

Analyst Meet 2020

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CLOUD – INFOSYS COBALT

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Thank you, Kavea. The next session is about Infosys Cobalt, the cloud services brand of Infosys; we've launched it a couple of weeks ago.

Last year, during the financial analyst conference in November, we've spoken about the cloud, the potential of the cloud, and over the last one year, we've evolved this into a services brand. We are the first service provider in the market to actually launch a services brand of the cloud, Infosys Cobalt. So, let me talk to you in the next 15 minutes about what this is all about. And hopefully, at the end, we get some time for some videos of some of our clients.

So, let me just start with a little bit of context about the Agile Digital narrative of Infosys. Over the last few years, we've had a significant growth in digital services. 47% of our business today actually comes from Infosys Digital. It kind of pivots around the five pillars of the Digital Pentagon we spoke about. The Digital Pentagon is a manifestation of the digital services our clients are consuming. The cloud, in many ways, is a part of every axis of the Pentagon. I actually call it a 'general purpose technology'. The cloud is a general purpose technology. What I mean by a general purpose technology is that it has three attributes. It's very pervasive, it improves over time, and it spawns downstream innovation. The cloud, in many ways, ticks all three boxes. And we see it as one of those transformational pillars in digital journeys. 50% of the spend of large enterprises actually comes from the cloud. A trillion dollars is going to be spent on digital journeys in the next two to three years. And in some ways, this has got accelerated with the current health crisis, of which half of it, \$500 billion of it, actually comes from the cloud.

So, why is it that the cloud is such an important foundational pillar in digital journeys? I just want to set a little bit of context around it. Between 2007 to 2017, we call it the consumer era, and we saw a proliferation of platforms – mega platforms – which were riding on the massive capital outlays in telecom infrastructure. These platforms were consumer-centric, and they were global in nature. What happened to companies like Amazon, Facebook, Google, Microsoft, and a variety of them, in fact, all the assets of Alphabet, a variety of them, is they built massive infrastructure, massive data center infrastructure, on compute, on storage, on routers, on security. And they kind of created these mega platforms for consumption. In the process, these firms also created automated operations. And, the capital expenditures spent by these firms were so much that they started to lend this infrastructure to large enterprises. Just to give you an order of magnitude, \$75 billion in the last two years has been spent between Microsoft, Amazon, and Google. This \$75 billion, in some ways, is a reflection of the amount of data center infrastructure, which has

been built by these firms. As this infrastructure was available to large enterprises, and automated operations of these platforms were available for large enterprises, there was an opportunity to create an over-the-top layer as much as these firms created an over-the-top layer on telecom infrastructure. That over-the-top layer now leads to new services and new products – new services from companies like Infosys, new products from new-age cloud companies like Snowflake, if I have to take an example. That is the opportunity we are all talking about. New-age services orchestrated over the top on hyperscalers, and private cloud platforms. And we could potentially reimagine an enterprise and create, in some ways, in network effect, as I call it.

A network effect of the cloud is reimagining process, reimagining data, reimagining content and in many ways, reimagining an enterprise. To me, this is an inflection point, an inflection point to re-engineer an enterprise. Thirty years ago, a re-engineering era started when enterprise software was, was adopted by large enterprises. Now, reimagining the enterprise, in some ways, is non-linear as well. As I've said, cloud is a general purpose technology, it has non-linear impact. You could leverage the cloud for a variety of things. Initially, the cloud was leveraged for agility so that you could create cost variability, you could step up and step down as and when you need the business and operating models. But thereafter, as digitally-native companies used it for innovation at scale, building innovation infrastructure, the cloud manifested into multiple purposes. In the times we're all living in, where resilience is very important, business continuity is very important, the cloud almost travels from agility, innovation to resilience. In fact, a large number of our clients have started to look at taking non-core services, and actually shifting them out as a service to companies like Infosys. In fact, you could actually shift a business function and potentially give it to a cloud services provider, which can actually enable it through a platform enabled on the cloud. The cloud, in conjunction with other digital technologies, can actually be much more powerful, and much more non-linear. A good example is telecom companies doing edge computing on 5G network. And this is going to be manifested by an extraordinary power in terms of confluence of digital technologies.

As operational spend for field technologies goes up, the cloud plays a big role, because field technologies want you to be virtualized. In many ways, our office setups which have now gone hybrid also manifests itself with a large consumption of cloud and virtualization on demand, which the cloud enables. So, in a way, the health crisis has started to accelerate digital journeys. And the cloud is the foundational pillar on those digital journeys. So, this sets the context of what the network effect of the cloud is – you can reimagine an enterprise, re-imagine the process, take away functions of the process which are not core, move from agility to resilience, power your innovation and create connected products in the market. And I'm going to speak about one or two such examples of Infosys clients who are doing this.

So, what does Cobalt constitute? Cobalt constitutes a set of assets, top down and bottom up. And on this specific instance, I'm going to talk about the top-down assets we are building before I come to the bottom-up. Industry solutions, platforms. In fact, the universe of companies like Infosys was all about the tech spend of enterprises. We are transitioning to the operations spend of enterprises powered by the cloud. And these platforms, which are actually born on the cloud, actually enable us to transition from tech spend to operations spend. Data, data-related platforms, data solutions, and a polycloud environment. What does polycloud do? The reality, as we go into a client-enterprise landscape is, we are going to find landscapes to be a hybrid multi-cloud environment. It

wouldn't as much be a single provider. And as this multi-cloud environments actually evolve, and that is real; 70% of the enterprises today are actually, actually thinking about multi-cloud hybrid environments. And as these hybrid environments are real, we have this very unique opportunity to orchestrate workloads across various cloud environments in a client landscape, in an enterprise landscape.

Now, orchestration means managing data, managing process, and managing applications on the cloud. And as cloud journeys evolve, enterprises will start to look at orchestration as a starting point, and they will start to look for interoperability. What I mean by interoperability is working between clouds where the data and the apps are in two different environments. And you actually create a mechanism for them to have an interplay. As cloud journeys evolve from interoperability, they would actually go to portability, which essentially means you are going to move applications from one cloud to the other cloud, you are going to move data from one cloud to the other cloud. So, this entire polycloud management layer is a part of a Cobalt structure. So platforms, solutions, industry templates, the polycloud infrastructure to straddle between a multi-cloud hybrid environment so that you could reimagine, you could reimagine the process data and, and content on the cloud. In in many ways, the re-engineering of an enterprise will be driven by a force multiplier, which the cloud can actually be able to.

Here is the view of the Cobalt community and in many ways, it is a bottom-up. And why is a bottom-up needed? A bottom-up is needed because a lot of our clients are looking at day-to-day problems to be solved by the cloud. And what we're doing here is we're curating day-to-day problems dealt by our project teams, and we're curating them into a service store. And, we have an engineering team, which makes sure that these reusable, repeatable business use cases or assets, as you call it, are kind of going through a filter. And they're curated by this central engineering team.

So we have 35-plus thousand people working on cloud related projects. And we've created 15,000 assets, 200-plus industry templates. And the idea of the cloud community, the Cobalt community, as we call it, we want to actually move best-in-class use cases into the service store with gold standards, but we also want our teams to draw from it. And as they draw these assets, you're going to find them to be various, you want to find them to be best-in-class so that it could be leveraged by every cloud project at Infosys. These communities will expand itself to retain organizations of our clients, because our clients actually need these more than us. And as our clients start to use these, they're going to be a part of these communities, because they're building innovation infrastructure at scale. Grassroots innovation will drive the leverage of the cloud and the network effect of the cloud, as we call it. We have a playground or an experimentation in infrastructure, so that our project teams, as well as our client organizations, can actually leverage the experimental infrastructure to solve more futuristic problems for our clients.

We are hoping that this would expand itself to our partners and thereafter, to a gig cloud worker in the market. And we are hoping that this could be the largest cloud community to drive innovation at scale for Infosys clients.

So, here is what the community also constitutes, in addition to all the assets we have built, in addition to the communities of our clients as well as our employees, it's also about the partner ecosystem. It's a very, very fast-moving, evolving space. So, we have hyperscalers, we have private cloud players, we have SaaS-based players, and we have

a large number of new-age, cloud innovation companies that are part of the network. One of the things large enterprises are looking forward to is the ability of a service provider to tell them what ecosystem needs to be embraced so that their cloud journey is top-notch. So, our endeavor is to bring this community, which is in some ways, we're creating a bridge of innovation network, which can actually access large enterprises, and large enterprises can access the innovation network as we, as we progress. So, this innovation network is going to be curated by the Infosys Cobalt community.

This is what our analysts are saying, and our analysts are saying that Infosys is transitioning cloud journeys from a lift-and-shift opportunity to a transformational opportunity. It is transitioning cloud journeys from the focus around just agility to straddling between agility and resilience, straddling into innovation, confluence of new-age digital technologies, a variety of things. Our analysts are saying the 200-plus industry blueprints are going to be a significant part of the acceleration of cloud journeys, which is the need of the hour. So, the initial feedback from industry analysts have been very, very positive.

So, we spoke about the possibilities. And here are some real stories. These are real stories of our clients who have leveraged the cloud to get the network effect. And I'm going to go through six of them, just to make my point. The first one is about a food and beverages company, which is unlocking real-time insights. And they have powered their data warehouse on Snowflake. And remember, we spoke about Snowflake as one of the new-age cloud product companies over the top, on top of the hyperscaler infrastructure. The possibilities are many. Because, once you actually have your warehouse on a hyperscaler infrastructure, on a platform like Snowflake, you could reimagine data. You could append third-party data, you could monetize your data for other companies to actually leverage and you could power it with a variety of things, so that you could get better insights.

The second one is one of our popular offerings called ESM Cafe, which is a set of industry micro-vertical templates on ServiceNow. It's an award-winning set of assets from Infosys. It's a part of a Cobalt repository. This is a consumer packaged food company, which used ESM Cafe, the industry vertical templates. Remember, ServiceNow is a low-code platform with just workflow, we built those templates above it. This particular implementation, we actually completed it in 13 working days, the speed at which we did it was almost attributable to the huge repository of assets we had on ESM Cafe.

The third one is a healthcare, Medicaid healthcare company in the US. As you know, Medicaid healthcare companies are in a constant path of M&A. This company wanted to onboard new members at rapid pace, both organic and inorganic, and we actually increased the speed at which they could onboard and therefore, therefore, the ability to go to market faster.

The next one is a manufacturing company, which is focused on building efficiencies. And we actually powered their distribution and logistics processes on Google Cloud. This company has made the logistics and distribution processes very agile, because they moved it to a hyperscale infrastructure. But they're starting to think about how they can take the products also onto the cloud. A manufacturing company using cloud to enable the manufacturing is one thing, it's a different thing to actually make connected products by enabling the products on the cloud. That's where this firm is directionally going to do.

The next one is a customer care platform, which we are building. During the health crisis, the customer care function is one of those functions which has gone completely virtual from a very physical, on-prem kind of function. Infosys is building a AI-first, cloud-first customer care platform to humanize customer experience. And we know that on the other side of the crisis, we're going to have customer care functions delivered out of homes of people through gig workers. And we're building a digital platform to be enable this.

The last one is a health insights platform on AWS for public health and human agencies. And I'm not going to spend a lot of time on this because we have right after this a video to what the health insights platform is all about. And this is very apt for the times we are living in. And I thought it'll be an exciting opportunity to present a little bit of detail about it through video.

Thank you again for listening to me. And we're very, very excited about Infosys Cobalt, the first cloud services brand in the market, and very excited about the fact that the cloud is going to have a network effect on enterprise landscapes and Infosys is orchestrating that change in large enterprises.

Thank you again for listening.