

Infosys Technologies Limited
2007 ANALYST MEET
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OPEN HOUSE SESSION

S. Gopalakrishnan

Good afternoon, everyone. First of all, apologies from my side for not being here in the morning. But, I'm here now. I hope you all had a good day's session and are full of questions still, somebody just now told me there are lots of questions still. So, we are here to answer at least some of them. I mean, Bala, you had enough questions on currency, eh? So, this is an interactive session, with all the people who we met plus, you know, others are also here. Please press the button for asking the question and release the button after the question, so that we can answer the question. Go ahead, please. Somebody said lot of questions, but none coming.

Participant

Ah yes, I will start it off.

S. Gopalakrishnan

Sure

Participant

I'm Sudhir from MacQuarie. So, we hear there are winds of change going on at Infosys. So, could you spend couple of minutes on what are the winds of change here at Infosys? Thanks.

S. Gopalakrishnan

We have always been changing. You know, from day one of the company, Infosys has been changing, because as a leader for the industry, we strongly believe that change is required change is a constant and you have to change in order to survive, I think, in order to lead, definitely you have to change. And, these changes are driven by our desire to continue to lead, continue to be relevant to our clients, and continue to meet their requirements. So, as we've been telling you all through the day, we believe that the drivers for change for all of us are, you know, the several things we talked about driving towards the flat world, you know, globalization, technology, changing demographics, the requirements for transparency and the need for very high degree of efficiency and effectiveness within the company, etc. This is what is driving transformation today and from Infosys side, we have been also making sure that our own services, our solutions, our capabilities are matching or are ahead of the requirements. Fortunately, you know, in this case we are the change we want our customers to be, you know, like be the change you want to be right, what Gandhiji said, you know, we are the change we want our customers to be. We are an example of the flat world company, so our credibility and our ability to help, our capability to help our clients are very good for us and we have been making sure that, that message gets across and our solutions are geared towards meeting this demand. Some of the changes are, of course, looking at the transformational needs and making sure that all our services are bundled together or packaged together to meet the demand of the client, the need for larger, more complex outsourcing solutions, the need for looking at our clients from a global perspective, meeting their requirements across the world. So, those are the changes, which you see within the company. Does that answer?

Participant

Yes and no, because I was looking at something -- anything specific, directions or steps, specially in the light of, you know, the famous thing going on for the last 6 months.

S. Gopalakrishnan

Like what? Acquisition?

Participant

No. The rupee.

S. Gopalakrishnan

Rupee. See, -- should I give it to Bala?

Participant

You are all tired of that, I know, but --

S. Gopalakrishnan

See, from rupee perspective, you know, what we need to do is balance our portfolio across geography, re-look at our services and solutions, so that we can tweak the onsite-offshore ratios, we can look at the revenue per employee, revenue productivity. We have to definitely look at higher productivity and higher efficiency within the company and look at non-linear models of pricing and things like that, so that, you know, we have much more leeway and flexibility in how we propose, how we price the deal, etc. It has to be a win-win, you know, it has to be a win for the customer and it has to be a win for the company. So, we have to look at how we can structure this deal differently, etc. So, that is already in the works and, you know, you will see several initiatives in those directions. So, when you look at non-US geography, we have been focusing on Europe for quite some time now. We have been investing in Europe, we have been investing in Australia, even the latest deal which we announced is, you know, Europe-centric. So, you know, you will see us becoming more broad based, etc, across the world. Yes.

Mohandas Pai

Just one point I want to make. You know, we made money at \$47. We are making money at \$40.5. We made money at 34, but that was in 1994. We made good money. So, we have a model, which ensures that we will make money at various price points with the dollar-rupee rate. Except that it might take us a couple of quarters to make sure the model works. And, I think we have the most competitive model in the industry. You agree, Bala? I mean Bala has shown that, that last quarter is there for you to see, because a shock of 9% and we did fairly well and remember, when we have this flexible, we have this variable compensation plan, and we paid out the variable compensations at very high rates, despite the rupee appreciating by 9%.

S. Gopalakrishnan

Despite the rupee appreciating, you know, we have paid the variable compensation, we have absorbed all the compensation increases, we have absorbed the high visa costs in the first quarter, so, you know, and we are continuing to invest in the business. None of the investments have been cut in the business and still we have met most of the expectations, except for the, you know, because the rupee has appreciated now, so you have to reset the translation, right, from last year to this year. Last year it was on an average 43-something and this year it's come down. So, that has to be reset. Except for that, and we are also being helped by strong volume growth. So, that's also there. The market is good.

Participant

So, would I be correct in thinking this way that, to build a natural hedge into your company's -- would you not be looking at more onsite services, so that the risk of rupee --

S. Gopalakrishnan

No. That is why I said, we will re-look at our services to recalibrate onset-offshore ratio also. Some of the services which are may be slightly more onsite, we will see whether they are better in this environment and things like that, so that it is the taking we'll have to do.

Participant

Thanks.

Participant

Just one follow on to that, sir. You are, I think, basically talking about levers to offset the currency impact, but could you delve a little bit more into specifics, in terms of internally, is there a change that you are contemplating in the way that you are working or internally are you rejigging things to, you know, probably, let's say, expand upon one of these levers that I've just mentioned to improve productivity? Any particular plans or any particular, you know, tools that you are looking at, sir?

S. Gopalakrishnan

No. Let me clarify one thing before I hand it over to Shibulal. There are no plans to work longer hours or anything like that. Because I saw some reports in the paper saying that Saturday working longer hours, etc. There are no plans there. I just want to clarify that. So, let me clarify that. When you say rejigging and I wanted to put that to rest, okay, it's not about Saturday working or longer hours and things like that. It's about smarter working and things. So, I'm going to pass it on to Shibulal.

S. D. Shibulal

So, actually for rupee appreciation as well as the compensation and visa, there are multiple levers which we can use to manage and I just want to list out some of them. The point to make is that all these levers are not optimized at any point in time. At any point in time, we will have multiple levers which we can pull, starting with utilization, for example, 1% increase in utilization should be with a revenue of about 1.3% or so or more. Our utilization today is below 80%, we are quite comfortable with utilization between high 70s to low 80s, so that's one lever. Onsite-offshore ratio is another one. Onsite is right now around 32%, I'm sure we can operate anywhere between 30-33 or 34%. That is second lever. Customer portfolio is another lever. We can actually manage a customer portfolio. That means try and grow customers where the revenue productivity is high. Another important portfolio is the service portfolio, because if you look at **ES&SI**, they have higher revenue productivity, but they are more onsite. You have Infrastructure management, independent validation services, which are more offshore, so, giving us more margins. So, there are multiple service portfolios, which you can manage, which will increase or decrease the margin and revenue productivity. SG&A cost is another one, that means getting benefits from the sale, scale of operation, which gives us benefit. The next one is actually subsidiaries, I think our SG&A cost of subsidiaries is definitely higher than the parent by couple of percentage points, which means that the parent is running about 1 or 1.5% below the average. So, that means if we can actually make the subsidiaries more efficient then move them out of the investment mode over a period of time. So, that is another one. Then, pricing is the next one. We have got about 4% revenue productivity increase last year. We got about 1% this quarter. So, that is another one. And then, productivity, productivity leading to revenue productivity increase, because productivity has gone up about 15% over the last 2-3 years. We need to look at models, which are different, that means non-linear models which will actually directly contribute. That means productivity increase directly contributing to the bottom line. So, overall there are multiple and variable -- Mohan mentioned about it, the variable compensation is another lever which we have, because it is linked to revenue and margins of the corporation. So, there are multiple levers which we can use to offset some of the, you know, rupee appreciation, in fact, rupee appreciation, compensation, etc. and that is what we have done in Q1, we have done some of this in Q1. But, when you have a steep increase or decrease, steep change in a very small time period as Mohan said, it will take few quarters for us to pull these levers and try and get it back to an optimum level.

Participant

Let's look at dollar revenues of the year, forget the rupee appreciation. Last year around the same quarter, you had upped your guidance to around 35.4 to 35.9%. This year, after your first quarter results, it's around 30%. So, now, what is the effect of the revenue being lowered, the guidance being lowered this quarter?

S. Gopalakrishnan

See, after I answer, I'll ask Bala to, you know, clarify. You know, we have increased our guidance in dollar terms. We have increased this quarter also, maybe not as much as last year, but we have increased our guidance. So, the adjustment required is because the last year's revenue was calibrated at a higher rupee-dollar rate than this

year. So, that is the adjustment we had to do. Because of that the Indian revenue came down. Bala, you want to explain that.

V. Balakrishnan

See, last year was an exceptional year even for us. The first two quarters were exceptionally good and it was a surprise even for us. When we started last year, we gave a guidance of 30%, right? So, this year we've given a guidance, the guidance is a snapshot, you can't say you increased last year 4%, so you should increase this year also 4%. That's not the way it works, right? We give a guidance based on what we see in the market at a particular point of time. We increase the dollar guidance, rupee is a function of the currency, and so rupee guidance was lowered. But, I think, there is enough demand in the market. People are worried about currency. Look, fundamentally nothing has changed in the business. Offshore is still a mega trend, there is a lot of demand out there. It's our ability to go and take the demand is very important. We are not seeing anything change on the ground. The demand is still strong. Volume growth are still strong. Even in the first quarter, the volume growth has been extremely good. So, we have given a guidance based on what we see in the market at a particular point of time. Going forward, we will see -- the second quarter always has been a good quarter for us in many years, right. 3rd and 4th quarters have dropped because of seasonal reasons. So, we'll go and see how the quarter works out. But, fundamentally, nothing has changed in the business. Currency is one external factor, we have to manage. As long as the movement is gradual, we'll be able to offset some of it. If the movement is very sharp, like what you see in the last two months, it is going to hurt us in the short term, but long term we will figure out, we'll try to improve the revenue productivity. Even last 5 quarters, the revenue productivity has gone up, each quarter it has gone up. So, the environment is good. There is demand out there. We have to make sure that we grow fast. Currency is one external factor we have to manage.

Participant

Kris, it's been about 3 years or so when we started the consulting division. Would be useful if you could elaborate on the experiences, I mean what kind of expectation that the employees who came into that division and whether we have been able to retain a different set of a talent which is there in consulting, the follow through business and things like that?

S. Gopalakrishnan

So, when we started consulting, we said that in 3 years we would grow this business to about 500 consultants. Now, this is specifically the business consulting piece and within the subsidiary, you know, the administrative structure called the subsidiary. So, 3 years hence, and then, of course, we said that we should be able to compete with the global system integrators for business consulting, management consulting, transformational projects. Our experience has been very good. Now, instead of growing within just the consulting, over time we have actually grown within the business unit and in consulting. In a graded fashion, we have now more than 500, almost 600 business consultants within the company today, you know, Infosolutions consulting group and in the subsidiary Infosys consulting. Second, we are competing very well with the global system integrators and in a few customers we have actually replaced them and these are, you know, marquee names actually, we replaced them as their strategic partner, you know, doing consulting assignments and things like that. We have one large transformational deal. If you look at our press release this time, we have, of course, not named the companies, but we have highlighted transformational deals, which we have won. The downstream impact also is significant, the margins are actually higher than the company average on the downstream. So, our goal to increase revenue per employee through consulting is also working. So, that is also working now. Consulting is as you know, as a subsidiary requires in the sense, because we are continuing to invest in that, in sales, marketing, brand building, in recruitment, etc. We have been able to get some of the best consultants. If you look at what we call the practice leader layer, about 40 people, they are the top ten consultants, or they are recruited from the pool of the top ten consultants. Some of the best names actually have been attracted to Infosys. So, definitely that also has worked. Now, I think only thing which we could have done better, which we will continue to try, is maybe grow this faster, because the opportunity is there. I reckon as little bit longer than we probably should have, but, you know, it will pick up momentum.

Participant

So, I mean, in specifics, have we able to -- basically the objective was to move the wall to the US turf, where we can negotiate a significantly higher rate, so, have we able to manage a blended pricing of say, \$60 or \$80 or something like that for us?

S. Gopalakrishnan

Yes, yes. On some of the assignments, it's even higher than that.

Participant

Today, through the course of the presentations, we got to see how there were lot of, you know, solution based options that we were coming up with, both on retail and lot of other places. Could you give us some, you know, some sort of highlight as to what it is currently? How much do solution based businesses currently contribute to overall business?

S. D. Shibulal

About 50 solutions in the market right now, but all of them not at the same level, some of the ones which have been quite successful and in the market for some time are the ones I talked about in the morning, like master data management, multi channel e-commerce, RFID based inventory visibility solutions. Our revenue, I think about 12% of our revenue comes from solutions and alliances today. That means, this revenue, 12% of our revenue is coming from either solution implementation or solution by sales or through alliance relationships.

S. Gopalakrishnan

Ashok, do you want to add anything on the banking area?

Ashok Vemuri

Yeah, I think in the **BCM** space that number is about close to 15-16%. We've spent significant amount of time on our solutions and found a very good traction and I spoke about that during my presentation as well. We've actually taken a fairly VC sort of a mentality to our solution, those that have worked, we have actually built upon it and invested in it and those that have not found attraction for various reasons, either wrong choice or wrong technology, we have, you know, not made any more investments on it. So, overall, our solution story points focus solutions whether they have been in the area of operational risk management or regulatory in compliance, increasing operational efficiency, data management of CDI, etc., I have found very good attraction in the market and so much so, that we are today actually able to generate revenue from an IP basis as well.

S. Gopalakrishnan

I'm going to request Amitabh, my colleague from BPO, to just talk about, you know, his foray into solutions, I don't know whether he talked about it in the presentation. If you want, you can come here. He's just back from Poland.

Amitabh Chaudhry

Kris, in the presentations and Radha was also there in some of them, so yes, we've talked about the fact that we are in the process of launching the procure-to-pay platform and how we were looking at some of the other platforms, which we will be launching in the next 6-12 months on the horizontal side and how also we are looking at, you know, point solutions, where we can build a BPO service on top of some of the, you know, 50 solutions which IT side already has. So, you know, solutions is a very important part of what we are doing, we have created a separate group for it, within BPO and we are working with Enterprise solutions group, we are working with each of the verticals to see what kind of solutions can be taken to the marketplace, apart from the platform side. So, that is an important growth area for us going forward in the future.

Participant

Hello, sir. Being leader, rather change leader in the industry, can you give us some idea about how the industry is evolving and how would it look, say, 5-10 years down the line? Thank you.

S. Gopalakrishnan

I think you are asking us to play your role now, right. See, clearly we are seeing changes in the industry, and one dimension of this change is the convergence which is happening through from the global system integration and the GDM type of companies, companies like Infosys. Going towards a next generation model of services, which is best of consulting, best of GDM, etc. Looking at providing an integrated solution to clients, which includes GDM as

embedded in it. So, that's one dimension of change, which you are seeing, which will create a new set of leaders for the industry and our goal, I think, first is that we should be one of the leaders in this industry in this change. The second dimension of change which we are seeing is that because of this transformation which is happening in the IT services industry, in the ITES industry, lot of players are actually falling off and it's accelerating and today if you look across the space, both in US, in Europe, etc., you are seeing some of the leaders of yesterday actually disappearing or, you know, getting bought out or transformed, you know, this significant churn which is happening today and definitely that is going to change the landscape, you know, companies are going to get bought out, merged, collapsed and things like that. So, you will have a new pair of companies, maybe over the next 3-5 years in this industry as we see today. And, some of those companies who will survive and who will continue to flourish will be Indian companies. You know, we've gone through tremendous turmoil, you know, starting with of course the internet boom, etc, where, you know, we saw lot of growth, etc., then we saw lot of pain because of the bubble bursting, etc. and then now we are seeing the need for efficiency and things like that, need for transformation, but the Indian companies have done very well, in all these things. And that's the strength of the model really. So, you will see that, you know, at the end of 3-5 years, there will be some Indian companies left in the leadership. The third dimension of change is driven by all the things which we talked about all through the day and of the flat world and things like, where our own portfolio of solutions and services will have to be changed in order to meet the market demand, in order to support our clients. You know, the traditional services will not help them anymore. So, we have to look at a new set of services and solutions, which include a global outlook, global solution, the need to source, not just manufacturing services, looking at how you structure your company, where your labor pools are, who are your partners, etc. And, all of that will have to be rejigged at this point. And again, we can help, Infosys can help and the solutions should match the needs of the clients, the needs of the market. That's the third dimension of change. The fourth is, you know, more affinity in currency markets and markets, etc. Again, adaptability, flexibility, etc., is required and how do you build an enterprise, which has all these factors and again, the strength of the model plays to our advantage today. So, those are some of the things, which I see and it will all end up with having a new set of leaders for this industry. This industry will always have a long tail, it will have thousands of companies, okay, but there will be few companies, which will lead this industry and we hope, or our goal is to make sure that Infosys is one of them. Yeah, please go ahead.

Participant

Hi. Two questions, one is, you just explained in terms of progress in the consulting front, today when you compete, what do you see is the differential in pricing between yours being the leader in this offshore industry vis-à-vis the traditional players, that you compare with on a let's say, like-on-like project or something of that sort, where is the differential today and particularly, if you could put that in the context of where it was about 2-3 years back. That's my question number one.

S. Gopalakrishnan

Okay, so to answer that question, we are competing on the quality of our solution, we are competing on the quality of our people. And, our pricing is, you know, same or, you know, higher, actually than the competition and we are winning some of them. We are not bidding lower and winning, definitely that's never been Infosys position. We will not compete as a low cost service provider.

Participant

Let me rephrase my question. My question, let's say, earlier when we used to -- so basically, let's say, earlier when we were bidding for a package implementation, let's say, earlier Accenture used to do it at \$200 or \$250 an hour. We used to say that our prices are lower, but we at the same time can provide a lot better solution, because we can offshore it and they can't. So, where is that price point today, that's what I was trying to understand, have we come down or have we gone up --

Chandra Shekar Kakal

It is reaching sort of a middle ground kind of a thing. For certain services, like process consulting, process engineering and large program management, we are able to command similar price point as that of Accenture. While we are moving up in our price points for those kind of services, they are actually coming down. While they used to charge \$250-\$300 earlier, today they are coming down to offer you at \$175, \$150, whereas we have moved up in our pricing. Also, if you look at the blended rates, we are still competitive compared to the competition because we are able to offer a much better onsite-offshore ratio even for package implementation services. While we are able to do package implementations anywhere between 40-50% onsite and 60-40% offshore, they are not

able to really do that in roughly in that kind of a ratio. So, on a blended basis, we are competitive, our price points onsite have gone up, while their price points onsite have come down.

S. Gopalakrishnan

See, the key is it is because we are able to offshore a significant part of the services, the blended rate will turn out to be lower. But, on like-to-like, onsite-to-onsite, offshore-to-offshore, our rates are same or higher.

Participant

Is it possible to kind of give us some feed of, in percentage terms, how much a blended rate could be high or is that asking for too much?

S. Gopalakrishnan

So, you know, onsite, anywhere between \$150-\$250, \$300, you know, I --

Chandra Shekar Kakal

Yeah, onsite \$150-\$300 also and offshore anywhere from \$30-\$40, sometimes \$28-\$40. And, with an onsite-offshore ratio of for an implementation, say 50-50, so we could --

S. Gopalakrishnan

Offshore, we have gone all the way up to 99 figure.

Chandra Shekar Kakal

In implementation, it could be 50-50, in support and maintenance, it could be 20-80, so on an average it could be 38-40.

S. D. Shibulal

The critical question one needs to ask is the TCO, the total cost of ownership, for the client. So, the rates in a sense are immaterial, because many of the package implementation contracts are fixed price and you know, in that sense, when you take up a multi-country global roll out of a SAP system or a Oracle system, the total cost of ownership is what people look for and that is where we make a clear differentiation with our competition. The rates, all the rate ranges were discussed, but when you look at the rate definitions plus the offshore differentials plus the strength of our solution, our ability to implement it across the globe, it is a clear winner there. And, that is where the differentiation comes in. Also, you know, if you look at the premium position regarding some of the general offshore players, probably in the past, we used to command a premium of maybe 15-20% and today we are between 10-15%.

Participant.

Thanks. My second question is on the HR side. I mean, historically, over the last 4-5 years, you have been, I mean this is sector which has been the principal recruiter, in terms of the number of people and new graduates coming out. Now, there is buoyancy in the domestic economy and the other sectors are also recruiting in chunk. And, from some of the data points that we gathered, there also salaries are kind of moving up. So, in this current environment, like, you know, how are we kind of, where is the salary differential between, let's say, an IT sector vis-à-vis the rest of the sectors, if you will?

Mohandas Pai

Well, you are the only competitors for us in recruiting people. The financial services industry is the only competition, but if you look at other industries barring a little bit at the top, I think we are still way ahead and I think the IT industry will drive growth. Last year the IT industry hired about 380,000 people and this year they will hire about 425,000 people. And, NASSCOM says for the next three years, they will hire 1.5 million people, if things go as per what NASSCOM says and that NASSCOM said, we are not saying that. So, if you look at other industries, in India, from where we hire people, I think we are still at the top of the pyramid, except for the financial services industry and other industries are seeing wages go up and the next three years there is going to be a huge, huge

talent crunch. Smaller companies and mid-sized companies are going to find it very difficult to get people. Even today if you talk to many mid-sized companies and smaller companies, it is becoming tough, because almost entire engineering crop is being hired. Out of 400,000 engineers, the IT industry hires about 200,000 and the top 5 will hire about 100,000. So, and the construction industry will probably hire another 50,000. So, there is going to be a talent crunch, but we are in good shape.

B.G.Srinivas

One more point to add is the reason people still join the IT sector is not just on salary alone. The fact that we are a sector, which provides global exposure to most of them is another significant factor, which couple of domestic sectors barring your sector cannot offer. So, that will continue to be there even beyond just the salaries.

Participant

Thank you. Sir, Infosys has always been known for leading in terms of margins and profitable growth. So, in a phase of fighting with rupee appreciation and pulling out additional levers from SG&A or higher utilization or non-linear pricing, do you believe there could be some pressure in terms of employee performance and attrition may go up. So, how do you want to keep a balance between these two factors or do you believe the battle will be easy, we should not worry on that front?

S. Gopalakrishnan

See, it is not related, in the sense that you know rupee appreciating and attrition is not, you know, it's not, so that's why I clarified, the solution is not working longer, you know, that's definitely not the solution we are looking for. We've actually given compensation increase this quarter, good compensation numbers actually. And, you know, we have been able to do that in this environment. So, I don't think it's related, attrition is not related to --

Mohandas Pai

No, next year everybody has the same operating environment, right. If the industry is going to hire next year, let's say, in '08, maybe 450,000 - 460,000 people, everybody has the same operating environment. So, it's always going to be in a range. So, the challenge is going to be from financial services to somebody else who can offer more. But, not within the industry. Within the industry, everybody has the same rupee-dollar rate and it's going to work similarly. So, attrition is not going to go up within the industry. MNCs are not coming and paying much more. In fact, they are hurt more. Because MNCs typically pay 25-30% more and since you have a variable comp on top of that, if they had to pay 25-30% more, it's very, very painful.

Participant

Sir, if you take the risk to earnings from here on, one obviously is the currency. Second part could come at a later date as the years go down. So, these are the two risks over the next 1-2 years to the earnings growth. Vis-à-vis, this in your planning, you know, there is an acquisition strategy. So, what I'm trying to say is that, you know, is there any change in the stance towards your acquisition in the environment, where maybe the businesses in the immediate 1-1.5 year could increase?

S. Gopalakrishnan

See, whatever guidance we have given, okay, does not factor in any acquisition, does not factor in any large deals, which may or may not happen, because we can't predict them as we would predict our normal business. So, when we give a guidance, it does not assume that we will do acquisition or we will win a large outsourcing deal. And so, in that sense, if we get a large deal, win a large deal, it's a plus to a small extent, because, you know, there is also a limitation of how many people we can add, because, you know, that lead time is actually much longer. So, it gives us an increase in momentum, increase in growth, etc, but not to a large extent. Acquisition definitely is something we are serious about, we have been serious about, but we have always stated that acquisition will be done on our terms, okay, because, you know, the history of acquisition shows us that significant number of acquisitions fail, right. We are doing two, we are looking at two types of acquisition, one is acquisition of a company, other is acquisition of a large deal, you know, like the one which we announced. It's also acquiring from a client, acquiring business from our clients, so we are looking at both of these and we have dedicated teams for both of these, but those will be done on our terms. You want to add something?

S. D. Shibulal

Regarding the US slowdown, you know, when US slowdown happens, in fact, if it is a gradual slowdown, we clearly believe that it could be advantageous to us, because when slowdown happens, people are looking to do more with less. Basically, the budgets are stagnant, but the delivery of systems and processes have to happen within those organizations, which means that they have to try and do more with less and offshoring is an option at that point in time. We have a very viable option at that point in time to achieve that. So, while a slowdown happens, you know, if a slowdown happens, there may be a temporary, again an adjustment period, but in general, we clearly believe that, you know, it will be beneficial to the offshore players.

S. Gopalakrishnan

If you look at, you know, what happened in 2001, we continued to grow, you know, the bubble burst and stuff. We continued to grow and our growth rates were much higher than the industry average. We have actually talked to our clients and the clients are not showing any sign, because they are under tremendous pressure to transform themselves and take advantage of the globalization, the technology and things like that. You know, the forces of change which are there are significant, you know, they are under tremendous pressure to perform today. Otherwise, you know, they can get acquired, you know, all kinds of pressures are there on those companies. So, they are under tremendous pressure to transform themselves, which actually is driving business in this environment also. Last question, who wants to, yeah.

Participant

You have been pioneers, innovators and leaders in the service segment, undoubtedly, but going forward, both as a dealer scheme strategy and for revenue of diversification, are we planning any initiatives to augment our product service offerings, either organically or through inorganic means? Thank you.

S. Gopalakrishnan

So, we will continue to invest in Finacle. There was no Finacle presentation today, but you would have read, you know, our press releases and things like that. Finacle is clearly a leader today in the core banking segment, it's doing very well. It's actually gaining momentum in developed markets and, you know, if you look at Australia, Singapore, Europe, etc, it's definitely gaining attraction and Finacle is actually very attractive to large sized banks, in terms of ability to handle high volume transactions and things like that. So, we will continue to invest in Finacle the suite of products around Finacle, the services around Finacle will continue to grow. We are investing in IP, we are investing in solutions and today I think all the groups have talked about our investment in solution and so we'll continue to do that. If one of those solutions and if, you know, there is an opportunity to make a product out of that, we will definitely look at that, that's definitely an option, but it may not be a product in the traditional sense, because now there are more options, like software as a service or a hosted model, where you can do transaction pricing. So, when Amitabh talked about procure-to-pay, we don't have to have the IP, because, you know, it's built on somebody else's IP, but then we deliver the service on top of that and then we can get revenue from a different model. So, those kind of initiatives will continue from Infosys definitely. So, thank you all very much. I hope this was useful and interesting. It was definitely for us and again, thank you all for coming and participating in this discussion. Looking forward to interacting with you throughout the year. Shekhar, Sandeep, Bala are all available anytime. Thank you.