

## **Analyst Meet 2019**

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### **Intense Client Relevance**

#### **CORPORATE PARTICIPANTS:**

**Salil Parekh**

Chief Executive Officer and Managing Director

**Salil Parekh**

Thank you Nandan. Good morning and welcome to our analyst day. Thank you all for taking the time to come and visit us at our campus. During the day, we will share with you our view of what large enterprises are looking for, confirm our strategic direction and execution focus and share our plans for going ahead.

Before I get into that, I would like to say a few things with respect to the anonymous whistleblower letters. First as the CEO, I have served with commitment and integrity to deliver a major business transformation in a large complex organization over the past two years. Those who have worked with me know that I operate with inclusiveness and have no tolerance or divisiveness of any form.

I am grateful and heartened for the personal messages I have received from my employees. I have recused myself from the ongoing process. I respect that the Audit Committee has started an independent investigation. As the process is ongoing, it will not be appropriate for me to comment on the matters in that area.

With that having been said, let me share a few points about the business. I am meeting with clients, I am driving deals, I am working with our teams and running the company. I would like to thank over 230,000 employees of Infosys for keeping their attention on the work we do for our clients. That work has always been the true hallmark of Infosys. I would like to say to our clients that Infosys and I remain fully committed to working with them.

My focus is to continue to transform Infosys and prepare it for the next decade. We have a well-articulated strategy that has been approved by the Board. I am committed to executing that strategy successfully as we have done over the past two years. I am happy after this session in the evening to discuss any of those points with you.

Let me now move to the deck that I wanted to share with you in terms of where we are on the business. As you heard from Nandan, the real focus for us has been intense client relevance and that is I think is the difference that we see in the market today.

Just want to make sure everyone acknowledges safe harbor statement here.

If you look at the journey we have had over two years and a lot of this will be detailed in the sessions throughout the day today. We have a really exciting lab session for you where we want to showcase to you how some of our real life projects are working and you have a lot of options, there are about 20 projects and you can walk through about nine of them.

So if you look at the growth and Nandan shared some of this with you. In FY2018 we were at about 5.8% growth, in FY2019 we jumped it up to 9%. Last four quarters were very strong showing good shape. Digital growth is also in good shape. You can see we are consistently driving it above 30%. If you recall that our last analyst meet, we shared that this is about \$160 bn addressable market, growing at about 15%. So we are really growing well above that growth rate at this stage. On large deals, Mohit will share with you in a little while. Really the engine that has been driven to build that large deals capability, but why is it happening is that there are two big reasons. One is the investments in digital and we have made a lot of that over the first 12 to 15 months of the journey and then really very focused large deals engine. We have one of the best automation stories in the industry and that helps us among many other things driving these things.

On margins, as you recall there was an investment phase. We closed the investment phase in Q4 of last year. It is done, there is no more new investments. Now the focus is really on operational excellence and there we are starting to see the margin come back up. We have two big levers and

you will hear from Pravin and Nilanjan on Operational Excellence and from Pravin on AI on Automation as well.

That was our story we have driven over the past two years or so. We have delivered the results in how the business is doing. As Nandan shared with you, we are excited about three of these elements that I want to showcase to you today. On Experience, you will hear from Ben who drives all of our business in that area but let me give you a couple of examples. On Data, you will hear from Karmesh and on cloud, Ravi has really transformed that business because it has got a phenomenal growth rate today and we see that continuing as we go forward.

On Experience, what has started to happen is we have this concept called 'Human Experience'. Everything we do in the business today is driven from 'Human Experience' and that change is what is driving a lot of what we called downstream business. So Experience being the first step but really all of Tech becoming a part of what is being driven from 'Human Experience'.

On Cloud this is an example I really like. This is from one of our large healthcare companies. We have recently started to work with them in the Cloud area. We are doing work with them in many others places. We will transform how they can leverage the Cloud and benefit from the Public Cloud environment working with our tools, our capabilities and us building the capability on the Public Cloud infrastructure by showing the value ad that we can deliver. So a huge benefit. You will hear from Ravi on the Polycloud, thinking as well, which is very unique and new, that we are driving in the market.

A summary on large deals. We have made a lot of investments, we have really built capabilities, capacities, have developed themes and you will get a lot more sense and how that is working. While the large deals number is always volatile, but is equally critical that the large deals pipeline remains healthy and Mohit will share with you that it is a very healthy situation

On Automation and AI, as I have said earlier, we have one of the best capabilities on Automation. You will hear more about it. But there is one example that I want to share with you on Oil and Gas major where we have impacted 40% savings. Of course, some of the savings go back to the client and some stay with us and this becomes a real supporting factor as we drive our business forward.

On driving operational efficiencies, there are several levers that are now fully in motion. A few of them are here like onsite-offshore mix, the pyramid, automation and our subcontracting costs. We think those are levers that we are starting to drive more and more. We have some runway for these levers and that will give us support for where we think the margin is going to end up in the coming years.

On the people approach, a lot has been done over the past two quarters and even before. Here the focus has been to engage more and more with our employees, make sure that we understand how the digital reskilling and digital rewards are working. We have also introduced some stock programs, which are broader based, not just at the senior levels. That is starting to have some impact. We had a reduction in attrition in the last quarter and we think that trend will continue and we will have some control there on the outcome in the coming quarters.

As you recall last year, I had talked about localization. We have started to build digital delivery centers in US, Europe and in Asia. We are recruiting quite significantly in colleges and campuses in those markets. This is also in addition to the recruitment we do in campuses in India, which is about 15,000 people in the last 12 months. We are also building digital studio capabilities. Ben will showcase that to you on how that is working across the globe.

In summary, at least from my perspective and how I see the business, for growth we have two big levers, our digital capability and the large deal engine. That give us some traction in the market. On margins, we have AI, Automation, we have our operational excellence and efficiency parameters. All of these under the goal of really intense client relevance that we want to keep pushing and making sure that we are meeting with them, making sure we understand where they are driving the business. You will see that from many of the examples throughout the day and also from the lab visit that we have organized that showcases the intensity that we have with clients.

We hope to leave you with the sense that we have the building blocks that can give us some traction on growth. We have the building blocks that can give us some traction on margins. So what we have achieved over the last two years is something that we think we can now execute on an ongoing basis as we go through the next several years and make Infosys more and more ready for the future with our clients.

I will stop there, the Q&A for all of these sessions is now condensed into the afternoon as we close the whole day. My colleagues will go through a number of different areas starting first with Pravin.

Thank you.

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