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ENTERPRISE SOLUTIONS – SESSION II

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If you take only the services portion of that large market.... only the services portion of it, then also it is a large market, 57 million dollars. Compared to that, what we do mostly from _____ or any other _____. To break it up into ERP, CRM, supply chain, and SCM kind of segment, so there is still a large market available in all these segments. Obviously, what is dragging this space and the demand in this space? If you look at....that may not be very high, but still we have large demand still existing in this space because of the globalization, centralization, and regulatory _____ that we state, ERP services, and because of these, especially being the India-based service providers _____, there are new models emerging, there are new models emerging like _____ as well. Among the segments, ERP is still continuing to grow while we see such a good demand coming up in the SCM space and in the CRM space as well. Emerging geographies are growing faster than the industry average. We do have some HR transformation deals coming up in the large enterprises today because as you see the enterprises have implemented ERP systems, they started looking towards CRM systems.....when they started looking at their own employees and _____ services and other areas other than payrolls which have been outsourced and looking at the other areas in the SCM area where we see large demand coming up. This market is one where we have not exploited much, but that is another growing area. So, all in all, there is good demand available for enterprise space market. If you look at from a different perspective, the markets and products and the customers on the demand side, and on the supply side, so there are definitely challenges and the space is becoming really _____. It is a big market no doubt, and there are few big players who can take on large transformational deals, some of the global players and some of the large Indian players _____ on the large transformational deals. There is demand, no doubt, in this space, especially for us, the offshore service providers and ERP is gaining huge _____. There is no large global enterprise which is not found in ERP _____ or Oracle, these are the two large economies in the market and probably Microsoft is the one which uses _____. If you look at from the product perspective, there are only two or three large economies that are left out. The SAP _____ Oracle which has _____ different products today, and they have grown mostly by acquisitions, and Microsoft is another player in this space who is focusing on the mid-size market. Consolidation will be continued and moving towards platform, each one really wants to _____, and today they are trying to increase their licensed revenue by cross-selling and upselling of the product of _____. From the customer perspective, if you look at, they do have more choices today from the services _____ are on the increase, and our revenue growth _____ clients have ERP systems or the licenses which are bought long ago and still available on the shelf, which has not been rolled in that division _____. Large customers, enterprise customers are spending money today on the _____ so every large RSP that goes out from large enterprises today _____ service and platform-based divisions are on the upstream. We have started really _____ and in some sense the customers are really _____ from each deal and even _____ kind of companies are really acquiring the customers, and there are new models available now, and demand is definitely increasing. From the people side if you look at, talent is a scarcity, especially the experienced consultant in the space of _____. That is the reason why the demand is still there, and we are still able to _____. If you look at the future for _____ warehouse kind of thing or _____, there are no consultants available in the market. Because of that, we have to create our own method to _____. Attrition is on the rise. We used to maintain at single digit, but it has been _____ definitely _____ for the people with _____ which we have been depicting

for quite some time. If you look at _____ packages at _____ all those packages as well. Last year, we have added about our HR solutions and then kind of _____ create service offering, platform-based BPO manner. So, today, we have tied up with our Infosys _____ bundled service of application _____, and we have added _____, and on the top of it business intelligence is _____ service offering. Added to that, if you add the consulting capability and the infrastructure, bundled offerings of application management, consulting application management and BPO is the one _____. Our footprint covers all of that and we are _____. The vision for the group enterprise solutions _____ ahead of choice globally for packaged applications, addressing this vision. Customers _____ the people, both our own existing employees and partners who really _____ to attract best quality talent _____. As partners for SAP, Oracle, we have become global solutions _____. Oracle we are certified as partner, and we are training our people on the edge product. The product which they have acquired. From the internal partner's report, enterprises today are looking for package _____ for industry vertical unit _____, so also is a consulting and then the BPO unit _____. How we have grown, package implementation, consulting and package implementation revenue for Infosys has been growing at 60%. Last year, we had _____. They have about 280 customers in this space, although 560 plus customers at Infosys, we are working only with about _____. So, we are growing faster in Europe, that is the region which is _____ and offshoring _____ for now. We have also started additional India focus. We have started India business to meet _____ market. We already have our first Indian client in the Oracle _____. While we may be working in about 31 countries _____ and all that, systems which we have implemented for the large global enterprises covers more than 150 countries _____ by the people over 150 countries. For example, if we do a global rollout, it is not necessary that we need to be _____ the partnership we have with the Oracle. Today, our partnership with product vendors is not just with their product, it is become sort of a _____ for example, with Oracle, we are doing product development....Oracle ERP. So, we are co-developing that amongst the _____ deployment technology for _____ consultants. _____ trained about 400 consultants _____. We continue to deliver well _____. We have organized ourselves in line with the industry verticals _____ industry verticalized focus, so that we can really _____, so we have also organized for example in the SAP, organized our delivery also _____ industry verticals like..... has helped us in bringing complete alignment with the product _____ and our own industry vertical focus, our own ERP focus. So, that helps us to _____ better in the market place. That also helps us to really talk with product vendors to go to market for SAP for example, and on industry verticals for going to the market. _____ effectively to generate _____ consultant, about 50% of our lateral or the consultant requirement comes through enterprise solutions. There are some of the examples of the transformation kind of work which we have done. We did a financial transformation for a global airline for which they have been struggling for almost 2-1/2 years. Today, they are a happy customer, that they have been able to do these things, whereas global electronics major, we are doing entire stream using Oracle ERP, say continental _____. We have created a service delivery platform for a telecom giant in Europe, that is the one which is being used for all their services. So, earlier if any of the division was creating their own platform, that is not allowed now. So, this is _____ platform, so that is the kind of ownership we have on the _____. We are also working with the manufacturing giant for implementing ERP and global rollout, so we are working with a large oil and gas major. We have begun our innings in India with an engineering company to _____ PeopleSoft and upgraded that for _____ services for 35,000 employees, 21 languages. These are only two examples of the transformation kind of work we are working on today which covers both SAP and Oracle space. So, in a nutshell, I would say that there is good demand available. Market place is becoming very intense. There is scarcity on the talent. Product vendors are really becoming much more global platform kind of a thing and large enterprises are looking at deploying ERP globally and _____ global basis and the whole ERP is becoming a _____ for the large enterprises. Because of that, we see some demand coming up both in SAP space and Oracle space and _____. So, with that, I conclude my formal presentation. If you have questions _____.

Male Speaker

Thanks. Can you break up the revenues by rollouts, _____ and maintenance or maybe by other metrics that you think are appropriate.

Chandra Shekar Kakal

Application support and maintenance constitutes to about 24% of our revenue, 24%, implementation upgrade rollout constitutes the rest, that is how we put it.

Male Speaker

Okay.

Chandra Shekar Kakal

Implementation upgrade and rollout, the large percentage today is on the implementation and rollout, so upgrade constitutes to about 15% to 20% of the rest.

Male Speaker

If you look at that mix two to three years from now, what do you think that mix is going to go through, assuming the acquisition goes through.

Chandra Shekar Kakal

Assuming the acquisition goes through, the equation changes because the company which we have looked at had last year 20% of their revenue coming from application, support, and maintenance, 20% coming from consulting, and 60% coming from the implementation and rollout. So, with the combination, we will definitely see the application support and maintenance increasing. We want to really increase that a little further because that gives us a sticky revenue and annuity revenue. It is good to have, so we would definitely increase that. Implementation and rollout will continue for some more years, and we will also add consulting capability much more in these areas.

Male Speaker

Okay. What is your headcount next and if you look at rollouts our implementations, can you connect it with _____ on the percentage of offshore versus onsite?

Chandra Shekar Kakal

_____ what happens onsite, 38% happens onsite, 62% of the effort happens offshore, okay. So, that is the breakups we have in terms of headcount, the effort, onsite and offshore. It is not necessary that all the 38% are local people. There is a mix of people who are hired locally and people recruited from offshore to onsite.

Male Speaker

This again is with regard to Axon as well, I think before the acquisition, we were probably on the 11th spot globally in terms of capacity, and now may be _____ to number five if I am right. So, if that is the case, our ability to target significantly larger deals would be much stronger now. So, earlier before the Axon, what would have been the largest possible kind of deal that you would have looked at and now what would be the largest kind of deal that you would look at.

Chandra Shekar Kakal

_____ we have been invited to large 100 million dollar-plus transformation kind of deals. One of the deals which we have won recently was in Europe for a agri company which is a 30-million dollar transformation deal, but the right way to look at is that in a transformation deal, it could be over a period of 3 _____, the large global companies, it could be 3 years or if it is a slightly smaller company it could be 2 years, and the entire transformation deal may not come in one go,

but we are getting invited to 100 million dollar plus kind of deals today. In the post acquisition scenario, our ability will only become stronger because Axon has got a higher level of onsite capability, translation capability, and consulting capability, and we back it up with our global deals and the financial strength and global delivery model. So, with this, we should be able to get invited for much more larger deals. Even today, we are getting invited and we _____ .

Male Speaker

But could you put a number to it as to what it was earlier, you said around 100 earlier, so I mean now how significant larger would it be?

Chandra Shekar Kakal

See, I would figure for the next quarter post acquisition we will talk about those scenarios, but today if we are getting invited, we will get invited for almost all the deals in the future because of the combined capability. With the combined capability, we will definitely be starting with the fifth position in the SAP space, so we could even scale it up.

Male Speaker

And second in terms of Europe, you said that Europe as a geography and you compare the other competitors, where would Infosys be ranked at?

Chandra Shekar Kakal

See, in Europe alone if you look at, see in the current scenario, in the current scenario about 47% of our revenue comes from Europe in the SAP space. Otherwise, if you look at, in the whole of enterprise application space, about 36% of the revenue comes from Europe, 52% of the revenue comes from US, and then the balance comes from the rest of the world. So, with the combined capability in _____ scenario because Axon is more prominent in the UK and Europe, our combined capability is more.