



Analyst Meet
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POWERED BY INTELLECT
DRIVEN BY VALUES

GDM Plus - Enhancing Service Delivery

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Good morning ladies and gentlemen, it gives me a great pleasure to be here representing delivery at Infosys. The economy is going through turbulent times and the nature of the game is shifting as we speak. Earlier today Nandan and Kris have talked about the market challenges and how we are preparing to address these challenges. In the next 20 minutes or so, I will share with you what Infosys is doing from the supply side of the organization, commonly called Customer Delivery at Infosys. What are the global challenges that we face today and what are we doing to cope with the ever changing market place and how do we keep ahead of our competitors. Basab has spoken earlier as to what is happening in the competitors place and how we are focusing on increasing our portfolio of services and solutions.

Over a period of time, GDM has become a very commonly used jargon for companies operating out of low-cost economies especially in India. But does GDM mean just hiring a bunch of engineers and setting up a link? As a pioneer of GDM, we have successfully moved ahead and today at Infosys, we call this evolution as GDM Plus. GDM Plus, simply put is a very powerful and well integrated global delivery model which delivers a wide range of services and solutions translating to increased business value to our clients through innovation and excellence in execution. Innovation is an essential element of our strategy. Innovation fuels new ideas, new opportunities, and new avenues to grow. We firmly believe that we should provide both the depth as well as the breadth of services to our client through solutions driven by technology. This is only possible if we continuously identify and exploit opportunities and deliver business value to our ever expanding portfolio of global clients. Excellence in execution, on the other hand, has been our main stay of our business model. Repeat business today accounts for over 90% of our revenues and confirming that are continuous investments towards excellence in execution is a way to retain and position ourselves for the long haul against global competition.

At Infosys, we have a well-defined and structured four-step process for continuously deepening and widening our services footprint. This process is in complete alignment to the changing market needs as well as our client's business needs. In the past five years or so, we have introduced a whole set of new services, and today we can proudly say that not only do we delivery a comprehensive set of services and solutions through the global delivery model, but also have a tightly integrated global delivery model also called as GDM Plus. So, what does integrated GDM mean? Multiple services coming together to address a specific client's business problem in a seamless manner is what we call as GDM Plus. For example, for a US based manufacturer in the process industry, we have defined the IT road map, helped select technologies, and implemented solutions addressing the complete supply chain. Our solution footprint includes continuous improvement and would also support all of their business applications 24/7 through our integrated global delivery model. This is a snap shot of our revenues growth and I think we have done very well from 99 onwards from the time we introduced our enterprise solutions and business consulting groups. Today, these new services account for over 35% of our overall revenues. In the next few minutes, I am going to quickly run through our service offerings and quickly highlight what has changed in the last 12-18 months so that we all have a better understanding of where we are moving.

In the past twelve months or so, we have seen a significant increase in executing high-end business consulting engagements in the areas of IT strategy definition, IT architecture definition, change management, and business process re-engineering. We have also been successful in moving a significant portion of our business consulting work offshore. We believe we are the only firm to have been able to accomplish this. Some of the tasks that have moved offshore include research, analysis, and documentation amongst other things. This has not only proved to be a cost effective solution to our clients but also helped us deliver much quicker while executing these mission critical strategic



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engagements. Today, our consulting assignments are seldom standalone. Almost all of them result in significant downstream opportunities, which are delivered through our integrated global delivery model. For example, for a US supermarket chain, we define the supply chain strategy and are currently working on the implementation. A significant portion of the work is done offshore and cuts across many of our service offerings delivering high business value and low cost to the client.

Enterprise solution is one of our fastest growing services at Infosys. Today we deliver end-to-end solutions right from package evaluation, identification, implementation, roll out, and production support in the ERP, CRM, and supply chain space. B.G. Srinivas will speak more about this later today.

Basab earlier spoke about some of the things that we have been doing under the solution front. Systems Integration group at Infosys is leading the effort in taking our solutions to market. Over the past 12 months, we have developed and deployed solution tags for portals, XP deployment, identity management, in addition to the security services. We can proudly say that our success has been recognized today and we have been chosen as the preferred partner for Microsoft in XP deployment. We have the ability to do XP rollouts in true zero touch migration. For example, we have recently deployed a 7 GB image across multiple desktops through our global delivery model. Also, like Basab said, for a large bank in US, we have deployed XP for over 4500 desktops from offshore. The focus here will continue to be to develop more and more, go to market vertical as well as technology solutions and use our channel of alliance partners in achieving this.

Independent Validation Services - The real strength of this offering lies in its ROI based test strategy built and flawless execution resulting in 95-98% guaranteed defect free software to our clients. The other 2-5% are low critical bugs which are not planned for as part of the engagements. Today, at Infosys, we offer a comprehensive set of offerings in the validation space also commonly known as independent testing. We are executing several standalone multimillion-dollar engagements providing high-end consulting, performance testing, and independent validation services. We also have invested a lot internally and have set up two multi-million dollar testing labs with high-end test infrastructure including tools which give us increased productivity through automation. For a food services major, we are now executing a multi-million dollar offshore testing engagement cutting across functional testing, performance testing, and automation for future rollouts.

Our infrastructure management service has come a long way from the time of its inception. During the past year, we have been able to do technical support from our state-of-the-art network operation center in Bangalore, which has now been fully operational for some time. We also have started managing data centers, 24/7, for our global clients. For a US high tech manufacturer, we are managing the data center with over 80% of the effort being done from offshore which has resulted in significant savings for the client. We are also introducing a 24/7 SLA driven, tier I and tier II production support service for business applications which will result in significant cost savings for clients around the world and most of the work will be done from offshore. 80-85% of the effort in production support will be delivered through our offshore. All IMS offerings today follow the industry standard IT-IL.

So, let us move on to the execution excellence. So what is that which is so special about our excellence in execution? At Infosys, we try to keep this very simple. It is about continuous improvement in everything we do, be it people, technology, services, systems, or processes. Our focus is to constantly innovate and improve upon productivity. So, let us spend the next few minutes discussing what all we are doing to manage the excellence in execution so that we are ahead of our competitors.

Basab spoke about some of these business solutions and later in the day, Pravin Rao and B.G. Srinivas will also spend more time on these solutions, but I would like to reiterate that we are making considerable investments in the solutions space. We are doing this through our alliance partners and also developing in-house solution sets and frameworks using what we call as reference models. Today, for all strategic bids at Infosys, a proposal seldom goes out without a comprehensive solution. We have been able to map business processes in key verticals like financial services, healthcare,



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insurance, retail, telecom, auto and aero, which enables us to reduce time, improve productivity during both requirements elicitation and knowledge management phases for maintenance projects.

Our Software Engineering and Technology Labs, continues to focus on bringing innovation and results to our services and solutions through research, which results in framework and tools. InFlux, our business modeling and process engineering framework is now institutionalized across the board at Infosys. We have made significant progress in our .Net and J2E centers of excellence by developing prescriptive architecture, which increases productivity in our engagements. We have made significant investments in the areas of research and thought leadership. The key areas we are focusing here are web service, knowledge management, convergence, collaboration, business process management, and performance engineering. Our success has been widely recognized in international publications, speaking engagements and conferences. We even have three patents in software engineering today, and we have published books.

Our domain experts help the average Infoscion to understand our client's business issues better and also partner with the client's IT team to map their business requirements effectively through technology solutions. A few years back, our clients used to say, your guys are so good when it comes to software, but they don't understand our business enough. I think we have taken that feedback very seriously and over a period of time, now we have made it mandatory for all Infoscions to undergo domain training as part of induction into all strategic accounts. The understanding of the client's business has increased dramatically over the past few years. Our industry experts also spend a considerable amount of time in thought leadership initiatives. Similar to our technologies, our efforts in the domain areas have been recognized through several publications and speaking opportunities in the past 12 month.

Consistent quality and continuous improvements are the way of life at Infosys. I am sure, you are bored with the jargon CMM and I am not going to discuss it. However, key numbers, which I am proud to discuss, are what is dear to our customer. Because in reality, the customer really does not care whether the organization is level 1 or level 5 as long as you are really delivering on-time completion and average defects delivered are far better than the industry. Let us take a look at these numbers. Our on-time completion is 89% against the industry benchmark of 66%. The average defect we deliver is 0.015 against 0.105 for all level 5 organizations. This is pretty significant achievement for us. End of the day, what does this mean to the customer? It means, we are more predictable and it reduces total cost of ownership. What else is the client looking for in today's market and in the competitive market in what we operate?

Productivity improvements - I think this is the biggest thing that is happening in the market place and all our initiatives in the quality areas are focused towards increasing productivity and the significant ones we have done is, by reducing delivered defects and reducing rework, and we have given you some numbers of what we have been able to do in the last 12 months, 17% improvement in productivity, 24% reduction in delivered defects, 28% reduction in defect injection rate, all translating to high repeat business. Our increase in customer satisfaction indicators, I think is proof of the pudding.

We also continue to streamline our efficiencies across the board. We have standardized our account management processes. As a true partner to our strategic global clients, we have implemented dashboards and management review meetings to gauge the health of the relationship and also use it as a tool to strategize for the future. Historically at Infosys, we have had two people manage all our client relationships. We have now implemented in the past six months, what we call, an engagement manager for all our key strategic accounts. This has helped us in reducing our onsite client facing overhead costs, and also given the client a single point of contact for the relationship from Infosys. The other things we are trying to do as part of the global delivery is to reduce some of our onsite work, like moving more work offshore, and we have been successful in both business consulting as well as package implementation. We have had several successes in implementing productivity improvements. Key amongst them are the use of reference models, knowledge transfer for maintenance projects from offshore, SLA based service delivery, and effective use of knowledge



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management. We continue to increase our share of fixed priced projects through SLA which have bonus as well as penalty clauses. We see this as a key differentiator against our competitors and also help strengthen our client relationships.

People are in the core of our offering, Hema will spend time later today discussing the HR challenges, but I would like to just touch up on some of the training which cuts across mainstream delivering. Today, all Infoscians undergo three forms of training: the technology training, domain training, and management development programs. All these are part of what we call the ITP, which stands for Individual Training Plan. Every Infoscian today has an ITP for himself or herself. As we have moved towards a role-based organization, we also have changed the philosophy over a period of time to what we call as individual responsibility. The employee of today, at Infosys is responsible for his or her own ITP, they are responsible for their career plan, they are responsible for being utilized on projects, and they are also responsible for adherence to systems and processes. This, I think, is one of the most significant things we have been able to do in the past 12 months and has increased the efficiencies and productivity of the organization as a whole.

As Mr. Murthy always says, leadership is about innovations, speed, and imagination. It is about being the role model for the industry as well as for the country. We, at Infosys, are continuously identifying, nurturing, and harnessing our company's strategic strengths and making them the centerpiece of our growth. We firmly believe that our customer experience of 20+ years and GDM Plus, the tightly integrated global delivery model executed by best-in-class people, combined with technological innovations, continuous improvements in delivery channels, and an expanding footprint of services and solutions will continue to deliver increased business value to our clients in the changing market place and will also enable us to stay ahead of our competitors. Thank you.