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New Game. New Rules.
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Infosys®

Unidentified Speaker: After having run so all of the little bit <word inaudible> and there, I invite Kris, our Chief Operating Officer to come up and put it all together, and tell us how we're putting the company together for the next century. Kris?

S. Gopalakrishnan: Thanks. Good afternoon, everyone. And we started the day talking about scalability and differentiation, and let me kind of take you through some of the data point, which demonstrate how we're building the scalability, what are some of the aspects of the scalability, what are the measurements, what are the data points. You know, if you look at from a very high level, it is scalability and differentiation. But when you get into detail, we look at scalability from multiples aspect, building scalable client relationships, scalable services and solutions, scalable organizational sector, scalable processes and systems, scalable <word inaudible> management and scalable global infrastructure. So, you kind of divide the problem into multiple aspects. And, the philosophy from very early for the company was, if you want to build a world-class organization, you have to be world-class in every aspect of the business.

The same thing holds good, when you look at any strategy we adopt, you know, building scalable organization means the organization has to scale up all the way. Right from how do you look at the style and how do you recruit, how do you build infrastructure, etcetera to how do you build solutions, how do you build new services and how do you build client relationships. So, looking at our client relationships, our multi relationships are growing, today we have 141 $1 million plus clients, which 56 $5 million clients and 3 $50 million clients.

We have also increased our ability to build this relationship by having, the services, which are relevant to the client, the solutions which are relevant to these clients. We do account planning today, which looks at, what are the requirements of a client over the next three years. We have Infosys consulting; we have strategic global sourcing team, which can address larger deal sizes and larger relationships.

We have a point of view on strategic outsourcing, it's a model of global sourcing and we have also created the client advisory council, where some of the CIOs are represented and they advise us on our strategy, you know what solutions, what services we should look at for the future. So, we have tried to look at how we can build larger relationships with our clients and the data also shows that indeed this is building the business.

37% of our revenues come from services which have been introduced in the last five years. We have extended our marketable or addressable market stays to almost three times over the last five years by adding these services. Ten years back we were in the ADM application development and maintenance phase. and today we have consulting package implementation, application development and maintenance support, business process management, infra structure management, system integration, the full range of services. We have put together these services and built solutions and Basab talked about actually how we are able to actually mix and match these services to suit the client requirements and things like that.

We are leveraging strategic alliances to build out our solutions and also create additional engines for marketing and sales, strategic alliances for us are very important in the sense that, you know, weekly we have to go to market together in order to call something as a strategic alliance. So it means that investment from our side, investment from the alliance partner. It means that there is a point of view being created, it is a much deeper relationship than having both of us, you know, having the logo or our respective websites.

We're also introducing proprietary frameworks like <word inaudible> <word inaudible> production support platform, which again give us an opportunity to differentiate and build a separate <word inaudible> for Infosys in this phase. If you look at where we are investing, we are investing in many of these services and solutions in bits and pieces, in small trends actually and that's again one of the strategies of Infosys, you know, you don't have a strategic investment, which is kind of large and significant and make strategic investments in small pieces, but with an overarching team, which is scalability and differentiation.

We are building a scalable organization structure, the ideal structure, which we created in last November today gives multiple engines of growth, each of these is set up as a profit center, each of these has its own business plan, it has it's own investment cycle and

investment budget. And we are also investing in new markets, new services, as I said, new talent pools and new business models like consulting, etcetera.

Infosys is today a complex organization. But from the client's perspective, we bring all that together in -- when it comes to delivering value to the client. Any large organization today would be a complex organization with the need to build vertical, de-vertical skills, vertical competencies and need to address multiple geographies, the need to have different profits and different things to that, different services - horizontal and vertical services etcetera. The organization becomes complex. But then you manage that, by bringing it all together, when it comes to servicing the clients. But having a common goal, common performance indicators, shared goals and targets.

Our processes and systems are scalable; we continue to invest in enhancing our capabilities in benchmarking against global standards. And recently we have gone through, because there is a focus on security and things that have gone through BS7799 Certification, SAS 70 audits and things like that. Our processes have been actually reengineered to look at the complexity of the services we have, originally we were only addressing application development and maintenance. And today they address all aspects of the services and solutions, including how solutions have built, how we bring in new markets, how do we integrate and things like that. All these are made into processes. And then we have -- rename that as price initiative within the company.

We have invested in enhancing our information systems, for example, on the research front. What used to take almost 90 days to process a visa application within the company, today is done by -- in within 20 days and we have opportunity to further reduce that actually. We have an award winning Knowledge Management System. Infosys won the global Most Admired Knowledge Enterprise award last year and one of the top winners in this space.

And we have a strategy to continuously look at process improvement, we internally have initiatives which looks at cost functional processes and how do we improve this processes based on best practices within and outside the organization. Infosys also has a very robust strategy and planning process, we have a five-year model, which is basically in terms of scenario, and you know the direction settings for the organization we have three year business plans, which are by business units and then we have annual budget and then operational reviews on a quarterly basis. So there is hierarchy of processes which get into more and more detail on how we manage the business, how we plan the strategy, how plan the business over the short and the long-term.

Hema already talked about talent management, and the key difference here is 10 years back Infosys was 300 employees, today we have almost 30,000 employees or -- hundred times growth, sorry, actually, Yes hundred times growth and it mirrors how the industry has grown in India so if you want look for 10 year old experienced person in India that kind of people are not available in sufficient number for this industry to grow. So the engine of growth has to be to recruitment at entry levels and that's a critical difference between how the Indian companies have grown and especially how Infosys has grown and the investment into the education research etcetera.

The engine for scalability has to be built by having an engine for recruitment from campuses deep relationship at the campuses and things like that, and that's how we can grow at 30%, 40% annually and it means that you should be able process 1 million applications it means that you should be able to interview on any particular day, test and interview on any particular day 10,000 people and this kind of engine and a scalable engine has to be grown, ground up and significant investment has to be made on the education infrastructure and things like that and I -- what -- so the answer to your question I talked about having you know ability to train 4,000 people in one goin a centralized location which -- its also is a significant capability from a scalability perspective.

Similarly we have done the same thing replicated the same model when it comes to creating people with SAP skills or Seibel skills or Oracle skills, we have created a university to train people in these skills also.

And lastly you know the global infrastructure itself as I said we have about 2.5, sorry, about 2.5 million square-feet under construction and we are expanding in China, we are

expanding in Czech Republic both Progeon and Infosys we are also significantly investing in scaling up our technology infrastructure traditionally we had used Bangalore as the hub for communication from India we've now switched over to twin hubs, Chennai and Bangalore being hubs and because of the reduction in cost and data communication we have been able to scale up the data communication infrastructure by almost six times for the same cost the cost will come down that much actually. So we have 45 megabit links from Chennai and Bangalore to Fremont and Quincy and we have connected Chennai and Bangalore as well as Fremont and Quincy through multiple 45 megabit links, so the whole infrastructure technology infrastructure has been significantly scaled up in terms of ability to work remotely, ability to have mobile workforces and that are in significant improvement because the backbone has improved.

This also allow us to you know provide all the applications wherever an employee is and whether he is in anyone of the offices or whether he is in anyone of the different client locations where they're at present.

Lot of actually discussion happened in terms of how we're creating the differentiation basically they're differentiating the business model itself you know lot of discussion happened about why this business model is different, we are differentiating tthrough the services and solutions we are differentiating from the GDM itself and we're expanding GDM to include other geographies like China, France, Mauritius and Toronto.

We are adding GDM to new services like consulting and things like that, a lot of investment is happening in creating intellectual capital you know I talked about InFlux, I talked about <word inaudible> production support platform, you know Ashok talked about some of the solutions which we are offering in the financial services industry in recent industry we're working on item data integrity, RFID, lead time optimization so similarly several vertical solutions are being rolled out at this peak so both in terms of enhancing our own services building new solutions so a lot of intellectual capital is going in to the offering today, we are differentiating from a global brand perspective and I will come back to that and we continue to benchmark against global standard from an ongoing basis.

If look at you know and putting this in one slide today our services address run the business, grow the business, transform the business for a client and we have embedded you know GDM from the traditional run the business kind of services like in application development maintenance into growing the business in terms of, looking at new solutions new services, modular global sourcing how outsourcing can be looked at and transforming the business and increasing business competitiveness looking at consulting, looking at how we can you know address the issues of how the clients will look at new revenue streams increasing the profitability looking at more from a business point of view business, <word inaudible> point of view and again the common thread is leveraging the Global Delivery Model itself so the business you know the services and solutions addressed and their range of requirements of our clients and in everyone of them we have embedded Global Delivery Model and are able to address all aspects and all requirements of the clients. in a very differentiated manner and that to be here.

The brand itself if you look at, what is the value proposition, Infosys brings to our clients on one side is the improving the odds with respect to solutions, with respect to strategic sourcing, with respect to how a client would look at -- how the client would look at business <word inaudible>, competitiveness and things like that. And the improvement of odds comes because of our focus on processes, our focus on delivery itself.

Our focus on successful execution of project, the 85% of the project executed on time within budget and things like that.

And on the other side, because of the process focus increasing the predictability, the quality of our talent, the quality of the solutions and things like that and the value system of the company delivering on the promises and with all stakeholders not just the clients, all the stakeholders how we're delivering on the promises and things like that and this is slightly coupled through our industry defining global delivery model. So, we believe that Infosys is best prepared to offer this combination of improving their odds -- improving their predictability in this marketplace today.

Thank you.