INFOSYS BPO

Amitabh Chaudhry
Infosys BPO – Chief Executive Officer
Safe Harbor

Certain statements made in this Analyst Meet concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2009 and on Form 6-K for the quarters ended June 30, 2009 and September 30, 2009. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.
Performance snapshot

- Revenue CAGR (FY 06 – FY 09)
  - Grew at twice the industry rate
  - *Source: Gartner Competitive Landscape

- Indian BPO industry
  - 27%

- Infosys BPO
  - 55%

- Revenue ($ mn)
  - FY 06: 85
  - FY 07: 149
  - FY 08: 250
  - FY 09: 316
  - LTM Sep-09: 325

- Headcount
  - FY 06: 7,021
  - FY 07: 11,295
  - FY 08: 16,295
  - FY 09: 17,378
  - Sep 09: 16,499

- Operating Profit ($ mn)
  - FY 06: 20
  - FY 07: 31
  - FY 08: 41
  - FY 09: 66
  - LTM Sep-09: 74

- Revenue ($ mn)
  - FY 06: 22,624
  - FY 07: 7,021
  - FY 08: 11,295
  - FY 09: 16,295
  - Sep 09: 17,378

- Operating Profit (%)
  - FY 06: 24%
  - FY 07: 21%
  - FY 08: 16%
  - FY 09: 21%

- Operating Profit (%)
  - LTM Sep-09: 22.6%

- Contributions:
  - Contributes to 7.1% of Infosys revenues (LTM Sep-09)
  - Most profitable BPO – net margins of 22.3% for H1 FY10
  - 25 languages supported, delivery from 11 cities across 7 countries.
  - 65% clients present in more than one service line
  - 22% revenue from International centers. 25% clients being served in more than 1 International center
  - 5% revenue from onsite (consulting, discovery, transition)
  - 15% of revenues from high-value services (Knowledge Services, Procurement, Platform)
**Business portfolio**

### Revenue by Industry
- **BFSI**: Banking Financial Services and Insurance (24%)
- **CME**: Communications, Media and Entertainment (27%)
- **MFG**: Manufacturing (38%)
- **Others**: Retail, Publishing, Energy & Utilities Services (11%)

### Revenue by Offerings
- **CS**: Customer Services (19%)
- **FA**: Finance and Accounting (21%)
- **HRO**: Human Resource Outsourcing (4%)
- **IS**: Industry Solutions (29%)
- **KS**: Knowledge Services (7%)
- **S&F**: Sales & Fulfillment (17%)
- **Proc**: Procurement (3%)

### Key Points
- **F&A** continues to be the biggest opportunity, Procurement and Platforms picking up.
- CoGS and Revenue enhancement related offerings (Industry Solutions, S&F, KS) provide high value/price opportunity.
- High focus on organic growth. Making proactive investments with existing clients to grow the business.
- Breakthrough in few emerging markets (Australia, Japan, India).

### No. of clients
- **FY 07**: 74
- **FY 08**: 72
- **FY 09**: 97

- **Project based**
  - **FY 07**: 30
  - **FY 08**: 12
  - **FY 09**: 29

- **Annuity**
  - **FY 07**: 44
  - **FY 08**: 60
  - **FY 09**: 68

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Evolving BPO landscape and our strategy

**Business value**
- Cost reduction
- End customer experience, Cash Flow
- Time-to-market, revenue enhancement, risk management

**Operating model**
- FTE
- Transaction
- Outcome, platforms

**Productivity levers**
- Six Sigma, Lean
- Re-engineering, technology tools
- Domain-driven, technology solutions, benchmarks

**Globalization perspective**
- Hub
- Spokes
- Edge

**Organization synergy**
- IT & Operations siloized
- IT & Operations connected
- IT & Operations bundled

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Business value shifts: transformation capabilities

- Business Transformation services
- Sox, IFRS & Compliance services
- Research & Analytics
- Sourcing & Procurement
- Industry Solutions
- Sales & Fulfillment Operations
- Human Resources
- Finance & Accounting
- Customer Service

30% Revenue from COGS related processes
10% Revenue from Analytics, Research, Procurement
60% Clients provided multiple services

Complexity and skill needs

Business value

Impacting COGS & revenue enhancement
Impacting SG&A
Operating model shifts: Utility & Platforms

- **Vendors Incentive:**
  - More FTE

- **Run:**
  - Operations
  - Software / ERP
  - Technology Infrastructure

- **Client benefit:**
  - Skills

- **CapEx + Committed FTE**

- **Vendors Incentive:**
  - Operations innovation

- **Run:**
  - Operations
  - Software / ERP
  - Technology Infrastructure

- **Client benefits:**
  - Variable cost, higher savings

- **CapEx + Transaction based**

- **Vendors Incentive:**
  - Tech + Operations innovation

- **Run:**
  - Operations
  - Software / ERP
  - Technology Infrastructure

- **Client benefits:**
  - Low investment, variable cost, higher savings

- **Platforms:**
  - OpEx + Transaction based

- 5 Platforms

- $150 mn
  - TCV wins in FY09

- 20%
  - pipeline exploring platforms option

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Productivity paradigm: Optimizer to Multiplier

- Process excellence
  - Six Sigma
  - Lean
  - Kaizen

- Domain expertise
  - Best practices
  - Subject Matter Experts
  - Re-engineering

- Technology solutions
  - Automation
  - Point solutions
  - Workflow Mgmt

- Benchmark & Analytics
  - Maturity framework
  - Process benchmarks
  - Analytics

Six Sigma, Lean Optimizer → Technology Multiplier

- 8 Technology solutions
- 50% New clients have technology solution
- 5% average YoY productivity increase delivered
Globalization: Hub-Spoke-Edge

Onshore: US, UK, Australia, Client locations
  • Shared services center
  • Consulting & Analytics services
  • Business critical and real-time needs

Near-shore: Eastern Europe, Latin America, APAC
  • Language capabilities
  • Regional nuances and needs
  • Time zone advantage

Hubs: India, China
  • Cost leverage
  • Skill scale
  • Time zone advantage

25%
Clients operating from multiple global centers

~ 22%
Revenue from near-shore & onshore (3 yrs ago-8%)

~ 30%
Estimated revenue in 3 yrs from near-shore & onshore

Key Drivers
- Technology pervasiveness
- Technology costs
- Connected clients, partners
- Globalization
- Technology utility models: Clouds, SAAS

On both sides, clients and providers, IT and Operations are coming together. Joint governance is driving “Intelligent Operations” - Operations & IT on the floor.
Infosys BPO value proposition

Key Priorities

- Business value spectrum offerings
- Platform and utility delivery
- Multiplier productivity
- Globalization Hub-Spoke-Edge
- IT & Operations Convergence

Investments
- Platforms
- International centers
- New practices/markets
- Technology capabilities

Trusted Partner
- Transparency
- Predictable operations
- Risk-sharing
- Long-term view

Realized business value to Clients
- Beyond Six Sigma: Lean X Technology = Multiplier
- Beyond G&A address CoGS/CoR through industry solutions
- End-to-end Platforms: fixed to variable cost model
- Impact business metrics and outcomes (beyond operating metrics)
Top risks and mitigation

Mitigation

- Platform solution offerings – movement from Capex to Opex
- Transaction / Outcome-based pricing model
- Focus on India business and other Emerging Markets
- ‘Realized value’ messaging going well with customers
- 30% of revenues from CoGS/CoR services
- Investing in Business Transformation consulting services
- Infosys BPO revenue hedging in-line with Infosys group
- Compensation revision effective Oct 09
- Leadership training and career enhancement programs across all levels in collaboration with premium management institutes
Few illustrations of how we have realized significant business value for clients

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Horizontal</th>
<th>Levers</th>
<th>Realized Value</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>F&amp;A</td>
<td>COGS, Direct increase in bottom-line, Increase in working capital available</td>
<td>$3.1 mn in 3 years</td>
<td>Maximized early payment discount-tracking system, streamlined vendor data, created payment priority queues</td>
</tr>
<tr>
<td>Media</td>
<td>IS</td>
<td>Revenue, market share, CSAT, customer retention, time-to-market</td>
<td>$30 mn PA</td>
<td>Optimized bids for key words, sales forecast, budget planning</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>F&amp;A</td>
<td>SG&amp;A (spend reduced from 3.44% to 0.92%)</td>
<td>$32 mn in 3 years</td>
<td>Process re-engineering, spend/Gap analysis to reduce travel expenses, discount negotiability, transparent reporting mechanism, supplier accountability</td>
</tr>
<tr>
<td>Insurance</td>
<td>IS</td>
<td>Revenue, COGS, underwriting profit &amp; lower combined ratio</td>
<td>$21 mn PA</td>
<td>Streamlined underwriting and real-time issue, addressing to decrease in underwriting cost (96%)</td>
</tr>
</tbody>
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Few illustrations of how we have realized significant business value for clients

<table>
<thead>
<tr>
<th>Vertical: Media</th>
<th>Horizontal: Sourcing &amp; Fulfillment</th>
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</thead>
<tbody>
<tr>
<td><strong>LEVERS:</strong> COGS, faster revenue realization, high customer satisfaction</td>
<td></td>
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<tr>
<td><strong>REALIZED VALUE:</strong> $1.5 mn in 3 years</td>
<td></td>
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<tr>
<td><strong>SOLUTION:</strong> Released billed advertising revenue, Pareto analysis, daily dispute report to stakeholders, operational optimization</td>
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<tr>
<th>Vertical: Energy Utilities</th>
<th>Horizontal: S&amp;P</th>
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<tbody>
<tr>
<td><strong>LEVERS:</strong> SG&amp;A, strategic supplier partners, reduced recruitment spend</td>
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</tr>
<tr>
<td><strong>REALIZED VALUE:</strong> $3.3 mn PA</td>
<td></td>
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<tr>
<td><strong>SOLUTION:</strong> Supplier/market analysis, work-flow tool and E-paper tool, lean Six Sigma for lower negotiated rates and less recruitment spend</td>
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<table>
<thead>
<tr>
<th>Vertical: BCM</th>
<th>Horizontal: IS</th>
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<tbody>
<tr>
<td><strong>LEVERS:</strong> COGS, reduced cost of service and risk exposure, improved customer experience</td>
<td></td>
</tr>
<tr>
<td><strong>REALIZED VALUE:</strong> $9.15 mn over 3 years</td>
<td></td>
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<tr>
<td><strong>SOLUTION:</strong> Spend/Gap analysis to reduce travel expenses, discount negotiability, transparent reporting mechanism and supplier accountability</td>
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<table>
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<tr>
<th>Vertical: HRO</th>
<th>Horizontal: HRO</th>
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<tbody>
<tr>
<td><strong>LEVERS:</strong> COGS, Increased Competitiveness, Risk Elimination, Higher Customer Satisfaction</td>
<td></td>
</tr>
<tr>
<td><strong>REALIZED VALUE:</strong> $7.5 mn over 3 years</td>
<td></td>
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<tr>
<td><strong>SOLUTION:</strong> Global Delivery Model, Lean /Six Sigma, best practices, automation, reduction of cycle time enhanced productivity, reduction in learning curve</td>
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Testimonials of our success - external recognition

Gartner
F&A Marketscope Positive Rating
DEC 08

The Global Six Sigma & Business Improvement Awards 2009
Best achievement award for business improvement in transactional Services
NOV 08

Group Excellence in Business Continuity Management
NOV 08

Amitabh Chaudhry, Ritesh Idnani & Michel De Zeeuw named FAO Superstars
JUN 08

2008 ASIA BUSINESS CONTINUITY AWARD

Excellence in Diversity Hiring Initiatives
JUL 09

Consistent excellence for outsourcing practice across all disciplines Award
DEC 08

NOA NATIONAL OUTSOURCING ASSOCIATION

eSCM level 5 certification

FAO Today
FINANCE & ACCOUNTING OUTSOURCING

Awarded Large Enterprise Provider of the Year &
Amitabh Chaudhry, Ritesh Idnani & Michel De Zeeuw
named FAO Superstars
JUN 08
Testimonials of our success - external recognition

Indiatimes BPO CEO & Company of the Year SEP 08

IT People Best Employer Award for Excellence in IT, ITES sector NOV 08

RASBIC Best Recruiting Evaluation Technique

Infosys BPO and BT Openreach won award in ‘Dynamic Duo’ category
Thank You

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