INFOSYS ANALYST MEET 2011
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BUILDING TOMORROW'S ENTERPRISE

CORPORATE PARTICIPANTS

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Good morning everyone. It is a pleasure for me to be here. Thank you very much for coming and welcome to the Analyst Meet.

I will talk about Infosys 3.0 but before I start, 2011 is a unique year in the history of Infosys. We are completing 30 years of our journey. We have gone through multiple phases during the last 30 years. We have changed and have evolved, we have reinvented ourselves multiple times. We have also seen some good and bad times. We have been through the downturn in 2003 and emerged stronger. We have been through the downturn in 2008 and again emerged stronger. We are definitely in a challenging environment today but we clearly believe that the strategic direction we are taking and the operational changes which we are making, will make us stronger for the next phase of our journey, the next 30 years.

Briefly, last year we started out the year with a growth rate projection of 9%-11% in rupee terms and 16%018% in US dollar terms. By the end of the year we achieved a growth of 20.9% in rupee terms and 25.8% in dollar terms. We ended the year with revenues of $6.04 bn and 130,820 employees. Last year has been a year of improved performance, recovery and consolidation. Even during that year, our focus has been to look at the future, look at tomorrow and see how we will reinvent and reposition ourselves to sustain growth and increase relevancy for our clients.

Looking back over the last 30 years, as I said, we have been through multiple phases. Infosys 1.0, which I defined between 1981 and 1993, has been about inventing the Global Delivery Model. We created the Global Delivery Model which today is a de-facto standard in the industry. It is also a period in which we focused on 3 different things - making sure that we recruit the best talent in India and everywhere else in the world, making sure that we have the best infrastructure and lastly, making sure we compete on quality rather than on price. These were seminal decisions which we took in the beginning of 1990s. Every single thing which you see today, including this building, the Mysore campus, the campuses which you see around the world, making sure that we are recruiting the best talent from the top universities, creation of 14,000 people facility for training for 6 months (I cannot think of any other organization having these kinds of facilities, this kind of focus in creating talent), making sure that we can compete on quality on every aspect of our performance, in every single other activity which we are involved in. If you look at it, it was all based on the decisions which we took in the early 1990s, to make sure that we have the best talent, make sure that we have the best infrastructure, make sure that we compete on quality and on value rather than on price. Those decisions made us relevant to our clients in 1990s and into the next 15 to 20 years.

After the Infosys 1.0, we started our journey on 2.0, which happened in the mid 1990s. There were two phases to 2.0. The phase 1 was about creating end-to-end service capabilities. We added services like infrastructure management, independent validation, business process management, system integration. Today each of those services are between $300-500 mn and I believe that each one of them can achieve a billion dollars over a period of time. The other important change which happened during the 2.0 journey was about creating the consulting capabilities. We started our journey with Enterprise Solutions in 1999 which is close to $1.2 bn in revenues. So over the last 10 years we have built a practice of $1.2 bn in Enterprise Solutions. We started out consulting in 2002 with Infosys Business Consulting Services; later on creating the Infosys Consulting subsidiary. Today we clearly have world class capabilities in consulting and close to 3000-4000 consultants across Infosys Consulting and Infosys. They get billed at industry standard rates for consulting work. So during the 2.0 journey we have created strong consulting and transformational capabilities. We get about 32% of our revenues from this transformational work which we do today.

I want to give you an example of a transformational program which we are doing for one of the large corporations. This corporation has planned to generate about $1 bn from emerging markets over the next 3-4 years. The program is directly led by the CEO, every single review I being done by the CEO. In his words, this is the most important transformational program which is going on in this corporation which is about $6 bn-$7 bn in size and we are the ones who are running it. We are the ones who have conceptualized the change, we are the ones who are program managing it, we are the ones who are implementing it. Those are the kind of transformational programs which we are doing and I clearly believe that we can compete with any global major when it comes to transformational capability today.

Now we are in 2011; 30 years are over. Any successful corporation will need to reinvent itself every few years and we are going through another period of change which was started by Kris about 18 months back when we started talking about Building Tomorrow's Enterprise. This is a very client focused-change. This is a very client focused reinvention. It is all about 3 things - it is about strengthening our partnership with our clients, it is about increasing our relevance and being totally aligned in front of the client, it is about evolving our business model and becoming truly global. These are the 3 drivers. If you look at any one of them, it is about clients – being more relevant, it is about addressing more of their spends, it is about participating with them truly in a global sense. We started out by looking at what our client priorities are and from that we quickly arrived at the conclusion that irrespective of whichever industry they are coming from, their priorities are similar or almost same. The priorities are growth, differentiation and increasing return on investment. Uniformly, we find that our clients are focused on these 3 things and that quickly led to the question, what will allow our clients to achieve these 3 goals? What will allow our clients to create growth? What are the things they need to do to create their differentiation for their own customers and lastly how will they increase their return on investments going forward? That led to us identifying a set of trends which are truly global, which are relevant to our clients. We had identified those trends about 18 months back. Over the last 18 months, we have had the opportunity to discuss these trends with many clients. We have had solid engagement with app. 50 clients. We have conducted discovery and co-creation workshops with about 30-35 clients. It is a long drawn out process. It is not about selling application development work, it is about fundamentally creating innovation within the client's organization. This is not something which we do with the IT department, this is something which we need to do with the CXOs of the organization. Truly speaking, it has to be led by the CEO. When we have these discovery workshops, when we have these co-creation workshops, it has to be with the CXOs of those corporations-the CEO, the Chief Marketing Officer, the Head of Strategy for the corporations. These are the kind of people with whom we need to have these conversations. Those conversations lead to unique transformational opportunities for those customers and from that we are able to derive work. We have been in conversation, as I said, with about 50 of them, 30-35 workshops are done and we are now starting to see downstream work which is most often sole-sourced with our clients. This is a true example where we are able to operate from the board room all the way to the boiler room.

The framework which we have created, the 7 themes and the 3 sub-themes, each one of them, gives us a clear foundation and a clear framework for us to have these conversations. When we talk about Digital Consumers, it is important for all the financial institutions, it is important for all the retail organizations. When we talk about Emerging Markets it is important to a set of clients. At no point in time _____ which of these 7 themes are more important, what is their current focus and we are invariably finding out that they have focused on at least 1 or 2 of them. We also have seen some very unique situations. For example, last week I was discussing with CEO of a very large insurance corporation and what we discussed was what will happen to the retail chain the moment we go into personalized medicine. If you look at pharmacies today, they are catering to mass medicines. They have a set of medications, you have prescription, you go and get it. But tomorrow the moment you start having personalized medicines, those channels are not going to work. That will mean that you will have to deliver the personalized medicines directly to the

patients and then you have to apply some new methods of commerce to conduct this transaction. It was a very interesting conversation because that will fundamentally change the way in which they need to operate. Those are the kinds of futuristic conversations which we are having. Interestingly enough, what we also find is that we are becoming a unique conduit for cross industry knowledge. What is relevant to the insurance corporation is not what the other insurance companies are doing. What is relevant to them is that what other retailers are doing. We have launched a centre of innovation for Building Tomorrow's Enterprise about 6 months back. We have a bunch of people focused on creating a thought leadership, creating intellectual property, generating ideas and best practices across industries and we are finding that to be extremely relevant to the CXOs of our clients.

So I clearly believe that this is a unique framework. We are way ahead of the industry in defining it and taking it to clients. We are seeing excellent tractions when it comes to the relevancy of this framework.

That was the strategic direction for the organization. Parallelly this time around, we have also made operational changes to support the strategic direction. When we talk about Building Tomorrow's Enterprise, talking about revenue growth, differentiation and return on investments and themes under that, we clearly understand that you have to do 3 things for our client - we should have the ability to transform from our client, we should have the ability to optimize their operations and we should have the ability to bring innovations to our clients. These are the 3 things which we need to. So we have completely restructured the organization to do this. We have always believed in go-to-markets through industry verticals. We have always believed that the biggest value which you bring to the table is at the intersection of the domain and technical knowledge. We have consolidated our industry verticals into 4. These are large verticals. We have made them global. Previously we had a unit focused on Rest of the World. That has been eliminated. There are 4 global industry verticals headed by 4 leaders who are already in place. FSI, Financial Services and Insurance headed by Ashok Vemuri; Manufacturing headed by BG Srinivas (both are members of the Board); the Retail, Logistics, Life Sciences and Healthcare headed by Praveen Rao, member of the Executive Council; Prasad Thrikutam, member of the Executive Council, heading Energy & Utilities, Communications and Services. There are 4 people heading global verticals. Each one of the verticals is over a billion dollars in revenues. Under each of the verticals we have created two different structures, one for client services and one for delivery. Client services are structured geographically, so there are people responsible for FSI in US, Europe and Rest of the World. I believe that will bring in tremendous amount of focus in the specific geographies. Their sole purpose is actually client services, acquiring new clients, mining existing clients, identifying opportunities and closing deals, as simple as that.

On the delivery side, we have structured the offerings into three parts- Number 1 is CSI, Consulting and Systemic Integration which is a combination of Infosys Consulting subsidiary and Enterprise Solutions and some part of our previous system integration work. That gives us about 32% of our revenue and this is our transformational phase. Second large price is Business IT part which is application development and maintenance, infrastructure management, BPO and the independent validation services. It gives us about 60% of our revenues. The third one is products, platform and solutions. Each of these pieces are within the verticals. At the same time we have to make sure that there is commonality across vertical, best practices are being followed, talent and capabilities are being built in each of the verticals, performance management, talent development, innovation being done through service line. When you look at the Consulting and System Integration practice, it is all about deep domain capabilities, deep consulting capabilities and program management capabilities. When you talk about Business IT, it is about operational efficiency, it is about driving productivity. When you talk about PPS, Product and Platforms and Services, it is about creating intellectual properties which we can take to the clients. Last year we had filed about 100 patents and each one of them is in these specific areas. All the investments which we are doing today are actually geared towards creating intellectual property in these

specific areas. These are 3 different kinds of services which we are providing to our clients and there are global heads for each one of them. So it is a true matrix organization. On the vertical side you have P&L responsibility, you have the client relationship responsibility and you are the go-to-market face for the organization. On the horizontal side you have the service line capability, you have best practices across units and talent development. Hence a true matrix structure has been put in place. There are 3 people identified as global heads for these service lines. Steve Pratt will be running Consulting and System Integration; Kakal will be running Business IT and Sanjay Purohit will be running Products, Platforms and Solutions. Steve and Kakal are both Executive Council members. So we have the leadership in place. Then there is another person in the mix who is Mr. Basab Pradhan, who joined us back as Head of Sales. We have about 1000 people in sales today across the globe and when we look at the future like years 2015 and 2016, we need to make sure that our sales force is completely re-architected for our aspirations, to have industry-leading financial performance. One of the primary responsibilities of Basab is to make sure that re-architect our sales force towards 2015-2016, make sure that the best practices in sales are implemented across the world. So there are eight people reporting into me – 4 industry vertical heads, 3 horizontal heads and 1 head of sales. That is the leadership which has been put in place over the last 120 days.

We also have other people in place. We have Raghupati who is heading India which will continue to be a separate unit. We have 3 incubation units in place. Vishnu Bhatt is looking after Cloud. There is another unit on sustainability and another one for Enterprise Mobility. So there are 3 separate units being set up. These are 3 areas which we believe are of high-growth and finally we have BPO which is headed by Swami and Finacle. These units are outside the main structure due to various reasons. We have a very strong leadership in place. We have realigned the entire organization to support this new strategic direction which we are taking.

Our focus will continue to be on multiple areas. We will continue to focus on making sure that we have the best talent. Even with the 700,000 engineers India is producing, we expect that over the next 3-5 years we will have talent crunch in India. We are committed to building a big center in China. We recently committed $130 mn towards building a center in Shanghai. We have about 3000 people in China presently. We are also expanding our footprint in Philippines, Czech Republic, Poland. We need to make sure that our workforces grow well, so we are recruiting in US, in Europe and in the Rest of the World in local markets. We are very focused on growing our business in parts other than US. In countries like France and Germany, we have appointed country managers and created front offices.

If you look at the current structure and our aspirations, there is total alignment. That is a very important point to make. When you talk about industry-leading financial performance, you have the horizontal heads and you have the vertical heads focused on it. When you talk about one-third, one-third, one-third (revenue mix) from transformation business operations and PPS, there are 3 people focused on that-Steve, Kakal and Sanjay Purohit. When you talk about 40-40-20, between US, Europe and Rest of the World, there are people focused on it. There are 4 people in US focused on US, 4 people in Europe focused on Europe and 4 people focused on the Rest of the World. So in a sense the organizational structure is completely aligned towards our aspirations. There are 3-4 people focused on each of those aspirations, making sure that their goals are totally aligned towards our aspirations of one-third, one-third, one-third; 40-40-20, industry-leading financial performance and every one of the aspirations which we have.

We are trying to make sure that Infosys 3.0 path which we are taking is a path which is sustainable in the long run. It has its own investments to be made in the short run - when we talk about patents, when we talk about creating intellectual property, when we talk about recruiting local talent in the global markets, when we talk about building a campus in Shanghai, when we talk about developing more consulting capabilities, there are investments to be made. We clearly believe that these investments are meant for the future. These investments are meant to create

sustainable growth, not just plucking the low hanging fruits of today. It is about making sure that we can address the entire spend of our clients in the long run and we emerge stronger in the long run.

With that let me conclude. Thank you very much.