INFOSYS TECHNOLOGIES LIMITED

INDIA ANALYST MEET, PUNE

DECEMBER 7, 2009

HRD

CORPORATE PARTICIPANTS

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ANALYSTS

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Nandita Gurjar

Good afternoon my name is Nandita Gurjar and I head HR for Infosys Group. I will walk you through a couple of slides and then we will open it up for questions.

The last one year has been challenging for a lot of organizations especially in our industry and I think for HR it has been more so. A lot of people assume that if there is less hiring, we have little to do but on the contrary I think it has been an extremely aggressive year as far as HR is concerned. We had a lot of things to look at including the 105,000 employees and understanding and addressing their various needs. It actually brought HR into the forefront of a lot of decisions which were taken especially in an industry where almost 50% of the cost is HR.

In terms of hiring, we continued with our conversion of 2+%, the number of offers we had made at the campuses were 20,000. We expect a convergence of about 70%-75%, right now it is looking at 73% and those have started joining in. 9,300 plus have already joined. In the next 2 quarters, the rest of them will all join in. We visited 700 colleges this year and largely because of focused drive through the year into those colleges, we got a higher conversion in those colleges. Typically we go to about 1,000 colleges. Last year we went only to 700.

In terms of niche profiles through the last year, while one said that the hiring numbers per se in lateral was not too high but the numbers do not say so. We will close with about 4,000 lateral offers this year. Those were focused on niche, high technology skills. Some of you were present for the product stream, non-linear growth presentation wherein a large number of product profiles got hired and we were required to really spend a lot of time in understanding how to attract and retain those profiles. We have a mandate to hire a 1,000 locals in the US, to also address the immigration issues or any bill which might come up as well as to ensure that in the geographies that we are in, we have a large amount of talent pool from that particular geography. Leadership hiring was focused across all geographies. The number of senior level positions whether they were client partners, whether they were country heads in France and Germany and in niche profiles even in BPO, we have spent a lot of energy on getting those leadership profiles.

Our sales investments went up. Last year I think we hired an overall of 80 people in sales. That is 2008-2009 and this year to-date, 60 people have been hired already and there are still two quarters left.

As part of sustainability for our organization, one of the large concerns of HR is how do we ensure that there is a talent pipeline which is continuously there. This is in especially at the campuses which is where 60% of our talent pool comes from. We continue those investments regardless of slowdown or not. Campus Connect program which has now become a very star program continued last year. We had more than 15,700 training days in those colleges.

One of the largest change management exercise in the history of Infy has been iRACE. Over 105,000 employees across Infosys group for the first time, we decided to do what we called as Role Restructuring. What this basically means is if you look at in 2001-02, we moved from a grade structure to a role-based structure. In 2001 we were 10,000 people ADM was 80% plus of our business. When we looked in 2007 ADM was only 48% of our business, we had 5 new lines of businesses which were started. What the role structure at that point of time did, was it broadened the profiles which were very unique and different from the ADM profiles and force-fitted them into our role structures. We looked at re-looking at the entire structures at Infy across the group for the first time, thereby wanting to make employees fungible to move across different streams. This was an 18 months exercise. It just completed in January and we rolled out in October. It is effective October 1st 2009. The first thing we did was we spent a lot of time with our board and senior management, with our customers and with employees to understand what are some of the issues they face in today's structure and what would they want it to look like in the next 3 years. Business spoke about moving from being reactive to creating transformation to the client. It spoke about continuing to be profitable in a time where we would soon be commoditized with the way the prices are going. We wanted to ensure that we could scale, be flexible and more importantly, allow employees to be fungible across different skills. Customers said for the last 5 years we have been telling you, if you really want value-added work, you need to invest very deeply into technology. Because of the high growth of IT industry in the last few years, you have had a tendency to stop most employees from moving into technology depth in 4 years time because they became project managers. The scale has a tendency to move people into managing people rather than staying on technology. Of course start getting more proactive to understanding needs of the clients which means that in different domains in which we work with the client, people with domain expertise need to start coming in.

What we realized was we did not have a clear career stream for employees who came from very different domains of different industries. They were being sort of addressed in the same way as the SEP APM. Employees, of course, the number 1 priority was give us skills which make us more employable, continue to invest in us, we need to have growth in careers and if the IT industry is to some extent, planning to slowdown then it means that we need to re-look at what careers and vertical growth would mean. Moving to total rewards which means do we now pay for depth or do we give them promotions every 2 years and that is how growth was being looked at. We looked at this in detail, it took 6 months, 6500 managers worked on this, including senior leadership and in 18 months this was ready to roll.

What does it look like in a very top level, investing in building of technology depth, an SE today or a Software Engineer who comes directly from campus, would spend a minimal of 7 to 8 years before he moves to his first level of being a project manager. There would be a level below that which would be the technical lead but he would be more of a supervisor of a project and not of people. The first big change is the project manager would be a minimal of 8 years experience. We have come out with 25 career streams across Infosys Group which means that people could have growth not necessarily vertically, but it could also start looking at career ladders and lattices which

were across horizontally. Creation of career paths and lattices I spoke about. The span of control has dramatically gone through a change. The 1:2:4.5 will move to a 1:3:9. This will be over a transition of 12 to 18 months. It means that a manager who was earlier managing 7 people would now manage 9 to 10 people. Of course, this allows for increasing billability of resources because the project manager typically would start getting billed for 2 years more.

We continued with sharpening some of our processes especially in terms of where induction was concerned. We have new training houses in Mysore itself which allows for inducting. We did a maximum of 1,250 but we can induct 1,500 people on a single day and 15,000 employees are getting trained at any single point of time in Mysore.

I spoke about Project Summer which was the hiring of 1,000 locals in US. Of course, integration of that needs much more time than really the hiring of people. Right now, the hiring seems relatively easy. The difference of hiring of locals is that these are people who are going to be replacing deputees who are already working on a client project. It actually involves interfacing with the client to make him understand why the deputee needs to be sent back and a local needs to come in, so that is taking some time in managing the change.

Our entry level training went up from 14 to 26 weeks, basically a 4 months to 6 months change. Why this was done is because of lack of visibility in what kind of projects would come, we decided to invest in at least 2 technology streams per employee. When things have started moving up, we found that this has been extremely effective. We were able to utilize people much faster because they were trained on 2 technologies streams instead of 1.

Our performance management system went through a change in the last 2 years. We started with the sharper focus on high performers and re-look at our bottom performers. Earlier in the high growth time, we had 35% of high performers, we have brought that down to 25%, actually even differentiating between the top 10%. Their rewards and retention mechanisms would be very different and we have already seen a dramatic drop in that. High-performer attrition has come down to less than 5%. In terms of the bottom performers, last year for the first time we had to layoff 632 people. We have always focused on the bottom performers. We have a Performance Improvement Plan which continued of which some of them come back on board and a lot of them leave. But during the time when the market was richer in terms of the employer market, most of the people who were put as the bottom performance used to leave on their own. Last year for the first time they refused to leave, so layoff had to happen.

Today with 105,000 people, maintaining a small company culture continues to be critical. A lot of people liked joining a larger organization but once they come in, like to get a feel of a small company culture. We are looking at DC-wide company culture focused now instead of moving it across. DC's have suddenly been engaged with the well-being and employee engagement of our employees.

This is a little bit on My Works because the utilizations had dropped. We had a large pool which was sitting on the bench. We created a tool whereby we could attract people to join this group. More than 7,000 plus people actually got employed and utilized through the year in creating projects in 3 platforms. Those which needed experimentation, we did not have enough people and so we started investing in those areas including product. We involved them in internal tools or platforms which we had wanted to create and we also involved them in creating systems for NGOs and for government bodies. At this point of time we also introduced CSR policy which included paying employees 50% of their salary if they went out to do social work. They of course get reviewed every quarter in terms of what they are doing and how useful it will be back to Infosys.

Communication actually moved up by 300% simply because it was a chaotic time. Employees were concerned about the mood and the climate which was in the market and we had to continuously ensure that there is a high amount of communication but a lot of this communication started moving up into blogs, into internet because we realized that is the way the employees connected more than a face-to-face. We also introduced something called Infy TV which has at a single day about 35,000 hits. Most people find that extremely convenient to go and watch any of the thing and we leverage a large part of communications including senior management, very heavily on Infy TV. We are actually also encouraging units to start paying for advertisements. Of course those advertisement cannot include things like please join us because that is what it is coming to right now.

In terms of diversity, we have 33,000 women folks; we have almost 200 people with disability who work for us, largely in BPO and we continue to be the largest hirers of people with disability. In terms of the overall diversity, we are about 4.2% of which ITL is 2%.

Okay so quick closure. Our focus on next year would be on building leaders for tomorrow and most of you are aware that the Executive Council was created to create a pipeline for the Board members most of whom would retire by 2014. We have created the next two levels below the Executive Council, the leadership to take on their roles because they would start taking on the Board roles, in terms of taking of work from the Board. We have a tremendously rich layer now of people who know exactly what positions they have to occupy in the next 3-4 years. In terms of creating the talent pipeline, our investments as I mentioned earlier in terms of colleges especially engineering ones, continues to be high and we will continue to manage that. In terms of diversity, Project Summer which was our hiring of locals is our big thing to ensure that we move from a 4.5% today to a 15% which is what Kris would like it to be.

So open to questions.

Participant

In the past, Infosys used to be pretty high in employee satisfaction and one of the best companies to work for. No longer where is the gap?

Nandita Gurjar

We applied to 2 places last year and we won in the large companies to work for with great places to work. So we won that award. What we looked at, we looked at the demographics of the people who are applying for the best places to work. In the great places to work which is the only survey which differentiates between large companies and small companies, the largest one was 30,000 people. It frankly, it does not make sense to do a comparison. You would be probably looking at whether a unit should apply because most of the people which are applying are between 800 to 10,000 people and most of the people who win are in that range. But we do not want to give up. We still want to continue to apply so we do apply. But I think it makes sense to look at the same kind of demographics for doing that. I look at health factors in terms of people in best places because the best places to work should actually result in things. One is that the number who are who continue to apply to us and that continues to be little less than a million resumes a year. In terms of our attrition it is half of that of the industry average. In terms of retention, our retention age is very high, 4-5 years which was much, much higher than most other organizations. I think those top things including in terms of diversity, the ability to attract looks pretty good. So we are happy.

Participant

But even the funnel I see, what was earlier 1.5% it is now at 2.6%.

Nandita Gurjar

Yes, because we are getting more specific about what kind of people we want. Earlier because of lack of knowing what are the jobs which are available, a lot of people were anywhere not screened and we realized while it looked great to say we want more resumes to come in, it is a huge amount of work to just screen and see those. We said we need to start changing that because we are spending a lot of efforts in getting the wrong kind of profiles.

Participant

No comment on the dilution of the skill sets is that …?

Nandita Gurjar

No, even if it goes wrong in hiring which is very, very tight, if you see the funnel, the fact is that when they spend 4-6 months in training itself, they get screened. That is slightly increasing actually. We have moved up from 6 % to 10% at one point.

Participant

Peers are still wondering what made you give that 8% wage hike when there is no supply pressure …?

Nandita Gurjar

We have a financial model whereby we give a certain percentage to our employees depending on the profits made. So in 2008-09 we had made these profits. We were going to give the hike in April. Because of the uncertainty of the market, we were concerned that we would have to do layoff and which we did not want to do. So philosophically we did not want to do that which is why we withheld increments. In October we had the discussion again and things looked okay. It did not seem as if we would have to do layoffs. So we decided that we have to give it back, the money belonged to employees so it will go back to them.

Participant

So that was not a change in the cycle, again there will be increment in April?

Nandita Gurjar

I hope so. It is not change in a cycle, it just had to be closed this year because that amount was kept for employees, so we gave way.

Sunil Tirumalai

You spoke about the restructuring that you went through effective October, how does the new role structure compare with the industry and how have the employees taken that?

Nandita Gurjar

In terms of the comparison, we did benchmarking with some 27 plus companies. Actually we did it with some 50 plus but 27 which were really relevant to all of us including competition. We are closer to the MNCs than we are to the Indian IT companies and we believe that it is something which is sustainable. We need that higher depth and investment in technology, so while some of the employees believe that this means that they need to spend longer time which is not a good thing, we have to keep reiterating and reinforcing that depth is of value to the client and we have to move towards value of the client. We took a very conscious decision on this because it is a dramatic shift from what people were used to because most employees in an organization are used to a vertical growth which means every 2 years or 3 years you get promoted and you feel that you are growing. It also meant that the larger number of people you managed means that it is how senior you are but we need to change those because the industry is going through a change. It was important that we do it now because we believe in two years from now we would get hit by it and it takes typically 18 months for a structure to start stabilizing. We have done tremendous amount of communication to employees to make sure that they understand where we are going.

Sunil Tirumalai

In the transition period you hear any loss of employees because they might find the other company structures more attractive?

Nandita Gurjar

There will be a percentage of people who will feel that it is quicker to grow because they move out but one of the big things that we have done is, we introduced something called 'the personal level' which meant that their current personal level which is at a grade, did not go through a change. Their compensation and benefits will not go through a change regardless of the fact that they move to a new structure. We protect that for the current employees. For all of the new folks the 20,000 which are joining in, they start immediately moving to the next levels. There is a transition of sorts which is why it is ok with the current employees. Overall I thought, it was pretty seamless. In terms of the noise factor, for such a large organization, it went excellently well. It is effective only October though they knew about it from January. We have to wait and see. I frankly do not expect more than a couple of percentage. As of now, attrition continues to get lesser and lesser. So it is not showing any signs yet.

Sunil Tirumalai

And last question is there any change in the variable component in the total pay that you are looking at?

Nandita Gurjar

No.

Sunil Tirumalai

Thank you.

Nandita Gurjar

Any other questions? Ok great. Thank you, very much