

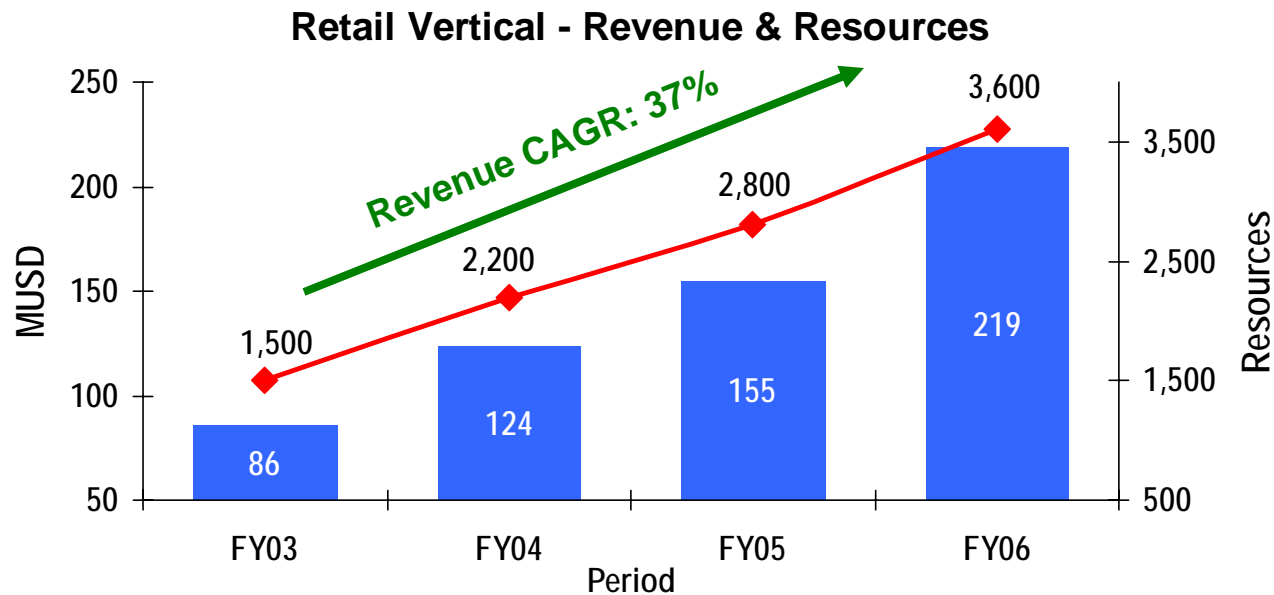
# Analyst Meet 2006

Retail

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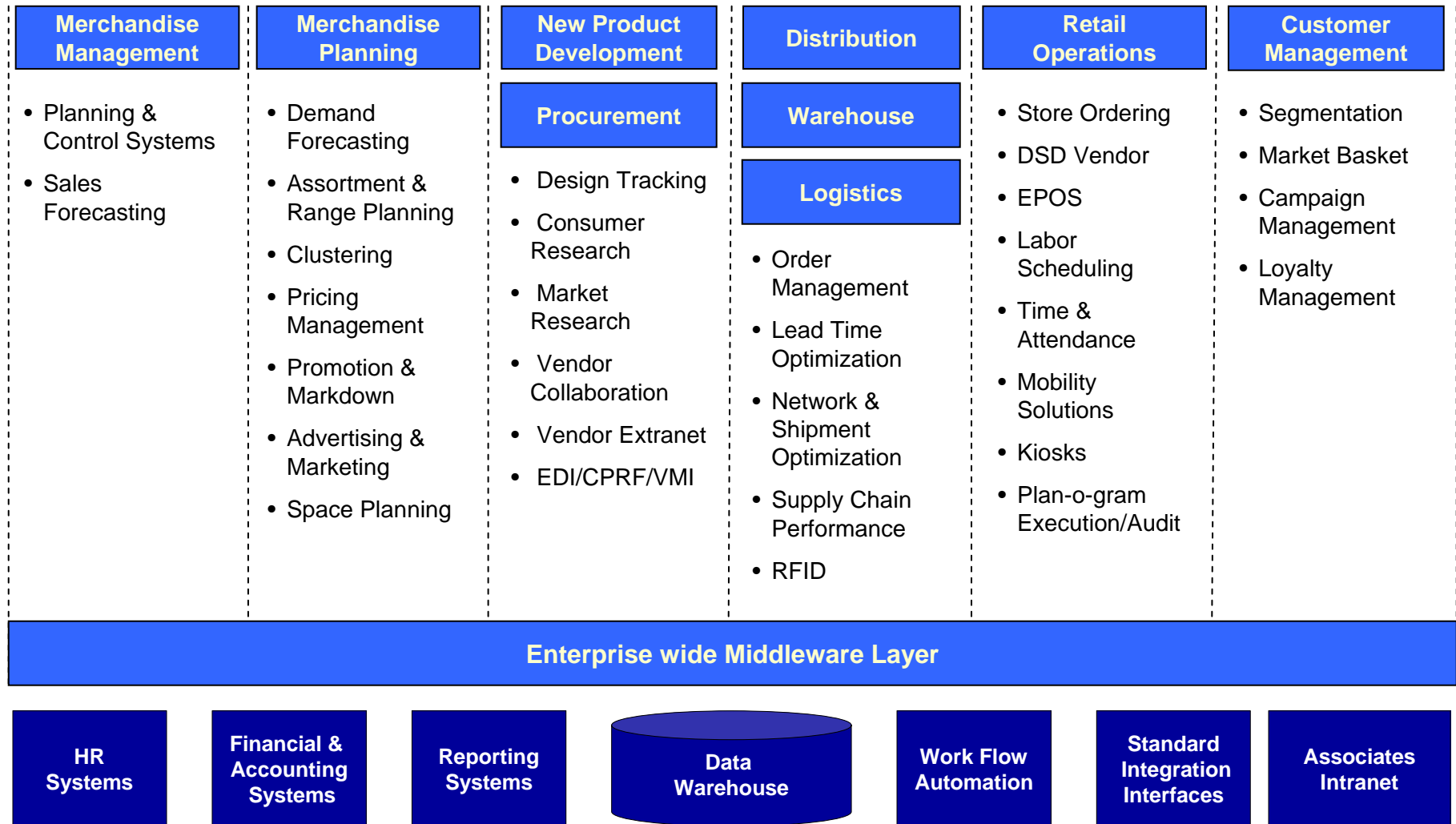
Certain statements in this Analyst meet concerning Infosys' future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2006. These filings are available at [www.sec.gov](http://www.sec.gov). Infosys may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.



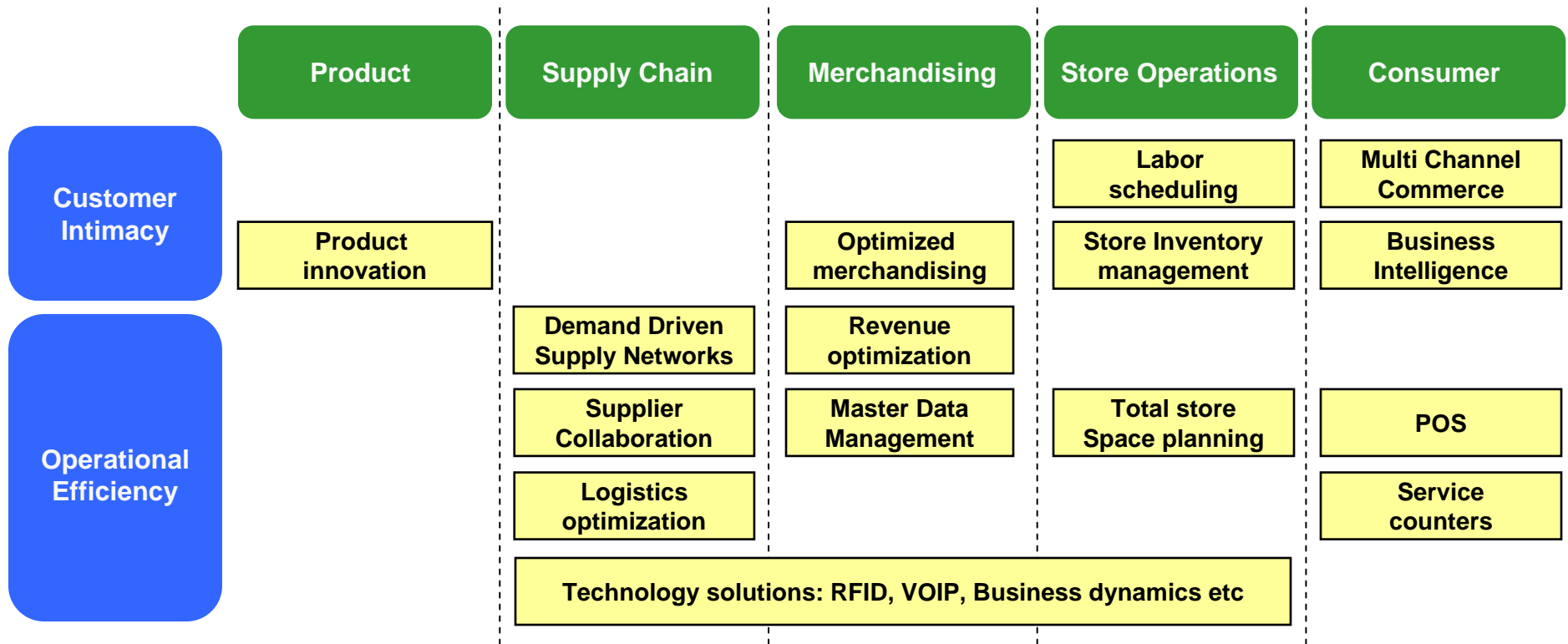
## Footprint across Industry Segments

- » 45+ Global Clients with strong footprint in Apparel, General Merchandise, Drug, Grocery, Specialty & Consumer Products
- » Retail contributes to ~10% of total Infosys revenues
- » Repeat Business accounts for over 90% of revenues
- » Increasing % of revenue from transformation programs

...experience spanning the entire retail value chain



# ...a proven set of business solutions that retailers leverage



These solutions have been developed based on work done by Infosys with leading clients

# Size of the addressable market is expanding...

## Increased number of Business Transformation programs

- » Retailers are launching Master Data Management and Multi-channel commerce initiatives to enable their customer-centricity programs
- » We are finding early successes in a consulting-led, GDM-executed model of delivering business transformation programs.

## Many more instances of large outsourcing contracts including the GDM...

- » Several first generation outsourcing contracts are due for expiry in 2006-08 and are likely to get restructured with more use of GDM.
- » Infosys is being considered for most of these programs.
- » New Infosys services especially around Infrastructure management, testing services, etc. have added capability to bid end-to-end on large deals.

## Demand in Existing accounts is also increasing...

...with substantial spend in outsourced IT services

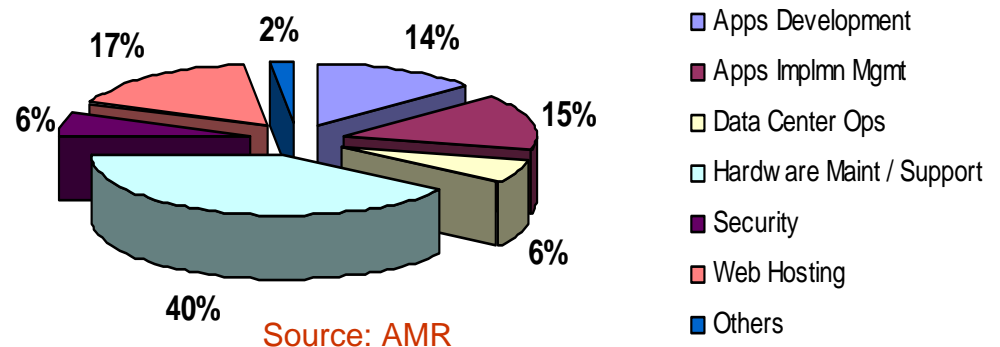
## Total Retail Spend

- » Total Retail & Wholesale IT spend in North America is around **\$93 Billion** (*Retail ~\$60 Billion & Wholesale ~\$33 Billion*). Source: Gartner Dataquest
- » Retail IT spending expected to grow **~3.6% CAGR** & expected to be around **\$104 Billion** by 2009. Source: Gartner Dataquest

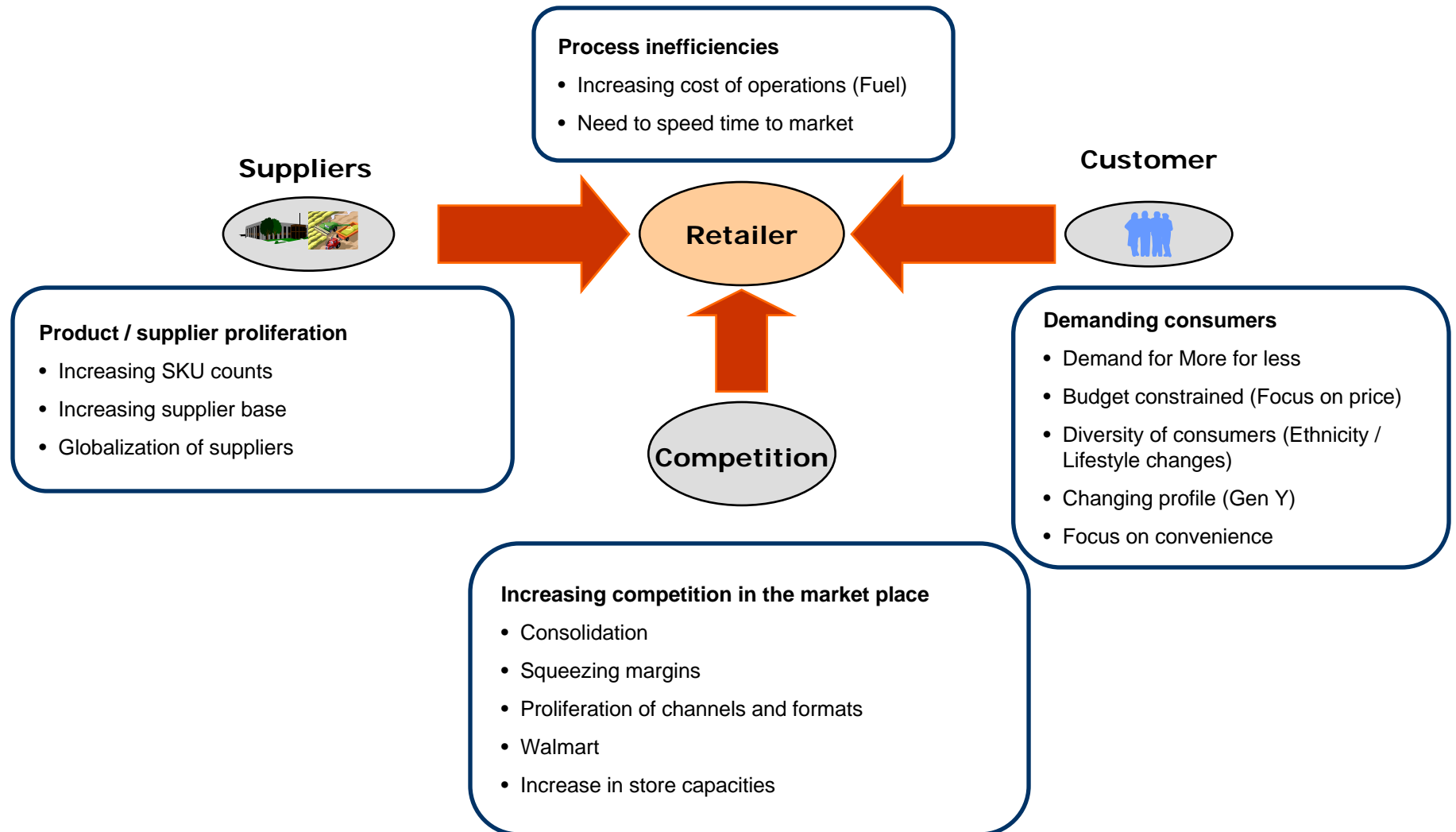
## Share of Spend for outsourced IT Services

- » The market for outsourcing expected to be **~ \$11 Billion**
- » Outsourcing spend by Retailers expected to grow **~8%**
- » Application development & Maintenance expected to grow **~3.5%**

Proportion of IT outsourcing spend across services



# Retailers face some key business challenges in the market place...





# ...and respond to them by innovative and efficient ways

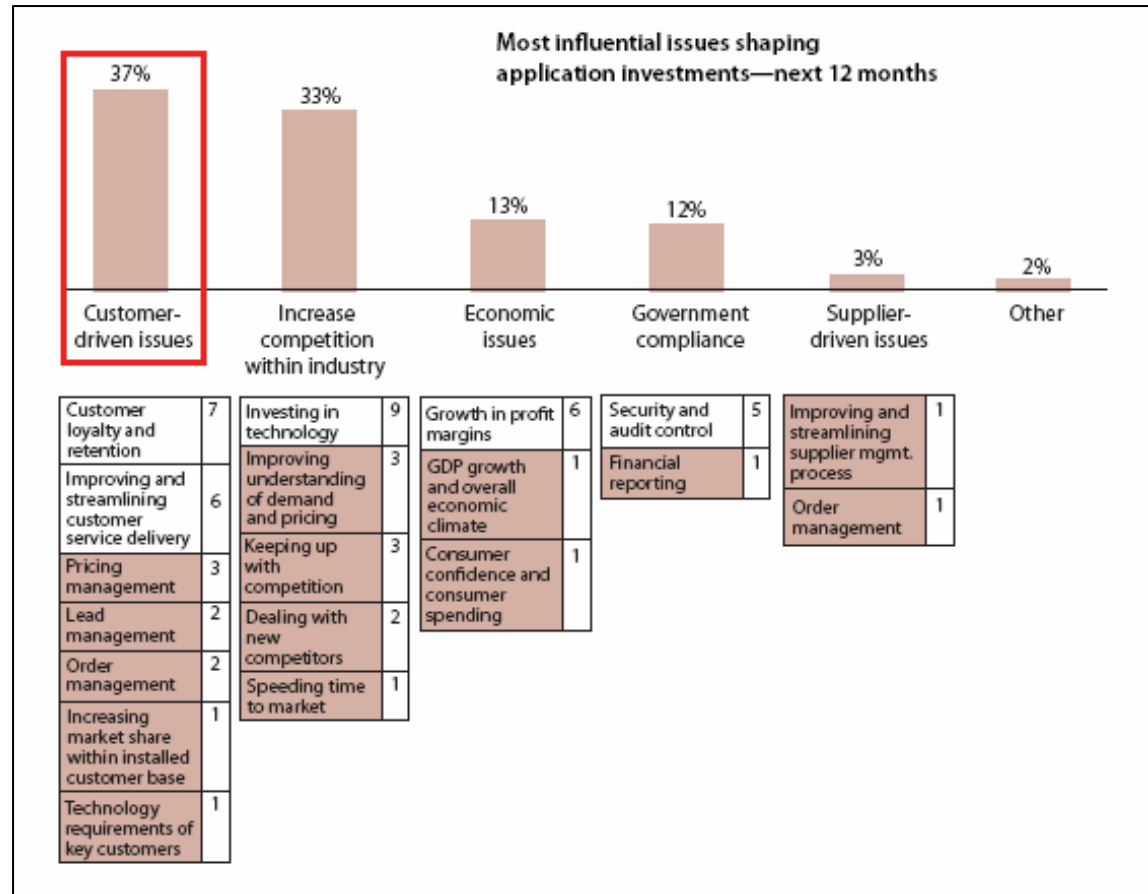
- » Increased focus on understanding & catering to specific consumer needs
  - » Focus on Customer analytics, Advanced Point Of Sale, Optimized merchandising, Value added services to consumers
- » Increased focus on Multi-Channel Retailing
  - » Integration of the web channel with brick and mortar channels to provide seamless experience
- » Increased focus on efficiency to meet competitive threats (Super centers & Wal-Mart)
  - » Focus on supply chain transformations to increase efficiency and reduce costs.
  - » Increased focus on efficient labor management
- » Continued focus on consolidation
  - » Need to leverage scale
- » Adoption of new technologies to gain efficiency and to provide differentiated customer service
- » Increased focus on newer retail concepts / formats
  - » Focus on formats that deliver convenience and enhanced shopping experience to consumers

## Shift in priority for Retail IT spending

- » Focus on Customer centric technologies (POS, Pricing, Order management etc)
- » Focus on Initiatives to stay competitive (Supply Chain, E-com)
- » Shift from product centric to customer centric strategies

## Enhanced focus on initiatives

- » increases demand on IT resources of Retailers &
- » poses additional problems in capacity management and skills management



**(Source: AMR Research)**

# Infosys strategies to take advantage of the changing marketplace...

<p><b>Building Capability</b></p>	<p>Strong focus on recruitment of domain and technology experts          Competency development programs and certifications          » Industry certifications (<b>IIM-A, NRF, APICS</b>)          » Technology and S/W Engg certifications (<b>PMP, CSQA, ...</b>)          Centers of Excellence (<b>POS, CPG, RFID, ...</b>)          Emerging Technology pilots with clients (<b>VoIP ...</b>)</p>
<p><b>Continued investments in solutions – IP driven differentiation</b></p>	<p>Developing compelling business solutions addressing market needs</p>
<p><b>Multi-disciplinary pursuit teams</b></p>	<p>Sales + Engagement Management + Consulting + Presales + Infosys Solutions = Winning Team</p>
<p><b>Leveraging Alliances &amp; Industry memberships</b></p>	<p><b>Global</b> – Oracle (Retail), SAP (CPG);  <b>Strategic</b> – Sterling-Yantra, Tibco-Velosel  <b>Teaming</b> – Netezza (Business Intelligence), Reflexis, JDA, ...           Industry memberships across key influential bodies and organizations –  <b>NRF, GMA, UCCNet, EPC Global, ARTS</b></p>

**Business Opportunity:** This grocery client wanted to revamp their supply chain planning and execution processes to ensure that they could leverage newer technology and process solutions to become more responsive to the customer and also reduce chain wide inventory levels.

**Solution:** Infosys helped the client define a future state supply chain vision based on which future state business processes were defined. Infosys also helped the client evaluate and select suitable application components to enable the future state vision. Infosys is now helping the client implement various IT and process solutions to meet the define future state vision. Initiatives include implementing custom software, implementing application packages like Manugistics and carrying out detail business analysis to measure benefits gained.

**Benefits:**

The ongoing transformational initiatives have already started generating business benefits for the client at the store and at the DC s with significant reduction in out of stocks (Promoted and Non promoted periods) and significant reduction in inventory levels at the stores and at the DCs.

## A Large Grocery Retailer

Infosys is currently working with this retailer to implement various supply chain planning and execution related initiatives across their stores / DC s. These initiatives include areas such as CAO, Store ordering, Warehouse replenishment and In store production planning. Infosys facilitated a supply chain visioning phase with client senior executives to develop a long term supply chain vision for the client. Based on the vision, Infosys helped define multiple initiatives that it is now helping the client implement.

# Case Study: Package Software Implementation

**Business Opportunity:** The client is limited in its current technology capability for merchandising and order management due to existing legacy systems. The current systems will not support future growth and provide limited cross channel visibility.

## A \$3.5B+ Specialty Retailer of Home Furnishings

**Solution:** Infosys is providing program management, development and QA testing efforts in support of the business transformation in the merchandising and order management areas. To address the need for increased flexibility for pricing and promotions, Infosys has already rolled out this Retek functionality across 5 brands. In the next 2+ years, Infosys will lead the continued rollout of base Retek merchandising functionality along with sales audit, allocations, replenishment, and demand forecasting capability. The new business processes and software capability will allow the client to meet its aggressive growth goals.

Infosys is providing development and QA testing for a multi-brand, multi-channel Retek merchandising software implementation. Using a phased go-live approach, portions of the software have already been rolled out within the Retail channel for pricing and promotions. Additional functionality will be rolled out for the Retail and Direct to Customer channel over the course of the next 2+ years.

### Benefits:

The overall goals of the program are to increase capability and provide an integrated view of the company across multiple concepts and channels. The new processes and supporting systems will provide timely visibility and decision support around product performance, inventory levels, and historical daily sales by product and by location.

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Thank You

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