

# Analyst Meet 2006

Transportation & Logistics  
Media & Entertainment

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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.

# Our Sectors

## Transportation & Logistics

Air Cargo

Airport Traffic Control Services

Airport Mgmt. Services

Airlines

Bus, Taxi & Limousine Services

Car Rentals

Container Shipping

Express Delivery

Freight Forwarding & Logistics Services

Helicopter Services

Port, Harbor & Marine Terminal Mgmt

Postal Services

Rail Infrastructure Mgmt. Services

Railroads

Toll Road Mgmt. Services

Trucking

## Media & Entertainment

Print Publishing

Information Collection & Delivery

Internet Content Providers

Internet Searching Services & Portals

Casino Gaming

Non-Casino Gaming

Music

Radio

Motion Pictures

TV Networks

# Areas of focus

## Transportation & Logistics

Air Cargo
Airport Traffic Control Services
Airport Mgmt. Services
Airlines
Bus, Taxi & Limousine Services
Car Rentals
Container Shipping
Express Delivery
Freight Forwarding & Logistics Services
Helicopter Services
Port, Harbor & Marine Terminal Mgmt
Postal Services
Rail Infrastructure Mgmt. Services
Railroads
Toll Road Mgmt. Services
Trucking

## Media & Entertainment

Print Publishing
Information Collection & Delivery
Internet Content Providers
Internet Searching Services & Portals
Casino Gaming
Non-Casino Gaming
Music
Radio
Motion Pictures
TV Networks

# Sector summary

Category	Transportation & Logistics		Media & Entertainment*	
	FY 2006	Q1 FY07	FY2006	Q1 FY07
Revenue (\$ m)	109.15	21.71	34.98	9.44
No. of Customers	10	11	12	13
ADM Services	72%	71%	88%	90%
Other Services	28%	29%	12%	10%

\* North America only

# State of the Market – Industry Growth & IT Spend

## Transportation & Logistics

Area	Category	2005	2006e	2007e	2008e	2009e	~CAGR	~IT Capex
Airlines	Industry Size (\$ B)	\$415	\$440	\$467	\$495	\$525	6.00%	
	IT Spend (\$ B)	\$10.4	\$11.0	\$11.7	\$12.4	\$13.1		10%-15%
Container Shipping	Industry Size (\$ B)	\$100	\$110	\$121	\$133	\$146	10%	
	IT Spend (\$ B)	\$3.0	\$3.3	\$3.6	\$4.0	\$4.4		25%-30%
Parcel Express & Logistics	Industry Size (\$ B)	\$190	\$209	\$229	\$252	\$277	10%	
	IT Spend (\$ B)	\$8.9	\$9.4	\$9.9	\$10.3	\$10.8		25%-30%
Railroads (NA only)	Industry Size (\$ B)	\$45	\$47	\$50	\$52	\$55	5.60%	
	IT Spend (\$ B)	\$0.8	\$0.9	\$1.0	\$1.0	\$1.1		25%-30%
TOTAL	Industry Size (\$ B)	\$750	\$806	\$867	\$932	\$1,003	7.67%	
	IT Spend (\$ B)	\$23	\$25	\$26	\$28	\$29		

### Sources:

- » American Association of Railroads
- » US Freight Transportation Forecast to 2013 by DRI-WEFA Inc
- » North American Class 1 Railroads Annual Reports
- » Railroad Research by Morgan Stanley
- » Gartner 2005
- » Forrester 2004
- » Airline Business, SITA Airline IT survey
- » Drewry Shipping Consultants, 2006
- » Hoovers
- » Company Annual Reports

## Transportation & Logistics

### Airlines

- » Reduce costs to offset 107% rise in fuel costs since 2004
- » Increasing competition from Low Cost Carriers (LCCs)
- » Security and associated costs
- » Pension fund liabilities, unionized workforce

### Container Shipping

- » Increased operational costs driven by rising fuel costs and new security regulations
- » Excess capacity - Freight rates under considerable pressure due to expected YoY increase of 50% in the global container fleet capacity from 2006 thru 2008
- » Inadequate growth in Land-Side Infrastructure (Port capacity) in comparison with growth of container shipping

### Express & Logistics

- » Increasing security concerns and tighter regulatory compliance
- » Volatile fuel prices
- » Demand for lean inventories with agile logistics operations
- » Managing complex global supply chains
- » Increased competition driven by industry consolidation

### Railroads

- » Railroads not having adequate capacity to meet demand
- » Operating Expenses increasing with high fuel rise
- » Quality of Service and Timeliness not meeting expectations

## Airlines

- » Emergence & Expansion of low cost carriers (LCC)
- » Customer Self Service – IP driven
- » Use of Internet / Web enabling – E-ticketing

## Container Shipping

- » Emergence of Mega ships - 8,000 20ft equivalent units (TEU)
- » Moving from ocean carrier to total supply-chain partner
- » Liner industry consolidation via M&A

## Express & Logistics

- » Globalization of Supply Chain
- » End-to-End Supply-Chain Information Visibility
- » Mergers and Acquisitions for service and global expansion

## Railroads

- » Capacity & Demand Optimization
- » Mobility for enabling Connected workforce
- » Knowledge Retention due to aging workforce

### Infosys View Point – Transportation & Logistics

To be globally competitive, it is imperative for businesses to have **end-to-end visibility** and **predictability** of their transportation and logistics network.

Today, businesses continue to grapple with non-availability of real-time data and lack of agile decision support infrastructure to measure business effectiveness and efficiency.

It continues to be a challenge to delight customers with their ever-increasing expectations while focusing on cost reduction.



# State of the Market – Industry Growth & IT Spend

## Media & Entertainment

Area	Category	2003	2004	2005	2006e	2007e	2008e	2009e	~CAGR	~IT Capex
Publishing*	Industry Size (\$ B)	\$532	\$570	\$616	\$665	\$716	\$767	\$816	7.00%	
	IT Spend (\$ B)	\$32	\$34	\$37	\$40	\$43	\$46	\$49		50%-60%
Motion Pictures & TV Networks	Industry Size (\$ B)	\$217	\$236	\$252	\$270	\$285	\$307	\$323	5.80%	
	IT Spend (\$ B)	\$3.3	\$3.5	\$3.8	\$4.0	\$4.3	\$4.6	\$4.8		25%-35%
Casino Gaming	Industry Size (\$ B)	\$56	\$62	\$68	\$75	\$83	\$91	\$100	4.60%	
	IT Spend (\$ B)	\$2.1	\$2.3	\$2.6	\$2.8	\$3.1	\$3.4	\$3.8		25%-35%
TOTAL	Industry Size (\$ B)	\$805	\$868	\$936	\$1,010	\$1,084	\$1,165	\$1,239	6.49%	
	IT Spend (\$ B)	\$37	\$40	\$43	\$47	\$50	\$54	\$58		

\* Publishing includes Information Collection & Delivery, Internet Content Providers, Internet Searching Services & Portals and Print Publishing

### Sources:

- » AGA, Christiansen Capital Advisors LLC
- » Meta research for hospitality
- » PwC Global Entertainment & Media outlook 2005-2009
- » Infosys analysis

## Media & Entertainment

### Motion Pictures & TV Networks

- » Revenue streams from existing business models are stagnating with a threat of further revenue decline in future
  - » Theatrical revenue has stagnated to around \$9 billion for last four years
  - » DVD business had a negative growth last year
  - » Traditional advertisement driven TV Broadcast revenue model is being challenged by on demand content availability & the internet
- » Digital technologies are opening up new models of content monetization - mobile, VOD, IPTV
- » Increasing choice of channels to access content is fast segmenting the overall market
- » Focus of telcos in the content distribution business is a challenge for the industry
- » Piracy

### Publishing

- » Slow or negative growth outlook for publishers dependent on traditional Print media
- » Significant fragmentation of channels through which consumers and enterprise seek information
- » Lack of clarity on the business models that can predictably monetize content
- » Threat from new-age media companies that are nimble and technologically savvy like Google and Yahoo

### Casino Gaming

- » Competitive pressures on customer loyalty from within and outside the gaming industry (eg. cruise lines, amusement parks)
- » Competition to gain market share in growing international markets
- » Excessive government controls, regulatory compliance and rising taxes adding pressures on margins
- » Rising costs due to Unionization and shortage of unskilled labor in key markets

## Motion Pictures & TV Networks

- » Content Monetization
- » Content Distribution on internet, mobile, IPTV
- » Physical media supply chains are migrating to digital media supply chain

## Publishing

- » Content Monetization through multiple channels
- » Cross-Media advertising
- » Product and Platform consolidation
- » Format agnostic content creation and storage

## Casino Gaming

- » Real-time CRM
- » Server based gaming & automation of table games
- » Consolidation through M&A for global expansion

### Infosys View Point – Media & Entertainment

The Media & Entertainment industry is undergoing a profound transformation as consumers gain greater control over their choice of content consumption across multiple and diverse distribution channels.

To remain competitive, M&E companies are recasting traditional business models and creating new ones in order to address the ever-increasing personalization demands of consumers

To enable clients embrace emerging industry trends and to run business process & IT operations, we offer...



## Services

- » Strategic business consulting
- » Business process re-engineering
- » Package selection, implementation and maintenance for ERP, CRM, SCM and EAI
- » Custom application development and maintenance
- » Independent testing and validation
- » IT Infrastructure management
- » Business process outsourcing
- » Specialized services
  - » Business Intelligence and Data Warehousing
  - » Computer Telephony Integration (CTI), Interactive Voice Response (IVR) and Voice over Internet Protocol (VoIP) solutions
  - » IT architecture assessment & transformation roadmap
  - » Performance Engineering

## Solutions

- » Digital Asset Management
- » Aging workforce
- » Virtual Concierge

# Our strategy for differentiation and growth

## Building capabilities

- » Domain training and certification
- » Specialized talent acquisition
- » Industry specific alliance with niche product vendors
- » Membership with industry associations
- » Engage with industry analysts

## Demonstrating thought leadership

- » Active participation in marquee industry conferences
- » Creating point of views on specific industry trends and challenges

## Achieving scale

- » Consulting led engagements
- » Joint Go To Market with alliance partners
- » Proactive customer referencing
- » Increase sales force
- » Dedicated cross-functional team for predefined Class A client acquisition

## Post Merger IT Integration: A business critical transition program

### Context:

- » The client is a global leader in parcel express & logistics segment. The client acquired a large logistics company in North America and selected Infosys to strategize and transition the IT portfolios / applications. The client wanted to also optimize its overall application portfolio.

### Infosys Solution:

- » Infosys executed the engagement with over 525 person months of effort covering domains such as Billing & Finance, HR, Customer Access, Web Products, Shipping and Logistics
- » Deployed the Infosys' 3-Phase M&A Framework - Early integration, Pick & Go and Rationalization
- » Rapid knowledge transfer of ~400 IT applications of the acquired entity within 6 months
- » Picked and enhanced the best application from both entities to meet new Functional and Non-Functional Requirements for the merged entity
- » Application Rationalization exercise was done on a core business function using a custom built rationalization framework

### Client Benefit:

- » Enabled operational synergies by service center consolidation and single user interface for customers rolled out in 100 days
- » Transition of IT applications to enable future maintenance & development using Infosys Global Delivery Model

## Global Online Publishing Platform: Faster Adaptable Solutions for New Markets

### Context:

- » A global leading Professional Publisher partnered with Infosys to build a unified global online publishing platform that integrated its vast online and offline information repositories inherited through several global acquisitions

### Infosys Solution:

- » Infosys implemented an innovative solution that enabled consolidation of product offerings across multiple geographies. This facilitated global branding and faster response to rapidly changing market needs.
- » 5 releases spanning 3 years involving 300 person years of effort

### Client Benefit:

- » Increased revenue growth due to early mover advantage
- » Lower total cost of ownership of the product
- » Increased end-user productivity
- » Easy adaptability and shorter time to market of product rollouts for new geographies
- » Easy integration with third party products
- » Scalability to address to the growth forecasts for 5 year across geographies

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Thank You

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