

Infosys Limited Investor AI Day 2026

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Thank you, and great to have you all here in these tumultuous times. Today, I will talk about tech transitions. I have had the fortune or misfortune of being in this industry for more than 40 years and have seen a lot of transitions. So I thought I will talk less about that and more about why this time it is different and what are the implications of this transition.

Now safe harbor clause.

Now we have seen technology shifts for centuries, whether printing press or telegraph, but over the last 60, 70 years, we have seen a much faster change in PCs, cloud, GenAI, Agentic AI and so on. So change of technology and the speed of change has been a constant for many decades now. And each time there is a change, the way we address that change has been different.

So we went from mainframes to mini computers to PCs, client server, LAN, web computing, mobile, enterprise apps, big data. And each time, we had to think of it in different ways, how do you think of it in terms of making it globally available through Internet or how do you do enterprise IT. So, each time there was a tech transition, it had certain implications for us. And firms like Infosys had to deal with what was new. So we are used to the fact that each time there is something different.

This time, the AI transition has been much faster than earlier transitions. If you look at the number of years it took to reach 1 billion users, Internet took more than 10 years, smartphones took 5 years, AI is taking a couple of years. Now, you have to realize that the AI speed is because of the first 2 things. Internet was already ubiquitous. Smartphones were already ubiquitous. It therefore allowed people to distribute a ChatGPT or Gemini or Claude very easily. So in some sense, the speed of AI is also because of the infrastructure of the previous era.

Now what has happened this time, is that this is a much more fundamental change to the way businesses will operate. So this is not a layer of technology. When smartphones came, we could build applications where instead of having a PC, you did it on the phone, like putting a front-end to an existing application. When cloud came, we could do a lift and shift. You could take the app from your in-prem and move it to the cloud. So you could do a lot of things to get going. But this time, it is not that. This is a fundamental change in the way we do things. Obviously, there is a technology dimension and it is all about having AI native architecture. But there is a whole business dimension to this. We cannot run business the old way, and businesses have to change, the customer journeys have to change, all those things have to change.

It is a huge challenge for talent. Talent will have to deal with a world where writing code will not be the goal. It will be actually making AI work, orchestration and those kind of things. So the jobs will change. And operating model, how do we make this at scale? How do you get a firm with hundreds of employees to change all the things and make it work? And of course, our mental models have to

change, because technology was always deterministic. You said A plus B equal to C. So no matter how many times you said A plus B, the answer was C. In this AI world, every time you give a prompt, you will probably get a different answer. And therefore, how do you deal with this non-deterministic world. But how do you make sure what you build has the robustness, reliability and resilience of the deterministic world. That is what the challenge is for everybody.

So this is a fundamental root and branch surgery of the way business is done, which is why this technology transition is so dramatically different from anything else that we have seen.

Now one clear learning we have is modernization of legacy systems cannot be deferred anymore. What happened over the last 60, 70 years is people would not replace the legacy system, they just added to it.

So if you go and look under the hood of a large enterprise, they will have mainframes from 1960, they will have mini computers from 1980, they will have LAN from 2000, they will have all kinds of things, and all coexisting in silos. That is over. If you really want a firm to take advantage of AI, you have to fundamentally clean this up. So this is a massive, massive cleanup job, which everybody is dealing with.

There are reasons for that. One is the financial drain. Many large companies are spending 60% to 80% of their IT spend on maintaining systems. There is no business value out of that. They want to go from 60% or 70% maintenance and 30% new systems to 30% or 40% maintenance and 60%, 70% new systems. They want to flip the way they spend money, but they cannot do that with that fundamental cleanup they need.

Moreover, many of these systems were designed in an era before you could have online attacks and so on. So security breaches, which you see every day, are just going up everywhere, and they are more state and non-state actors who are getting better at it using AI. So security is a huge problem for everyone. We have seen so many cases in the last few months.

And because the data is all in silos, you cant even innovate fast. So there are fundamental structural issues today we have. So demand side is absolutely demanding modernization. But the good news is, for the first time, because of AI, we have the tools now to do modernization fast and very quickly and at a much more economic way. So we have a huge demand, and we have the ability now to do it, and perhaps our team will talk about that.

So fundamentally, accumulated tech debt over decades must be paid. You no longer have the option to defer this. And this is a huge, huge requirement. And obviously, it is a huge opportunity for us.

Now the other thing which is there is, as AI becomes a bigger part of the spend, the balance of advantage is moving towards 'build' rather than 'buy'. If you see some of the concerns about what

will happen to SaaS companies and all that, it is because of this, that building applications has become so simple that very often you may just build or you may replace something that you have, which you bought, with something to be built. And that again actually benefits folks like us, because they are about building. And who is going to build it for them? It is going to be us only who will build it for them. So fundamentally, it is good for us.

And the other thing which is there is that our view is that foundational systems will increasingly become systems of record. But the interface will be agentic, because agentic interface makes a lot of sense. Agentic interface allows people to produce something which is designed pro consumer or pro user. And agentic interface enables you to take out the complexity and hide it behind the agent, so the agent is simple to use. It is a very simple idea.

Now enterprises will, therefore, want to put agentic layers on top of all their applications even if they leave the system of record the same. And that is something which will be a combination of bought out agents as well as building their own agents, because finally, the agents have to be composable in a customer journey which is seamless, which is a mix of agents which are your own or from somebody else. Again, that requires orchestration and work which somebody has to do. So there is a huge amount of work required once they go towards 'build' rather than 'buy'.

Now the other thing is, the pace of change is something which obviously we have not seen. We all know about the trillions of dollars being spent and all that. But even the technology can change. I mean, 2023, foundation/frontier model had 100 billion parameters. Today, it has 1 trillion parameter. There were only 10 to 12 agent networks. There are 60 agent networks. So this is only going to go up. In the U.S. alone, there are at least 5 frontier models. In China, there are big 4 or big 5. So this is only going to go up. In India, we have seen so much action, and you will see some big announcements this week on Indian-based sovereign models.

So I think this is something, there are certain implications of this, because if I am a businessman and I have to choose my technology, how do I make sure I do not make the wrong choice, because something which I invest in today may have fallen behind tomorrow. Already people are facing this reality. And therefore, how do you architect your technology, so that you can deal with this rapid change, is a very fundamental and structural need for enterprises. And again, they need help on that from somebody who has done this in 2,000 locations and understands the pros and cons of every approach.

But the main thing is that the technology is far ahead of its deployment. Because of this race and spending billions and some AGI and all that, the technology is moving faster than the ability of enterprises to deploy it. If you look at this chart, you can see that the model performance is going up, but the progress in implementing is not really, because implementing this is hard stuff.

Fundamentally, it is about organizational change, business change, retraining your people, thinking about nondeterministic approaches, changing your data so it is no longer in silos. So fundamentally, we have a situation where there is a deployment gap between the power of the technology and the capacity of businesses to use this. So if you guys think that some better product has come, nothing is going to happen, because the problem is here, not there. You get it. It is about how fast companies can implement. So you have to look at that.

And we call this the deployment gap, but this is actually a concept by Professor Clayton Christensen Harvard 25 years back. He called it technology overshoot, where technology gets ahead of the need. And in fact, he argues that that is how newcomers come, because newcomers can then launch new products that are not as sophisticated, but good enough for customers. And Satya in his recent blog talked about model overhang, which is the same idea. Fundamentally, the tech will keep getting better and better because billions are going to be poured into it, there is a massive competition, but enterprise deployment is not going to go up. And this deployment gap is what we can help to address. So again, it is a very important point.

Now, I think talent transformation is huge. It is not that you will not need, you will need talent, but it will go from QA testing or development. We have all kinds of new roles, AI engineers, forward deployment engineers, AI leads, forensic analysts, data analysts. So fundamentally, the challenge will be how do you take your workforce and make sure that they are reskilled and ready for the new business. And that is really the challenge that all the firms will face. So there will be roles. Now the way you hire will change, the way you train will change, the way you deploy will change. All that is going to happen. And I think we will have sessions on that. But fundamentally, there will be a need for people, but they will be doing different things.

Also, a lot of the talk of productivity is greenfield. Writing greenfield is not a big deal. I can take a tool and give it to a kid and he will generate a million lines of code. But that is not the real world. The real world is the fact that companies have trillions of dollars invested in their systems. They have technical debt. They have data silos. They do not have documents.

Somebody was telling me the other day that there are some old systems and, on contract, they have guys as old as me, 70, 75-year-old guys, because nobody else knows what the hell is going on. And then when there is a crisis to be sorted out, they are pulled in from Phoenix or Florida or wherever they are, and they have to solve the problem, and nobody else knows how to solve. So we have that kind of situation out there, undocumented dependencies.

So taking brownfield systems and modernizing them is a hell of a lot more difficult than doing greenfield development. And a lot of us get biased, because all the guys who talk about productivity are talking about greenfield development. And therefore, getting these large enterprise organizations productivity going is very, very different from individual tasks. It is a lot more complicated.

Also, AI implementation requires laser focus. The very fact that you can generate stuff means you can generate slop. In fact, five years from now, there will be more AI legacy system than any other legacy system and all kind of stuff will have been generated and we will have to clean that up also. And you can have this fake productivity.

Let us say there are two guys and they are having a fight. One guy will draft an email, which will be one paragraph. He will give it to AI to make it into a 10-paragraph email, because he wants to impress the other guy. The other guy will take the 10-paragraph email and summarize it to one paragraph. So both have used AI, but what have we achieved? Nothing. So how do we make sure AI is used? And therefore, you need usage guidelines, you need quality gates, you need explainability. So how do you make sure that AI investments lead to real performance and productivity and not just some make-believe stuff. This is something which is very important.

So what still matters? First, principle thinking. One of the things when we train people is they have to learn to do this without tools, because all of us learned to do this without tools. So when we got the tools, we knew how to use those tools better. But if you start by teaching them tools and everything is a black box, then it is like the guy who never knows how to calculate because he was born with a calculator. So first principle thinking is very important, all the more important as you think about strategic transformation of large enterprises. First principle thinking is very important.

Second, understanding enterprise context. Every company is different. Every company has a different legacy. Every company has different systems. Some of them have come from acquisition. Some have come because they have five business units, all buying their own version of technology. All kinds of reasons. Everybody has a complex estate of systems. And context is essential to being successful at AI deployment. And each context is different. And it is the dealing with these contexts that is the hard part, which is where, again, we believe we have a way of doing that.

I will give you an example. The self-driving cars, the first DARPA challenge was 2004. The first time they rolled out was 2007, 20 years back. Then everybody said, oh yes, by next year, we will have self-driving cars. It is 20 years later, all we have is a few cities in America where there are self-driving cars, because the context is different, every city is different, every road is different. And by the time they come to Bengaluru, it will be 2047, because dealing with Bengaluru traffic will be a different level of context. So enterprise context is so important, and that is something which cannot be done by a tool. It has to be done by capturing implicit knowledge and making it explicit.

Agnostic design. Again, what I mean here is, do not get locked into a tool, because that tool may no longer be -- it may be obsolete in two years. So how do you design for agnostic that you can choose any system. Getting the house in order, we talked about removing technical debt. We have to make the house in order for this whole thing. And then massive change management. You are changing

organization, business sector, people. I mean, this is like unbelievable change management. So unless you have leaders who can do effective change, nothing is going to happen.

It is also about strong collaboration across firms. The firms have to, because all the knowledge is implicit in the heads of different people, how do you make that explicit in one customer journey. Focus on productivity. It is not about using AI tools. It is about productivity out of those tools. Otherwise, you will get false productivity, which leads to more complications. And then this is an engineering game. AI engineering is a whole way of doing things. And that is part of your change management and transition that you have to do. And that is a big thing.

So my view is there is no opportunity gap. If anything, the opportunity is bigger than ever before. So do not get distracted by that. You should still ask the question, what is the firm doing to take advantage of this? What is the firm doing to transform its talent for this new world? What is the firm doing to design the services and products for this new world? What are they doing to tell the customer in a way that it resonates? What are they doing to make sure that the front-end conversations with clients are done properly? These are all the issues.

And I am sure everybody will not execute the same way. So there is an execution risk in doing that. So it is not an opportunity risk, it is an execution risk. You get it? And therefore, the balance of assessment is how do we know that each firm has the execution plan ready to get to where they have to get? Are they able to do it well? Are they able to do it with speed? Are they able to do it with scale? Are they able to do it with new mindsets? That is really the question of the day that all of you need to ask.

So I am hoping that today, you will hear from our team and it will give you some reassurance that we are on the right track. Thank you very much.