

Infosys Technologies Limited
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Bikramjit Maitra - Session II

Bikramjit Maitra

I have two challenges apart from the HRD challenges I am going to talk about. The two challenges are this is just after lunch and the second challenge is I have to finish the presentation as quickly as possible, so I will go through the slides pretty quick and we will try and see whether we can spend more time in the questions. This, of course you have seen quite a few times. These are the topics I am going to talk about. We will touch upon all the hot topics of today ,attrition, will touch on talent acquisition, we will talk about the diversity, and execution is of course very important when you are talking about the large organization of our size having so many employees.

First of all if you look at the Indian pool the numberwise, the basic numberwise, we have a lot of people who are coming out of different colleges. There are different sources that throw up different numbers and this is from HRD ministry, but the more important aspect is how many of them are employable so you have to have a very robust mechanism of selecting the right people and training them enhancing their capability and that is where I think we do very well. We have gone to the more number of institutes, this year we have gone directly to 250 colleges and actually touched 1022 institutes because you know when we go to one college we also invite others to come and give the test out there.

Our training program also have a Go/ No Go test, so at the end of this if they are successful then only they come and join in the work force so that is how we sort of keep our standard as high as earlier. We are also looking at augmenting the whole pool by tapping into the other alternate pool rather than engineering pool, the science graduates and they have a different training program, they have a different career path and that is what we have started doing in last 2 to 3 years and we have a very encouraging result on that.

We have a Campus Connect Program, which is basically trying to improve the whole people who are graduating out of that. We share our artifacts, training artifacts, we also train the faculties, we share the probable projects with the students, if they register with this portal they can take on and today almost 350 colleges have registered already in Campus Connect, this is no bar for they have to join the Infosys only, they can join any other organization, so this is how we are trying to widen the pool of the employable capacity, which is coming out of the colleges as it is today.

In this slide, I want to make one point. The different sourcing strategy every organization has put in and we also work on different areas and try and see that we can tap into the most of the available resource pool, but the most successful and I think we are the benchmark in the industry for that is our employee-get-employee scheme almost more than 40% of our employees who join the organization is through the referral of the existing employees and you know two things happens in there, one is attrition of those employees are relatively less because they have a quite good fairly good idea that what they can expect when they join and second thing is that whole selection process becomes simpler because of the fact that there is already a preselection happening by the employee because they know exactly the selection criteria we talk about.

This is a slide which I would like to spend a little more time this is we call our training diamond, here if you look at the 5 corners of this diamond the left hand bottom corner is our flagship program, which when a person joins from directly from institute they go through 14 weeks training program, we are enhancing it to 16 weeks, this is after going through this training any branch or any faculty of engineering people are joining from, they are benchmarked against US graduates in computer science so they get the same kind of capability. Again, there is, as I mentioned earlier there is a Go/ No Go test, every week there are tests and there is a comprehensive test at the end of 2 other sessions, one is the general training and other one is the specialization because there are different specializations go through and if you look at our attrition number, the total attrition number is 13.5% and of which around 1.2 to 1.3 percent is which is involuntary attrition and part of that comes from this pool, people who are not successful in training they do not continue with this organization.

We have appraisal mechanism which happens twice in the year and with the appraisal with that manager every individual creates a training plan and joined with that we have also introduced certification program that means not only one would go through the training, they will also get certified that they have appropriately learned, part of that learning will come while they are working. So, this certification program, last year 34,000 employees have gone through successfully completed the certification required for that level they are in, so each level will have certain certification and people have to compulsorily go through those, it is the individual responsibility that they go through the certification as well as training. We have of course like many other organization, we have higher education and we have leadership development program, which select 3 Tier leadership, this is really pool for critical positions, so we have Tier I leadership which is for across the organization we have selected around 54 people, then the Tier II leadership which is 3 times more of that and Tier 3 leadership which is 3 times more than of Tier 2 leadership. The way it operates is Tier I leaders they get mentored by the board members directly so each individual board member will have some Tier I leadership reporting into them for their career, so individual will have a PDP, (performance development plan) and each one does not follow the performance development plan the plan they themselves jointly have come up with, people also will get deselected from the Tier leadership, it is not a permanent position, so it is a kind of a list which gets updated every year.

We are one of the organizations who started in our industry, who started with a very aggressive variable training, variable compensation plan. One of the thing it really enforces is it enforces meritocracy in the organization. Second thing it does, it also de-risks the organization. If you look at our incentive plan, there are three kinds of incentive, one depends on the top line of the organization, the other two incentives are taken from, it is an indirect way of profit sharing and that kitty gets distributed depending on, one portion gets distributed depending on the group you belong to, what kind of contribution that group is bringing to the organization and the third portion is individual contribution the individual is bringing in. Now as one moves up into the ladder the percentage variable is higher so in the highest level the percentage variable is, 50% is fixed and 50% is variable and this year we have introduced senior management, we have restructured the compensation. The senior management means people who have titles AVP and it is senior VP so these people apart from standard compensation they also have what you call is senior management retention plan this is lump sum amount of money which varies from \$25,000 to \$125,000 depending on the level of individual and this is irrespective of the location of that individual; this, one earns in a particular year depending on the performance of that individual and if that person continues to work with the organization successfully for 1 more year then only that becomes payable, so every year there is one year kind of previous retention bonus which accrues to that individual so that is what we have brought in this year.

In a large organization talent engagement is always a very, very important aspect. We have last quarter of the last financial year we have done an employee satisfaction survey and we have maintained the similar kind of satisfaction level as of last year we had 63% last year and this year it is 62%. We have also improved the engagement score, which is around the same level today so when we look at this we also look at the suggestion employees are talking about. Now one of the things people talk about is their career plan. They should be able to shape their own career plan so we have brought in a career clarity model in a portal so they will be able to sort of give us their own aspiration and there will be career coaches who will help this individual to pursue those aspirations, not necessarily that organization will be able to provide all the opportunities, but individual will be shown the different alternatives, so the individual can pursue that, they have to also invest their own time to see that if they want to get certain additional capabilities. The organization will provide the infrastructure and the framework, the individual has to put in their own effort to get that so that is a dual responsibility kind of portfolio we want to create within the whole organization.

One of the areas where as I mentioned that we are trying to create a dual responsibility, now one of the major things we had seen in 2002-2003 when we had a very high bench, we realized that people who are in bench many a times are not the best performers. Our best performers even in those days used to get utilized very highly so we said now that individual is also responsible to the amount of time they are getting utilized in a billable project, so if you are not in a billable project if you are on bench this is the time when you should be able to enhance your capability and for that reason organization will provide all the infrastructure, all the training calendars will be available, you can self nominate yourself and see what is hot and you can change your career track, so that is something which we provide and so today, people can see their utilization, they can work and plan with their managers to see that how they get best utilized, so that is a kind of ethics we have brought in. The training, I have already mentioned; the certification is also one step towards that which will give the person confidence that in a new area they should be able to provide as much competency as the second guy.

We have alignment of the business with the goal flow down. Individual unit has overall goals of that unit and that gets flowed down to the up to middle management level and then there is a goal flow up from the individual who are below there where it is the project level, goals get accumulated there, so there is a two way movement of the goal alignment and that is what makes people to work towards the same goal. We already have a very high

utilization of technology in HR and that keeps our workforce in, when I am saying our workforce I mean to say HR workforce, relatively tight. We are around 350 plus employees in HR. We have also outsourced many of the transactional areas to our BPO, so I am one of the bigger client of Infosys BPO from India who have outsourced our major portion of our recruitment as well as visa into the BPO.

This is the place where you know how we get aligned to the client, you know we will share our experiences with the client. Many a times they want us to share it with their team so we go and give workshops to them and in certain cases many of the clients have come back and told us whatever you could do in best practices within HR why do not you come and help us in achieving some of that so we have worked in closely with many of the clients in sort of achieving that for them and providing them the consulting effort. It is not our primary goal to do consulting, at the same time many a times the existing clients who have worked with us for long time, we have provided that kind of help and lastly we also do in the different subsidiary, we have a HR counsel where we share the best practices because in many a time the different subsidiaries if you look has to have a different kind of HR practices, but we bring in the Infosys HR practices and see the leverage the best of that through this HR counsel so that sharing happens through this forum.

Now I have gone through my slides, I know I have gone through a little hurriedly, but I think that is the best way we can have sometime left for the question and answer.

Participant

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Bikramjit Maitra

See as of now we have around 2000 employees who have been already recruited from those kinds of background and they are in, primarily we started with the horizontals like IBS and IMS. We are also now putting them in different software projects, mainly a repeatable maintenance kind of project and they have a different training program, which is more than 14 weeks' training program, so generally they will go through a 5 months kind of training program. The other part of your question was their salary level, was it? Yeah, they come in a different salary level, so they would be catching up with a graduate engineer after say 2 to 3 years' kind of experience.

Participant

Could you talk a little bit about your experience of hiring locals in various countries and how the training works for them and what is the plan in the future in terms of getting those locals either in India or setting up a training facility in those local geographies.

Bikramjit Maitra

Last year we started with US and we went to the US campuses and we recruited 126 of them and brought them here in India for 6 months training program, this 6 months is not all classrooms, 14 weeks were in classroom like any other Indian counterparts and other 3 months were on the job in India so we wanted to make them understand that the Infosys way of working and put them back in US. The second thing is, this immersion program is extremely important also to give a cultural exposure to the large number of Indian employees who have not gone abroad or not exposed to different culture, so that is the plan we have for the fresh graduates. Right now there is almost 120 people again recruited from US are getting trained. In UK, we have recruited a batch which is also getting trained in Mysore as I speak a batch of 26 so there are people coming from different parts of the global, getting trained and spending a lot of time, there are Chinese students, there are students from Japan who got recruited, Australia, so those are some of the things we are doing as far as the campuses are concerned. Other than that we recruit senior people in the lateral in different geographies for long time and the induction program for them is much simpler, you have to only, they come with the competencies available because they get selected on the basis of the competencies. We are a role based organization and for each of the role we do recruitment, we go with the required competencies for that role and our measurement is on that so for them we have to only sort of make them go through the Infosys values and Infosys processes and many of that is automated. They generally

get, we have a buddy system so they generally get attached to a senior folk of the location and they take them through the different processes they need to follow.

Participant

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Bikramjit Maitra

I wish I knew the answer because it is predicting the future, but it looks like the last 2 quarter trend because you know this the quarter worldwide where the attrition should be maximum so this is the time when people go join and do the courses because if you look at our attrition pattern, 50% of our attrition is between 18 to 24 months kind of experience and many of that attrition is because they want to go and take a degree from a MBA school or things like that. I believe some of the MBA schools have some quota limit from people from Infosys, so they are you know major portion of that and this years the attrition between the percentage of the last quarter and this quarter has remained the same, so there may be an early indication but I would hold my comment.

Participant

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Bikramjit Maitra

See salary arbitrage is always you know we have these industry forums. We go and speak. Every HR person says that your organization is pushing the salary envelope higher and people who leave they always claim that they get a substantial hike so this salary arbitrage is a very difficult thing to really talk about, but you know if you look at the types of companies I think salary arbitrage is actually coming down in the market. If you are talking about, do not compare with a product company like a Microsoft or a Goggle who will recruit 100 people and you know their salaries might be much higher, but if you take out those anomalies then the salary arbitrage is not that high. There is a salary arbitrage with in house, the off shore centers OSDCs, there is a salary arbitrage but in those cases people actually do not go for those options that often because of the fact that you do not get to see it different kinds of experiences; you get very, very focused and channelized which in India even today at the lower level it is not a good value proposition.

Participant

So can you share some examples of how the employee productivity has gone up over last couple of years and going ahead how it can move kind of?

Bikramjit Maitra

See employee productivity is again a number which is very difficult to talk about you know if you are talking about revenue productivity it also depends on the rate. We do two things, we look at the productivity in terms of actual deliverables so you know and in that regards we always improve greater better than the market so if you talk about a technology, in a particular technology if the market productivity is X amount which is as per the published reports we will say that our productivity will be at least many a times 10 to 15% more, so but you know the other productivity number is revenue productivity that is also linked with billable rate and that you know that in a published figure.

Participant

I had a question on what are application to offer ratio do we have a metrical on that.

Bikramjit Maitra

Yeah we do.

Participant

And what will that be at around?

Bikramjit Maitra

You are saying application to offer.

Participant

Yeah.

Bikramjit Maitra

It generally varies between 1 to 3%, and it depends on which time of the year you are doing that calculation.

Participant

On an average right through the year?

Bikramjit Maitra

If you are talking about the end of the year, it will be somewhere in the vicinity of, in the last so many years in the vicinity of 2 to 3%.

Participant

2 to 3%, so where I am coming to is that means 2 to 3% of the total application that we get are the employable people that we think there are?

Bikramjit Maitra

Not necessarily, it is not that you know I would not be so egoistic to say that whom so ever we reject is not employable. It might be that the need we have at that point of time because many of these people are coming with an experience so and you know some how up till this point of time this particular field leaves to be a sort of anybody and everybody thought they can change their career track, so many of them might be very good in their line of work, but may not be employable as far as Infosys need is concerned at that point of time, so I will not say that all of them whom will reject is not...

Participant

No, where I am arriving to is, is the you know supply side really so tight if you look at it that way.

Bikramjit Maitra

No, supply side if you talk about employability, you have to talk about only the fresh pool. If you are talking about experienced pool they are already employed somewhere else so they are employable so that is how we segregate and if you are talking about fresh pool, yes the estimate is today in the industry 180,000 to 200,000 people are joining industry fresh every year and you know that the numbers is if you talk about graduate engineers it is around 300,000 to 350,000 so there is a gap which the industry is thinking that it is not employable and that is why we have programs like Campus Connect and others which will really enhance this employability pool.

Participant

What is the kind of fresher mix we have for this year? The freshers to lateral for this year?

Bikramjit Maitra

Fresher to laterals always our mix is same, it is 30 to 70.

Participant

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Bikramjit Maitra

See one of the thing is nonlinear growth is, the productivity improvement comes, a majority of that will come through the processes, tools, and their use, and the capabilities being built to the organization so that is a track we are looking at. The other thing I mentioned in the past thing that is the certification. Now certification also is for people who are doing their role. If I am doing a particular role, say I am a project manager today I have to go through a certification so it means that I will bring in at least the minimum requirement of the value required for that position. I will be having all the capability of doing that job and I will get certified so that will enhance individual capability for doing that role better, so these are the two ways we are looking at in that.

Participant

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Bikramjit Maitra

It is, because at the end of the day doing a role better means you are producing better deliverables, also producing the deliverable must be faster because you will be doing it little more efficiently, so it should improve the productivity. You are right, it may not be improving the productivity as far as the dollar value is concerned so the dollar value concern is again as I said that it is a question of billing rate and how we sell them, but there are 2 sides of the story whether we can do that job with a less number of people in that job and the other is that how much we get charged for that.

Participant

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Bikramjit Maitra

You know, it is a different economy.

Participant

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Bikramjit Maitra

Thailand we do not have a center. We have a center, in Poland also we do not have a center, we have a center Czech Republic. See most of these people, we send people abroad, many of them are deputation salary today, so if you have a center where we do the substantial local recruitment then the local market numbers really come in. Whenever you have a deputation many a times especially in countries like Czechoslovakia and others, deputation salaries are higher than the local salaries.

Participant

_____ just trying to build the consulting practice, you know hiring higher end partners or sales people at the local geographies also in the US or UK.

Bikramjit Maitra

Yeah, see one of the thing is what we are known for is really our global delivery model so as an employer we may be one of the best known brand in India but we are not so in US. We have just started going to US campuses and that will build the brand over the years and you know it is not a exaggeration, when the first time we went to the campus there were queries where people asked whether milk is available in India or not and it is actually I had a slide I put that and it was actual question somebody asked that we will go for 6 months and can we have milk there, you know that is the basic kind of doubts people had and if you have such doubts about the country itself obviously there will be certain doubts about the company so that is the challenge and we have to build that brand and slowly and steadily for two reasons we are becoming known to that campuses, one reason is our in-step program. This year we have got more than 10,000 applications for 125 positions, so that is bringing the brand up, the other thing is that we have started this recruitment in US so that is building our brand. Now you have talked about the consulting and people with a experience profile so in those situations actually we have a better visibility because of the fact that everybody today talks about offshore, everybody today talks about the new business model so we are known, most of the people see and get attracted because of the kind of the growth we can provide, the kind of opportunities we can provide, so in that respect we do not see that much of challenge. We also would like to convert some of our employees, long-term employees into those roles and there we come up with the training program, we sort of have different programs where people get into those work along with other successful consultant and pick their skill as they go on.

Thank you.