

Infosys Technologies Limited
2006 ANALYST MEET
July 30-31, 2006

Session 2 by Dheeshjith

Jith

My name is Dheeshjith. You can call me Jith, that is of last 4 characters in my name. That is much more easier and I am going to cover transportation and logistics and media and entertainment. There is nothing in common in between these two. It so happened that I am managing both these businesses. So that is the only thing. So I will talk about that trends and business issues and revenues and so on and so forth. We will completely separate and show it that way. I am sure you are seeing this for the fourth time. So you would have completely understood what is given the safe harbor, so....

Let me get into transportation, logistics and media. If you want to be an expert in transportation logistics, you have to truly understand the breadth of the industry as well as the depth, exactly the same thing for media and entertainment. If you look at transportation it consists of different segments like airline, railroad, parcel express, trucking and many specific industries. And if you look at media, it predominantly talks about publishing, motion pictures, TV network, music, radio, gaming and so on and so forth. So what we have done in Infosys is to start focusing on some of these industries so that we will have the breadth as well as depth, as time progresses we will also add more sub verticals into that.

In transportation we focus on airline, container shipping, express deliveries and logistics as well as railroad. These are the specific industries we want to focus on right now. And in the case of media, especially the publishing, casino gaming, motion pictures and TV network. So we are actually getting into deeper, the breadth and depth is very important, otherwise we will go all over the place, that is the reason for the focus.

Now let me talk about the sector summary as of now today. If you look at the transportation, we were about \$110 million last year, \$21 million in Q1 and media and entertainment is a fairly new practice for us. It is about \$35 million right now and predominant business in media and entertainment is ADM right now. It is about 88% to 90%. In the case of transportation, approximately 30% is coming from the other than ADM services like consulting and so on and so forth. That is the foot print right now. And I am going to walk you through the outlook of these industries which we are actually focusing on this #1, and #2 the business issues, and the #3 is the trends in the market place for transportation and logistics first and after than I will take you through the media entertainment. Then we will talk about what is our strategy to address these issues to make sure how we can actually partner with the clients to enable them to embrace the new trends in the market place. Okay that is what I will talk about at the end of it.

If you look at the industry, transportation and logistics, it is about an \$800 billion industry worldwide. If you look at only airline, container shipping, parcel express and railroad, it is fairly large and it is growing about 7% which is a good growth and if you look at the IT capex for each of these industries, airline is spending very little money. It is a discretionary spending and if somebody is spending good amount of money in the IT capital expenditure, obviously they are investing something in new technology, new area, new initiatives and so on and so forth. Airline is trying to survive today. If you look at the airline industry, how many of you know what is the margin of airline industry today worldwide? Very simple, minus 1.7. So it is all in minus actually. These are mega airlines, the airline majors which are more than \$2 billion. If you look at the other airlines which are about top 150 airline in the world, their losses are minus 1.3% and only airline companies world making money is the low cost carriers in general, their margin is about 0.3%. They need to go with the decimal place to show some good number. If you look at railroad specifically in the railroad here, I am talking about the US railroad only because it is very difficult to get data from elsewhere, they are doing pretty good because they have inadequate capacity, demand is much more and there is a huge issue in terms of getting into the railroad industry because it is heavily capital intensive industry and it is a very traditional industry. Their growth is about 5.6%, their margin is about 12-15%. It is likely to continue for the next few years. That is what we are feeling and we are seeing right now. In the case of parcel express, we are looking at a margin of approximately 2% to 14%. You know UPS has got a highest margin of about 14.4% and in fact they had a better margin last year which was about 15%. So that is kind of range we are looking at. DHL is probably in the single digit, TNT is about 8%, FedEx could be about 5% or something like that. That is the kind of the margins we

are looking at right now. And in the container industry, it is 4.3%. That is the kind of the margin they are looking at. So it is a good market to be in and some of these are very traditional. Some are embracing the new technology and so on and so forth.

Now let us look at the business challenge that they face. In transportation, the top industry issue is the fuel price. 107% has been the increase of fuel price over the last couple of years from 2004 onwards. That is really pushing the margins of these industries very low and airline industry should have actually broke even this year but because of the 107% increase in the fuel price, it is probably is going to happen in next year or 2008. That is what we are seeing. And the increased competition is today coming in to the airline industry from the low cost carriers. I think because they are making more money. So that is one other thing and after 9/11 in the US, they also have to spend a lot of money in manning the security and associated costs. That is around the world. In the case of container shipping, I think they are anticipating pressure in their freight charges because of the excess capacity they are anticipating right now. They are coming out with mega ships and so on and so forth. Express logistics, managing the complex supply chain, I think that is the biggest problem the parcel express companies are facing today because as a user when you send a package from here to Delhi you really want to know, today we have the capability or the mechanism to figure out whether the package has been delivered and who actually picked up the package. Today we are able to find that. That is the kind of sophistication the users today want and now you can imagine what a company like Wal-Mart wants when they want to ship Motorola phone from China and all the way to some Wal-Mart stores in Oklahoma. They really want to trace and track on a real time basis where the package is and so on and so forth. I think that managing the complex global supply chain. That is a very biggest challenge is faced by the parcel express industry. Railroads, they don't have enough capacity. There is whole lot of demand. See it is not easy for someone to put another track and put one more train and stuff like that because it is a very capital intensive. So it is going to be very slow in that sense. So that is the reason they are making good money and the quality service and time line is pretty bad right now. I think that is other thing we are seeing right now and one good aspect of railroad is that especially not the passenger railroad but the cargo, they are able to pass the increase of the fuel price to the customers actually through something called a fuel surcharge, but in a consumer industry it is going to be very difficult actually but these guys are pretty good in that.

If you look at the trends in the transportation industry, what we are seeing right now is that emergence of low cost carrier is one thing and the second thing is they are trying to cut down the cost in all kinds of innovative manner, they are making you and I as the employees of the airline. Today if you want to fly in SouthWest airline, you can actually reserve your ticket, you can print your boarding pass, you can go to the gate directly and get in the flight actually, you are doing their work actually. Jet Airways, to a limited extent there also, you can actually print your boarding pass and so on and so forth. Whole lot of things can be completely done with that _____. So that is the direction people are going to. And the container shipment, when I said these mega ships are coming – 8000 20 feet containers, they can accommodate in a big ship actually. So the capacity is actually going to increase by 50%. So that is going to have enough issues with them in terms of their margins in the years to come and express logistics end-to-end supply chain information visibility. Everybody wants to know the information about that, does not matter all other aspects but they really want to know where things are at what time so that they can take the right kind of decisions actually. Railroad, one of the biggest problem in there is knowledge retention, railroad is one of the traditional industries in the world and people join these companies to retire after the age of 55 or 60 whatever it may be. Now they have whole lot of process but it will be in the minds of the people, they are not able to document, they have not documented that because somebody is going work day in and day out for the next 30 years. So why do you have to document this process. So that is one of the biggest issues faced by the US railroad industry. A whole lot of people are going to retire in the next 3-5 years and now we need to extract this knowledge base. So that is the reason people are looking at this as a big challenge which is going to come up. If these people retire and if they don't have that processes and mechanism, get this knowledge base, document it, train people, they would be in serious trouble. So that is another issue we are seeing right now!

Okay. So what is the view of Infosys in the transportation logistic space? We believe that for an organization or for a business to be globally competitive, they should have end-to-end visibility of their supply chain and the predictability, end-to-end visibility and predictability of their transportation logistic network. That is very important. They should know what is happening where on a real time basis, that is number one. No. 2, they should also have a real time data so that they can take a decision on the spot, that is very important. For example, when you move a product from say from China all the way to San Francisco bay it takes probably 30 days or more than that, the market condition would have changed, they can actually divert that to some other port really speaking. If you have an agile decision making methods, you can only have that kind of agile decision making mechanism provided you have the real time data. So that is what the struggle for the transportation logistic industry is that the companies who can actually do that they are the winners here.

Okay, now let me switch over to media and entertainment. Let me look at publishing, motion pictures and casino games. These are the industries in which we are focusing on right now and if you look at the current market size, you are talking about \$1010 billion. That is the kind of world wide market size and publishing is about \$665 billion. If you look at IT spend, IT spend is about \$47 billion, which is a fairly large size IT spend and the growth is also reasonable about 6.49%. That is the average growth we are looking at right now and if you look at the IT capex, about 50-60% of their IT budget is spent on new initiatives. That is what it means and it also means if you look at 25-35 for motion pictures and so on and so forth, the new initiative they are spending 25% of their IT budgets but they are also having about 75% on actually running the business. You have to look at in both ways. So that is the reason we have given this information in that format.

Look at the market place, the biggest challenge for the motion pictures and TV network is piracy. You create this great movie and have all kinds of mechanism to copy protect that, but people create at the same time, create enough software to copy that and if he copies a creation, what is the point, no way you can sell that for Rs. 500 or whatever it may be because only one person in town will buy that and everybody copies that. So piracy is continuing to be a huge challenge in different parts of the world. Now other issue they are facing right now is that they are not able to make money from the existing business model. If you look at the theatrical revenues, it has stagnated at about \$9 billion in the US for the last 4 years and for the first time in the history of DVD sale, it dropped. Everybody is thinking that know DVD sale is going to go up after many years. So there are changes happening in the industry and even traditional advertisement driven TV broadcasters are finding it so difficult to get money from the advertisement because the TV is all about advertisement, that is the revenue model. They are not able to do anything beyond that because of the availability of on demand content as well as the internet. Now the other aspect is that there are whole lot of new kind of technologies are coming up, like iPod, they are coming up with completely new technology. So today we are in a position to download a SIPCOM on your iPod and watch at whatever time you want. Look at the prime time. Probably you can say prime time is 7 pm to 9 pm in the evening, that is a prime time in all parts of the world, why do you require a prime time because TV networks are telling you that this is the time you should watch the most important program, and they are going to show program which are recorded programs. You look at the paradox. If it is a live program of course it can happen at 12 o'clock at night or whatever it may be. But here is a case the consumers or the end users are changing their habits. They are saying I want to watch my best TV program may be 3 o'clock in the morning or whatever it may be. There is no reason to put any fictitious timeframe like that this is gong to be the prime time or whatever. People also want to watch program at their convenience, at their times on their devices, it could be their PC, it could be their laptop or it could be on their mobile devices or iPod or whatever it may be, if it is a recorded program. I think that is a convenience that users of the world today are expecting and the companies have to struggle to create that kind of thing and that kind of technology. That is what we are seeing right now.

In the case of publishing, what is happening in the publishing is that there is a slow negative growth outlook for publishers purely dependent on traditional print media. See when you buy a newspaper today, any newspaper in India or any part of the world, you pay may be Rs. 10 for Economic Times or whatever it may be. I don't think the printing charges is probably much more and the paper and printing charges will be more than that Rs. 15- they make money though advertisement, but that is slowly changing. I think that is other reason. So all large publishing houses also have an online, they are also trying to shift their revenue to the online and trying to go into a targeted advertising.

Okay, now let me get into the last one casino gaming. This has been a big industry in the US and some part of Europe. Not necessarily in all parts of the Europe and what we are seeing is that there is a huge competition on the customer loyalty from within and outside of the gaming industry. For example, in cruise liners they can actually have a casino and do the gaming. For example, in India gaming is not allowed, it is illegal, but you can have an Indian ship which goes to international waters, you can do that actually, very simple.

Let me now get to the trends in the market place. How many of you know the word "content monetization". It is very simple. It is all about making a creation, create something and make money out of that by selling several times. If you look at the traditional movies, you create a movie you send the reels to the different theatres and you make money. After that they started putting that VCD, DVD and all kind of things. Today it is available on demand, the difference between on demand and you buying a DVD. DVD costs probably Rs. 500, but on demand you can actually offer at a much lower price. You are gong to watch may be once and if you want to watch twice you obviously pay double the money or whatever it may be. So there are multiple ways by which people can actually make money based on a creation and for example, you take a picture of somebody or some specific event, you can get a royalty of using the picture by different people. You actually sell that picture. If it is a very historic important picture people are going to buy that, you cant take somebody's picture and put that in web site or whatever it may be, you have buy that right? So the people make money on those kind of things, and that is called content monetization and in the case of publishing, also content monetization is very important, cross media

advertising, that is a other important aspect that people are seeing right now and product and platform consolidation; casino gaming, what happens is, how many of you have gone to a casino? Yeah it is basically like when you slot machine, slot machine used to be an independent equipment with a independent processor and stuff like that. Now they are trying to interconnect, so that you can actually understand the behaviors of profiles of the people and where is the maximum happening and so on and so forth actually and they also have a loyalty cards now a days and you can actually figure out who is spending more money and if you are spending more money you can get a free rooms and whatever actually. So the idea is to you need to integrate all of this in different places, different gaming machines and to get the profiles of the people, and if you are able to do that, you can actually do a whole lot of cross selling actually. So real time CRM is very important in that case actually.

So with that I just completed the market. May be a little bit of market outlook, the trends and the business issues faced by these organizations and what we have come up right now is to enable clients to embrace the emerging technology trends and to manage their business issue. Also to run their business process as well as IT, we offer multiple services, these are end-to-end services we offer right now, we can offer end-to-end or in between also. It is all the way starting from strategic business consulting, ADM work, which is the development or IT strategy or IT infrastructure or maintenance or management or a business process and so on and so forth. We also have some specific solutions. One is Digital Asset Management is one of the big thing in any media company today. They should be in a position to take any content, whatever content they have right now and repurpose that, repurpose for variety of uses. You should be able to send news clipping from wherever it is stored to the mobile devices, to the computers, to the internet, to the TV or whatever it may be. All of this is made possible by having a good digital asset management system and at the same time, they also have to make money out of that. It is not all about giving, you also have to get a royalty and it has to go all the way back to the producers of these. So that is the reason digital asset management is very important in the media company. Aging workforce as I said in the railroad industry, especially in the US, in the 3-5 years whole lot of people are going to retire and we have come up with a solution. It is not only a technology solution, we have got a knowledge management framework in it, there is an HR process, there is a change management process. So that we can extract the knowledge which is residing in the minds of people in a methodical fashion and document that, validate that and we also have to encourage the people to pass them on. That is also very .important, right. And get people and retrain people and so on and so forth. The idea is this is a framework by which you can extract the knowledge and have mechanism to retrain people. So that is a one solution we have come up with. Virtual concierges is a solution we offer to the gaming industry, especially the casino gaming. Every casino will have a hotel along with that. That is how it is structured today. So your privacy is very important especially in the western world. You don't want to go to your receptionist in a hotel and ask them where is a Chinese restaurant nearby and so on and so forth because you want to protect your privacy. You don't want people to know where you are going and what movie you want to watch and so on and so forth. So this is something which is made possible through this specific framework, this specific solution, it is called a virtual concierges. By sitting in your room itself, through your TV screen, you don't require anything other than that, you will be able to figure out which are the Chinese restaurants in nearby places, how do I go, what are the driving distance and what is the direction you need to take or after that you want to go for a movie, what are the movies running in the near by places, what is the weather, all this information, otherwise he would have got from a person. Now if you want to get a human interaction, if you want to connect with a person that is also possible, his face is going to appear there but that guy will not be sitting downstairs in the concierges. He will be sitting in some part of the world, could be in Infosys facility in Bangalore probably. So you can do a shared operation with that and that person obviously will be able to give much more meaningful data than a person who is sitting here. You can actually use the shared facility and of course you can actually navigate through that, help the guest to navigate through that. That is also very important. See it is not all about giving a internet connection, if you have a internet connection, if you are smart, you will be able to go and figure out what is where and so on and so forth, but we are actually assisting the person to do that, right, in the privacy of your own room. So that is the solution we have.

Now this is the last slide. We have 3 top strategies in the company in this group. One is that we truly believe that unless otherwise we know the industry so well, we will not be able to provide the right value to our customer. So what we are doing is every employee in the company has to undergo training program. If you look at yesteryears we were asking people to undergo training program in technology, but today we are giving equal importance to domain. If you want to work in a casino, you should know the casino industry so well. So every employee should know technology as well as domain and one more thing we have done in the last 18 months is that like Infosys, many other organizations finding it so difficult to find the effectiveness of training program. When you go and attend a training program, may be 30-40% of the people understand some of that. Probably a lot of people don't even understand the meaning of the concept itself, lot of people understand the concept but they are not able to actually figure out when to use it and how to use it and so on and so forth. So what we are doing is that we not only give a training program but at the end of the training program you ask them to take a test. Every training program in Infosys today has a test actually, that is how it is and they have to pass through the test. We are also making

this as a prerequisite for promotion, prerequisite for higher salary and so on and so forth. So that is what we are doing. The objective is that we want to make sure we are spending the right amount of time in training our people as well as it is effective, it is both sides. As a company we need to give training program and as an individual it is their responsibility to understand. So that is also important and we have to give push in both ways. So that is working out very well. The second thing is we do a specialized talent acquisition. What does it mean is that if I want to do pretty well in the railroad industry, I should actually hire people who have spent maybe 10 years in the railroad industry itself. There is no way I can get that kind of knowledge and the richness in the knowledge base by asking somebody to go through projects maybe 10 years in an industry. He will never be that rich. So that is the kind of people we hire and even in our sales force, I don't hire a sales manager who is a generic, if I want to pursue, companies like Sony Entertainment, I will look at sales people who worked in that industry for long enough, of course who are sales people. But I don't require too many sales people. I require only handful of people and with the right kind of people, I think that is a very important and that is the reason I said specialized talent acquisition. We want to have consultants who are deep domain experts. We also want to have people in the client-facing role who can truly understand a business well because that is the only reason they can actually go to CEO or a CFO and talk their language. That is very important. You can't talk about only you know we do programming and stuff like that. Those are old time stories actually. Then the third is there are various specific niche companies who offer a very niche product which is useful in the media market as well as transportation. We have an alliance with those guys. So they will also take us to their customers. So that is another point and we have a gap in the space. For example, we don't have digital asset management product today. We have a solution but we use their products, we use product of Clearstory. There are 3 companies we have alliance with. We use them to create the overall solution because we don't want to create a product of digital asset management. But we have a solution which uses their product. So we jointly go there and do the selling out there. The other important point is, it is an extremely important point which is the membership with an industry association. To give you an example, there is something called Association of American Railroads. There is something called Association of American Publishers. We have taken membership in that forum and the people who are CXO level attend that kind of forums and even in the US the senators come there, talk about the future of the railroad industry and what are the kind of new policies they are going to come up in the Congress which is going to be discussed to protect the industry and stuff like that. We will get a glimpse of that, because that is also very important for us to truly understand the direction of these industries going. Other one is we also engage with the industry analysts who actually specifically track publishing industry or motion pictures and so on and so forth. We get a whole lot of valuable insights from these guys also because they are also in contact with various people.

Now capability building, that is a top-top priority for us, top 3 strategy for the company. And as I said, even the last employee should know the technology so well as well as the domain. That is the change we have made in the last 18 months and that is the direction we want to go and one is knowing the industry so well. Now the thing is people should also know that he knows the industry so well because that is the only way we can market, so it is all about marketing and branding. So what we do, we will do whole lot of stuff for marketing and branding. One is there are very specific industry seminars for example, National Association of Broadcasters. That is a very important seminar which happened in the US and we have an active participation. When I say active participation we either get a speaking opportunity, right. So we talk about a point of view in the industry or whatever it is and the second thing is we mostly will have a booth. They will also allow us to have booths so that we say that these are the kind of solution service we can offer to our customers and so on and so forth and we invite people to come and visit us. And the third is which is very powerful, most of the industry seminars we attend, you can actually see people doing a panel discussion and we want to clearly take the moderator slot of the panel discussion. That is a very powerful slot to be in and we mostly have our customers sitting out there and we are actually doing the moderator slot. So through that we can actually showcase our capabilities, our expertise, thought leadership and so on and so forth. People should know that we build this capability, we know this capability, we know that and we also work with so many clients in many of their areas, in the revenue generating area as well as in the cost reduction area. The third is because we are a small group, now we want to scale up, really scale up and so there are multiple initiatives that we have undertaken. One is we want to do a whole lot of consulting led engagements so that we will get huge downstream at the end of it. Consulting is not doing just for the sake of it but to get the downstream activity so that we can get into a large sized implementation of package and so on and so forth. Another thing is go-to market with alliance partners because we are in this industry for long enough. For example, media entertainment, we are probably about 3 years old in that but there are so many companies who sell specific products which are used by various companies. You go and have an alliance with them and go along with those guys and sell them in the market place.

Priority customer referencing - today happens is not many customers are willing to come out to the world, come out to the outside and say that you guys are doing so great job but privately if you ask them, they will be able to say that and I am sure that is the reason we exist probably, right. Publicly they are not. So we are trying to do at least to make our business much better is telling them that at least you should be able to come and tell our prospective

customers that we are doing these things. We only want them to be very honest, that's all we require. As long as they say that half the sale is made, it is very clear in our model. So a lot of contacts obviously have clauses that we can't use customer's name or their logo and stuff like that and in some cases the people are ok with permission. Some obviously you cannot do that. So we want to slowly make sure that they should be in a position to come openly and talk about us and stuff like that. So that is a one important aspect. We do whole lot of things around that.

Increase sales force, that obviously we need to do that and there is another thing we are doing, which is very peculiar. See we selected about 4 accounts in the media and we have a small team of people and ask them to only focus on these 4 accounts. Otherwise today in Infosys in general, a sales person will be given about say 10-15 accounts to go after in an year, after than we revise the numbers. These guys are given only these 4 accounts. Nothing else. Have a laser sharp focus only on these accounts. We know that the sales cycle is going to be long but we know that when we actually crack, obviously the quality of the revenue and quantity is going to be very huge. So that is the reason we are doing this class A pursuit. We carefully selected 4 accounts. These guys are going to completely work on that.

Now let me get into a couple of case studies. Then after that I will stop for answering questions you may have.

So this is a company which is in the parcel express space and as I said earlier, they are doing a whole lot of mergers and acquisitions around the world. So they acquired a company in the US, acquisition is a great thing but after the acquisition you have whole lot of problems. You have to integrate your systems, IT systems, business systems, they are all kinds of stuff, otherwise there will be a whole lot of redundancy. The business case you created for acquisition will completely get lost if you are not able to integrate that and get the cost out of that. And I think that is also very important. So what we have done is we have undertaken a project which is about 525 person months of effort, we _____, and the first thing they want to do in the first 100 days, they wanted to integrate the front ending application so that users don't get bogged down with anything. They can book their packages like before, they won't see much of a change. They will see similar kind of screens and stuff like that. Integrating the front end is so important right. So that is one aspect. That is something which we have done in about 100 days. That is a remarkable achievement and after that we looked at all the applications on both sides, acquired company and the acquiring company, looked at which is better, looked at which is integratable, look at which can be retired and so on and so forth and made integration rationalizing. It is a pretty important project and we believe that these kind of projects are going to give us enough traction in the board room because the biggest issue in any acquisition is the integration. So at least we are able to do the integration at the IT level, so that is one aspect of it.

Let me also get into one more case study, this is in the media space. This is a revenue generating platform we have build for one of our largest customers which is operating in different part of the world and they have also done a whole lot of acquisition and inherited all kinds of heterogeneous platforms. They are not able to do any kind of cross selling. So this specific platform they wanted to build for the lawyers around the world who practice law and what happens is they keep track of all the cases for the last n number of years in the US, 100s of years of case history is kept. It is not only case history is kept. They also do whole lot of value added service on top of it. They have the whole case and they also have lawyers who have read this case and come up with enough searchable items, come up with abstracts and so on and so forth. So it is easily searchable and easily usable by the people in the US, Australia in the same manner and so on and so forth. Now the thing is productivity is also very important, for the lawyers, for everybody productivity is so important. So we have built a single global platform which can be used in different part of the world and at the same time we created this platform in such a way that this is scalable for the next 5 years growth by considering next 5 years growth. So that they don't have to make any changes in the near future and the total cost of ownership is significantly lower. And they are also getting a first mover advantage by operating by creating a platform, global legal platform like this compared to their competitors. So this platform is so important. Their revenue base has also has gone up because of that reason. So to summarize that, today we are able to operate with the customer in transportation space as well as in the media space in their revenue side of the business as well as the cost side of the business. Both are important. When I say revenue side of the business, if this platform is not there, they will suffer in their revenue. That is very important. So people call us to enable them to embrace their trends in the market place. People call us for cost reduction, for doing their maintenance projects, to run their business process, to run their IT, to run their maintenance, to manage their infrastructure and so on and so forth.

That's all I have. If you have any questions.

Participant

You mentioned since it is so much of training initiative that you take for each person that you take in this space. What could be an average training period for an employee that you take into this space?

Jith

About 10 days in a year.

Participant

Is this the same for whether he is coming into the domain space or whether into the programming space?

Jith

If you are talking about a programmer, for example, it is about 10 days. First we will give a transportation and logistics training, then we will give airline training or whatever domain he is getting into, that is the kind of training we give. So it is about 10 days and see there is a one-time training need for people. Once the one time training is already over, then whichever is the area they get into we give an advanced training. That's how it goes. So in the first itself we don't give both, that is how it is happening.

Participant

Could you sight us a figure how much would be the training cost per person there?

Jith

I will say 10 days. 10 days is equal to 10 billable days in that sense. So if you look at opportunity cost, that is how I can say that because if you look at say 52 weeks, 5 days, you are talking of approximately say 250 days in a year, working days. Out of that may be 10 days, or 15-20 days leave, then this is the number we are talking about. It is an opportunity cost. See training is mostly designed by ourselves. In some cases, we get people from outside for training, that is how it works. But we also adopt the 'train the trainer' mechanism. We want to train thousands of people. We don't want people to come and train everybody. We want to train a bunch of people as well as a trainer. Then that person will take over. That is how we structure the training contracts.

Participant

What is the logic in having a T&L work with media and entertainment?

Jith

Because media is very small group, that is the reason. There is no other, so I am incubating that actually.

Participant

And the other question is why are your growth rates much smaller than the Infosys average growth rates?

Jith

Transportation. See because we manage to grow one of the accounts very fast. And there is a decline that happened and that's the reason transportation number came down.

Participant

No, if you look at your Q1 growth

Jith

Okay, of transportation. You are talking of transportation or ...?

Participant

Jith

21 million.

Participant

It is a negative growth actually.

Jith

Yeah that's right. There is a drop because of one specific account which happened to be very large account for us that was shrinking and that is the reason for the drop. They had a reorganization because they also got into a merger acquisition kind of mode. There is restructuring happening and stuff like that.

Participant

Jith

No what we are doing is that we are getting into other accounts. We are acquiring more customers. In that sense we had an excessive dependence on that customer, we pushed that customer so well and so high and because of drop we are really suffering in that sense. So what we are doing is we are doing a broad-basing and having more customers. So the same customer will not have too high a revenue, percentage of revenue, then we will be okay. And that is what we are doing today.

Participant

What is the head count in your group?

Jith

I will say transportation and logistic, probably there are about 1,100 people. Transportation and logistics around the world. Yeah that is right.

Participant

1,100 only?

Jith

1,100 yeah.

Male participant

You have \$ 100 million revenue for 1,100 people?

Jith

No, no, the \$ 21 million. Today if you look at the revenue of the Q1, it is about \$ 21 million.

Participant

Total last year revenue.

Jith

It is about, last year 1,400 to 1,100 that kind of numbers actually.

Participant

The total revenue of the transportation and logistics groups was \$ 100 m last year

Jith

\$ 109 million, that's right.

Participant

109 million for 1400 people?

Jith

No you can't say that. 1,400 was at some point in time. That is how it is. And see other thing is see I am not able to give the full figure because this is done by different groups, enterprise solutions, consulting, IVS and stuff like that. So they will come and join only for the project duration and after that they will go away.

Participant

So the effort?

Jith

So it is an approximate number.

Participant

So the other groups are not accounted. The headcount is much higher than

Jith

No see. If I have to really look at the correct figure, I have to look at in each project and look at total number of days and add up to get that.

Participant

See the average revenue for the company is about \$48,000-50,000. Your average revenue comes to some \$70,000.

Jith

No, see if you look at the average revenue productivity per person in the transportation and logistics, it is comparable with the company today. That is the easiest answer for it.

Participant

The headcount should be higher than 1,400

Jith

Yeah I think, if I were to add all other practices I think probably yes. But I can tell you that the revenue productivity is comparable.

Participant

_____.

Jith

No the thing is see because it is fragmented. That is the other reason I am saying. See the thing is we need to look at each group and look at the projects. That is how we need to add up and get the numbers.

Any other questions?

Participant

_____.

Jith

See if you look at the discretionary spend in the airline, it is about 10-15%. The US it is much smaller because they are running in whole lot of losses and stuff like that. So discretionary spending, getting the newer areas and stuff like that, they are cutting down all that. But airline has to exist right? So the spent will be there and our penetration is not that high. So there is enough pie out there and the industry is going to grow really.

Yeah okay any last question. Otherwise I will be available here if you want to ask me any questions you can ask. Okay. Thank you so much.