetrate new geographies. To give an example, we have a go-to-market strategy with Oracle to address the Asia Pacific and Europe markets. We have certain key strengths in verticals like finance and hi-tech manufacturing, and the vendor partner is interested in trying to address new markets and these verticals in these two regions. We also own all these products as a part of our competency centers. So, we are customers to SAP and PeopleSoft.

If you look at the next slide, slide #8, like Infosys, our strength is also in delivery excellence and the test is in the matrix we see on the slide. Over 90% of our projects are delivered on time within budget, and this is really a challenge if you look at the kind of challenges we face in terms of education. We need to drive the business, we need to drive organizational changes within the business, try and



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address changed business processes. All this calls for extremely strong program management capabilities. We do take bottom line responsibility in all our engagements. We do not subcontract to other vendors. There is a clear benefit in the kind of work we do in terms of our own internal capabilities and competence. When we take ownership for deliverables it would mean that we have the ability to program and manage multiple stakeholders. This would also require strong methodologies and frameworks to deliver solutions. We have the ability to commit fixed price while even today some of the global consulting companies would hesitate to do so, and we are able to do that successfully and address the clients' needs with fixed time and the price. This would also mean putting our skin in the game, which the clients have appreciated and this has also resulted in enhanced repeat business. We have been able to leverage our knowledge as such having delivered more than 140 projects across 83 clients. We have been able to build a repository of best practices, tools, and templates, thereby our ability to deliver value to our client increases. Our ability to reduce the total time of implementation as well as the cost also improves. We have methodologies addressing all the service footprints, be it implementation, be it package evaluation, or business process reengineering, which is again package enabled, and production support. So, we have overall framework under which these methodologies are implemented. The overall framework again being InFlux, which is Infosys framework for implementation. We have been able to leverage these strengths to deliver significant value to our clients both in terms of cost and reduced risks.

Let us move to the slide, slide #9. Some of the key wins in the last two quarters. The first one, the largest herbal healthcare company in the US chose Infosys over one of the big five consulting firms with whom they already had relationship. They saw some key strength in us. Adopting our ability to approach them, our ability to address their flexible business needs, and our ability to commit to a fixed price number in a de-risk manner were the key differentiators and it gave us an entry into this account. We are also helping this client improve their order fulfillment and marketing solutions. The second one is a large global diversified manufacturing company which has over 26 subsidiaries in the US. The key problem this client is facing again is optimization of their supply chain, thereby reducing their total cost of their product, and they chose Infosys to help implement Oracle's suite of products to manage their transaction systems. They have also chosen Infosys to help them build a global template to standardize business processes across their 26 subsidiaries.

Again, I will just jump to the last one. Infosys is currently also partnering with a large semiconductor company in Japan helping them again integrate multiple business applications. They have also incidentally chosen Oracle as their back-end engine, and here again we have been able to displace a local incumbent consulting company, and our ability to jump in, do troubleshooting, and stabilize the system and enhance the system has been one of the key strengths.

If we move to the slide #10, what do we see as growth drivers going forward? India will and continues to be a credible destination for offshoring. Also, the fact that there are expertise across multiple packages, also the fact that India, as a country, has been able to attract multiple product vendors and some of the large corporations within India have done successful ERP implementation, has created a vast pool of consultants within the country, and just to again name a few, SAP has over 350 customers in India, Oracle being the second largest ERP vendor in India. We see that strength in terms of attracting and improving our consulting capabilities. There is going to be a focus on industry solutions though the packages do address solutions across the supply chain specific to an industry vertical, the clients would require specific domain knowledge. It would also require an ability to understand the specific vertical packaged solution and try and bring out the best practices. The alliances are going to play a key role in the business growth. The alliances will play a role in penetrating new geographies and verticals. We also see certain business opportunities, which is again unique to the fact that PeopleSoft and JD Edwards have to rationalize their product suites and clients would require support in help them migrate to newer platform. So we see business opportunities coming out of this. There are also a lot of improvements in the functionalities which are happening within the key product vendors, be it SAP, Oracle, or PeopleSoft. They continuously enhance their products. They are also bringing in new service offerings, the self-service capabilities one dimension. They are enhancing their product functionality to address some of the key issues



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which come out within the supply chain whether it is client facing or whether it is vendor facing, so we see this particular enhancements again resulting in service opportunities.

If we move to slide #11, enterprise solutions is poised to leverage these business opportunities. We have been able to create a clear win-win solution though it is often repeated. Delivering on time and within budget is not easy as stated but we have been able to do that successfully and we have a very good client reference base, which can vouch for this, and that would help us again increase our repeat business. We have a mobile global workforce. This is again something which is very unique in the sense that when we have to standardize business processes for our clients across multiple geographies, we have consultants who can be mobile and who can move across these different geographies. They have the ability to understand different business processes and come out with a common template and address it and incorporate this within the ERP packages. We have been engaging client in the upstream business and since we have the ability as a company to deliver total solutions to our clients, we can increase our downstream revenue, be it data migration, be it enhancements, be it customization, or be it even integration between business applications. We have a referral base of over 140 projects again delivered leveraging our offshore strengths while some of the global players are in the process of setting up their offshore capabilities, and a very good client base of over 80 where we have done again prime contracts on strategic initiatives. This is a very key differentiator, which Infosys has over many competitors within India and abroad. We are definitely well poised to address the consolidation I spoke about which is happening in the market place, be it JD Edwards and PeopleSoft, be it PeopleSoft and their old CRM suite of products. Having had successful implementations and a good record we have been able to drive substantial repeat business. We have also leveraged this to penetrate new projects again with new prospects also penetrate new geographies, and some of the first engagements with some of the new prospects of Infosys has been package implementation or package rollouts. So, we see an exceedingly good business opportunities, and we continue to build our capabilities to address this. I thank you.