Speaker

It is here we talk about McCamish and the second is the Portland acquisition. Both acquisition that led to the evolution in new lines of business. Of the 3 acquisitions that Infosys has done in the straight 30 years, not known to do this kind of activities. But I was leading this from the front, so I can share the experiences of why we went to this and how we are going to generate this. This slide just shows to you about what we will grow. It's a very small company. It's a company with 110 people but highly competent, high end sourcing professionals, people who do strategic sourcing and category management and consulting in space of sourcing, for really whose who of the company's in Asia pac based out of Australian operating from Sydney, Brisbane, Melbourne, Perth and also have an office in Shanghai and New Zealand. This company primarily as I said brings expertly in category management. Sourcing and managing the services in an outsource mode for us. The best part of the Synergy out of the two synergies that we found when we acquired the business is that we didn't have an overlap of clienting even though Infosys BPO provided sourcing and services, we had just one client in that region and that is probably the only client that this company did not have and all those clients that they had were not our clients in the sourcing procurement space. Secondly they provide strategic service and that's how the outsourcing in-sourcing and procurement space moved. Very tactical, purchase out of processing, expediting supply and making entry into system about the procurement activities have been done to provide tactical sourcing and sourcing support to category mangers or category strategies that are formulated at the client end. That's the industria as reward for 4 – 5 years. What we are good at doing is we moved pretty fast on transactional to judgment based work. The judgment based work also had a lot of domain intensity but transaction was purely transaction, mostly SOP based you could train plain graduates with some BCom knowledge, people who understood procurement with some system courses granted to them and they could be good at doing that. By moving from transaction to judgment, we have left many of the Indian service providers far behind in all those pursuits that we had and we won for the last 4 – 5 years. But we realized there is a big gap in the top of the pyramid which very niche and it comes to deep knowledge of categories like IT, travel spend, marketing spend, facility management, professional services, so on and so forth. Which companies were outsourcing to niche players and those high end and those commanded a huge premium and the revenue productivity was high. Secondly those let to this downstream projects, therefore we were missing out on such opportunities which came from consulting work in sourcing. While we moved up, we saw the Portland was heavily focus right at top of the pyramid and that it did not have much play in the middle layer and the bottom layer. As you would see what I mentioned here before we acquired Portland, our share of revenue across the 3 segments hugely skewed towards transactional activities. We wanted to be different because we wanted to add capabilities plus we also didn't want to leave the gap unplugged. We wanted to give a full suite of services to our client because whenever they asked about our services they had we didn't have. So this is a perfect marriage. Post the acquisition the split was more balanced. The revenue doubled. It was almost the same as size as in-sourcing and procurement, practiced in the same kind of functional horizontal practice that we had here. But the revenue productivity for them was 4 times and with the merger. It's like 2 times of what it was before the acquisition. So in a sense right now we provide a complete suite of services across the STP change and it goes well with what Sanjay said earlier we had the STP platform called the Procure Edge. So the whole set of activities we are talking off where Portland and Infosys provides one face to the client today saying that we can start from anywhere in the pyramid and then move up or down depending upon how we were clients, what their current needs are and future needs are in outsourcing.

Shekhar

I am going to quickly walk you through McCamish acquisition that we did. So prior to the McCamish acquisition Infosys BPO insurance we were basically looking at processing back office

transactions on the client platforms. There was clearly a gap of being able to provide a comprehensive set of services right form front office, mid-office, back office on our own platform so that it can really move the cost structure of the insurance companies from a fixed cost structure to a variable cost structure. So that was really the gap that we found and McCamish is one of the companies that was started in 1985 with an intent of becoming the complete back office for insurance companies. So the policy administration systems that we acquired. And they also the only ones that time who were also the third party administrators in the all the fifty states because we need to have the license and we are a legal entity to support back office transaction in the United States. We acquired the company in 2009 and it had about 450 people and this company was able to provide a complete end to end policy administration system all the way from new business and policy of the other services and claims and all the other services business plus the BPO services on top of that. So that really fills the gap for us on a life insurance and annuities in our policy administration capabilities. So when we acquired McCamish had about 24 clients, post acquisition we have been able to add few more clients in the last 2 years and with the recent win in India we were able to add close to another 10 million policies in to our platform. So up to now, we have close to 3 million policies paying administered on the platform and with the addition even in India we will add another 10 million policies , one of the clear differentiators for this is that this enables us to provide corporates virtual insurance office for insurance companies. The insurance companies can focus on product manufacturing, selling, distribution and core compliant so that they can leave the rest for the entire servicing to a provider like us because we provide the platform, we provide the necessary infrastructure and also the complete backbone of operations. And we today operate and have 24 customers , where we have customers who have a license of platforms, where we are actually providing software as a service and they continue to run the operations and there are modems in which they are providing completely platforms as a service meaning they have acquired basically if you want to launch a new product in the new market, kindly tell us so we have brought in the platform, we have launched the new product for them and we have also run the operations for them. So that becomes a completely variable cost structure for us. To have the right business, they pay a portion of the transaction to us. And we are one of the challenges in typical model like this is that customers usually have lot of legacy platforms, they may have invested in a platform over a period of time for multiple policy admin assistance and it becomes very difficult to consolidate over a period of time. So McCamish clearly is still one of the few that are remaining in the world that is known for successful conversions of policies from multiple platforms into our platform. So we have done more than 13 conversions over a period of time, so that really is a key differentiator to why customers actually would come to us for a model line up. So this is quickly a snapshot of what the policy covers. It covers all the way from new business, straight through processing, and the core policy administration service itself. It also has it's claims management system, it also has a standalone producer management system which means the producers who actually go and distribute the product we create on behalf of the careers, or behalf of some of the marketing companies, they need to be managed as well. Their commission, their commission structure, there hierarchy, so is a stand alone system that can be managed as well. So there is source integrated with an overall suite. So this is the complete view of the journey in itself. As I said McCamish started as a virtual insurance office and by 2001 because of the World Trade Center attack and also the variable annuity products stacking in terms of values what the company realized was the these are closed blocks and this was a really a cash cow for the insurance companies and they were not able to control the cost. So McCamish was really well positioned to take over the close blocks of insurance policies and administer the per policy basis, post the acquisition we have added another close to million policies from where they were and in India where we add another 10 million policy on to the platform. The way forward what we are clearly looking at is this platform when we acquired obviously needs some more investments which is what we are doing, we are going to take the platform to the next generation technology which is something we have already done around the periphery of the platform. We have built the interfaces around the platforms, we have built the gateways of the platform so the customers or the policy holders can actually access the platform directly and over a period of time in the next couple of year we will also change the core itself. So the core becomes completely re-

invented in the new technology. In terms of our focus ,US is our focus market because US has a largest box in the world followed by the UK and UK obviously there are players who are already been well established. So we are looking at partners in the UK who can power the administration business through our platform. And the Continental Europe especially Netherlands and Germany at least in the last year because of the challenges that the insurance companies are going to clear where everyone is talking about close block administration, that model is very new for them and thankfully we have one customer which gives us the first mover advantage for us to be able to take it forward in the Continental Europe first. So that's quickly the view for advance for administration platforms.