ANALYST MEET

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CORPORATE PARTICIPANTS

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Good evening, everyone. Till now Salil, Ravi and Karmesh talked about how we are going to scale the Digital Agile for our customers. At the same time, I am sure all of you understand and appreciate that both us as well as the customers have significant investments into the core of their business. We are also working on how we can make sure that they are able to do better with their investment to the core.

Primarily, if you have heard the discourse over the last few years, the IT world and the business world is grappling with two challenges. One, is how can we invest into the new areas, which is the digital technologies we spoke just now equally, for them to be able to invest in the digital world they need to be able to reduce their investment and spend in servicing the core of the business which are in the traditional areas. That is the challenge we have taken on for ourselves as well as for our customers. Primarily the way we are going to address that, is by making sure that we bring the power of automation to the fullest in everything we do with our customers. Additionally, we are also embarking on how we can help our customers get better with managing their core, not necessarily with Infosys.

If you look at Infosys, the core services which we provide to our customers, automation is not something which is new. We have been talking about it for the last 3-4 years and we have done significant work on that. The current time presents us with tremendous opportunity to further the journey on that path and deliver even more significant value to the customers in making sure that they get far greater value for lesser investments and lesser costs. Automation, coupled with the power of AI and other associated technologies is the way we are going to do that.

Fundamentally, these are the few things we are doing from within Infosys, with our service delivery, on how we can deliver greater value to our customers at a lower cost to their business. Fundamentally when we look at this challenge, we are looking at two broad dimensions:

First, what is it we invest in as an organization to make sure that the organization capability of Infosys is aggraded, which is the first big dimension. The set of initiatives on the left hand side of the screen talk about that. Additionally, we also think our project teams and our individuals have to be superiorly capable and should be enabled so that they are able to focus a lot more, spend a lot more time on the ultimate client deliverable. We have set of initiatives undertaken for that.

If I have to go back at the set of things we are doing for ourselves to increase the overall organization capability, there are few things which we are doing here.

First and foremost, last year we invested into setting up an automation center of excellence within Infosys. While we always had automation initiatives, this was the first time where we invested in a dedicated CoE for automation with a set of automation specialists invested there. These set of specialists are working with various service lines to further the journey of automation in every service line and every project we do. Additionally, some of you have probably heard about over the last two years, we had started on this journey of zero distance, which is all about innovation. We are challenging, encouraging every project, every project team member, on how they can deliver greater value to their customers, by the micro level innovation they can do in their respective tasks and activities. Zero Distance movement has been extremely successful and today we are very happy that from these various ideas, we have collected from our team members, we have over 18,000 such ideas that have come up from the grass roots. These are all not necessarily big-ticket ideas, but the small incremental ideas which we talk about on innovation. When we look at those 18,000 ideas, we realize that more than 40% of these ideas are actually focused on automating some part of the value chain and that is a huge treasure of ideas we have today. While those

ideas have been implemented in respective projects, we are also looking at can we take some of those ideas and institutionalize this across the length and breadth of the services we have to offer.

The next thing that we are investing on is on platforms. Again, over the last few years, we have built platforms for service delivery in various service lines, be it testing, data platform or application maintenance platform. Additionally, you would be aware that we created the Nia platform for AI. Over the last six months and going to the next year, we are investing on how to integrate these various platforms and make sure that we deliver greater value again on projects, get greater outcomes from these projects. We also realize that some of these platforms were very heavy and they had a lot more functionalities than what is really required at the initial instance. So we have also started creating lighter versions of these platforms which will help us roll out these platforms lot more easily and for shorter time. By creating these integrated as well lighter versions of these platforms, which we have today, we think we can drive automation to a lot greater extent.

We have multiple service lines – be it the Application Management Service line, Infrastructure Management Service line or Testing Service line, each of these service lines are looking at themselves on how they can increase the coverage of automation in their entire value chain. We have heard often, that what is new about automation, we have always done it over the last three years. Absolutely, we have done automation over last many years but if we get into details we realize that we only automated some part of our value chain and today we focus on how can we increase that coverage of automation and how much more of automation can we do?

I just take an example of Testing Service line. Most people when they talk about automation in testing, they talk about how you can execute test cases and do it in an automated manner, and that has been done for last many number of years. At the same time, what lot of people do not know really is that the test case execution has only been automated to the extent of 40%-50% in most cases, and test execution itself is less than 40% of the entire effort you spend on a test lifecycle. Today, our testing service lines focus on how do we take that number from 40%-50% of test execution automation to 70%, 80% or 90%. Additionally, we are also asking ourselves, can we automate the entire value chain and make sure that we automate lot more activities, thereby deliver greater value to the customers. The same thing can be said for Infrastructure Service line, or SAP Service line or for a Data Service line. Each one of them are looking at themselves and asking, how can I automate and increase my automation universe lot more.

Most of the initiatives I talked about are focused on increasing the engineering productivity in projects on how we can deliver greater output in the work we do. In most projects we do is, we spend a lot of time on processes which are required to run a project and there is a lot of potential for us to optimize those processes and we have taken up implementation of lean principles in our projects over the last six months, which are on pilot. This year we are going to invest into furthering the journey and adopt lean principles across lot more projects, thereby we cut down on waste and we cut down on any activities which are not adding value to the final deliverable.

These are the 4-5 ways in which we are investing today, where we want to see far greater adoption of automation, thereby deliver greater value to our customers. Additionally, purely from a project team standpoint, we are today setting up KPIs for project team members, for them to deliver more meaningful outcome to their customers. We are doing it by way of not only setting the KPIs but also intelligently setting up incentives for people to positively collaborate. Additionally, any change you bring in to any organization, especially in organization of our size, you need to combine that with a lot of enablement of people. So while Pravin will talk about the re-skilling part we do, as part of the automation focus, as part of using automation to ‘Energize the Core’ we are also looking at how can we re-skill our people, how can we train our people, whether it is lean principles, automation, automation platform or AI, we are investing fair bit in enabling our people on that.

Last but not the least, we are also focused on how we can ensure that every individual is more productive in their day-to-day work. That is where we are looking at what are the various processes individual has to today undergo in their day to day work, whether it is environment creation, human resource processes or budgeting processes. How can we simplify them, reduce the time people spend on it so that ultimately at the end of the day when people have an 8 hour work day they are able to spend most of the time on final deliverable related issues and not necessarily anything else.

So these are the broad set of initiatives we have undertaken for us to take automation, AI and all associated technologies into all our projects, thereby we are able to deliver greater value to customers and also reduce our own project cost at the same time.

Now, while all of this is aimed at what we do in our service delivery, additionally, last year we also created a new competency center which is focused on taking some of these ideas to work with our customers and make sure that they are also able to 'Energize the Core'. The one thing which I probably forgot to mention is, we know that Nia has been the chosen AI platform for Infosys, but again over the last six months we have consciously tried to not restrict ourselves for just using Nia in our projects. Wherever we see an opportunity for us to bring in any other AI platform to deliver value to the customer, we are consciously trying to include that, implement that for our customers.

So in our service delivery today we are no longer restricting ourselves implementing Nia. We are building capabilities on alternative platform so that we can deliver greater value to customers. Automation, AI, CoE which we have is essentially trying to do the same thing. At the end of the day, most of the enterprise customers we work with, they have invested in more than one AI platform, more than one AI automation tools and technologies. For that reason, it is very important that we as a partner for them also invest in building those competencies, building those partnerships, so that we can build a comprehensive end-to-end solution for our customers. This CoE is active for the last six months and we will invest in this CoE in the coming quarters and months.

Now this is broadly what we are setting out to do in terms of 'Energizing the Core' and making sure that we take AI and all other automation technologies in a lot more impactful manner to our customers. I have couple of case studies, which I will talk about, which will probably explain some of what we have already done, some of what we are likely to take to our customers going forward. These are all real life case studies.

The first one is about how we have helped a big bank in Asia Pacific to improve their testing effectiveness by using the power of AI in automation. Typically, most large legacy enterprises have huge amount of investments into their core which needs significant amount of testing which is required to be done. There is an estimate that the cost of testing in many of these enterprises is to the tune of 30% to 35% of their total support cost that goes into testing. Businesses are not able to afford that level of spend on testing. At the same time there is no choice but to make sure that applications finely perform in front of the end users. So today we have the challenge that you need better quality at lower cost, and that is where the power of automation, the power of AI will come in full play. In this case we have used AI to reduce the amount of testing we do to begin with, lot of times because of the history, because of legacy you create a testing state which is very complex and since it has been created over a period of time there is a lot of redundancy which has gone into the test suites. At the end of the day you have no choice in a manual environment, there is no way for you to figure out where the redundancies are and where are the white spaces. But today the AI technologies offer us that indulgent way for us to identify the redundancies, identify the white spaces so that we can test less but do it more effectively. That is very evident here, we are able to cut down on cycle time, able to cut down on the cost, but we have been able to improve the effectiveness of testing in the last metric which I am talking about. We have been able to increase the early detection of a defect at a much lower cost. That is further saving in cost to the customer

and they are able to take a dollar from here and put in the new areas which are really going to help their business. This is a journey we continue with the customer, to whom we have committed year-on-year savings in their testing cost and it is up to us how we can intelligently take the power of AI, power of technology to make sure that we are also profitable at the same time. We have been able to successfully do that over the last three years and will continue the same in the subsequent years.

The second story is about SPS, most of you may know this customer. They are into mortgage financing, they process mortgages in a large number. Even here the success of a company like SPS depends on how effectively they process the loans they have and how efficient they are with that. At the end of the day, the cost of the mortgage determines the kind of revenues they make as well as the kind of profits they make. We have been able to use the power of automation to not only do it faster but also do it cheaper. While faster and cheaper is good, technology and automation AI gives us this ability to scale up rapidly when we need. When the demand fluctuate from time to time, suddenly they have 78,000 loans to be processed, there is nobody who can ramp-up their associates disproportionately over a short period of time because they need a fair bit of training before they do it. Whereas technology once it is implemented, it can scale up or down rapidly, thereby help businesses exploit the opportunity which is in front of them.

I have just one more case study on automation which again tells the kind of work we have been able to do with our service delivery for the customers. This is again for a Fortune 100 insurer in the US. People who have been in the technology industry probably know that most large enterprises have a huge amount of traditional technologies which run 24x7 with number of weekly jobs, monthly jobs, daily jobs which have to be run and monitored. That is extremely cumbersome activity and at the same time it is extremely critical and costly, which is not helping the business. We have taken the power of AI and automation to this business. We have consolidated the command center whereby, we have been able to not only reduce the cost, but also able to reduce the disruption to their business. This is a typical mainframe technology, the number of tasks which are aborted, which need to be run have come down by 30% in three months and we are able to do it at a lower cost. These are some of the few examples in which we can take automation and the power of AI to the core of the technology services which we do for ourselves and the customers. I talked about areas where we are investing or continue to invest and where we want to do more in the next year and make sure that we continue to keep the core vital, and continue to make sure that core is delivering greater value to our customers.

With that I end my part of the session. I will invite Pravin to come on stage and talk about the re-skilling initiatives.