

**Infosys Technologies Limited**  
**2007 ANALYST MEET**  
**July 30, 2007, Monday, Bangalore**

**Bikramjit Maitra - Session III**

**Bikramjit Maitra**

To start the session, I have a challenge of finishing 15 minutes presentation with questions and all in 20 minutes so I will flip through the presentation a little fast, so this is the agenda. We will talk about all the sensitive points people generally associate with HR. First of all, if you look at India the basic number wise we have enough number of supplies what is really questioned is how many of those 500,000 people you can really employ, so that is a basic question. What we have done is we have gone to the more number of colleges, this year we had gone to 1022 colleges not physically to all of them, we went to around 250 city colleges and pooled 1022 college students and recruited, but we have not brought down our standards, our selection process is as rigorous as it used to be. We also put more rigour in our training and the testing during the training. Our training program also includes Go/No Go test so that we have made it much more rigorous such that the standard of people who are joining in the actual project remains the same.

We are also trying to see that whether we can enhance the number of people from that 500,000 to become more employable and for doing that we have a program called Campus Connect where actually we are providing free of cost to the educational institute the artifacts of our training, which the students can go through those training, the faculties have been trained, it is on the net and they can sort of get themselves upgraded and you know, these people when they join us, if they join us, there is no string attached to this training, if they join us then we provide them an opportunity to go through a test and see whether they can cutdown their training and they get incentivized for that little amount of training they take.

This is a slide where we are talking about the different sources by which we get the people who join us and one of the point I want to make in this slide is perhaps one of the area where we are really industry benchmark is our sourcing from employee referrals. We get 40% of our lateral recruits is through the employees efforts, so that is the benchmark. It also shows that employees are well engaged with our organization. This is what we call the diamond of training in Infosys. At the left hand bottom corner we have talked about the program, which is the flagship program of the people who are joining from the different institutes and this is 14 weeks training program and during this program as I mentioned there are tests, there are 2 comprehensive tests and people have to score at least 4.5 to be successful and you know that is a kind of stringent benchmark we have. This training and the content gets benchmarked with independent assessor and it is assessed that if somebody has gone through a engineering curriculum in any faculty and then go through this training they are equivalent to a BS in computer science in any US standard university so that is the kind of the benchmark we did.

The second block talks about how the training for, continuant training for every individual is taken care of. We have a biyearly, twice in a year we have appraisal and during the appraisal one of the thing the appraisee and appraiser, they get into a discussion and agree on is what is the training plan for that individual and associated with that training is also certification so if a individual is working in a certain level then that person has to do two certification and generally this certification is in the area of technology as well as functional specialization that individual has. So, the certification last year 34,000 employees successfully have completed their certification requirement so that is a kind of focus we have in certification.

Higher education, this is for enhanced education for anybody who wants to do on-the-job additional qualification and the last block talks about the leadership program we have. We have a 3-Tier leadership program, the top management or the senior management level we have Tier I leadership that is identified number of Tier I leaders in the organization is 54 they get mentored by the board members directly so each of the board member have certain people associated with them whom they work with and create the performance development plan for them. The Tier II is 3 times Tier I number so it is around 150 and they get mentored by the Tier I leader and Tier III gets mentored by Tier II and they are 3 times of Tier I leader so there are 450 so this provides the critical pool of the critical position succession planning so this is the pool, which we created and each of them get mentored and get monitored that they are making adequate progress. This is not a one-side selection process; it is not that once one

is selected they will remain in that pool. If they do not perform well as for the PDP performance personal development plan they can be selected out so that is the kind of Tier program we have.

As an organization we have always taken meritocracy as one of our strongest value proposition and we always wanted to be a better employers for better employees so there is a considerable amount of pay is linked to the performance and there is a considerable amount of variable performance. We are one of the organization who started fast in this industry and this year we have also restructured the senior management compensation, I will just come to that, before that I want to mention that the variable pay structure has 3 different incentives; one depends from the top line of the organization and two others depends on the bottom line of the organization so the total kitty gets generated out of the profit of the organization if the profit is beyond certain point then it gets accrued into that kitty and 50% of that gets spent into the group performance that means the group I belong to whatever value that group has brought to the organization, depending on that everybody in that group gets paid in the same level; whereas the other portion, it depends on the individual performance of the individual so there is a tremendous amount of focus on the performance.

The senior management restructured was a plan we have mentioned here is last year we introduced what we call the senior management retention plan this is basically an amount which depending on the level, this is available to all the title holders is around 215 people in the organization they according to their performance over a year they have a certain amount of money being allocated to them which get paid after successfully completion of another year of work so 2006-2007 depending on the performance in a particular level they will have money allocated to them which will be in the tune of depending on the level as I said \$15,000 to \$125,000 USD and that amount will be paid if they complete one more year in the organization, so that is the retention plan so every year there will be 1 year retention plan due for individual who is in that level.

Like most of the organization we have employee satisfaction score so we do a survey every year and last year we did it in the quarter four, 70% of the employees took part in that satisfaction survey and we maintained the same level of satisfaction as of last year. Last year we have our satisfaction around 62%, year before it was around 63% people said that they are highly satisfied so you know which is almost a benchmark in any organization and we also looked at that the key point suggestions the employees have one of them is career clarity they want that how they can progress in an organization and how they can be more involved in planning their and shaping their own career, so this year we are starting with a portal called career clarity model portal where individual can go and talk about their aspiration and the managers and the coaches they can help them out how to really realize that aspiration and you know it is the organization, who will provide infrastructure and support, it is not necessary that organization can always provide all the opportunities, it also depends on individual how they leverage the opportunities they have so that is a joint responsibility kind of scenario we are bringing in.

In case of visa you know that more and more complexities are coming in and we have last year have outsourced a major portion of that and have totally automated most of the process so that makes us much more efficient and track every visa requirement. It not only makes new visa application much more efficient, but also it tells us that we do not lose any visa because today visa retention is a major requirement you know for example in US you can have H1B for 6 years for a person and you need to renew it within time otherwise that visa is lost, you have to start afresh so whole of this process is much more channelized. Our visa utilization is also remaining at a steady rate between 50 to 60%.

One of the areas where as an organization we are not yet near to our to be a global in that respect, in a employee diversity we have not even reached global standards, you know even today if you look at our employee profile 97% are from Indian origin so you know, Indian origin is a wrong thing to say, they are Indian citizens, so we only note citizen ship, we do not note the ethnicity, so in that respect I think we need to have much more focus in that area and from last year we have started going to campuses in US, this year we have gone to campuses in UK, right now there is a batch of 120 people getting trained in Mysore center who have been recruited directly from US engineering colleges and liberal arts background and another 26 of them have come from UK, so we are going to different countries and recruiting from campuses and bringing them in India for a 6 months training. It has two purposes, one is to make them understand the Infosys way of working and second thing is the large number of Indian employees they get the opportunity of working side by side of people belonging to different culture, so it is a culture of immersion from both sides so that is a basic reason what we think is which will help us in managing the diversity much better.

We also have done fairly well in getting gender balance little better number. We were in 19% in 2002-2003, it also depends on the society and the availability. Earlier, the number of people doing engineering was much less, I remember in my batch in IIT there were 4 students in the whole IIT Kharagpur and now the numbers are much

different so you know that is why it also reflect that in number of people who are coming in from colleges straight away there the gender ratio is much better.

One of the thing we have tried across the organization is sharing the responsibility, what we looked in 2002-2003 time frame that when our bench was very high that was the industry was going through a turbulent time and we realized that even in that period the people who are high performer they always get utilized they were not sitting in the bench, so we have said that this is a joint responsibility, we told people that we will provide all the facilities by which you can enhance your capability, but utilization is also your responsibility if you are not getting utilized, if you are sitting in bench, if you are not get into good project or a billable project it means either you are not up to date with your technology or the need of the hour, so you go and take a training and get yourself updated such that you can be better employe so that now is a joint responsibility. People have a dash board, they can see that how their utilization is varying and they can take appropriate measures, they can even go and sell themselves to other projects and other part of the organization and get themselves utilized so all those facilities are being provided with.

As far as the HR is concerned, we are a very high user of technology being a technology company that is an advantage. We also use our BPO business very well so we out source many part of the HR into our BPO. I talked about part of the visa being outsourced to BPO that is our own BPO and we have also outsourced a major portion of our recruitment where there is a large number of transaction and that brings in lot of process rigger and that also brings in lot of efficiency into the whole system.

When we work in HR, even in HR, we have, our insight is with the client so many a time we share our experiences with the client, many a time we have gone and given workshop with the client that how we do manage things in our organization and give them some insight in that regard and many a times they have asked us to work with them as a consulting capacity though is that not our primary goal to the consulting in HR, but many a time our people have gone and done their share and actually implemented the best practices of what we have, so that is we of course work with enterprise solution team and when they do a HR solution many a times they have gone and given our solution with that so that brings me to the end of my presentation this slide of course, I need not explain, only thing I can add is today I got a news that the we got the platinum award for growth talent organization, we are one of the organization who got it all the fourth time so they are giving platinum award and we are sharing this with Fedex and Godrej as best employer in India that is my presentation. I can take on questions. I think I did well with time this time.

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### Participant

My first question is on the utilization front, your utilization improved by 300 bps on a Q on a Q basis, how much head room do you see going in the future and whether you expect to see improvement of utilization on onsite or offshore projects, which one?

### Bikramjit Maitra

No, our utilization when you talk about is both onsite offshore together, however, our onsite utilization is much more controlled because of the fact that the bench at on-site is very expensive, so we hardly keep any onsite bench. People travel and that is part of the complexity of the deployment, when they have an assignment, they travel. If they are deputed from India they come back as soon as the work requirement is over is in that location, so on-site bench is not significant, primarily it is offshore bench. We always plan to have it around 78% our bench, we do not want to go beyond 81-82%, so if you look at our utilization now, it is somewhere in the vicinity of 76% so which is very near to the number.

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### Participant

And my next question is as regard to your recruitment competition with the MNCs coming in picture, IBMs and Accenture, are you finding it difficult to get the new talents now?

**Bikramjit Maitra**

It is not coming in, actually if you look at a few years back it was told that all Indian MNCs is going to get wiped out because IBM and Accenture is going to recruit everybody, we have not seen that happening. We loose people to IBM and Accenture, but we gain more, most of the time we gain more than we loose, and if you look at the attrition numbers also you will find that MNCs have a higher attrition number in most of the cases than ours, so obviously some of them are going there and coming back also.

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**Participant**

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**Bikramjit Maitra**

Sure we started B.Sc. hire a few years back, 2-3 years back. Initially we started in certain specialization, we did in for horizontals like IMS and IVS. Last year we started also looking at in software profession, initially for lower capability work for which is more towards maintenance kind of activity. There is a special training program for them and obviously they come with a 1 year less education and their market value is different, so that helps.

**Participant**

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**Bikramjit Maitra**

No, no, we have already hired, almost we have 2500 employees who are from that kind of background into the organization already.

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**Participant**

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**Bikramjit Maitra**

It is not at much lower cost, generally the catch up will take 2 to 3 years depending on the performance of an individual to come to the entry level engineering cost, so it is not only cost it is a work content and everything together the plan is.

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**Participant**

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**Bikramjit Maitra**

It depends, you know there are different specialization and for certain areas the training cost will be not higher because they will be requiring to have you know, the training will not be given in a single go, they will get a training, work for couple of years and then get additional training, so training cost will get apportioned over a period of longer period of time.

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**Participant**

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**Bikramjit Maitra**

Yeah, 13 to 15%, including it is a gross, thinking that 100% pay out of variable.

**Participant**

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**Bikramjit Maitra**

No last quarter, you know, again the way the variable salaries need to be looked at is over a full year, so last quarter may not be right thing to look at for variable salaries. You have to look at it over a full year.

Thank you