

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

**Chandra Shekar Kakal - Session III**

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I am Chandra Shekar Kakal heading the enterprise solutions group at Infosys. Next 20 minutes or so I will take you through what we do at Infosys in the enterprise solution space when I say enterprise solutions it is all about package product implementation and related services. The agenda for this next 20 minutes is to talk little bit about the state of business and then talking about enterprise solutions group at Infosys and how are we helping the customer to win in the flat world that being the theme.

If you look at the enterprise solution space and the state of the market, state of business and look at from different perspective, the market, the product, the customers, and the people and all that this is a large market okay and this probably in size depending upon who made the survey and in which month and all that given a few billion dollars here and there they are still a large market okay. It has got several small players and few big players in the sense of implementing ERPs and few large players you know who have the global capability to do an implementation roll out and all that and there are several small players either to a specific industry vertical or who have capability in a specific geography with language capability and all that okay.

Competition is definitely severe while the market is still big competition is also there and there is searching demand today being seen in the ERP space sometime ago the ERP licensing revenue started actually flattering and then there was a worry whether there will be enough implementation revenue available for system integrator like us, but I think there is it is in a way true that license revenue had started stagnating to some extent, but started picking up again little bit now but there is lot of implementation revenue still available because customers have bought the licenses and then kept it in the shelves, not really rolled it out to all over the globe, all the divisions, all the geographies and all that and there are always upgrades and implementations and roll outs and production support and maintenance and lot of that to be done and they are also expanding from ERP to CRM to supply chain to business intelligence, to human capital management and so on okay so we see lot of demand again.

If you look at from the product perspective, there are 3 large economies emerging in this space one is called SAP who are growing mostly organically by adding on to their own existing product space and then making it into a platform they have come out net lever technology platform and all that.

Oracle has really grown by acquisition in the last 3 years they have acquired 35 companies in the last 3 years and integrated some of them into their product space, some of them they are maintaining as their earlier brand names like People Soft and Siebel and all that okay they have promised unlimited support for the products which they have acquired so that is the second large economy.

Microsoft is the third large economy in the ERP space which has acquired some of the products like Septa and develop their own product like Microsoft CRM, the CRM space so that is a third large economy. There is lot of consolidation margins acquisition happening in this product space and most of this product vendors like SAP, Oracle are moving towards the beginning platform and then offering the platform to the independent software vendors to develop vertical specific niche offering cancellations on their platform so we are seeing lot of that happening and cross sell and up sell by the product vendors is the name of the game today, because all the base selling has been done to a large enterprises already so they are looking at either selling the new license to the mid markets or the upper markets and all that SME segments and they are also looking at cross selling and up selling into the existing large enterprises when they have to do cross selling and up selling in the existing large enterprises they actually look at system integrators like us so who are already into an account and then we are doing account mining and then looking at what opportunities are there and what more products that we implemented, extended, and all that so they actually look at our help and partners really do get respect in because of that today.

If you look at from the customer side, customers are spending money especially towards global roll outs, towards instance consolidations, who are supported maintenance of the applications towards expanding it for the supply

side and then the CRM side and all that they are spending money but unlike in the past they are not spending money in large chunks in one go while their outlay for ERP implementation and roll out could be \$300 million they actually phase it out into different phases and then hand over okay the implementation assignment to different system integrators or phase it out or use somebody for doing the upstream and then somebody for doing the roll outs, somebody for functional, somebody for technical, so they break it into \$50 million, \$60 million and so on into a smaller chunks definitely there are lot of global roll outs still happening by large companies there are lot of global roll outs. Every customer is today demanding offshore they are asking system integrators you tell us what is your offshore strategy, how much work will be done from offshore, how much work will be done from India especially so competition is really forced to respond to that and put some offshore strategy at least for that they have to say that okay we have so many people in offshore and then we will be able to deliver some part of ERP implementation work from offshore.

Customers are also evaluating other options like software as a service or platform base solutions and all that in certain areas especially when they are doing some extension into the existing ERP and going into CRM space they are looking at whether they can go for software as a service offering and subscribe from somebody salesforce.com instead of implementing Siebel implementing, SAP, CRM it is whether they can do that so those evaluations are separately happening. Platform solutions are also another option because today if they are outsourcing the business process completely then it makes sense for them to look at platform based solution offering also.

Customers are demanding as never before they are asking for specific skill set with experience and all of that. On the people side if you look at there is definitely talent scarcity; there is a limit to having people made available in specific skill sets especially in the market. Attrition is on the rise because there are large opportunities available for the people outside so almost all the companies are seeing this trend of higher attrition in this space. H1 visa is differently worrying because while we are growing faster and there are lot of companies which are growing, H1 visa for US is capped at 65,000 for total and it is not increasing and that being the case so that they may put lot of pressure on the companies.

Employees are also demanding as never before because they know that there is a market available for them. If you look at enterprise solutions group at Infosys last year we did about \$541 million in revenue which is 18.4% of Infosys so as of first quarter end we have about 8000 plus people, we operate out of 9 development centers in India with an onsite mix and offshore mix in terms of the effort 38% roughly onsite and then 62% offshore. We have been growing with CAGR growth rate of 55% plus and in the last quarter we did about \$170 million in revenue.

For some of you who have attended my presentation in the past and this is not our vision continued to be partner of choice with the customer and today for Infosys it is to be trusted transformation partner of choice. We want to be the partner of choice with the customers, with the product vendors, with the people that is current employees, the prospective employees and our own internal industry specific business in this and all that so that they will use our services and sell it more.

We provide from this group solutions with rest of our industry verticals and geography you know by now that we are organization to industry specific verticals business units especially for North America and for Europe and Asia Pacific and China we have geographies focussed business units so enterprise solutions group cuts across industry verticals and geography and also on the higher end we collaborate with Infosys consulting for doing the process reengineering and process redesign and all that. On the other hand we collaborate with Infosys BPO for doing the business process outsourcing and we provide end-to-end solution to the customers.

This is the footprint of enterprise solutions offering by Infosys if you look at an enterprise most of the enterprises use ERP application for doing that transaction processing and improving the process efficiency, so the ERP products like SAP, Oracle, people soft cater to that need and if you extend the enterprise into supplier side and there is supply chain management packages required, if you extend the enterprise towards the customer side there is customer relationship management packages required so we implement all of those packages in enterprise solutions group. Last year we also realized that human capital management is another growth area where enterprises are looking towards improving the employee experience having improved may be or having looked at improving that enterprise efficiency having improved the supply chain, having improved the customer side and customer relationships and all that okay then there is another area to improve upon is looking internally into the employees and employee satisfaction, performance management, recruitment, and self service in some of these expense clients and things like that which can reduce the HR cost and things like that so we introduce human capital management as one of the service lines.

We also have enterprise application integration as a service offering in the enterprise solutions is because large enterprises require lot of their complex systems to be integrated and today integration is been seen as a strategy and not as a practical in integration between two applications. For them to do so there are packages available such as Tipco, Vitrea, Q series and SAPs own product space and all that so it has to be implemented like we do implement packages, like SAP, Oracle. So we have introduced that service in enterprise application integration for quite sometime now and is doing well. Last year we also looked at business intelligence as service area in the foot print having implemented the ERP, CRM, supply chain and all that customers have accumulated large amount of data in the organization they have to extract that data and then make meaning out of that data so they have to get information out of that and then use it for decision making so we said that there is scope available for us to do those kind of implementation we have started that service, so that covers the enterprise value chain and our service offerings from Infosys.

If you look at what are the impediments for customers to really operate and compete the flat world there are few of them which we feel from our point of view first of all to compete in this flat world customers organizations have to have standardized systems it could be broken in ERP system or their own home loan system but they need to have a standardized business processes across the world so that the end customers really feel that is one company and this is one process and they are able to do business with them and organizations also are able to have a 360 degree view of their own business earlier when they had implemented ERP systems for example and SAP itself may be one instance in for America, one for Europe, one for Canada, one for Australia, one for Japan they were not in a position to see the entire business in a single window so when that happened actually they started looking at how to improve the situation and have the business processes standardized and also integrated when they started really rolling without to all the divisions or all the geographies the technology also came in handy and they could have a single instance of an applications is returning somewhere but accessed by all the divisions across the globe, so that actually is made possible today because of the technology because the ERP itself is available for that and there is a technology communication bandwidth available for them to implement it in one place and then use it all over the globe.

We do help the customer in implementing and standardizing their ERP systems and rolling it out across the globe. So that can act as a fuel for growth for them to expand their business beyond the boundaries. If they have to really look at innovation and how to do the innovations faster they have to really look at developing an ecosystem of partners and when they look at developing an ecosystem of partners then the technology plays a big role of implementing and integrating the systems of the partners today in this flat world it is impossible to do any innovation by themselves and without taking the help from partners. For example one of the telcos telecom service providers in Europe we are working with they want to bring out new functionality, new features and their openings every 6 weeks how can that be made possible and they have to really work with some partners who can help them implement the system, do the enhancements and then release it, I mean test it release it to the market so when they were not getting that kind of a support from somebody else so they are looking at us and ask whether we will be able to help in implementing, enhancing, and releasing it to the market every 6 weeks, every 12 weeks okay so that is how we are able to partner with them and help them to innovate faster and then release their product and services to the market fast.

To make information and then make money from the information as I said earlier the business intelligence kind of tools and helping customers to design their application architecture and design their information architecture and also helping them design corporate performance management tools and having a slow down of the information in a very methodical manner and implementing some of the business intelligence tools to convert the data and the information and education support system is something which we can help customer base. If customers are able to do all of these then they are able to innovate partner, if they are able to really make money from their information or at least have a visibility into the data and the information worldwide and if they are able to really standardize their business processes and when these customers with good experience of dealing with the company then they will be able to really keep themselves nimble, concentrate on the core activities and out source their context activities and be nimble and be able to respond to the market place much faster, so that is how we feel that they will be able to win in the turns.

Partnering with customers is not just having few people experience in a SAP or Oracle and helping the customers in package implementation and role out or support it is not just having few bodies to throw with SAP experience or Oracle experience but it is more than that. We actually sit with the customer on the sparing committees, we are part of their program management topics, actually we work with the business owners in standardizing their business processes across the globe. We work with the project teams and then do the project management activities; we work with subject matter experts and business applications experts globally. We support and trying the end users okay when they have to really use the applications if we work with other partners of the customers because like we are the partners there could be one or two more partners in the size of the hardware vendor or

software vendor and we have to work with them so we create shared services for them and as an when we role out applications to different divisions and countries we take them into our shared service center and really support them. We see a centers of excellence for them, we do instance management using with the help from our infrastructure management services, we do remote management software applications, so we collaborate with them in defining technical standards so we offer technical architects to them so there are several base in which really we partner and work with the customers creating a center of excellence here may be in India and then helping them at a lower cost economy is a bigger value add and helping them standardize a business processes throughout the world is another big value add and those are the activities which we partner with we rather than just saying that we have people with an SAP still that and then we can provide a view okay that is why we take the complete end-to-end responsibility in many cases in designing a global template and rolling it out or upgrading the systems and all that. Just to give you an example of what we have done with one of the customers this is we are manufacturing company conglomerating from US but really they are working in many different countries they have operations over 150 countries and they are organized into 5 different divisions 10 to 15 legal entities okay they wanted to have a single ERP instance for one of the divisions. Actually it was for implementing and ERP systems and they are rolling it out into multiple geographies and as an when the role out, create a share service center and then take the work into the shared service center for enhancing and then maintenance and all that so we partner with them and then we made it possible so today our implementation methodology, global role out methodology has become much more stronger and we are able to partner with many customers this is only one example we I could put 15 such examples. If you add all of them the number of countries to which we have rolled out in the systems and the number of countries in which the system which we have rolled out is being used by the end users could be about 150 countries not all for the same customers but different customers added together.

The challenges what we are seeing and our response to that I talked about talent scarcity being one of the big challenges so we have set up what we call as the enterprise solutions academy 3 years ago in Hyderabad. We have a 400 seat of residential arrangement there where we can take people from the market or from the school campuses and then put them through rigorous training of 6 weeks for methodology and then later another 6 weeks of training into SAP or Oracle, Sybil all that and prepare them as generic the ERP consultants because in the market there is a limit for hiring from each other, poaching from each other, and exchanging bad people to bad people and then creating a pool of consultants so we have to look at a newer way of generating our own ERP consultants that is why we invested on enterprise solutions academy not only for entry level consultants but also to keep the skill sets of our own consultants and as an when there are new products, new models released by the product vendors we use that.

We also create computer based training programs in enterprise solutions academy to reach out our onsite consultants. We are also hiring globally okay we have a center in Canada you know, we have hired people there, we are hiring in Japan, we hiring in UK, and we are now looking at hiring in Mexico and we are also ramping up in China. We have started executing some of the global business from China already okay so in terms of H1 visa availability we are also looking at hiring more people onsite to overcome the H1 visa issues and we are looking at how can we offshore more than what we are doing today. We do about 38% of the effort onsite and 62% of the effort offshore whether we can really improve that further and we are looking at tools and methodologies to do so.

We are also developing solutions for accelerated deployment and reuse and tools for another area. We do have integrated offering so consulting and implementation and process outsourcing so we have end-to-end offering available at enterprise solutions group. We are also filing patents in some of the areas, we are developing solutions, and we are developing some horizontal, some vertical solutions in industry vertical along with our other IBUs. You would have heard about the non linear models the software as a service and platform base solution so we are working with product vendors to offer platform based solutions in procure to pay area and HR out sources so that is being done with enterprise solutions to and the Infosys BPO. So these are some of the challenges and the responses to the market from our side. That is in brief about enterprise solutions and our offering, and if there are no time so if there is no time may be we can catch up during tea or again there is a open house at 4:40.

Okay, thank you very much.