Topic   :   Systems Integration– Session 3

Speaker   :   Muralikrishna K.

Muralikrishna

Strategy #2 is go after developing high value consulting in the space of technical consulting arena and here besides bringing us high margin business, this also creates a beachhead to get into our client organization to sell other Infosys services at a price point platform, which is higher because it was created by the beachhead. It is the high-end consulting that we go in, that is strategy #2. The strategy #3 here is we are looking at how do you bundle end-to-end propositions which spread across potentially commoditized space and see if we can come up with innovative pricing models to preserve our margins. So given this, in the next couple of slides I will show you what is our portfolio of services that we offer from SI and then we can talk a little more in SI Infosys context. The strategy that we talked about and discussed has helped us, has shown results over the last two years. These strategies have helped us in showing good results in the last two years. In two years CAGR, we have had 241% growth. We have total employee count of 650, around 10-15% of my employee count is outside of India. Given the nature of my business, it is purely transactional. I have zero annuity business in SI. So it is we going there, we do design, development, implement, and then whatever comes after is either done by an unit if it is IBU. If it is an application related. If it is infrastructure related, it is done by IMS. So that's where we _____. The onsite-offshore mix that you see is pretty healthy right now when compared to what we started which is completely the other spectrum, which is almost 80% onsite and 20% offshore. So that's _____. In terms of how do we go about doing it, our focus is on high quality resources. If you look at it more, 60% of our team has got provisional certification which maps into our solution portfolio offerings that we have within the organization here.

From a customer perspective, we talked about the solutions route has really helped us you know in getting their mind share. They liked the single-window approach where you take the ownership of everything end-to-end, you work with your alliance partner, you work internally with various departments in delivering the solution and deliver the solution. And the other one is we have a lot solutions in place, which have got products and tools and the frameworks that we have developed which gives a client a feel for the project as it would unfold during the life cycle. So they see a lot of thought leadership that comes out of this, its a kind of confidence that you instill in them saying that we are capable of doing these kind of projects. So that is the solution approach that we have taken. What are they resulting in? Well a couple of things that are identified is new clients _____. We have done around eight accounts through SI services and solutions in the last quarter. We have significant follow-on revenue opportunity. We talked about beach-head share is one of the strategy, how we go in with a beach-head high-end consulting and how do you spread your wings to sell other Infosys services. So that is what we are talking about follow-on revenue where a lot of engagements that we get into converts into multiple million deals in the custom development space, in migration and also infrastructure managed services. So SI is also about going in designing, development and implementation. So anything that is maintenance and taking it forward, is done by other units.

All the results that we are talking about have come from the following offerings. The offering that you see on the left is more service oriented, some of them can categorized in being a beachhead _____.

And the solutions are built working with our strategic alliance partners, we use their products, we have done IP around the solutions, which is an integrated staff, and this integrated staff along with the framework and the methodologies are aligned to the business need. In addition to that they are also help us in achieving efficiencies during execution. So some of the solutions here have a very wide scope. You look at Accelerate Deployment and Migration is alliance with Microsoft. It is all round XP deployment globally and we started the solution with around three or four tools and lots of framework and methodology but today we have around eight tools that addresses all the way from support to execution and also looks at it from a customer experience point of view. I will give you an example when we talk about the case study. Infrastructure operational efficiency, data centre, we are talking about

1

server consolidation, security, how do you work in implementing and optimizing a data center, we are offering that, content management. So these are some of the solutions offerings that we have today.

The key differentiators in our approach to the market can be summed into these five categories. One is we differentiate ourselves because of _____ solutions. Again the solutions are highly flexible. You can tailor it to the client's need or environment. There is a high degree of automation that is expected out of this. Any solution that we go out and build, the focus is on bringing in high degree of automation that ensures one pretty good quality in deliverables and we leverage our experience. We have 60% of our team size is actually laterals. So a lot of experience is leveraged along with industry frameworks to come up with a _____ framework and processes that would help building high quality outputs. We leverage our strategic partners to come up with go-to market solutions as well as training and we also work with them as one of the channels for the solutions to go out to the market. The last point, all our solutions are crafted such that they can be delivered from any one of our global deployment centers keeping the customer satisfaction in mind and making the best of the cost efficiency _____.

Given the strategy that we talked about and the commoditization that happens as I speak, when you have competition in the market, we have to keep our _____ almost all the time. We are forced to keep our innovation engine going day in and day out to make sure how do we help position our services and solutions in the market and how do we differentiate ourselves. So couple of challenges I identified here given the demand and the supply, ensure continuous positioning of solutions specific expertise, competing with product vendor professional services and the rapid _____ of solution features into product versions. There are a lot of solutions that I have created in the last two years. The recent version of product are starting to address those kind of stuff. So it is all working against us, but we are evolving ourselves and our solutions so much that we are also taking that into account. We still need to and try to keep our services component decently high. As far as the strategy we talked about as a solution approach and may keep it evolving with emerging trends, innovative pricing models. Based on different solutions, we come up with different pricing models because the desktop, Accelerated Deployment we are looking at it from rolling out a desktop level. If we are talking about portals, we are talking about _____ management, we come out of provisioning. In terms of BI, we come up with a different pricing model. Then we are investing heavily in the organic growth with solution specific certifications.

The next two slides are two case studies. The client is a leading bank. We sold this using the Accelerate Deployment Solution. We had three competitors together, all working towards this. We go the win very simply because of the solution expertise that we had. We could go through their room, conduct a half a day workshop, talk to them about how we consider this, how we consider _____ to the table, and showed them how a project life cycle would be and at various points in time how each of these tools would support and ensure quality, timeliness and the various aspects that a client really looks at. This is one solution where we have gone ahead and we have a tool, that client sort of vowed them, is we call the night of deployment experience. So before the client goes home, we had a tool that would call all the way to the desktop and come back and give us a percentage as to what completion for that night. So the client can go home and come in the morning and the percentage would gets mapped. If that does not map, we have a reason and we could get it on the log. So these kind of things really got us to work with this client for almost two years. It is a $16 million deal and they have acquired a bank, so we started working with them now and again more to roll it out to the other bank that they have acquired. This is a case study where we have got an end-to-end solution offering for the portals. We started off here again we had one another SI big five consulting firm as a competition. They were incumbents there. The utility client looked at us as an application development vendor. They really did not really look at us a system integrator. Once we went in there and starting taking about this solution, we showed the proof of concept, the governance model around this portal and all the collaterals we had and we had another half a day workshop with them. It changed the perspective. We were given a roadmap definition as an engagement and from that day on till now, we have around $4.5 million worth of bills and we are half way in the project and there is a lot more coming. So this sort of strengthens our strategy in terms of building an end-to-end solution which addresses from the consulting piece all way through implementation and roll out.

So that's the thing from my side. So very briefly system integration in Infosys definition covers platform engineering and enterprise architecture, business intelligence. These are the three things that it encompasses and we develop solutions from building in expertise from across the organization and alliance partners. So that's where the space we play. So if you look at the Forrester report, the market size, we don't fall in their definition but we can pick the colors and go after that.

I can take some questions.

2

Question and Answer Session

Participant

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Muralikrishna

The margins, see its high. It is high margins, it is better than most units. We are probably one of few which have higher margins. If you look at our solutions because they encompass the application fee which is delivered by the IBU, as a solution sell if it happens everybody gets higher margins, so that's our focus in this.

Participant

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Muralikrishna

I wouldn't know much about that. I think because we are into high-end consulting through implementation, the margins tend to be higher compared to the managed services.

Participant

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Muralikrishna

Every opportunity that we get, I keep telling we form _____ end of the flying formation. _____ and we really create the footprint of the client's needs. So if is a large opportunity that we are running after and it includes application, validation and testing, we get the IBU folks in. It includes like if I were to look at a standard operating environment roll out, then if there was something to do with managed services, we bring the IMS in. So we work together to make sure the footprint is large enough and we seamlessly transfer the ownership as we go.

Participant

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Muralikrishna

We increased our offshore-onsite mix. We were predominantly an 80% when we started. We are slowly bringing it down because the nature of business is like almost high-end consulting. Our solutions are starting to drive, the tools are driving it offshore. So that mix is slowly getting better so one of them is that. The other is that large contracts are coming to an end and some contracts are starting. They didn't happen the way we wanted it to happen. So that's the gap that you see it has come down in Q1.

Participant

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Muralikrishna

Sure like I said our business is all transactional, there is absolutely zero annuity business. Every penny that we get is all of new business. So most contract size is solution based. If I were to look at from an accelerated deployment in that solution anywhere between $ 3-7 million is typical. But I did this case study where I showed you that I am $ 17 million and I still have an opportunity to create _____ as we go. If I were to look as the other solutions like portal and IND management, they are anywhere between $1.5 to $5 or $7 dollars. Again the scope is all I am talking of services. There is absolutely no product or the like, so nothing that is involved in it, so that comes in addition to that. A lot of the things that you see here in revenue is coming out of this SI unit. So any downstream work is accounted as the revenue of that unit. So it is not accounted here. So it is purely what my team has been has contributed to that deal.

Participant

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Muralikrishna

I think our base is fairly small and unless we have plans pretty much I have got the targets that we want to do. We want to be big. The solution portfolio that you saw is not standard, there are things that do very well in the next two years, there are things fall off. Some of the solutions have shelf life. So if they can evolve to the emerging trends, we will go after it. If they don't, we will add more solutions. The data warehousing and the _____ that we have is services today but as we go on, we are going to start putting solutions around it. Lot of the solutions are horizontal solutions but when we go out to the market, there may be a client who is looking for something in a healthcare specific, then we wrap this with a healthcare specific _____ IBU consulting, the domain consulting force, wrap it around it and go to market. So the variation keeps us there, that's our market.

Participant

Who are your competitors whom _____

Muralikrishna

The competition is different for different solutions that we run into. If you look it, it is also scope of work that we do. If you at an Accelerated deployment, from the infrastructure, our operational efficiency, those kind of solutions, we run into the HPs, DELLs. They bring in their services component in there. In some cases, Wipro and TCS and in some cases, we also have run into the local mom and pops. Because infrastructure is one that generally you have clues, it is very close knit. It is still not much as mature as application or outsourcing, so they are in there. So we have to work with them to make sure we get it our way, _____ on that side. If you look at from a portal identity management, it is all the erstwhile big five consulting firms we run in. The second case study that we talked about was a win against a large consulting firm and first case study, we still have the large consulting firm and a couple of them offshore vendors and incumbents still fighting us almost every month whether the client call basically saying, "hey, we have these guys offering at so much less, what do you guys have to offer?" We are pretty strong about what you bring to the table with a solution, the tools, _____, and the quality and we are able to sustain it for the last two years and those guys are there. We are working at a premium price there and they started writing, they tell us.

Participant

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Muralikrishna

Solutions, it is just pure solutions and expertise. If we sit today across the table and say, I want see what you guys got to do in certain space, we bring to the table the tools. We will tell you what is the framework that we are going to use, the methodologies we are going to use, there are various templates, the whole project, the life cycle makes you experience that. That differentiates us very clearly from our competition. It is the IP that we build around the solutions and the focus is not to reduce our services revenue. Our focus is on tools and IP created to help improve our productivity. We still want some revenue to come.

Thank you very much.