Infosys Technologies Limited

2 0 0 6 A N A L Y S T M E E T

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Nandan Nilekani

Moderator

….. as part of this event you have already heard the inaugural address by Mr. Narayana Murthy. I would now like to call upon Mr. Nandan Nilekani, our CEO, to give us his views on the state of the business.

Nandan Nilekani

Good afternoon and thank you all for coming here today. I thought I will spend the next 30-45 minutes giving you a sense of the state of the business and where we think we stand and what is our strategy at this moment.

As you know, we have been saying now for the last several years that this industry is really a battle of business models. What we have really brought to the table is not just the fact that we have a bunch of people in India but we have brought into the whole IT services industry, a better, cheaper, faster business model for delivering IT services, and as you all know that in any industry when you have a new business model which is better, faster and cheaper than the old way of doing things, then invariably people move and buy things from that provider of the new business model and you have seen that in every industry and this is what you call as the substitution effect of bringing in innovation into the industry. Now, why do we say that our model is better, faster, and cheaper?

It is clearly cheaper because of the Global Delivery Model - a model essentially where approximately say 30% of the effort of any particular activity is done onsite and 70% is done offshore. Clearly we are able to take advantage of the fact that we have a large pool of resources and so forth, so there is a cheaper part of it is automatically understood.

Why is it better? It is better because essentially what happened was the fact that you had to deliver value remotely, the fact that you had to deliver value from thousands of miles away, the fact that you did not have a global brand which compared with the legacy players. All this meant that you had to create a solution that was more robust, that was better in its methodology, that was better in the way it did things, that had more discipline and so on and so forth and therefore we believe that the last 25 years of investment in process, investment in intellectual capital, investment in using the Global Delivery Model has actually come out with a better way of doing things, a way which delivers reliability, a way which delivers predictability, something which comes within budget. Because the reality of our industry has been that the vendors in this industry have not met the promise with the customer. Invariably as you go round the world, you hear of projects that have been fiascos, that have been disasters, that have been run away projects, where they begin with a particular thing in mind and it has taking them a lot more time than they had planned, it has taken them a lot more money than they had planned and often the outcome that they got at the end of that was not what they had originally envisaged. So clearly there is a history in this industry of bad results and I think the fact that we built a very robust Global Delivery Model, a fact that we brought in the best processes, the best students, the best management, the best management of the global delivery etc., not only allowed us to be cheaper but actually allowed us to create a better value proposition surely in terms of the quality and the kind of outcomes that we were able to give to our customers.

It was also faster because essentially with the Global Delivery Model, leveraging the fact that distance was immaterial, the fact that we could have a 24 hour workday, that a particular project could be disaggregated and done in different parts of the world, allowed us to really deliver things in reduced time. In other words we were able to reduce time to market using the time dimension of global delivery and therefore if you look at all these things together, you get something which is better, faster and cheaper. It is this better, faster, and cheaper which essentially has led to growth rates of 30-40% when the legacy players in this industry were essentially growing at 4-5% or less. And that is really what we are saying, you have a model which is better, faster, and cheaper and over time customers have begun to realize the value of this and are switching their suppliers from the existing suppliers to people like us. So that is one thing. Clearly, the business model is definitely superior.

Now then the next question comes, if the business model so superior and if it is so obvious that this model is the way to go, why does not everybody change and become like us? There are many reasons why it doesn't happen so quickly. First of all what we have is a disruption, it is a new way of doing things and as you know in any industry when you have a disruption and when you bring in a set of disruptive forces then it has a huge impact on the incumbent legacy companies. First of all these disruptions often come from a direction that you had not anticipated. One of the reasons we benefited was that in 1999 and 2000 timeframe, there was so much demand for technology, there was such a demand for projects whether projects were in dot com, projects were in new applications, projects were in telecommunication area, that everybody had their hands full, everybody was able to raise their prices every 2 weeks and therefore that was a time when really we started to come in to maturity and because there was so much business for everyone, the existing players simply did not look in the rear view window and see the fact that we were coming up to speed. Secondly, whenever there is a new disruptive model, the tendency of the incumbent is first to ignore it, which is what happened and even when it becomes visible on the horizon, the tendency of the incumbent is to diminish it, to discourage it, to dismiss it, because they believe that is not really going to have that much of an impact on the business. So whatever be the argument, we have better relationships or we have better base or a better that. So fundamentally for a long time to come this, what we were doing was not on the radar screen of our global incumbents and nor when it actually came in the radar screen, the full competitive intensity that threat that we are offering became visible to them. And that is really very important to understand. So that was normal response of any industry when you have a new disruptive player, that is the behavior of the incumbent. Now if frankly I believe that if the incumbents had moved faster and moved 4 or 5 years back they would have made it far more difficult for us to grow but they didn't do that and we were able to take advantage of that. So second part therefore is the fact that we have a new business model and it is disrupting the old way of doing things.

Now then the question comes, fine you have come to a point where the incumbents or the legacy players they have understood our model, they have understood the seriousness of the threat and they have been told repeatedly by the customers, by the investors, by everybody else that this is the way to go and therefore they have now reluctantly accepted that they would do it in this particular way. What happens next? The fact of the matter is for legacy players to redesign themselves, to really rearchitect the firms to look like us is a hugely traumatic exercise. First of all it requires the global rebalancing of the workforce. In any organization, a global rebalancing of the work force is not just about hiring a lot of people say in India but it is also about the flattening the people that they have elsewhere and that you can imagine any large company very traumatic episode and has huge implications on the people. So second thing is that this is something which deflates revenue, because the more work you do offshore whether you like it or not, you will have to deliver that work at offshore prices. So rather than creating growth in revenue, this creates a deflation in revenue. And therefore there you can't really talk about growth but actually your revenues are coming down because you are selling more things at lower prices. So third thing is that you have a model which was based on having a lot of local people in each location, essentially run as local profit centers and now you are saying, change this model completely and go to global delivery where you have a bunch of people sitting somewhere else and you have less people sitting close to the customer, and you are finding a way for the guy sitting close to a customer to deal with the guy offshore and this is not possible unless you have organically designed your firm to do that because if you treat the offshore location as a cost location, then you don't attract good people and you get cost plus inflation pressures. On the other hand if you treat the after location as a revenue location, then you have the transfer pricing battle between the offshore location and onsite location and essentially this is exactly what is happening to all the legacy players in this battle between the offshore and the onsite. The next which happens is that in this model the offshore employees of the legacy players are seen as a threat by the very same employees of that company who are onsite. Rightly so because they believe that if the goal of this company is rebalance its workforce and if they are going to hire tens of thousands of people in India then clearly it will have an impact on their own jobs and therefore you see a lot of tension between the offshore location and the onsite location simply because they are seen as potential threats to employment and therefore instead of being seen as one team, you actually have this friction, this notion, that the people offshore are second-class citizen and so forth. Then finally a whole organizational structural issues, how do you really manage resources offshore, how do you manage them onsite, who is the boss, what are the incentive structure, what the organization structure; there are a whole host of things. So in any case, the point I am making is that there are number of strategic reasons why even when a legacy player recognizes the fact that this is the way to go, even as he recognizes this and even as his clients tell him that this is the way to go, it ends up becoming an issue where he is not really able to implement it the way we can. In other words what I am saying is for the legacy players the business is about cutting back, it is about rebalancing the workforce, it is about reducing revenues, it is about changing the way they do projects. Whereas for a company like Infosys it is really about growth, it is really about adding more capabilities and get in to where we want. So these are the fundamental issues that I wanted to say. So first, I think this is about a new faster, better, cheaper way of doing things. It is something which is disruptive. It is something which took a long time for the incumbents to recognize and even as they recognized, there are lot of structural issues that they face which would make it more and more difficult for them to really implement and go to our model.

Now what we believe is the holy grave of our business is really creating what we call as the next generation IT services company. The next generation IT services company is something which combines the best of global delivery, the best of global execution with the best of business consulting and relationships. In other words, our clients expect us to deliver the value of global delivery, which is the faster, better, cheaper, reliable, predictable outfit. At the same time they don't expect us to be any less in understanding the business requirements, in understanding the domain, in sitting with them to understand how to device solutions, in other words to be consultative and therefore they want the best of both worlds. They want the ability of high quality in execution and they want the ability of high quality in business consulting and domain knowledge and that is the holy grave of our business where we want to go. And for us it is about adding these capabilities, adding the domain knowledge, adding the consulting, adding the solutions, adding the relationships, adding the brand. And for legacy players it is about chopping away off the people, chopping away off the cost, chopping away off the revenues. So there is a fundamental difference in the two models.

Now having defined this broad sort of architecture of where we need to go, let us spend some time talking about what we have done in the last few years. Now it is very clear to us that in this new world where we had to create the next generation IT services company which has the best of execution and the best of consulting, it was very important that we had a strong brand because at the end of the day when we go into this space, the decisions about whom we buy from and what you buy from are decided essentially by brand and what we have done I believe in the last 3 to 4 years is really build a global brand for Infosys. This was not a mass market plan, it was not about branding through advertising and so on, this was about creating a brand about a new kind of company, a new kind of model, a company which is changing the environment, which is changing the world and I think we have been able to do that for the last several years and increasingly we get that feedback. When we meet people we get that feedback, when we take part in events, we get that feedback, when we meet CEO of large corporations, I think the Infosys brand is becoming better and better known in the world. And in a sense the Infosys brand is becoming synonymous with this business model. That is very important. In any business model you must become synonymous with the change that is happening, in that sense Infosys has become synonymous with the new model of doing work in our industry and that is very important and I think this has happened because of our investments in marketing, our investments in brand building, our investments at Davos, our investments in having our own marketing events, our investment in having the Wharton Infosys Business Transformation Award, our Milan and all are client events and whole public relations campaign. So we have done a whole host of things all of which we think has truly made Infosys a brand that is very recognized, a brand that stands for innovation, a brand that stands for transformation and I think that has been a very important part of what we have accomplished in the last several years. So one aspect has been about brand.

The second aspect has been about clearly building a wide range of client relationships. I think this again is something we have done a lot of work in the last several years. I think we really have now ____ the world's blue-chip companies in any industry, whether it is pharmaceuticals, oil & gas, retailing, telecommunication and I think because we have made that investment because we are spending that kind of money in marketing and sales, I think we have a broad array of clients and also increasingly we have a very balanced array of the clients, in the sense that it is it is across the world, it is across industries, it is across locations. We have many-many clients who give us more than $50 million of business. So I think that part of it has come out extremely well and therefore this broad set of clients which is also very important because when you have the broad set of clients on a multiple relationships, multiple customers who generate revenue for you, you are less susceptible to the changes and multitudes of the market place. So I think we have been able to accomplish that on the branding side as well as in the account relationship side.

Now equally important for us in this field is having an array of capabilities to match client requirements because it is one thing to say that the clients will give you $50 million of business or $100 million of business. The question is what is it that you have to offer, what are the services that you have which enable these customers to purchase from you of $100 million worth of services, what is it that you offer that really adds to the share of wallet and it is very clear that one of the big things we have done in the last 5 to 6 years is dramatically expand the range of services that we have and essentially the value proposition may be 7 to 8 years back was around very core services. It was around application development, maintenance and so on, but in the last 6 to 7 years I think thanks to the efforts of my colleagues Kris, Shibu, Srinath and others, we have increased our range of services ranging from consulting through systems integration, through validation services, through infrastructure management, through BPO, through all kinds of things and this expansion of services which today contributes and enterprise solutions which is one of the fastest growing areas, so all these services which we added in the last 5, 6, to 7 years now contribute more than 40% of our revenue. So what is important is we had to create a much more end-to-end service capability because unless you had the services you couldn't really increase your share of wallet. So it is one thing to open the client and create the brand and create the demand, but how do you meet the demand, because today the demand could be come and help me implement an SAP implementation, tomorrow the demand could be help me to build a data warehouse, day after tomorrow the demand could be help me in reducing my infrastructure cost. So unless you have the appropriate service offerings that you are able to meet the demand, you are not able to take advantage, and therefore just as on the one hand we are building the brand and building the client relationships and expanding the scope of what we could do for them, on the other hand we have to build a range of services so that we could take full advantage of the wallet spending that had to come to us and that is a very important part of what we did in the last 5 to 6 years is built the capability in creating these end-to-end services.

Now we also believe that we have come to a point where we are going to see significant transformation in the way the world operates and this is what we have talked about it and this whole notion of what is this flat world. Let me spend a few minutes talking about why the companies in the world are going to go through some dramatic changes. Every thing that our clients do and our clients are the world's largest corporation, may be the Global 1000, everything that our clients do is changing. It is changing dramatically, it is changing rapidly, it is changing fundamentally. First of all what they sell is changing. There was a time when they could sell, they could have long product cycles, now the product cycles have become shorter, they have to deliver something in 6 months and so forth because the markets have changed, they have to go to on the one hand to more and more exclusive top end products and on the other hand if they really want to get a wide customer base they have to go and make extremely cheap cost effective product. So what they make is changing. Whom they sell to is changing. Increasingly, if you look at global GDP, a significant part of global GDP is coming not from Europe, not from the US, but the incremental global GDP is coming from China and India and therefore whom you sell to is changing. Where you make it is changing. Increasingly, when you look at companies and where they produce, they are moving the factories from Europe and the US to China and India. Where they service it from is changing. In other words, the whole service revolution, whether it is BPO, IT services, R&D, is moving and it is coming here. So as you can see when what you sell is changing, whom you sell to is changing, where you produce it is changing and where you support it is changing, that is a very fundamental change to a business model and this is something which is happening to every company across the world. In every industry, whether it is telephones, whether it is in PCs, whether it is telecommunication services, whether it is pharmaceuticals, everyone is affected by these forces.

The second thing which is happening is the electronification of the world. Now what is this electronification of the world mean? Electronification of the world simply means, more and more activities are electronic in nature, more and more activities are digital in nature, more and more activities don't involve human intervention and involve automatic computer based communication. Lets take the broking industry, it is a good example. I mean way back in the 70s you did your trades in the New York Stock Exchange or in Dalal Street, you had a bunch of guys waving their fingers and making deals, and everybody had fat commissions and all that good stuff, now all changed after 1974 when the US deregulated commissions in the broking industry and pilot to that was the advent of markets like NSADAQ, and increasingly everything become electronic. So transactions became electronic. Transaction volumes went up because it became much more easier to do deals but while volumes of transactions went up, the fee per transaction went down, and therefore you have this classic case where electronification, transaction volumes going up, fee income coming down and because of transactions were electronic in nature, they had no distance factor. It could be the transaction where all you guys sitting at night and do your NASDAQ stuff. So I think in a sense you created this global field and the very fact that we can open NASDAQ tomorrow from Mysore is an indication of this globalization and electronification of transactions. So this is a very important thing which is happening. Now apart from creating the leveling of global transactions, it also means that you can support these electronic transactions from anywhere in the world which is really why the BPO thing is so important because you can support electronic transactions from anywhere and that is really a important part of the electronification. So this is the another big dimension of what is going on.

Then there is a whole dimension of regulation. We have to really understand what is happening on regulation. Today a global company is answerable on a variety of business. First of all lets say that you are a financial services company, you are answerable under Sarbanes Oxley, under SOX 404, you have a great deal of information reporting to keep the compliance to the SEC, that is one level of transactions. Under the Patriots Act, you have to keep track of a whole set of applications and transactions happening in your organization. In Anti Money Laundering Act, you have to keep track of ___ applications and make sure that the wrong people are not passing money through your system. If you are a trader, you may be investigated for the trade which you did 6 years back to see whether the trade had any, whether there was a cartel in the trade and that enquiry could come from the New York Stock Exchange, from NASDAQ, from ____, from anybody, it could be from ____ everybody could fundamentally go and investigate your transaction. So what it means is that the regulatory needs of different kinds of regulate, if you are in pharmaceuticals, the FDA can ask for every test that you conducted in every phase of your trials before you made that drug available to out there. So whatever kind of regulator, whether the regulator is exchange regulator, whether the regulator is a tax regulator, whether the regulator is market regulator, whether the guy is drug regulator, everybody now wants information on every aspect of every transaction of the business, and this is a dramatic change which requires it all and most companies let me say very emphatically, most companies simply don't have the information responsiveness to respond to these kinds of things. They have to go through a whole host of changes in their information systems to really get to a point where they meet the needs of their global compliance. So that is another big thing which is happening to all our clients.

The next big thing which is happening is business today is all about information. I mean it is fairly obvious, if you are in banking or financial services it is very clear, it is all about the information. But so is in retailing, if you go today to Wal-Mart and say Wal-Mart what are your three strategic assets? One, they are going to say it is our point of sale system, because at a point of sale system across the world every time anybody walks in and buys anything, they know it, they know it in real time and in real time I can tell you owing to the millions of clients who are coming into each of my Wal-Mart stores and if each of them in buying in some pampers, or beer or toilet paper or whatever, we can tell you in real time who is buying what, in which region, at what price and in how much quantity. So first asset they have is the point of sale, the real time point of sale system they have. The second aspect they have is their supply chain. Again part of supply chain is the physical world, part of supply chain is obviously the physical world and your ships and container and all that, but the very important part of the physical chain is the information of all, that means your ability to track across the world every SKU of every product that you sell and you know exactly where it is. Has it left the shores of the factory, is it on the boat, has it reached the harbor, is it on the truck or train, has it reached the warehouse, is it there on the shelf, how many pieces on the shelf are left, do you have to reorder and replenish the shelf. This entire thing is about information management. So the second big asset that Wal-Mart has is their supply chain logistics which is all information based. Now let me tell you the importance of information. I was talking to a client of ours who is one of the world's top 3 logistics companies and he was saying that today our clients are willing to accept a physical disruption, they understand that if hurricane Katrina happens the ship in the Gulf of Mexico is going to be delayed by 3 days, they understand that, but they want to know when will it arrive and where is it now. In other words our information need tolerance levels are much lower than our physical world tolerance levels. We understand the physical world there would be problems but we want to know where the hell is it and therefore your information system becomes even that more critical because you need to track every SKU, every product across the world. So the second big asset of Wal-Mart is the supply chain, which is again information based. The third big asset of Wal-Mart is their business intelligence. They are the world's largest data warehouse. Taking all this information and getting patterns, who is buying what, what is likely to sell here, what the next product should offer, a new kind of a shirt design doing well in the market place. I think that kind of activities what makes it work. So when you look at it you think Wal-Mart is a retailer, you think it is a retailer is selling product, but actually it is about information in the point of sale, information in supply chain and logistics, information in the data warehouse and this is true of every industry that information is becoming the life blood of the industries and again in many, many industries they simply don't have the information systems today to deal with that. So what is therefore happening is that our clients are being dramatically transformed because of the flat world, because of technology, because of globalization, because of electronification, because of demographics, because the markets are changing, and therefore what you sell is changing, whom you sell to is changing, where you make it is changing, where you service it is changing and the information systems to manage this is changing. Everything is up for grabs and therefore I think what is seen therefore is that we expect in the next several years, there is going to be a significant activity in our clients to make this transformation happen and it is in that context that our aspiration is to be seen as a company which provides the know-how and the capabilities and the domain knowledge and the consulting to achieve that transformation and therefore all our efforts today, all our investments, our investments in consulting, our investments in solutions, our investment in domain knowledge, all of them are essentially to make sure that we have the right pieces, the right tools that enable us to transform ourselves not just from being seen as an Indian offshoring company but as a global transformation partner. And that is where the journey on which we are today. And in that journey we believe that it is a metaphor of the flat world which is going to be dominant because that is really going to be the way to describe this, we believe it is something we can have ownership of, we believe that is something which people will be credible because we represent in a sense a company designed to operate in a flat world and therefore when we go to our clients we are very plausible because we are the change that they want to see because we have already been that done that and therefore we think it is possible that it will come from us, it is very clearly not encroachable by our legacy players because they cannot really legitimately claim that they really know anything about the flat world, they are making some attempts to talk about it. So I think we are in a unique position to really be that kind of a partner and therefore our efforts from a positioning point of view is to go from just being Indian offshore provider to a global transformation partner, transforming and helping our clients in this changing revolution that is happening in the industry and being a trusted advisor in that journey. So that is where we are getting in terms of our messaging, our branding and our services.

Now, to do all this you need to build the capabilities. It is not just about marketing or not just about a speech and therefore you can see that we are doing a whole host of things to do that. Our investments in Infosys Consulting is one example, our investments in Progeon, buying back the stake from Citi is another example because the markets clearly told us, our clients told us that they want one stop solution and they don't wasn't this company with 30% owned by somebody else, they wanted it to be part of Infosys, they want us to integrate the IT and the consulting and the BPO and provide the full transformation capability. It is because of that we are investing in all these new services that we talked about for the last several years and it is because of that that we have probably one of the most ambitious capability building programs that any company has. We have a huge program, we have our people are getting trained in not just training in the basics what we do lot of which we do here, but also trainings in domain knowledge, in certification on retail industry, certification on life insurance, certification on banking, certification on insurance, certification on oil & gas. So we have a major program to really do this certification to make sure that we have the capabilities to be able to be able to deal with clients. We have huge program on really getting our clients facing people, the people who deal with the customers, that they should be equipped with the right skills, that they are able to sell in the right way, which they are able to converse with the clients in the right way, which they are able to have meetings in the right way, which they are able to be position themselves in the right way. So there are very major efforts to really get our sales force what we call as our client facing group in line with the way that we need to move. So there is a whole program of capability building, which is very important and a very strategic part of what we are doing.

Along with that of course there is a whole issue of scale. Clearly, scale is very important I think and as you walk around this campus you will see the benefit of scale. You can see the size that we have here, the fact that we are investing a $125 million in training, the fact that we can train thousands of people at one time, the fact that our recruitment engine can hire 25,000 people in a year, all these are very significant parts of the scale that we have and scale is a very critical part because we think that scale is a barrier of entry. We believe that this scale is more and more difficult to emulate, more and more difficult to replicate, more and more difficulty to chase and this is something which every company will have to deal with because when you are investing $125 million in training, when you are dealing with a brand and when you are dealing with the fact that we are hiring 25,000 people a year, this is a scale which will be something which creates we believe barriers of entry. We believe the growth rate creates barrier of entry because we think that the pyramid of the employee base which growth gives us allow us to really optimize on the cost side and maintain a margins even as a we grow because the pyramid enables us to essentially spread the cost of the bottom of the pyramid and that is something which is very important and therefore high growth is actually a barrier of entry because it creates a cost paradigm on the employee side which is very useful. So I think all these investments in scale that we have done, which I think are beginning to pay off and we are seeing that kind of growth coming through across various customers.

Let me just again spend some time on our acquisition strategy and what we believe is right or wrong about acquisitions. I think to understand about acquisitions I think we have to understand why do people do acquisitions? In other words what is the strategic purpose, what is the strategic intent to do an acquisitions? In every industry the strategic purpose and the strategic intent are different. If I am an oil & gas company, of course I will do acquisitions because if the total amount of reserves in the world in the private sector is limited, the only way I can scale up is by buying somebody else' oil reserves and therefore in the oil & gas industry you will do acquisitions to get scale and to get market share. If you are a pharmaceutical company, of course you will do acquisitions because you want to increase your pipeline, you want to amortize the cost of R&D, you want to push more products through the same sales channel. So every industry you will find has a reason for doing what it does. In our industry it is slightly different. We are at the beginning I said, we are a disruptive business. We are a business which is changing the rules of an industry by delivering a value proposition which is faster, better and cheaper, and that is why the clients are coming to us and that is why employees are coming to us, that is why investors are coming to us because we have build a certain business model which has growth and profitability built into it and quality built into which is our clients and our investors are paying for. So whatever you do you cannot contaminate the business model, you cannot contaminate the business model because if contaminate the business model then you are actually hurting the core of the engine that you have build, and this is why we believe that certainly does not make sense to do large acquisitions. Even though theoretically from a market cap point of view it is may be possible simply because anything which contaminates our business model is actually shooting ourselves in the foot. So clearly that does not make sense to us. Similarly, it does really make sense to us to buy for capacity. When you have a recruitment engine and the training engine that can hire 8000 to 10,000 people a quarter if required and train them and deploy them, then it is always easier to make versus buy from a capacity point of view and therefore there is no justification from a capacity point of view. We believe the only reason why acquisitions make sense is if there is a piece in your strategic architecture where doing it organically will take too much time or will be too difficult and therefore you then do an acquisition to fill out that piece of the strategic architecture which you cannot do organically and therefore we think that could possibly for example could be a small consulting firm which you can integrate into a consulting practice. It could be a new geography so that we can enter into a geography like we did Expert in Australia. It could be a new vertical, may be a bunch of guys who are experts in pharmaceuticals or in communication in which we need to integrate into our offering, or it could be some technology company which has some unique technology which is becoming very popular with the clients and so on. So we see acquisitions in that context where they will provide a strategic intent, they will fill a gap in our product line. It is a gap that we cannot fill by organic means and it is something that will allow us to accomplish our goal of creating the next generation IT services company which combines the best of execution and the best of consulting and domain knowledge. That will be the test by which we will do the acquisitions. This is certainly not saying we will not do, all I am saying is that there will be a strategic intent and we believe that for us in our business the fundamental growth engine has to be organic. When you are a new kid on the block, when you are doing disruption, when you are taking away the market share it has to be by strong organic means. Acquisition cannot be a substitute for organic growth in this industry, and at this stage when the substitution is happening and when you are expanding it is about taking market shares by going to every customer, knocking on his doors and getting a piece of his business; there is no shortcut to doing that and I think that has been our vigorous focus on bringing the organic capability that we want to take it there and that is really what our view is on organic growth and our view is on acquisitions.

So I think I have tried to sort of put in perspective what is happening in our industry. As I said we are about disruption, we are creating a faster, better, cheaper way of delivering added services. Our clients are seeing the benefit of that, investors have seen the benefit of that. In general everybody has accepted the benefit of our business model. We think it is about organic growth and we have shown why organic growth is critical in our business. It is about building a brand and I think we have done a lot in the last several years to build a brand to really be seen as the company for this kind of activity. It is about investing hugely in sales and marketing and client facing people so that we have access to clients. We have done that and I think that is really brining ___. It is about investing and creating a range of services. We have done that over the last several years and now we have a broad range of end-to-end services which we think is really going to start yielding results and also it is about positioning ourselves and I think with the fact that the world is transforming, the fact that in this new flat world people are going to change the businesses dramatically, they will look for partners who understand these changes, they will look for partners who have the domain knowledge and the consulting capability to deliver on that and I believe Infosys is uniquely placed to be that kind of a mission critical transformation partner and all the investments we are doing, whether it is in branding, capabilities, potential acquisitions, or domain knowledge are all geared to making sure that we have the point of view backed up with the data, backed up with the processes, backed up with the ideas, backed up with the solutions which will enable our clients to leverage Infosys as their transformation partner as they grow on their journey to go towards this flat world. I think we have built scale and we will continue to build scale we will continue to build scale. We think that scale is not only a basic attribute but it is also an attribute of competitive advantage because it creates barriers of entry for both our domestic competitors as well as the legacy players. We have made a huge investment in capability building which we think is very, very important for our business and therefore I think in our view we have the right strategy, it is something which we have not wavered from in the last several years, we have been singularly focused on those and we would continue to do this and we think that the global IT services industry continues to be in a state of ferment, the rules have changed. We have actually contributed to the rules changing, we think everybody, everybody bar none, has accepted that there is a new model in this industry. There is no client in the world who has not accepted that and these clients are willing to come to us and talk about it. I think that is very important. I think the notion that clients will not approach us or we will not approach clients, I think that has changed dramatically. Today we have access to every board room in this world; every board room we have access to, the top people in the board room and they all have understood that the world has changed dramatically, Infosys is one of the agents of that change and we must talk to Infosys when we start looking at our transformation journey, and that piercing the glass ceiling of brand and getting that access is a very-very important part of expanding this scope and size and scale of what we are trying to do with our clients.

With that I will end here. Bala am I supposed to take questions or that is tomorrow? Okay so then may be then I can talk over coffee or something.