

TO ALL STOCK EXCHANGES

**BSE LIMITED
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August 30, 2016

Dear Sir/Madam,

Sub: Analyst Meet-2016

In continuation to our letters dated August 23, 2016 and August 26, 2016, Please find enclosed the transcripts of the Analyst meet held on August 26, 2016.

The presentations made at the event, recorded audio file and the transcripts of the discussions are also available on our website- www.infosys.com.

This is for your information and records.

Yours sincerely,
For **Infosys Limited**



AGS Manikantha
Company Secretary

Moderator

Good Morning, Ladies and Gentlemen. I am Namita, your MC for the day. On behalf of Infosys, I would like to extend a very warm welcome to every one of you sitting in this room and welcome you all to the 2016 Analyst Meet. We thank you all for taking time out of your schedule and joining us for this event especially for being able to start early on the day and traveling to Pune. We would also like to extend a very warm welcome to all the people who are not in this room but accessing this event via video webcast from our Investor Relations website.

At your seat, we have kept a welcome kit which consists of the agenda, feedback form, instruction sheet, notepads and pens. The agenda contains the schedule for the day. We request you to adhere to the timelines mentioned in the agenda which will enable us to organize the event smoothly. Please go through the instruction sheet carefully for important information on wifi, safety and other relevant help needed during the course of the event. We have volunteers spread on the floor who are wearing distinct batches than that of the attendees. Volunteers will be glad to help you in case you need anything.

At the end of every presentation, we will have some time for question-and-answers. When you wish to ask a question please press 'the look at me' button in front of the panel in front of you. Since the event is being recorded, kindly name yourself and your organization before asking your question. In case you are unable to ask a question during the presentation session, then we have another opportunity for you during the open house where our CEO, COO, CFO and Presidents will be interacting with you.

We request you to keep your phones on silent mode. We also request you to use the two side doors at the back of the room to enter and exit while a session is in progress. This will prevent disturbance to the attendees and the presenter. The event is being recorded. The audio file of this event, various presentations and transcripts will be put up on the investor website.

I would like to remind you that anything that we say during the day which refers to our outlook for the future is a forward-looking statement which must be read in conjunction with the risks that the company faces. A full statement and explanation of these risks is available in our filings with the SEC which can be found on www.sec.gov. Now, to kick start this event, I would like to invite Ranga.



**Analyst Meet 2016
August 26, 2016**

CORPORATE PARTICIPANT

Ranganath D Mavinakere

Executive Vice President & Chief Financial Officer

Ranganath D. Mavinakere

Good Morning everyone. A very warm welcome to Infosys Analyst Meet and thanks for taking your time today for being here. As always, Infosys believes in constant interactions with investors, with analysts to share our perspectives, to address your concerns, hear your concerns. We have always believed constant interaction would help in minimizing the asymmetry of information between the company and the investors. So today we have the entire management team of Infosys here. Today we want to keep the session very focused and we also want to keep the session more interactive - less of PPTs, more of discussions, more of demos, more pointed discussions, no tangential discussions.

Today, we want to address some of these items which are on the top of your mind whether it is on Q1 or Q2, FY '17; leadership attrition and retention; more importantly progress on strategy execution, updates on Automation, new Services, sales effectiveness and so on. There are exciting demos on Mana, on Automation which I am sure you would really like.

So we will start with Vishal and Pravin providing the Business Updates. Then we have our Presidents. Ravi, who is execution guru of the company here. He will talk about the Automation and Mana progress. Then we have the tough taskmaster, Mohit Joshi talk about the new deal wins and the large deal wins, the top account growth and so on, where are we, what are we doing. The ever-energetic Sandeep Dadlani, the go-getter Dadlani on New Services, and the platforms what are we doing there.

In addition, we have lot of our leadership team here. We have H.R. Binod here, we have our Deputy CFO - Jayesh here. We have Mr. Jha, who heads our Products here; we have Sudip Singh, we have Narsimha, Vishal Salvi, Deepak Padaki, they are all here, they all be very happy to interact with you post sessions and during the sessions to address any of your questions.

So what I will do before I hand it over to Vishal, is really to quickly take you through kind of a recap of Q1. Here I would like to focus on the year-on-year perspective because we all know the sequential perspective because Q1 also has certain seasonalities, so I just want to briefly touch upon before I hand over to Vishal.

As you know, the revenue growth year-on-year was 10.9% in reported terms as compared to 5.7% in Q1 last year. Likewise, if I were to break up the overall growth of 2.2%, different components of our business grew differently. We are going to touch upon this in more detail in Vishal's session. If you look at core IT business grew 3.6% sequentially and products, platforms and others though the Finacle degrew, we had very good growth in the new pieces which grew 7.1%. The Consulting Package Implementation piece as we discussed earlier degrew about 1%. So overall was 2.2%, but there are components of our growth engine which are healthy.

Now, top accounts and large deal wins momentum as you know was 9.2% top-10 accounts grew as compared to 6.3%. Average size of our top-10 accounts increased though in small amount. Large

deal wins momentum in Q1 was higher and most importantly the number of \$100 mn accounts, we saw about three increase last quarter in Q1.

On pricing, there was a year-on-year decline of 1.3% in Q1 of this year in reported terms, in constant currency it was more like 0.2%. This is something which we need to address through internal productivity measures which we are going to touch upon later.

On the operating efficiency levers, we keep talking about this over the last couple of quarters. There have been some good progress in indicators like utilization in last quarter as well as if you look at the employee cost as a percentage of total revenue in Q1 of this year was slightly better than Q1 of last year. Subcon, there was a small uptick there. Overall operating margin in Q1 was better than the operating margin of previous year. Onsite effort mix continues to be a factor that we need to work on because some of the new projects starts are typically onsite-heavy, so we need to really work on it. Utilization in Q1 saw an uptick.

Likewise, the operating cash flow in Q1 was healthy and we also had small reduction in DSO as compared to Q1 of the previous year. Likewise, on dividend payout if you compare the whole year we had a healthy dividend payout as per our revised dividend payout policy. We increased from 30% to 40% to 50%, we paid 50%, and also as a consequence the liquid assets as a percentage of total assets over the last couple of years has been dropping.

I think these are all some of the key highlights that I want to keep in the background of our Q1 performance and how does it compare of Q1 of previous year.

Now, I request Vishal to provide a broad business update and progress on strategy execution.



**Analyst Meet 2016
August 26, 2016**

CORPORATE PARTICIPANT

Vishal Sikka

Chief Executive Officer & Managing Director

Vishal Sikka

Thanks so much, Ranga. Good Morning everyone. Thanks for coming. This is the second analyst meeting since I took over. It has always been our endeavor to continually engage with the investors and analysts and to share our perspectives and we will continue to have this event on a periodic basis. Last time we met was also here in Pune in the fall of 2014, shortly after I had started. A lot has changed since then. I know that all of you are eager to hear from us on some of the key aspects of our strategy execution, our growth, both the near-term and the medium-term growth as well as the overall business environment. As many of you have written or spoken about some of the key near-term aspects, Q1, Q2, etc., I want to address those upfront before I take a few minutes to talk about the strategy execution and then Q&A.

Many of you have asked us whether Q1 was an aberration to the growth trajectory that we saw in the previous year, and if so, whether we have arrested the drag factors that we saw in Q1 or whether these factors are likely to impact Q2 growth as well. As we have highlighted earlier, while the core business grew and Ranga just mentioned this in Q1 at 3.6% sequentially and 11.2% on a year-on-year basis, we had challenges in Consulting, Finacle and the India business units which declined in Q1. We believe that we have by and large arrested the de-growth in Consulting in the current quarter. We will continue to monitor Consulting closely in the coming quarters. We expect both Finacle and India to grow in this current quarter. As you have probably seen in the news we have made leadership changes in Consulting and also in Finacle. In India, we see certain new projects gaining momentum. I therefore want to reiterate that the drag factors of Q1 have been largely arrested in Q2.

Coming to Q2, we are confident that the sequential growth in Q2 will be better than in Q1. We are focusing on the execution of our strategy and I will cover the same a little bit later in my presentation and then my colleagues will provide details on how we are renewing our current services through the use of new platforms and automation. They will also illustrate this through some successful examples and client testimonials and we also have live demos here in the session as well as outside. While we can confidently say that the Q2 growth will be better than Q1, the current business environment is somewhat more uncertain than when we entered this quarter. We will continue to focus on navigating the uncertainty and the headwinds with a very focused and disciplined execution.

Coming to Q3 and Q4 and the Outlook for Fiscal '17, we believe that what we deliver in Q2 will be very important and we are all very focused on ensuring this. As you will recall, when we guided the markets in July, we had clarified that it was too early to consider any uncertainties coming out of for example Brexit. We have seen early signs of cautious client behavior and the impact on our projects. Our recent announcement on RBS is one example like this. Likewise in recent weeks, we have seen some of our competitors also reduce their revenue guidance which is a reflection of prevailing business environment. Although Q2 growth looks better than Q1, we need to watch where it will close and we still have five weeks of execution left in the quarter. Also, by October, we will have more time to assess to what extent we can offset the impact of the headwinds such as RBS in Q3 and Q4 through other business opportunities and new services. At the same time, we have also seen more clarity on projects like the GST and recent large deal wins that we have had which are now ramping up. Given these elements of uncertainties to our current guidance, we will

be able to give more accurate picture on the guidance in October after we have finished executing Q2 and finished assessing Q3 & Q4.

I am also aware that many of you believe that certain recent leadership attrition has resulted in stretching our executive leadership bandwidth. I have to candidly say that some of the exits were related to performance. We are expanding the bandwidth of our current presidents by creating smaller business units of \$500 to \$700 mn headed by our next line of leaders. This will help us in better market penetration and in client management. We also believe that this will help our three presidents as well as Rajesh who is recently elevated to president, address longer-term strategic levers and accelerate the new services. I want to emphasize that while we have a strong leadership depth in the company, we are also infusing external talent and we have made progress in attracting some key external talent to key leadership positions within the company.

Before I move to other parts of my presentation, I would like to reiterate that the trajectory of the key parameters of our strategy execution namely large deal wins, top account growth, operational efficiency, software and new services growth are all moving in the right direction.

I also want to reiterate that we are committed to a very focused and disciplined execution in Q2 and beyond and we want to take the opportunity of today's meeting to share with you the progress that we have made on our strategic initiatives.

As you know, over the last two years, we have been executing on this dual strategy of renewing our core business and in parallel entering into completely new businesses that are unprecedented. I believe that this is a universally applicable strategy, in the sense that it is not only something that applies to Infosys but in the times that we are living in, in the kinds of disruption technologically that we see happening in every industry, this is the strategy that applies to every company.

The duality of Renew and New is very well thought out. Elements of this go back to the 1960s in the work of Arthur Koestler in the act of creation, when he talked about innovating in parallel in two dimensions, the known dimension and the unprecedented dimension. But the duality of the Renew and New strategy has to be founded on a third pillar which is the pillar of culture. Culture inevitably ends up being about things like learning, like education, like collaboration, like values and purpose.

We have been executing in an extremely focused way on our strategy and while these execution elements pay dividends and pay rewards over long periods of time, I mentioned earlier the quarterly outlook and so forth, I am confident that the steps that we are taking and the results that we are seeing are helping us win and helping us growth along this all important strategic dimension. When we look at the three elements of this, on the Renew side, first and foremost, we have operational excellence. Pravin will talk a little bit more about this. Operational excellence will have several key aspects, key rewards that it will pay us in the near-term. This include things like utilization. You saw in Ranga's charts and our recent performance under Ravi's leadership, utilization has been improving and it continues to point in the right direction. Other elements like onsite mix and role ratio; sales effectiveness which Mohit will talk about; large deal wins where we have been doing extremely well and now under the leadership of Ritika we continue to see

great progress happening in this direction; rethinking the way that we engage with our clients, engaging with the top-5, 10, 25 and 50 clients, in all these metrics we have been making progress.

The fundamental improvement in the renewal of our business, as I have argued over the last two years, is coming on the basis of automation, on the basis of bringing AI technology to bear in helping us renew our services. Our main endeavor in this regard is our Mana platform. Our Mana platform tomorrow will be four months old and I have to say in this last four months, we already have the first four clients of Mana that are live in production. We have several dozen engagements already underway and I am extremely excited about the role that Mana is playing. Sudhir who just joined us after ten years at Google, will talk more about this. What I am excited about is the role that Mana is playing in both renewing our existing business and our existing services in the way that we approach new projects, new large deals as well as our existing ongoing projects and large engagements in transforming those, in improving our productivity, in enabling “Doing more with less for more” as Prof. Mashelkar says and improving our productivity. But equally exciting and perhaps even more exciting, is the role that Mana plays in completely enabling new kinds of applications and in process renewals at our clients. So Mana is applying to both renewing and improving the productivity of our existing projects, deals and new areas - process renewal and completely new applications.

The third aspect of ‘renew’ that we have been making great progress on, is the enablement of the landscape renewal of our clients. Many of the large businesses still have huge mainframe and legacy footprints. By bringing together our innovation, we have been working on moving these landscapes for example to the Cloud, renovating these applications and finding efficiencies by improving the existing businesses of our clients through the power of automation, through the power of simplification, through moving this to the Cloud and so forth. Our Mainframe modernization practice for example that Ravi launched back in February of this year, has seen tremendous growth. We see a pipeline already in this area of several hundred mn dollars and we expect that this is an area that will continue to grow in partnership with the companies like Amazon Web Services, Microsoft and others who are helping us, bring a great renewal to the enterprise landscape.

Beyond the renewal of the legacy enterprise landscapes, by bringing together Consulting, BPO as well as our traditional services like ADM, Verification, Package Services, BI and others, we believe that we can offer a tremendous simplification to our clients. For the last few months, Ravi also has responsibility for our BPO business and we are seeing the first sign of bringing together an integrated BPO together with the rest of the services. The value that this can generate whether it is in managing digital landscapes of clients by integrating the digital practice with for example, reporting, analytics, forecasting and bringing together engineering with the management of the shared services. So all these areas are growing very rapidly and same applies to our products like Finacle. We are extremely happy to announce a new leader of the Finacle business in Sanat Rao, bringing together of some of the core innovation that we have done in our Edge products like the EdgeVerve foundation as well as the work on our blockchain foundation in renovating Finacle and bringing Mana-based analytics and machine learning for Finacle clients. So in all of these ways, the renewal of our existing business is continuing.

The main point of the renewal that I have argued over the last two years is to bring automation so that we may do “More with less for more” and with that improved productivity, we become more innovative. That culture of innovation of grassroots innovation is of paramount importance for us in order to become a next-generation services company. In this all important category, I believe that we have made significant progress. That duality of automation, fueling our productivity improvement and leading us up the value chain towards innovation is something that is at the heart of what we are endeavoring to do. I am very happy to say that we have made significant progress on this front.

In the new area with our Skava platform for Digital, as well as our Digital practice under the leadership of Scott Sorokin, Corey Glickman, Henri Johnston etc., in Ravi’s organization, are working actively with clients, in not just calling everything that has a modern digital flavor but really in getting our clients to engage with their clients in unprecedented new ways in areas where the physical value chains are now becoming Digital. I think that this digitization of the physical world of the engagement of our clients with their consumers and their end users is truly the point of being digital that Negroponte wrote about more than 20-years ago and we are starting to see some significant progress along this dimension.

We are also creating with our Design Thinking practice as a tip of the sphere in our Consulting which I believe is going to be at the heart of the renewal of our Consulting business together with Mana, the opportunity to build completely new next-generation intelligent applications.

Digitization also applies in particular to the digitization of the physical world. If you see this room, we are sitting in a room that is heavily instrumented. When you came here two years ago, many of you might remember that the same room look very different. Now many parts of this room are completely instrumented – the sound systems, to the network connectivity, even the cell phone connectivity inside here, even though we are inside and closed chamber to the instrumentations, sensors, everywhere inside this. We see the emergence of Internet of Things and Digitization of the physical world as a tremendous opportunity for us. Outside you will see an example of a Digital Farm that we have put together for one of our clients where the plants are instrumented across their entire lifespan from the seed to the time that they die where Mana can bring a tremendous amount of intelligence in the digitization of something as basic and as ancient as farming. You will also see examples of how we are bringing Mana and the Digitization into physical world artifacts like airplanes and so forth.

In the new areas, we have also been working heavily on creating new ecosystems, new investments as well as selective M&A wherever we can by bringing in next-generation technologies and working together with these. So Sandeep will talk a little bit about this in his session about how the new areas are helping us expand our footprint by getting into completely new territories as well as helping our clients get into their new territories on the back of our new services.

Finally, Culture. One of the most important pillars and strengths of Infosys has been its culture, our values. One of those values is education. The core value perhaps, Mr. Murthy used to talk about “Learnability” the ability to learn is at the heart of our transformation. When you look at the basic journey of the company along this upward trajectory, this upward spiral of bringing automation to improve our productivity and becoming innovative, education is at the heart of this

trajectory. One dimension of it is Design Thinking. People often ask me, “Why are you so focused on Design Thinking?” It is because we have a company of 200,000 people who are going to achieve this dual objective of on the one hand improving their own productivity with the power of automation and on the other hand bringing completely new kinds of innovation that they never did before. That innovation is enabled by Design Thinking. I am very happy that because of our great ability to educate employees at a massive scale, we have now crossed 104,000 employees who have been trained in Design Thinking, including more than 20,000 right here in Pune.

So Design Thinking as well as Education in Artificial Intelligence and in new practices like DevOps and Agile at a massive scale is at the heart of how we will become the next-generation services company. I am very happy to report that we have continued to make significant progress in this dimension.

This Education has enabled us to launch our work in Zero Distance. Zero Distance has now reached close to 100% coverage across all our projects. We have close to 9,500 or so projects going on right now, almost every single one of them has a Zero Distance plan. Clients come to me and say, “Vishal, you guys are doing something amazing. What is going on? I see innovative ideas coming up everywhere like fireworks from your teams.” Zero Distance relies on education, in particular Design Thinking. It also relies on a culture of collaboration. We continue to innovate in the way that we teach. One of the things that we have been teaching our employees is collaboration as a methodology in a very innovative way. We continue to work with outside sources. We have recently launched our first endeavor with Udacity to bring Nano degrees to students in India. We are also working with Coursera and ADEX on bringing more onsite education to our employees as well as some of the foundational work in learning itself that we are doing together with learning pioneers like Allen K.

One area that we have been heavily focused on within collaboration is also bringing in new techniques for employees to work together across boundaries. We believe that the next evolution of the Global Delivery Model is a Virtual Global Delivery Model, one where people sitting across physical boundaries, can work together. Virtual reality and we have several virtual reality demonstrations here as well, will play a great role in creating virtual rooms that can give the kind of an experience that we have right now, all of you had to travel here to be in the same room, but this virtual reality we are getting close to the point where we will be able to create an experience of being together in a place like this which is fundamental to a company like us for our future.

So all of these underlying cultural foundations are helping us to grow along our strategy. I am extremely happy with the progress that we have made in the last couple of years along this dimension. We are starting to see this in the underlying statistics and while our business is one where short-term uncertainties and individual decisions can quickly bring negative business outcomes and ramp-downs and things like that which are immediate, build-up like this takes time. I feel really proud.

I want to share one example. Every month Ravi and I do a Zero Distance meeting. Usually, 20,000 - 25,000 people participate in these meetings. It is an extraordinary display of grassroots innovation. People ask me “At Infosys where is the innovation department? Do you have a lab in Palo Alto or Berlin or somewhere?” A company of our size and our scale could easily set up a lab

somewhere in some exotic place in the world where there are innovators. But the main point of innovation of becoming a company that helps businesses evolve in this time of tremendous digital disruption is not to have a small lab somewhere and say that, that is where our innovators are. But to have everyone in the company, be an innovator and that is what we are after.

Recently, in the last meeting that we did, we were at Stanford. One of the things that we have been doing to grow our leaders is we have launched a great program to teach about 200 of our senior leaders at Stanford in the business school. Some of the basic foundational executive business skills. We were together and it was late night in California and we did the Zero Distance call. One of the projects that presented themselves was a verification project from the IVS, from our verification team under Narry's leadership. The project manager of this team is a lady in Chennai, 30-year-old, she and her Delivery Manager boss were there. They were working on a project that was going to expire one year later. It was a Time and Materials verification project. On their own, their Zero Distance innovation was some kind of an automation tool that they had built on their own. Nobody knew about this. This is one out of 9,500 projects in the company. This automation tool that they built, they presented it to the client on their own. The client was so amazed that they said that we are going to renew this project that you have which is going to expire next year for another three years after that. We turned that T&M project into a fixed price project. On the surface of it, improve the economics to the client and it looks like we will drop the margin. This is the situation that is happening everywhere in the industry, where continuously there are rebids of existing projects for lower prices and we are in this downward spiral. This team on their own proactively arrested this, converted this T&M project into a fixed price project, extended it by three years, on the surface lowered the margin for the client and within two months because of Zero Distance recovered that margin. By the time they presented it to Ravi and me, their margins are already better than the margins that we had before. At that moment I felt that there was a milestone that we had reached in this Zero Distance journey, that a team sitting somewhere on their own had achieved this outcome.

Ladies and Gentlemen, all this talk about 'Renew and New and Automation and Innovation and Design Thinking it is all talk. In the end when we get to the point and we will get to that point, when there are 9,500 projects that can do things like this on their own, we will have turned ourselves into a next-generation services company; a company that is not doing the same thing that others were doing but cheaper but a company that can help our clients innovate like nobody else can in everything that we do. That is the big purpose, that is the big endeavor that we are after here and on that all important endeavor, we are making very good progress.

Thank you very much.



Analyst Meet 2016

August 26, 2016

CORPORATE PARTICIPANTS

Pravin Rao

Chief Operating Officer

Pravin Rao

Good Morning. A Warm Welcome from me as well. I will spend the next 15-20 minutes talking about the Operational Highlights. It is a standard Safe Harbor Clause. As Vishal said, our renew and new strategy has been resonating very well with our clients. We have seen tremendous improvement in almost all the client metrics in the last couple of years. We have added 325 new clients taking our total client base to 1,092 in FY'16. Our average revenue from top-10 clients increased to \$213.8 mn. The growth engine for us in future has also increased significantly from 529 in FY'15 to 558 in FY'16. Mohit later in the day will talk lot more on what we are doing on the sales effectiveness and I am also not touching upon what we are doing on the core delivery renovations which Ravi will be talking about later on.

Over the last two years, we have been on a journey to make the employee experience at Infosys not only empowering but also delightful. We have undertaken many focused initiatives in this regards. We have revamped our entire performance management process. About a year back we eased out the bell curve-based CRR process and now our performance is much more on a continuous feedback basis, much more continuous engagement with employees giving feedback on performance and development. We have also started looking at differentiating high performance in a much more unique way than we have done in the past. This year during the compensation increase the average increase of compensation for high performers was 2.2x the average increase across the board. We have also recently relaunched our stock option program; we have issued stock options for 7,800 middle management people, people who are in JL-7 and below. A significant percentages of them are at JL-7 and we have a coverage of about 22%. These are all high performers in that group. We have also broad-based and extended coverage to some of the people at junior levels as well. We will be extending this to senior management in the coming quarters.

We have also looked at providing better career and growth opportunities for our people. We have created an online market place where all the open jobs picking the system are available for employees to apply to. We are actively promoting more internal hiring and reducing dependence on external hiring and restricting it only to niche skills. This has been received very well by employees who now get lot more opportunities for growth within the organization. We have also simplified process for movement of people across various groups. We are also engaging with the new digital workforce in many ways. We have right from our relaxed dress code to BYOD to open internet and other things, many things we have done keeping in tune with the current times. Talent development is obviously top in our development agenda. So there are a lot of interventions both at individual level and at project teams' level. We have also created talent councils with experienced senior people in both delivery and sales to drive strategic interventions and talent imperatives.

For the onsite we have created a new program called "LaunchPad" this is for new people joining Infosys and the experience of people joining Infosys has dramatically improved post launch of this program. The feedback has been very positive. In the diversity and inclusivity area, we have launched a Mobile App targeted at would-be and returning mothers. This App gives a continuous information about what is happening in the company, it gives insights about opportunities available but more importantly it also gives opportunity for people to access learning platform so that they can continue to get skilled while they are on maternity leave.

We have also started interacting with families of employees, we have many interventions and creating that Wow factor, we have interventions like Petit Infoscion, we are celebrating milestones of people inviting families and so on. So all these have resonated extremely well.

So net-net, what this has really translated is our overall attrition in the last 12-18-months has come down dramatically. In Q4 of last year it was about 12.5%, one of the lowest in recent times. More importantly, in the last couple of quarters, we have been tracking high performer attrition. High performer attrition as you can see is also pretty much low when compared with overall attrition. There has also been a lot of talk in the recent past about senior management attrition and so on. But from a data perspective, I have also shown titleholders attrition which are senior management which is at a pretty low level; in Q1 titleholder attrition was only 4.9% as compared to the overall attrition of 15.8% at Infosys standalone level. So, the point is as Vishal also talked about while we have had some exits but we also have a very deep leadership bench and overall attrition is very much within manageable levels.

Going forward, we will continue to focus on differentiation, continue to focus on performance management, and also we will now start looking lot more on newer ways of leadership engagement, leadership intervention. We have recently also after a span of two-three years, we have hired new head for Infosys Leadership Institute, it is a lady called Robin, she will be based in US, she just joined about a couple of weeks back. So, we are very excited about her joining on board, she comes with very good background and she has spent about 10-years in GE as well in their leadership development program.

We always take tremendous pride in terms of our education and learning. Significant part of our success we attribute to our investment in this space. So we continue to invest in improving our infrastructure on education and we have seen tremendous improvement in all the metrics. Last year we saw percentage of employees reskilled improve to 69%, this reskilling is in newer areas, some of it is due to employees own aspirations, many of them are reskilling for newer technologies, some of them are also because of recommendations from the managers. We have also seen average training days improve from 4.1% to 4.9% for the year.

We have done multiple things. Our foundation program, the initial program which freshers when they join Infosys they spend about five months in Mysore going through this program, we have revamped this program significantly in the last 12 to 18-months. We have introduced new methodologies, new techniques, new tools and so on. One of the interesting things we have done is we are now training people simultaneously on three programs, that is what we call as “Power of Three.” The idea is we believe that by doing this people’s grasp of the fundamentals will be much stronger and they will also become much more versatile. So this is something which we have started in a couple of quarters and we are very excited about this. We have our own Infosys Learning Platform which we have developed in-house. So this is a light weight learning management system which has functionalities like collaboration, integrated hands-on, auto verification and all these have resulted in significant increase in the learning effectiveness. That has actually shown in the results. So if you look at first time passing training, typically at the end of five months of training, people are administered test and typically it is a go or no-go test, people get 3 opportunities to pass the test and if they do not pass in three opportunities they are let go and

on an average we have three or four per cent of trainees who actually do not pass through this training. So the first time pass percentage after we introduced made all these changes in our training methodology has improved from 45% to 65%. Similarly, high performer people getting more than 80% in our training has also improved from 16% to 31% by these interventions.

We have also launched Digital Tutor. It is an in-house YouTube kind of thing where we have all these learning videos. So this is again something which gives the ability for an expert to produce a video and deploy it in a seamless manner in a very short period of time. So people have started using this in a significant way. Going forward, we will be hosting this on Cloud so that all these learning platforms will be available for our employees anytime, anywhere and they can learn at their own pace.

Lastly, going forward, some of the areas we are focusing on obviously, we are also looking at a next-generation knowledge management system focusing on reuse and improving productivity. Apart from that, Vishal also talked about it apart from our own in-house training, we are also complementing it with external training through ADEX and particularly in newer areas like Coursera and so on. So lot of changes in training and results have been pretty impressive.

On the quality front, our quality programs are focused on improving our productivity and driving high maturity levels in our projects. In FY'16, about 75% of our projects were at highest level of maturity with CMM Level 5. We have had several interventions over the course of the year in terms of improving our productivity through usage of tools, through reuse, through platforms and more importantly, bringing this as part of the developer's ID platform, so that they are able to use some of these tools in a very efficient way and improve productivity. We have seen aggressive adoption of Agile and DevOps programs. Infosys has developed its own DevOps program for continuous integration and deployment which has been received extremely well. We also have a set of individuals in quality which provides Consulting, there are about hundred and odd people and we have seen significant traction in the recent months, particularly in the areas of training our clients on DevOps and other methodologies.

Going forward, we are focusing a lot on building the next-generation program management system. The idea is for any project manager when he starts a project based on the past experience, based on the nature of the project, idea is to recommend tools, recommend process, recommend methodologies, showcase what are the typical risks that one can anticipate during the execution of the project of that kind, the kind of projects similar projects we have executed in the past, the people who have worked on those projects, all these insights will be available to the project manager. Project manager will also have tools for modeling and predicting outcomes and then making trade-offs between number of people or timeline and so on. So the whole idea is today project management system is largely a data entry system but the idea is to transform it into something much more meaningful, something much more insightful which will provide insights and also give information to the project manager on an ongoing basis.

Over the years, as we have scaled and as we have grown, many of our systems and processes have become very complex and very convoluted. This has caused lot of frustration amongst people. So over the last 18-months we have been on a journey to reimagine each of our core process, reengineer them, using Design Thinking principles, simplifying it, making them much more

efficient, reducing cycle time, improving the employee experience, integrating various systems and so on. In the last three-four quarters, we have seen significant benefits results from this. For instance, in our OTR systems we have seen about 45% improvement in simplified order creation and deal pricing or in the procurement process in the areas of vendor empanelment, we have seen about 20% improvement in cycle times. On the IT side, we have provided, as I said earlier, we have had BYOD for our employees, we have enabled open internet for everyone in the company, we have mobile enabled about 20-and-odd critical applications, so people can access these applications anywhere, anytime on their own devices. We have invested a lot in communication and collaboration tools, we have adopted Yammer as a collaboration tool. Each of the employees now have access to video conference, audio conferencing and chat facilities on their workstations with which they can interact with both clients and their peers. We have also invested in technology which helps you provide better experience when you are working from home and in a much more secure manner. So there are many changes on the IT side as well we have done to enable and improve employee experience in a big way.

So far the effort in the last 12-18-months has been looking at each function, each department, identifying the key critical business metrics and improving them, making them best-in-class. Going forward, the process will be we are looking at some cross-functional processes, again looking at outcomes, looking at metrics and seeing how to make those cross-function process best-in-class. We have identified about 5 or 6 critical cross-function process across the system, some things like global mobility, OTR, procure to pay and so on.

Recently early this year we also launched a program called “Optivise”. This is a program where we have requested employees to share ideas and thoughts on how we can reduce wastage, reduce cost, eliminate cost and improve productivity. We have so far received about 3,200 ideas and suggestions. We have shortlisted about 250 ideas for implementation using the (DFV) Desirability, Feasibility and Viability Principles. About 27 such ideas have already been implemented.

So net-net, I think in the last 12-18-months we have seen significant improvement in processes. Our whole idea has been to make sure, we are simplifying the processes, we are improving the experience of employees so that we are reducing the cycle times, we are making employees focus much more on their core areas rather than getting bogged down with systems. There is a lot more emphasis on performance management, lot more emphasis on people enablement. As we have seen earlier, we have also revamped our training in a significant way using latest tools, techniques and methodologies. So, obviously significant progress has been done but this is again work-in progress and we expect to see much more benefits in the coming months. Thank you.



**Analyst Meet 2016
August 26, 2016**

CORPORATE PARTICIPANTS

Vishal Sikka

Chief Executive Officer

Pravin Rao

Chief Operating Officer

Ranganath D Mavinakere

Executive Vice President & Chief Financial Officer

PARTICIPANTS

Sandip Agarwal

Edelweiss

Anantha Narayan

Credit Suisse

Nitin Padmanabhan

Investec

Sandeep Muthangi

IIFL

Parag Gupta

Morgan Stanley

Pankaj Kapoor

JM

Ankur Rudra

CLSA

Sandeep Shah

CIMB

Yogesh

HSBC

Sandeep Mahindroo

Folks, as Ranga said in the morning, the idea is to make the day interactive. While we certainly have some presentations, videos, demos to share with you, but we also want you to get as many opportunities as possible to ask questions, highlight concerns, share any feedback. We have a 30-minute slot now before we break for tea. We will use the next 30-minutes for a Q&A with Vishal, Ranga and Pravin. So over to all of you for any question that you might have.

Sandip

Hi Vishal, Sandip here from Edelweiss. Just one question, as you mentioned on your starting note that you are seeing some early signs of cautiousness. Is it coming from BFSI or it is coming from across the sector in the region or you are just seeing it in some pockets and geographies? So that is question #1. Question #2 is that if you see our acquisitions in last 3-4-years since Lodestone, lot of margins have been diluted there. I understand that you would have done that acquisitions for skill sets and for cross-selling and other benefits. But what does your internal evaluations says that, is it okay to dilute those margins there and are you getting benefits out of it which is compensating for it, so what is your early evaluation of all those acquisitions in last 2-3-years?

Vishal Sikka

On the first question, uncertainties are generally client-specific. So far what we see is not anything very broad, but across industries in certain pockets we see some of these uncertainties. On your question about M&A, we continue to look at investments and acquisitions as a mechanism to bring in next-generation capabilities, new capabilities, new talent, new technologies. Specifically with regard to Lodestone, at the time when it was done four years ago or whenever that was, it was done as a mechanism to elevate the level of our conversations with clients. It was not so much for the consulting business by itself but it was to establish the consulting business as a mechanism of cross-selling and bringing it into other areas. So even though the business itself is dilutive, it does have downstream effect of creating additional demand and of elevating the conversation with the clients.

In our Consulting business, we declined in Q1 as Ranga talked about, and that decline in Q1 basically was a big part of the decreased performance that we saw in Q1. So even though both in the existing business and in the new business we had great growth, the fact that Consulting declined like that was one of the big drags. With Rajesh in-charge of Consulting, he is based in Paris, so about little bit more than two-thirds of our Consulting organization is in Europe, this is the former Lodestone. I expect that overtime we will evolve Consulting towards much more of the strategic design consulting as well its going to be a 'tip of the sphere' is what we called it to help elevate our conversations with our clients and to help create downstream opportunities. In that, if Consulting itself has a somewhat dilutive effect on the margin, I think that it will be more than

compensated for by the overall effect that it has. I have to share that Deepak who is here, his team recently analyzed these various options around Consulting and came to the same conclusion. We revisited this same question that you asked just about over the last two months and have come to the same conclusion.

Anantha

Anantha from Credit Suisse. Vishal, you gave us an update on the various pieces and strategy that you had highlighted when you joined and where we are in terms of the progress. Are there any areas which have particularly disappointed you?

Vishal Sikka

I think that in a large institution, in a large culture, in a well-established industry with its own ways of working, change is always harder and slower than it seems. I have actually been quite happy with the rate at which we have made progress. If you look at some of the more structural initiatives like introduction of Automation into our services and the adoption of that Automation, the success of the Mana platform as a commercial entity not just in our service of automating our existing service line work, but also in becoming a software platform in its own right on which new kinds of applications and process renewal work can be done, that has been quite amazing to see how quickly that has been adopted. The things that makes me the most proud of the last two years when we launched something like 54-55 initiatives to transform the company over the last two years. But there is one that singularly bring me the most pride is the 'Zero Distance' which is to create a culture of innovation across the company and that has been a great source of strength and pride.

On the negative side, Pravin talked about this. Many of the processes and the systems that we have are quite old. It will take a while to evolve that. The thing that I find two years after being in this industry is the kind of conversations that we have with clients are still not strategic, not very high level. We by and large are an industry of procurement, IT-oriented kinds of conversations which are largely RFP-driven, cost-driven and so on. It is something that I have accepted and we are transforming that from within. But that is something that has been a source of unhappiness that I wish we had the ability to have much more strategic conversation. We have started that but it is at a relatively small number of clients. I would say approximately 50 clients out of more than 1,000 clients where we have really elevated the conversations to the very strategic levels by using some of the new areas of engagement. This is the case with the entire industry, it is not only specific to Infosys. So that is an area that I look back on the last two years as an area that I wish we have made more progress on.

Nitin

Vishal, this is Nitin here from Investec. With reference to the uncertainty that you were talking about, how are you seeing that impact the deal funnel and the rate at which closures of deals happen, the sales cycle? The second one was on attrition. How much of the attrition is really involuntary out of the overall or it is more involuntary than voluntary?

Vishal Sikka

We continue to see a healthy deal pipeline and our performance both in terms of market share as well as the overall deal pipeline continues to be strong. We have been on a very good trajectory in the last few quarters and I expect that this will continue to be the case. However, we have to be cautious that large deals even though we have won significant number of them in the last few quarters and we continue to do so, they take time to ramp up. Ramp ups are not immediate, they take time and that is something that we have to deal with.

In terms of attrition, this year continues to be an area of great focus for us. I think involuntary attrition is a code name for a 'layoff' or something, right!! So we are not doing any layoffs, there is no involuntary attrition like that. I do not know why people use such, I guess 'Obsequious' is the word. We are not doing any layoffs or anything of that sort. We continue to focus on as Pravin said high performer attrition. We have worked on an elaborate mechanism to identify the high performers. They are not just the ones whose manager says they are high performers, but they truly are high performers. So there is a subset of our company which we believe are extremely valuable. Every Infosys is valuable but in particular there is a group of high performers that we want to focus on. I would expect that attrition in high performer will continue to improve, meaning continue to decrease.

So, we are doing a lot of fundamentally new kinds of things, so a lot of our employees continue to be in high demand, Infosys always had this situation, there are times where people who teach Design Thinking at Infosys for example gets six times improvement in their salaries from competitors and things like that and our view on that is that go ahead, we will create more this kind of a thing.

Sandeep

Sandeep from IIFL. I have a question on the Automation. Lately we have seen almost every large IT services company showcasing their automation initiatives. The instances are a lot more in the past couple of quarters. I wanted to get your sense on, have you seen the commercials on projects or deals where you are entering into Automation and we have an Automation component worsening over the past one year or is it that Automation projects are still really small in the overall scheme of things and every vendor has been able to have good commercials with the clients?

Vishal Sikka

That is a very good question. In fact, we have Ravi, Sandeep and Mohit will be here later, will talk about some of these and Sudhir will have a dedicated session on this. So I imagine they will cover more there. Maybe I can give a quick overview. Everyone talks about Automation because it is the future of the industry, there is no doubt about it. I believe that we are ahead of others but this is not something to be particularly proud of or sit on the laurels around. We believe that what we are doing with Mana is ahead of others in the industry, both here in India as well as other parts of the world. Sudhir can talk more about that later.

We have done extensive work in bringing many different kinds of AI technologies to the world of automation. One of the unique things about Mana is that we are applying it to far larger class of problems and far more complex class of problems including applications maintenance and things like that that require a lot more mental work. I will refuse to use the word, cognitive, because these days everything is cognitive, even inventory is cognitive. But much more complex, human brain power requiring kind of work we are doing with Mana and Sudhir will have some examples of that. So it is a highly differentiated thing that we are doing. Maybe Sandeep can talk about the kind of pipeline that we see in Mana is both around bringing Mana to existing work and Ravi will talk about this as well as a completely new kinds of application like the digital farming that we have outside or airplane balancing and things like this.

In terms of the existing business being affected by Mana. Yes, we do bring Mana into large deals, all other companies with their own automation tool kits more or less do the same. I think it is inevitable because the kind of cost pressure that we have in these large deals because the clients themselves are under cost pressure because of digitization and the disruption that it causes, the competition is fierce and automation-led improvements in cost efficiency have become more prominent. So this is like a triple whammy that hits large deals and that we need to respond to. We believe that Mana can help bring enough of a productivity improvement to differentiate the kinds of cost and so forth. That would apply to both large deals that we apply that we go for as well as many of our existing larger programs where Mana can eat away some of the manual work. But correspondingly, there is even bigger opportunity with applying Mana for new kinds of applications that we continue to be very excited about.

Parag

Vishal, you made an interesting comment that some of your business segments you are breaking them up into smaller businesses of \$500 to \$700 mn. There is a growing sense about new companies, start-ups coming and disrupting because they are more nimble and more agile. So are there any specific areas where you have taken these initiatives. Could you get us a sense of who are these companies whom you are fighting against – are these global companies, are these smaller companies, so just a sense of which areas and what is the competition like out there?

Vishal Sikka

Maybe Pravin, Mohit, Sandeep, Ravi can add to this. I will give you my perspective which is very clear and somewhat different than the conventional perspective. We do not set ourselves up because of what somebody else does or whether it is a start-up or a large company. We are simply doing this for two very basic reasons. We want to expand our bandwidth, we want to improve our effectiveness and agility in responding to opportunities and we are doing it to better serve what we see as our opportunities and our ways of addressing those opportunities. We do not have any consultants helping us out on creating the set up and things like that. The reason for the \$500 to \$700 mn general guideline around creating a sub-segment with a P&L and so forth is that it gives us bandwidth, it gives us scalability, it gives us isolation and accountability of individuals. This could be anywhere from a handful to a couple dozen clients that you would have one leader for.

So it gives the 3 of us as well as Mohit, Sandeep and Ravi the ability to zoom in on the particular needs of a particular cluster of clients. Every large scale system in the universe is a distributed one, a decentralized one. So this is basically what we are doing.

Pankaj

This is Pankaj from JM. Last couple of years while you have been bringing a lot of changes in terms of new and renew. How this has helped us in terms of gaining market share within our clients? Any sense if you can give either in terms of the wallet share gain that we have seen, what has really driven this, maybe top-10, top-50, whatever slicing you want to take?

Vishal Sikka

The three main ones that come to mind is that are quantifiable is the top account growth, it is the growth for example the top-10, top-25 accounts. It is the growth in the number of \$100 mn accounts. It is the growth in the large deal wins which is a direct result of differentiated approaches that we bring in, it is also in the renewals of our existing programs without RFPs and so forth. So all these are very tangible, quantified base in which the differentiated strategy has been showing results.

Pravin Rao

Last year our large deal wins was about 40% more than large deal wins in FY15, that is a clear indication. Average revenue per top-10 clients also has significantly increased and in the last year again in Q4 our growth in the top-10 and top-25 account was much higher than the Infosys average growth. So these are all parameters which clearly say that some of our strategies are resonating well and our level of engagement with most of our top and strategic clients are improving in the last 6 to 12-months.

Pankaj

So in your assessment, is this gain coming through by gaining market share from the other India-based player or this is coming in versus the global peers?

Pravin Rao

Both from India based and global peers. Particularly in the areas for instance if you look at significant percentage of large deal wins is in the areas of Cloud and Infrastructure Services. There it typically comes from global players who are probably incumbent for the last 5-10 years. But in other areas we have enough evidence of having won against India-based players as well.

Pankaj

And lastly just a question on the current quarter, of course, we have seen the full impact of Brexit now with almost a month old. So what basic changes in the operating environment in the quarter to-date have you seen which is different from what probably your expectation was going into the quarter?

Pravin Rao

At the beginning of the quarter, RBS is a public knowledge, the ramp-down in RBS which was one of the cause of Brexit thing, was clearly not seen at the beginning of quarter. So that is one clear example. We cannot attribute to any specific industry but at least we have seen in some few clients some softness which we did not anticipate in the beginning of the quarter.

Pankaj

Is that concentrated in UK alone or is it something which you are seeing in US clients as well?

Pravin Rao

It is primarily in Europe but we have seen client-specific cuts across geographies. We have had clients in other parts of the world also where we have seen some softness.

Ankur

Hi, it is Ankur from CLSA. Just the first point on the guidance. I understand your comments in the lack of visibility right now. I just want to clarify one thing. Are you taking a policy stance that the guidance will only be updated every quarter along with results and hence not updating it now despite the current change or is it more based on what you see in the market where you think you are comfortable with the full year guidance?

Ranganath D Mavinakere

As we have always said that, whatever visibility that we have we will say. As Vishal kind of reiterated a couple of times in the morning opening address that while some of the drag factors of Q1, we have put behind and we have addressed and at least arrested some of those factors, at the same time some of the things that we had not anticipated when we gave guidance like the impact of this RBS etc., So there are both factors, at the same time he also reiterated that some of the India projects, we see some momentum and things like that. So there is a combination and we have still five weeks to go. We want to give a more accurate picture on guidance after we execute Q2, after assessing Q3 and Q4, we need to see whether RBS is one-off, are there more and at this point we cannot, there are uncertainties around it. While he also reiterated that our focus is on disciplined Q2 execution, we want to make sure that while we are confident that Q2 execution or the growth is better than Q1, we want to make sure how we end Q2 and by then we will be in October. By

then the Q3 and Q4, to what extent whether is RBS alone, more whether it is one of the pieces and to what extent could be offset or not offset, those headwinds. We will be in a much better and much certain position by the time we come in October. So that is more like it than not kind of saying that, "Look, we will not do this or that."

Ankur

One question on the large deals. Clearly, there has been a lot of success in the last couple of years and it is helpful to look at the company that way. But one of the things that we struggle as analyst to understand is what proportion of these large deals breakup into net new deals versus renewals which gives us a better idea, we know how much of the guidance is supported by that, if you can give any color towards that?

Ranganath D Mavinakere

That is a good point, Ankur. Quarter-on-quarter that composition varies. For example, in the last quarter the proportion of the rebids was higher at app. 50% in the last quarter, that is in Q1. However, if you look at the previous quarters, it was probably more like 30% was rebid and 70% was 'new'. So the composition of the 'new' versus the 'rebid' varies from quarter-to-quarter, it is exactly deepening upon what kind of deals get announced in that particular quarter. But on a large basis, we do see the rebids in the range of around 30% to 40%. What I mean by rebid is really rebidding our own work, at the same time we are already present in the client but we are taking some portion of our competitors. That is also part of the rebid. So we have a mix of both.

Ankur

Vishal, would like to know your views in Consulting. You have seen Consulting as technologies at SAP earlier, and you have seen that Infosys is one of the stronger consulting outfits out here. Given that Consulting typically is viewed as one of the ways that companies highlight innovation to the clients, because your approach in innovation is different, you want to do it more grass-roots, but I wanted to know how much of your focus is on Consulting as well? In that context, we have seen some perhaps minute part of elevated attrition earlier this year which impacted your last quarter. Innovation is happening but one part of Consulting is not doing well. So both your structural thoughts and the cyclical thoughts around that?

Vishal Sikka

That is a very good point, Ankur. So there is abroad sense of consulting and how that evolves. Rajesh is in Chicago. He could not join us here today. So broadly what is happening in Consulting and the Infosys-oriented parts of it and after Q1, I spent significant amount of time with the team and so on. Broadly, what is happening in Consulting as you said, it has been around the idea of taking packages, taking existing best practices and making them available to clients. So looking at a client situation and comparing that to "Best Practices" and identifying areas of improvement and things like that. So this is basically generally what Consulting has been about. One of the side-

effects of Consulting is that typically Consultants are able to carry out conversations with the C-suite with the corner offices and that has effect of elevating the conversation towards a more strategic kind of a conversation.

Having said that, the businesses of today are looking for a different kind of Consulting. They are looking for ways of understanding on the one hand how to simplify and improve their landscape but they are also looking for advice on next-generation kinds of things that they need to do in order to survive and to thrive in the digital world and so on. So that needs a different kind of an approach, that needs Design Thinking, a more consultative innovation kind of an approach, that is the one that we want to focus on. So we are on a journey to transform our consulting towards that kind of an organization which is then complemented downstream by the services organization that is a very innovative one which is where the grassroots come in. So it is not only the grassroots, it is the grassroots in combination with about disruptive innovation, with the more problem-finding Design Thinking kind of a work that we can do together with the client. So that is the general picture and we will get towards that.

Now, Infosys-specific situation on Consulting is a very different one. We have had over the last 12-years or so, primarily US-oriented consulting arm and then we acquired Lodestone which was primarily an SAP-oriented consulting firm. So not only different cultures than Infosys, but also different culture from each other. This is what we have been working on integrating and transforming into this bigger vision that I laid out. Now, the challenges that happen in Q1 in Consulting were largely because of the fact that certain payment milestones were reached and a bunch of people left at the same time and certain clients ramped down and things like that. So these were the things that with a better handle on it, we could have prevented and we are now taking steps to arrest the de-growth that we saw in Consulting in Q1. Having said that over the next several years, we are working on and we do expect to see Consulting becoming a more significant part of elevating our conversation going towards this implementation of the 'renew' and 'new' strategy at clients and helping become that 'tip of the spear' that brings the rest of the company forward with that. It is a journey. Rajesh is now in-charge of it. He is doing a great job of getting wired into the consulting organization and I expect that we will see continued progress in that direction.

Sandeep

This is a question on the senior management attrition. I think we have seen a bit of volatility within Infosys in the last 4-5-years. Under the new leadership, I think this has been handled well but off-late in the last couple of quarters, I think there is a bit of increase here. So apart from involuntary reasons as well as the external opportunities, is there a one or two key findings or the learnings for Infosys? Under the new strategy of 'renew' and 'new', are you finding it really difficult in terms of a role replacement either internally or externally?

Vishal Sikka

No, we are not finding it difficult at all. I would say that bigger part of it is because of performance and there are a couple of cases where people saw bigger opportunities and so on. But by and large

it is simply performance and we want to ensure that the company is executing well not only on the long-term path but ensuring that continuous execution on an ongoing basis and we will continue to be acting in that sense. I would like Pravin or Ranga to have any more thoughts on that.

Pravin Rao

As I said, I showed in my slide data on 'Title Holders' because these are all senior leaders in the company, totally about 500-550 people. If you look at that attrition, that is very small percentage. We have probably not done a good job in terms of giving visibility to the next layers. Even under the presidents, we have got about 20 and odd Regional Heads who are really running various segments and so on. So obviously when people get good opportunities, it is not everyday people get a CEO kind of opportunity, people obviously try to grab that. But by and large I think we have enough management strength and the way we view it is while we are sorry to see some of the people go but we also view it as an opportunity for other people to step up to the plate and they get an opportunity. It is not a concern for us and we will continue to enable and promote our people. At the same time we will also infuse talent from outside as well because we need that good mix as we execute our strategy.

Yogesh

This is Yogesh from HSBC. Vishal, you have been talking about automation, new age technologies, Design Thinking from day one. Do you think at some point your growth will become relatively immune to near-term macro volatilities because you will be able to gain market share more consistently and so any near-term issues would not impact the growth?

Vishal Sikka

Yes I do, Yogesh. We are not there yet because some of these new so-called immune areas are not at the scale yet that they can counter the downturns in other parts of the business but we will get there. If you look at some of the software areas like Mana or Skava or Edge, these will be buffers or will give us the ability to guard against some of these structural or seasonal declines and so on. If you look at the upcoming Q3, traditionally there are these furloughs and less number of working days and things like that which for a software guy that is the kind of a strange concept because in the software industry that quarter is the one where the largest number of license sales happen. So over time we will get there but today the bulk of the business is the traditional business. Even though we have seen tremendous growth in the new areas, last quarter we saw more than 30% growth in the Platform area quarter-on-quarter, it will take some time but we will get there and that is the journey that we are on.

Ranganath D. Mavinakere

Thank you. Actually, after this all the three presidents will talk about Mana, Automation, and the New Services. They will take questions at the end of their session as well. We have a couple of demos coming up. Again, around 2:30, the entire management team will be available for Open

House and Q&A, Vishal, Pravin myself and all the Presidents will be again available in the second half as well after you hear from the Presidents on the progress of Mana, Automation and the Sales Effectiveness.

Thank you.



**Analyst Meet 2016
August 26, 2016**

CORPORATE PARTICIPANT

Ravi Kumar S

President, Chief Delivery Officer

Ravi Kumar S

Hello, everyone. We have all people in? Okay. So, what we will do is the three of us will cover more details from the morning session. I am going to talk about renewal of services. Mohit is going to cover sales effectiveness, large deals large account performance and Sandeep is going to cover new areas and how we are coping up with it.

So, just to cheer this conversation up, what I will do is I will kind of talk about why we are trying to reduce services, and I do not want to preach here. All our clients are going through significant transformation and there is a confluence of market forces starting from disintermediation to adoption of new business models to actually in some ways balancing the digital versus physical or the duality of digital versus physical, very low entry barriers and in some ways very untraditional competitor. So, what they are going through this time is unprecedented, technology is in the core of this transformation which is happening, and that is one of the reasons why and that is possibly the main reason why we ourselves are going through a transformation, we ourselves are going through a renewal of services. Actually, Vishal spoke about applying the New and Renew framework which we apply to our clients, we applied it to ourselves and that has been our basis of the renewal. And we have actually based the renewal of the services on three broad principles or three broad powers if I may, starting with renewal of culture to applying the power of automation and boundary less thinking.

So, what are we doing on the culture? In fact, many corporations go through transformation where culture comes very back loaded. We actually front loaded the cultural renewal and we kind of took at grass roots, and that has been one of our biggest drivers for the renewal of our services, renewal of our employees. In a way, what we have done is we have kind of created an Infosys with a concentration at the nucleus of the projects. And we kind of reorganized ourselves to enable projects in the center of everything we do. And the few things which we actually looked at when we are looking at cultural renewal is the mindset of employees. Design Thinking as Vishal spoke about, we almost got hundred thousand people enabled on Design Thinking, their ability to look at problem finding as a mindset in comparison to problem solving.

The second important one is about a next generation construct. Over the years, we built layers, layers of leadership between projects and we kind of delayed those layers in the last few quarters and we piloted this with three units. And the idea is to actually get our projects Zero Distance to our clients, get a lot of content in our projects, get span out of the picture and look at specialization as a part of the structure.

Zero Bench, in fact, the entire industry looks at bench as in some sense a necessary evil. We actually looked at it as a captive transient work force which we could use for driving value to our project teams. In fact, we have roughly 20,000-odd work packets running, we made them very modular, we kind of created very modular work packets which could be used for value added services to our service lines. And roughly around 80% of the work force is actually working on some of it, so we use this prototypes and shrunk works for our clients by leveraging the bench.

The most important one, and this I believe is the biggest transformation initiative in our cultural change is Zero Distance. And why is this so important? And why is this so unique? Most customers,

most corporations I have actually seen have looked at innovation from a perspective of either a department of innovation or a pocket of the organization which looks at innovation or a top-down culture. We kind of thought to drive scale at rapid pace, the only way you could build that is through a grass root innovation. So, we took innovation to every project at Infosys, we asked our employees in our projects to look for incremental innovation, look for adjacent areas we are going to look for innovation or look for opportunities to create repeatable assets. These are the three areas we looked at, it was a very simple five point template, we did not want to stifle them with a strong framework, we just gave them a wide framework which they would actually use to drive innovation. Guess what, we have 11,000 odd templates, 95% of our projects are covered, in fact, the balance 5% is always a work in progress because we keep adding new projects in our kitty. And this has actually led to the kind of grass roots monetization and mining of our projects and therefore an accelerated path for growth from our existing clients. And this is done with a self-regulated manner which our project teams themselves take it up.

Let us talk about one or two examples in this which would give you some kind of a sense of what this Zero Distance template looks like. Let us look at the first one which is Canada Post. Now, Canada Post is one of our clients, we are a part of them. They have 6,000 plus post offices in Canada, they do delivery of 13 mn packets in a day and they are transforming themselves from a company which actually delivers letters to delivering parcels, so they have started with competing with all the courier companies. They did not give us spec to be a part of the transformation, they just got us in as a partner to work on systems and set of projects for them.

Our project teams, what they did was they started going through this journey of transformation along with the clients and some of them actually came back with an idea of optimizing their routes which their vans in the field actually take up. So, they used the assets which we used otherwise for another client, and we kind of created a repeatable asset out of it, it was a supply chain optimization tool, we de-contextualize that in context of Canada Post. And our teams actually built a prototype using the Zero Bench. So I spoke about Zero Bench, so a lot of the prototypes of Zero Bench actually comes from Zero Distance. So 30% of our Zero Distance templates are actually built by Zero Bench people which are people who are on the bench and are building these prototype, in a way which could be either incremental or adjacent or it could create a repeatable asset for us. And guess what, we actually delivered parcels, we improved the percentage by 88%. Now this by itself is not just about customer satisfaction, we actually won incremental projects based on the work we did, and we actually used a bench to actually build those prototypes. Many such examples, in the retail space I know there is a bunch of clients, I know a bunch of employees who are working with our clients on point of sale data and building analytics on top of it. I know another project where for a product launch our teams actually built an analytics on an open source platform. For a bank, for a new account opening one of the teams actually suggested that the entire photo validation process for credit cards or debit cards could actually be done online real-time, and therefore shrink the process for account planning. So, a whole bunch of ideas, and these are almost 11,000 of them, 30% to 35% of them are already being discussed with clients and 30% to 35% of them are prototype. So, this is a massive disruptive movement and it is viral in the Company. And that is the cultural renewal I am taking about.

The second pillar on which the renewal of services is built on is the power of automation. Now, this cuts across every service line we do. And somebody in the morning session was talking about,

everybody talks about automation and what is the thing Infosys is unique about in automation? My personal view is, everybody looks at automation from a perspective of productivity, from a perspective of looking at it; it's a very myopic view of automation. What we did, we kind of completely transcended the productivity game and that is why we focus on task automation, we kind of transcended that to process transformation. And that I believe is the power of automation.

Process transformation, we could actually change in disrupt business processes in a way that you could either do straight through processing, you could cut across and unshackle all the bottlenecks in an end-to-end process or you could actually build very effective digitized business processes which are automated and innovated for the future. That is the automation we are talking about.

How did we apply it to ourselves? We looked at all of fixed price projects and there was a lot of instrumentation which happened in a project teams, some of it actually from the Zero Distance initiative as well. In fact, 25% of our Zero Distance templates are on automation, so we had a lot of instrumentation, lot of tools built grounds up. And all of them, the endeavor was not just to look at productivity but look at business process. So, we looked at fixed price projects, we applied it to ourselves and in many ways we derived value out of it.

Almost last year we announced 3,200 people which we released out of our projects because of automation. Last quarter we did 2,000. So, we just accelerated that process. We increased the universe of automation in many ways. Most people talk about automation from an L1 and L2 perspective, L1 and L2 is repetitive tasks. We actually expanded that to judgmental task, we expanded that to a set of activities which needs the application of the mind. And we expanded that universe. So no longer we are talking about fixed priced maintenance projects, we are talking about fixed priced non-maintenance projects, developmental projects expanded, we expanded that universe. Now, we are going and looking at time and material projects which could be converted and we share the gains with our clients.

The one aspect we did in the last four quarters is releasing people from off-shore, we are now looking as a futuristic direction releasing people from our on-site locations, going up the chain and increasing per capita that will be the qualitative color of automation which we are going to look for in the future. That is the automation we are looking for.

Now, what does this mean? As we went through this journey we looked at three major components, most people look for automation, most of our competitors talk about automation from the perspective of AI and machine learning. Our belief is automation is far more holistic, we are looking at AI and machine learning and the entire traditional piece is one pillar, the second pillar is knowledge. How to use knowledge of the past, create ontology of knowledge and actually derive learning which could actually make the human intervention disconnected? So we kind of looked at that piece of the second pillar. And the third is insights. All three in a standalone basis existed for us, we built the instrumentation and we integrated them into the platform. The interesting thing about building software and platforms is it kind of teaches you how to make money by shrinking the prices. And therefore, our belief is, do not go and oppose commoditization, embrace commoditization by doing this. That is what we kind of told our teams. So, this now has turned up to be a massive integrated platform called Mana which we are not only using it for ourselves but actually commercializing it. And you are going to hear a lot from Sandeep and Sudhir in the

subsequent session. So, I do not want to hijack that conversation and that is the second pillar we are talking about.

The third one, which I can speak about is Boundary Less Thinking. In the last few quarters, as we started building renewing our service lines we realized that these service lines is our world. Customers do not look at it from a service line perspective, they look at it from a perspective of how you could actually add value. So, we kind of blurred the lines of our service lines. And some of the examples here are: straight through processing has pulled out; L1, L2, L3 is the world of system integrators like us from a customer or a consumer of technology you do not look at L1, L2, L3, you have a problem you need to fix. So we kind of blur those lines, and that is what Boundary Less Thinking is about.

BPO services, most customers today do not come and say lift and shift the business process, they come and tell us can you actually transform a business process. Which really means business process outsourcing is no longer going to a lift and shift, it is going to be business process management inclusive of digitizing the process, bringing infrastructure applications and process all together in an industry utility. So, all those lines have started getting blurred and that is the point we are making on Boundary Less Thinking. A lot of our services are now blurred, and in some ways we are looking at it from a perspective of an outside in from the customer end and not from our perspective of building a service line. Services lines are just to build competencies, how they get consumed will be very boundary less in the future.

So, in a nut shell, all of this is led to a renewal of services. We are monetizing data on one side, there is a whole bunch of analytic services around it. Our engineering services, which is one of our fastest growing service lines, actually has built a IoT ecosystem and that is the new services we are talking about, there is a shift from CAPEX to OPEX we all know. Modernizing landscapes, Vishal spoke about it, it starts from a legacy landscape like mainframes but you actually migrate that entire load into the cloud, and it cuts across from a legacy ADM practice to a cloud and infrastructure service line. Digital assurance, many customers today do not buy testing services as a standalone center of excellence because application development is actually very agile and it comes in a packet which is integrated with testing services. So, how do you create digital assurance? So, we have kind of modernized all of this, these are all examples.

I spoke about industry utilizes, our BPO service line, Vishal spoke about it. The traditional BPO in many ways is not the future of Business Process Outsourcing, it will come with layers of analytics, it will come with layers of forecasting, it will come with business process bundled with infrastructure, digitization of the process and applications and it will come in a very different avatar. That is the renewal we are talking about. So, this is the new world of services which Infosys is embracing with our clients.

So, in summary, the three pillars on which we have driven our renewal is the renewal of culture that is the core on which we have actually driven our entire story, the power of automation and boundary less thinking.

Thank you. So, what I am going to do now is to invite Sandeep to speak about some of our new services.



Analyst Meet 2016
August 26, 2016

CORPORATE PARTICIPANT

Sandeep Dadlani

President, Global Head -- Manufacturing Retail, CPG & Logistics

Sandeep Dadlani

Good afternoon. Thank you, again. I am going to talk about how Infosys is doing something after we change my mic. Thank you. So, I am going to talk about new services.

In quarter one, our new offerings grew at more than 40% sequentially quarter-on-quarter. How wonderful would it be if new services become a majority part of Infosys business? Well, that is one of our responsibilities here. I am going to share three or four very simple to understand client stories that you will all identify with as consumers, as customers. I want you to watch for three things in these client stories. The first one is approach. We talk about being a next generation services company. Well, how did we approach those situation as a next generation services company versus a traditional company that you may be familiar with, a competitor or a want to be. The second thing I wanted to look for is the agility. No project that I will talk about lasted more than six weeks, six week projects. And how much money that they make, we will discuss that, but only six weeks projects. So, the agility part of it. The third thing, I want you to watch for is the same Infosys consultant who goes in for a traditional project, when he or she goes in for a new services project how powerful she becomes amplified with Infosys software.

So the approach, the agility and the amplification, these three things.

Let us start with the first project. Safe Harbor. Aimia is a company that runs the world's best loyalty programs. So, if you go to the UK half of the households in UK have a Nectar card. In fact, in India they run loyalty programs for Axis Bank, they run the loyalty programs for Taj Hotels. So, the board of Aimia approached us and said, we want to take part in the India's e-commerce revolution. How can we get a piece of this action? \$20 bn being spent on e-commerce in India, Flipkart, Amazon, Snapdeal all of you shop on these websites, how do we get a piece of that action? What kind of business plan should we make?

So, we got all of them to Bangalore. Set up a three-day Design Thinking workshop, invited all the local start-ups, e-commerce companies, even consumers who shop. They wanted to get 25 to 30 year old consumers who are upwardly mobile, who shop, we have plenty of those in our campus. So, they all came in for the Design Thinking workshop. Three days later their business plan was ready, this is how we will penetrate India. We will create and aggregate loyalty site nectar.in and we will have consumers come in here to shop across 30 mn skewes, they can shop for items that are available on Flipkart, on Amazon, on Snapdeal, but they will get a better price here, they will get a better assortment here and they will earn loyalty points here for future shopping needs. And the platform they choose, and I am very proud about this, was Skava. Skava is an acquisition that Infosys did. In fact, Ritika and I had read this due diligence in April 2015, it is one of our most successful acquisition. Somebody had asked a question about acquisitions.

Skava gave an e-commerce experience that is extremely superior, now let me bring that to life. When you go to a shopping site and click and then, let's say, you want to buy men's shirts, dress shirts, you have categories like that, right. On this website and you can access it now. You can go to nectar.in and search for whatever you are looking for, this is the fastest search engine in the world, the best search engine in the world. And if you look for a category like I am looking for a particular type of dress shirt, the drop down categories will adjust dynamically, it is a responsive

website, it also adjusts to any form factor that you personally are looking at. It is a superior e-commerce experience enabled by Skava. Aimia launched this website and has been driving up many, many consumers in India in the last few months. But this is not all that Skava does, this is just one illustration.

I would like to play a video on Skava to bring to light the other things that Skava does along with us. Please watch.

(Audio-Video Presentation)

I like the next example, this is a large retailer, let us just say a very large retailer who has shared services operations, had a part which looked like a room like this, there are 75 people in the room and all that the 75 people did was take supplier calls. This retailer has 17,000 suppliers, each one calling saying, you have paid me short than what I had invoiced you. And those 75 individuals in that room used to open up the invoicing system, open up the purchase order system, open up the shipping details and just validate whether they had paid right. And then they would say on the phone, Sir, you are right, I paid you short, now let me print a credit memo and give it to you. Each transaction like that took more than four minutes and this retailer called us saying can you do something.

Now, a traditional services firm would use traditional business process outsourcing, I can do this cheaper from India, from China, I can use an onsite option, that is the traditional way of doing it. Infosys walked in powered by a platform, a software called AssistEdge. AssistEdge, in six weeks transform that room into 25 people, first of all. So, there was 50 people less and the same job was getting done. Rest of the job was not off-shored, it was eliminated. So, if ever you thought about the first arbitrage being off-shoring, well this is the second arbitrage, a much bigger arbitrage eliminating the work completely. AssistEdge configured all the repetitive work, it was not cognitive or as Vishal said not mental, it was repetitive, it was absolutely codeable and AssistEdge configured it in weeks. In six weeks the client dropped costs by 60% - 70%. But that is not the point, it was not the cost part. The more important part was the average handling time for each case came down to one minute, the backlog of suppliers calling them dramatically went down and the processing capacity of that shared services center went up. This is the power of AssistEdge.

Let me share one more short story on AssistEdge. Vodafone in New Zealand, how many of you liked to hear a down under accent from New Zealand. Can you understand the New Zealand accent? Yes, no? You should try it. I will shortly play a video on it. Vodafone New Zealand has 2 mn subscribers doing the broadband, mobile, fixed line, etc. But Vodafone New Zealand was brought up through acquisition, so they have three customer billing systems. Which means when you call saying I am moving my home just change my landline, it will take them an average of 37 minutes, they have to navigate through one system, find your account, navigate through the other system, find your billing details, the services you use and so on.

What is the right solution? A traditional services firm will say, you need a unified CRM and sir, it will take you a five-year transformation road map to drive that unified CRM. What did Infosys do? Please watch. Please play the video.

(Audio-Video Presentation)

My next and last story is on Mana. Something very exciting for us. This is an American large industrial conglomerate, they manufacture batteries, HVAC systems, and electronics and so on. They have a 170,000 employees, so this is a large company, over 1,300 locations. What is the traditional thing most services companies do in this kind of place, find out the IT shop and figure out how much can be off-shored? Well, that is all gone. This company has completely optimized their IT spend, they have off-shored very well, they use great productivity tools and so on. But they still have a problem, they have a cost savings challenge, they also have a lot of issues coming out of IT, critical business stability issues coming out of IT.

So, this company asked us for a platform on their automation journey. So, this is a pure platform sale. Mana was sold an enterprise license here. The first thing we did with Mana was quickly get the quick wins out, the small L1, L2, tickets that Ravi talked about earlier, job monitoring, server monitoring, alert monitoring, very repetitive tasks, etc, that was a quick win, that was within days. We ingested all possible sources of data from the enterprise, about 2 mn records of data from a 100-plus sources, tickets, source codes, key strokes, infrastructure logs, error logs, etc. And then we started looking at more sophisticated L3 work, where now this is cognitive or mental work, you start thinking about diagnosing what is the problem, which applications are causing the problem, which processes are causing the problem and started finding causes to that.

That showed that of all the 350,000 incidents that were created, incidents mean breakdowns. Of all the 350,000 breakdowns that are created, more than 250,000 could either be predicated, automated, eliminated. That means a huge deal for the smooth functioning of the company; forget about cost, this is about smooth streamlined operations. We did not stop there, we used some natural language programming, and Sudhir can explain more about what that is, to mind the comments made in the tickets that we had created and then start thinking about patterns as to what events happen even before a ticket is raised, even before a break down happens, so you can start predicting breakdowns before they happen. That is a very interesting story, if you can start predicting what happens, well, you can guess what the Infosys stock will be tomorrow, that was a joke.

The next thing we did was apply Mana to their core enterprise licenses. Sorry, tomorrow markets are closed, right, that is why it was joke. My CFO pointed out that tomorrow the markets are closed. Then we started putting Mana on their license, so on the messaging platform, on the integration platform we found that they were paying for a messaging license that was pay-per-use but they were not using most of the license; that is \$2 mn of savings right there. Now we are putting Mana on end-to-end on their SAP system, ERP systems to track business processes and predict business processes end-to-end. Overall, in a few weeks, actually six weeks again, ironically, we have uncovered a business case for savings more than \$21 mn for this enterprise and that with six weeks of Mana.

Let me review some credentials for Mana, you can ignore the up here, it is just meant to intimidate you. This is Syngenta, one of the clients who were the first adopters of Mana, they have used it across the enterprise now with great success. Johnson Controls, another company that has adopted Mana very well.

To summarize, the new Infosys approaches every engagement with this software amplified approach, with agile projects with delivering results every six weeks or less and with every Infosys consultant practically becoming an Iron Man armed with software.

Thank you very much.



**Analyst Meet 2016
August 26, 2016**

CORPORATE PARTICIPANT

Mohit Joshi

President, Head -- Financial Services

Mohit Joshi

Thank you, Sandeep. Before we break for lunch, so as usual the delivery guy and the new services guy have left us with about a minute of crunch time to close the deal. But I will take more than one minute, but Sandeep and Ravi both spoke about the transformation, right, delivery transformation we are bringing, the transformation because of new services that we are introducing to the market. And all of this if you look at the size of our organization or if you look at the complexity, we have about 1,100 clients, we have over 1,500 sales people across the group. So what this really means is that we have to keep reinventing the sales organization, we have to keep driving a level of change just to make sure that we can keep our comparative edge in the marketplace. And obviously, Vishal spoke about the 52 initiatives we have as a company and a number of these initiatives relate to sales, right. But today I just want to focus on three or four areas, where we are looking to drive change, where we are looking to drive differentiation.

And the first of these right, the first of these is one that was discussed a little bit earlier as well which is around large deals. So, if we look at large deals and if you have followed our commentary and you followed the numbers that we have been sharing, the overall story on large deals is very good in terms of the win rates, in terms of the overall TCV, it is all headed in the right direction. And we are doing a number of things on the large deals front. So if you look at it, whether it is the relationships that we are building with the deal advisors, if you look at it in terms of work there are hunting and farming teams are doing to make sure that we have broad enough funnel. If you look across the board with reaching out to new clients and new geographies, there is a huge amount of work going on to produce this number. But today, I just want to focus on one aspect of it which is around the solution development approach. Because I think it is a very important that we share with you that we are now looking at large deals very differently. I think the solution component of it is really at the heart of what makes that sale and it is over here as well that we are looking at using design thinking principles.

So, the first of these is obviously desirability, right. And from a desirability perspective what does desirability really mean in a solution context? I think it means that we are looking at overall and elevated customer experience. And what that means is that we look at the proposal to see if the client's voice, what the client is asking for has been articulated in an engaging story, whether the solution has really the client's voice at the heart of it and whether we are reflecting it in our words, in our visualizations and in our client interactions. And this really comes to the point where our solutions I now believe are built around what the customer is looking for rather than a specific set of capabilities that we may have.

The second piece around the large deal solutions that again goes to the Design Thinking principles is around the feasibility piece. And for the feasibility piece we have a team under Abdul, we have also strengthened our entire enterprise architecture organization to make sure that we are looking at, A) technology innovation being in every single solution. The second piece is, we look at the use of breakthrough technology. See, traditionally in a lot of enterprise applications we look at existing technology pieces whether it is owned data centers, we want to make sure that for everything we look at breakthrough technology, including open source to be a significant part of our solution and that is the feasibility piece.

The final viability piece is around making sure that we have an optimized solution and the pricing is appropriate and it is here that we look at our traditional levers like on-site off-shore ratios, we look at our roll pyramids and we look at the overall solution themes, the applicability of the solution themes. And finally, we make sure that we bundle this all together so that this is an effective proposal as well. So, the desirability, feasibility and viability themes are now built into every single large deal construct, it goes through a degree of review with Vishal himself and I believe that this has made our overall solutions a lot more robust, and that robustness is really what you see behind the numbers over here in terms of the TCVs.

The large deals are also getting a huge boost from the work that Sandeep spoke about in terms of the new services and the platforms. In a recent win in the global production services areas at UBS, our entire solution for service transformation for work driver reduction was effectively based around Mana, and so it was a critical differentiator for us rather than looking at cost savings through moving people here and there, we looked at really work driver reduction and work driver elimination. I think this was a very powerful tool that allowed us to win the deal. Similarly, in Skava, Sandeep spoke about Skava and Skava to my mind really is a digital platform that allows you to build other digital platforms. And the use of Skava in any transformation initiatives really gives us a huge edge. So, for large deals the rigor that we have traditionally had around the operations space, the new thinking around solution development with design thinking and finally the support that we are getting from the new service and the new platforms I think has been critical to our win rates.

Moving on beyond large deals, and Vishal again touched on this and so did Pravin, which is around the large accounts. Now, top accounts they are really critical to our long-term success and a lot of the success that Infosys has historically had is because of the superior mining that we have done in many of these accounts. We have made sure that we keep the very robust operational control that we have around our top 25, top 50, top 100 accounts in terms of reviews and we have overlaid that with a new strategic large account management process. And in this process we look to make sure that we have the right people for their team, so in terms of the talent available within the account management function, looking at the extended team, looking to see if we have any blind spots there, the level of executive support that we have, we have looked at the process very carefully. And so for every large client we want to move away from, we want to move from a level of engagement to a level of leverage and finally to an endorsement. That is really what we want for every large client for them to be able to publicly endorse us, and that is something that you have seen in some of the testimonials today.

On the large account side, apart from the overall review rigor and operational rigor, a new area of focus, and I think there was a question I think Sandeep had asked about from IIFL about what are the areas of unhappiness, and I think one of the area of unhappiness that was discussed was around that we are not a part for all of our clients of them reimagining their businesses. And I think there is something that is starting. Large accounts apart from being a very large component of our revenue are also the natural buyers of our new services, typically large accounts will have spent budgets of over \$1 bn. And so we have a lot of headroom for growth there as well, provided we can engage with them as they rebuild their business. Most of our customers face the same sort of challenges in terms of the renew, which is in terms of automating their business, in terms of driving their cost to income ratios downwards, and in terms of the new in terms of being the new digital

enterprise. And it is on the re-imaging the business front that I think we have seen a change with a large account.

So, to give an example, for a large American financial services company, we have been working with them in the consumer lending space as they try and reinvent the lending process given the competition that they are facing from online lenders and from peer-to-peer lenders like an OnDeck or a Kabbage. And really the approach that we have taken is not incremental, right. So the incremental approach would be that it takes you six days and you ask for six pieces of paper, can we do it in four days and ask for three pieces of paper. Instead, the approach that we have gone with is how you can lend money without asking for a single piece of paper, right. Can you lend up a \$1 mn to a smaller and medium enterprise without asking for any documentation at all from the client. And this really means a process change, this means a change to their underlying technology platforms and this is the level of engagement that we are now driving with our large clients. And this is showing up in the results, this is showing up in the results in terms of increase in revenue from the large clients, this is showing up in terms of the growth of large clients outpacing the growth of the rest of the organization. And this is also showing up in the increase in the number of \$100 mn plus clients from 14 to 17 just in the last quarter. There is a very comprehensive plan for us to drive our \$100+ mn accounts to a much higher number, and also to nurture the set of accounts that are currently in the \$20 mn to \$50 mn to get them to 50+ and to get them to 100+ as part of our strategic large account management initiative.

Finally, just a few quick observations about what we are doing from a sales process perspective. The first thing is around CRM. So we have completely revamped our internal CRM platform as part of the process++ initiative that Pravin spoke about. So, we have made sure that we reduce the amount of time that our sales people spend on basic operational tasks to free them up to be present in the market so that they can spend more time with our clients. We have also made sure that we have injected a very large component of machine learning within our CRM platform. And basically the idea is, if you are dealing with 1,100 plus clients, you have got thousands, really, of solutions that you could potentially sell to them, you have got 1,500 sales people; how do we use the data that we already have to be able to make cross-sell and up-sell recommendations to our entire client base? So, based on your client, based on adjacent service clients, based on what other clients have bought, based on best practices, we are able to now provide recommendations to our sales teams on propositions to be able to take to their customers. In addition, we are also using software much more actively in large clients, right. So, can software help us identify the blind spots within a client organization? Can it help us uncover new buying centers? Can it help us find out relationships that may be at risk? And that is the next thing that we have been working on.

From a sales process perspective, we have also embrace social selling, very effectively. We have got, again like I was saying, 2,000 plus employees within the organization, millions of employees at our end clients. And so we are using things like LinkedIn and Twitter very effectively across the entire sales organization, we are tracking the pipeline that is created from it and we are trying to build many, many more points of contact with our customer to make sure that at all times you have a pulse of what is happening in the market place.

Finally, and this is very important. For the new products and services, we have created a sales team, so it is not... So, the new services and platforms are not sold only through the new sales

team but the new sales team is really a force multiplier, it is an amplifier and it works with the vertical and horizontal organizations to make sure that we are able to present a very composite picture of our offerings to be able to provide the details, to be able to co-create used cases with clients, to be able to answer any questions that they may have about comparative products, if any, in the market place. So that is the third thing that I wanted to mention from the sales process and organization perspective.

Otherwise, I guess, I have used about nine more minutes of your time. And since only I stand between you and lunch, thank you again, thank you for your time.



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PARTICIPANTS

Ravi

Elara

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Edelweiss

Ankur

CLSA

Moderator

Folks, just a quick announcement about the post lunch session. So, there is swop in the two sessions after lunch. After we convene from lunch, we will first have the Open House Session involving Vishal, Pravin, Ranga and the Presidents. Subsequently, we will have the demos. And after that we will move out for visits to the kiosks and the booths. We have 15 minutes before we break for lunch and any questions with the Presidents. The floor is open to you.

Ravi

Hi, this is Ravi from Elara. I had a question about your new sales for the new services. I wanted to understand how are you incentivizing them? This is a sales overly team or do they have specific targets?

Mohit Joshi

Yes. So, let me answer this first then we will go to Sandeep. So, in a sense they do have targets, even overlay teams have targets and it is not one team that would, let's say, be covering Skava, Mana, Panaya, everything else, they are individually components. The idea, though, was that if you look at our traditional sales person, if you look at our sales person, I mean, they are very smart, they have very strong relationships but they are trying to sell multiple service lines. So, there is need for a team where this expertise is housed, most of our sales also is vertical but for a number of the new offerings, we have seen used cases across industries. So, we really wanted to create this team that was effectively horizontal and vertical at the same time and that is able to bring the best of used cases from, let's say, retail to banking clients and from manufacturing to, let's say, clients in the pharma business. So, it is both vertical and horizontal. The vertical alignment is certainly there because the industry specific expertise is needed. And like all sales people they are obviously measured by numbers also.

Sandeep Dadlani

Yes, well said Mohit. The only thing to add is these new sales are very different in nature, the pitch is different, the agility, the licensing, the contracting, the revenues, the pricing, all this needs a different set of expertise. You do not expect a typical client partner or a client sales guy who is thinking about 40 service lines to think about focusing on these things. So, a Skava sales guy has to now take every digital proposal in the company and ask why not Skava, which is a very different lens versus the other the vertical sales guys this one. So this new sales team is small, but very focused, razor sharp, goaled completely on new sales and their aim is to spread the company with new offerings and infiltrate new offerings into almost every deal, Renew or New in the company.

Ravi

Just a follow-up to that, you spoke about how they have target. From how I understand is some of the software reduces the contract value of what it would have been if it were done without the software. So, how do you incentivize your sales team to collaborate with this new software?

Mohit Joshi

Sure. So, look I think if you are looking in a situation where the nature of the whole industry is transforming because of automation, one is a question when you are bidding for a new client there, obviously, it is very clear that you bring a software plus services component. But in the long run, even if you are looking at an existing book of business, I think our sales people are smart enough to realize that if you do not cannibalize your own business early enough, right, if you do not give the clients the benefits that they are seeing in the market share that are coming from AI and automation then somebody is going to come and eat all of your lunch. So, you might as well try grab as much of it as you can. And I believe that is exactly the mindset that our sales people need, which is, if this is the opportunity to do the right thing by our clients, and also the right thing by Infosys, then they will use it.

Sandeep Dadlani

Yes. And would it not be wonderful to win a \$100 deal actually when only \$80 of that but make more margins on that, there is no competition then. That would be the ideal goal and that is what we are striving towards, making it more competitive and more profitable. If we can achieve both those goals, that is the ideal sale. Many situations now, instead of the entire service line becoming a sticky point for the client to stick with us, Mana the platform becomes a sticky point around which the client says I need to renew with Infosys because they have Mana and that makes a lot of sense.

Sandeep

Sandeep here from Edelweiss.

Mohit Joshi

Yes, hi, Sandeep.

Sandeep

Sir, one data point which we see on your numbers, if you see is that the number of mn dollar clients have gone up approximately same number in absolute terms as it was FY 2015 versus FY 2014. But if you see the average spend has gone up from the top client. So, the question here is, so are you thinking that it will be a strategy to focus more on the farming side, basically you are trying to create more stickiness and generate more revenue from the same client. In the sense, revenue per client or client productivity you are trying to achieve more versus going for new client. So, is that the strategy or it is just something which has happened?

Mohit Joshi

So look, I mean, that is something that repeat business or revenue per client is something that we always track very closely. And it is very important for us, given that in the history of the company, I mean, I guess all three of us joined way back in 2000 and since then the percentage of repeat business has always been 95% plus, right. So, existing clients have given us most of our business. That does not mean that we are not focused on new clients, we have clearly identified must have clients for each vertical and for each geography and we are very focused on going after that. The point though is that, I spoke about our large clients and the fact that on an average they will be spending well over \$1 bn in technology every year. Our share even with the number that you saw was around \$200 mn. So, we still have a huge amount of headroom for growth in our existing clients and we are very focused on that.

Vishal Sikka

And just to add to that, our endeavor is not to grow by, for the lack of a better word, scavenging around other deals but by elevating the conversations where we have these large deep relationships, multi-year relations, some of this our multi-decade relationships. To elevate the conversation, become more strategic as a partner and use that as the basis to grow in the account, I think that is a much more purposeful way to grow it and to bring a sense of innovation and strategic partnership into these engagements.

Ankur Rudra

Hi. Just one question for Ravi. Last year, Ravi we had a huge reorg where the delivery structure moved from being vertical to horizontal the idea was to renew the overall business skill sets. The big thing you spoke about today was blurring of these service lines.

Ravi Kumar S

Yes. So, when I say blurring of the service lines, what I meant was consumption of those services when you take it to a client will continue to blur. Building competencies could still remain very service line centric, you could build competencies in application development, on business process management, on infrastructure services and to build those capabilities and competencies you still need a service line, because that is the way to build a capability. However, when you consume it, the power of that consumption is going to come from integrating the service lines together. Actually, that is how it is going to be in the future. Which means you still need to create an operating model where service lines can come together seamlessly and deliver those services. So, you still need that but I do not think you need to break the service lines and push it back into the verticals. There would be a point of time when it would make sense, but right now as I see it, the horizon structure was really the reason why we catalyzed growth in the last two year, last 18 months since we started to put up this structure.

So, when we originally put this structure in there were advantages of this structure and there were disadvantages of this structure, and one of the disadvantages of the structure we are in is how do you keep the speed and agility at the same level as your previous one, because the previous one was built on agility. When you have an all-encompassing industry vertical cutting across with all

the service lines in it, it gives you speed and agility. How do you actually still not have a blind spot on that and ensure that there is agility in the structure? So we made some interventions in our way as we put this structure in. We have a delivery partner, a concept of a delivery partner who actually stitches all the service lines together and brings a coherent story for our clients and creates an integrated delivery for the clients. So, that structure we are strengthening on an ongoing basis. So, that the solutioning, the go-to-market, working with the clients together, all of that is intact.

The other interventions we are doing to ensure that you bring on single phase to a client and you bring one single phase to a solution, but the horizontal structure by itself is built for scale and differentiation. And those principles do not change for us, this gives us massive scale, it gives us a great opportunity to build stuff in a consolidated way and execute them in a federated way. All the initiatives we ran, I believe the construct was a great catalyst for it because we were able to build it in one place and deliver it to all the industry. Our belief for the future is services should have a desirability to be consumed by the industries and that can happen if you can actually create differentiation, and differentiation would mean you need a horizontal structure. So, the structure for now looks good. I have my job.

Ankur Rudra

Sorry, just one quick point. Sandeep, you highlighted that the ideal deal would be where, and I think even Vishal said, that you elevate the conversation. And I guess what you want to get to is, soul sourcing most of your work. If you can give us any success of how much success you have seen getting more soul source as part of your large deals or in terms of conversion with the last couple of years?

Sandeep Dadlani

I think in every large deal we pitch today, whether it is in an existing client or a new client, Ravi's team, Sudhir's team, the Mana team, etc., work hard on figuring out how much value can be unlock by Mana. First, within the deal. Second, outside the deal in the enterprise that we are pitching into, across the enterprise not just the portion that Infosys is bidding on. Once that value is uncovered, we figure out how that value can be articulated to the client, how the deal can be made more competitive, how we can perhaps increase our profitability on the deal and how we can elevate the conversation to a very strategic level with the client.

Let me give you an example, most large deals come to you and say I have 3,000 people and we need to ramp up with you in an on-site off-shore model. What we start thinking about is how much data does this company actually have, how do they use their data and now can they capture 100 times that data from their customers, products, etc., and start driving more value in their business. Then we from that point start constructing, this is an elevated conversation, it immediately catches the eye of the CXOs who are reading the executive summaries, who are understanding the proposition. And in many of the recent cases Vishal has been invited to speak to boards of our clients saying this is a different conversation altogether, this is no longer that large deal, this is a completely elevated conversation, talk to us about the larger vision. The large deal itself is easier to win because, as I said, it is more competitive and more profitable and that is reflected in the

large deal wins and perhaps more so as Mana gets more and more integrated into every service line.

Participant

Hi, I have a question for Ravi. Ravi, you mentioned that you have been able to take out significant amount of resources from an existing projects, though the numbers are small still they are not trivial any longer, this quarter you have said we have been able to take out 2,000 people. So my question is, what are the challenges you have in redeploying those people? Are they being redeployed? And what happens to the commercials of the contract, is it just the agreed sort of productivity benefits that are happening or these much ahead of the agreed productivity benefits that you might have promised to the clients?

Ravi Kumar S

Yes. So, what we have achieved till now is releasing people in a way that we did not look at whether they got released off-shore, they got released on -site, whether it was up of the pyramid or bottom of the pyramid. But the reality is, in the last few quarters we had a lot of people released off-shore and at the bottom of the pyramid, and that is the kind of tasks which actually go out as well. So, that does not give us a lot of upside on our revenue per person. The game we would step-up now when we start releasing people from fixed price projects on-site and we start releasing people up the pyramid, that's when the game really makes it very interesting.

Our universe was fixed priced projects, that universe we are expanding to time and material in fixed price projects. So, if we do it on existing fixed priced projects the benefits they accrue to us. If we do it on time and material projects, we would actually renegotiate with clients, give them a fix price bid and share the gains with them. So, that is how release of people would be for existing programs. For newer projects productivity is in an upfront conversation and part of it you give it away to win the deal because you want to be competitive enough and a part of it you hold it to yourself because you want to make your margins after you win the deal, so it is a dual thing. Our endeavor is to increase the universe, the universe can only be increased if we go beyond fixed price projects, if we go to time and material projects pro-actively ourselves and actually ask for a fixed price conversion and create a win-win proposition. That is the stickiness we would create.

Now, the new aspect which has come up now is to apply this software because we have taken all the instrumentation and bundled that into an integrated platform and can apply that software to our existing run contracts, or can we apply that software to new contracts which have been in the market. If we apply to our existing run contracts, obviously we are going to share the benefits and sometimes of its fixed price we gain ourselves. But if we take it to new run contracts we have to share it with the customers. So, it is a long way to go in terms of improving revenue productivity, but it is a great start, the teams have embraced it very well. We have created a good mechanism to catalyze that within our teams because teams have to be incentivized to do this, why would you do this without even, you have to cannibalize yourself and you have to create a culture of cannibalizing yourself. So that is the stuff we are more focused on, so that this whole thing actually

becomes a lot more viral, we do not want to do this as a counter to a competitive coming and asking for it, we want to do it ourselves, that is what Mohit was talking about.

Vishal Sikka

And to add to that, like Ravi said, moving up the pyramid is the key. In the near-term the challenges and the opportunities that Ravi talked about is how it will play out. If you look more over a longer-term about this idea of what happens to the people with automation, I think for the foreseeable future we would see because the productivity and the differentiation of the projects would improve we would get more such projects, so this is what both Ravi and Sandeep were also talking about and Mohit also mentioned this. So, you would expect to win more of the similar kinds of projects but execute on those with less number of people per project and because our attractiveness has increased, let us say hypothetically at some point the number of potential project runs out, I do not think this will happen any time for the foreseeable future but let us say it does, that is where the principle of coupling the automation with innovation applies that we want to elevate the people to move up the value chain, up the pyramid so that we are more innovators, if we hypothetically get to that point in the near-term when actually we all be very happy that we have such sophisticated automation that it relieves us most of the mechanical work that we do.

Then we will get to the point where people are truly being leveraged for creative, innovative work and that is exactly how it should be, more and more all the mechanisable things should be automated and people should be focusing on the creating work. This is precisely why we are so focused on creating a grassroots culture of innovation on teaching people Design Thinking at a massive scale so that we can all become problem finders because more and more of the problem solving is becoming automated. So, this is the longer-term view. And the immediate view is exactly as Ravi said, that we move it broader outside the projects into time and material projects, move up the chain and create a culture of bringing in this disruption ourselves before others bring it to us.



**Analyst Meet 2016
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CORPORATE PARTICIPANTS

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Pravin Rao

Chief Operating Officer

Ranganath D Mavinakere

Executive Vice President & Chief Financial Officer

Ravi Kumar S

President, Chief Delivery Officer

Sandeep Dadlani

President, Global Head -- Manufacturing Retail, CPG & Logistics

Mohit Joshi

President, Head -- Financial Services

PARTICIPANTS

Sumeet Poddar

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Credit Suisse

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Rahul

Systematix

Ashwin

Nomura

Moderator

Folks, we are ready to start the Open House session. Please speak into the mic and the floor is open to you to ask questions to the CEO, COO, CFO, and the Presidents. So, let's go ahead.

Vishal Sikka

Hi, Good afternoon. So, during the lunch as well as in the breaks prior to lunch, several of you asked questions to all of us multiple times on a few topics. So, I thought I will just answer up ahead. One was on consulting, I got asked several times and so did Pravin, Ranga, Ravi, Sandeep and Mohit. The one was on the preparedness of our sales from the point of view of being able to sell the new services, one was around guidance, specifically many of you asked about guidance and so forth. There was a fourth as well Ranga, those were the three main ones. So, I will just mention these quickly and then we can get into any questions that are on all of your minds.

First of all, on consulting, I think many of you asked about the fact that it is dilutive on the margin and what the relative value of it is and so forth, so that is true. The main assumption of consulting is the ability of our consultants to generate downstream revenue for the rest of the Company. And in that sense, over time we do see that consulting will evolve into a two tier kind of a model where the frontline is the one helping us carry out strategic conversations with the clients and the rest of the consulting helps execute larger numbers of projects with more control in our hands on execution of the projects and so forth. So, in that sense you can see that while consulting itself may not have the right margin profile, it does have the right revenue per employee profile and has the strategic elevation profile to help drive downstream business. And beyond that, over the longer term, the main thing is to help consulting evolve towards a design thinking led organization that can help elevate the conversations with the clients. So, this is also something that will take a while, it will take longer than I originally expected, I had expected that by now we will be able to transform consulting into that kind of a mindset, but it is different, it will take some additional time.

On the preparedness of the sales, in a sense it is a blessing when you know that you do not have all the skills and the capabilities to be able to sell the new things, otherwise they would not be new things. So, then the question becomes do we have the right attitude and do we have the right ability to train and learn, mentorship and apprenticeship oriented model to help grow that. And we have been working on that, Sandeep talked about in his session. And that is, you can never be perfect at it and in many ways the culture in our Company has been more largely around RFP driven sales and things like that. So, we do want to get away from that and to the extent that that will mean transforming and replenishing our sales organization with newer kind of talent and refreshing the talent and so forth, and we will do that and we are already in the midst of doing that. So, I do not see that as having seen this kind of a journey many times in my life, I am not particularly concerned, in fact the date at which I have seen the pipeline in the new areas grow both with the specialist ways in which Sandeep talked about as well as across the board that Mohit talked about, I feel actually quite encouraged that we are going to do that.

On the guidance related things, I want to reiterate a couple of things, and Ranga, maybe you can correct me. So, there are a couple of points that are important with regard to this guidance. I

understand many of you are concerned that there has been volatility or a perceived volatility and now we have in the last few quarters how this has happened, but as you know we have always believed in, when I started Mr. Murthy had told me that we always in this idea of minimizing asymmetry in the information that we see, the six of us and our senior management teams, that our board and us see together and what you and us see together is always the same as much as possible that we are sharing with you the information that we see, and obviously that changes. And in the case of consulting and some of these areas that did take us by surprise in Q1 towards the end.

So, I want to again reiterate where we are right now is our visibility on Q2 is at present that we will have higher growth in Q2 than we did in Q1. This we are very confident about. We are also, at the same time, seeing Q2 in a worse shape than it was at the beginning of the quarter. However, five weeks of strong focus execution by all of us and our teams are still in front of us, so therefore we are going to see how this evolves. Now, when you look at RBS and actually some of these things that have happened during the course of this quarter, the downstream impact of these on Q3 and Q4 is something that we are still yet to assess. So, when we look at the remainder of the Q2, the next five weeks and our assessment of what that means in Q3 and Q4, we will give you a better sense of this when we are together with you in October. But this is basically the current situation and we do see a risk that there could be deterioration which is also what other people in our industry have.

So, Ranga, these were the main points that I wanted to reiterate. You want to add anything?

Ranganath D. Mavinakere

I think that is pretty much. Vishal, I think what we have reiterated since morning is that. Yes we are entering Q2 with more uncertainty than we entered in Q2 at this point in time. However, the Q2 growth is likely to be better than Q1 and at the same time to assess what is the impact on Q3 and Q4, while RBS has been there, we do not know whether there are some more or not likely and also we do not know to what extent some of the current project trajectories would improve. Some of the ramping up, clearly some of the projects we see ramp ups, the revenue trajectory of those ramp ups we have to closely watch over the next four, five weeks. I think primarily we are saying is that in October we will, certainly we will be able to give a much clearer picture. While as Vishal said there are downside risk to the guidance, and that is what we are clearly saying. But a more clarity and more importantly we will get a much accurate picture when we come in October.

Vishal Sikka

So with that, perhaps we can start with any questions on your mind.

Sumeet Poddar

Hi, this is Sumeet Poddar from Birla Sunlife Insurance. Just wanted to check on your 2020 vision that we had envisioned, how things change or how are things shaping up on that part?

Vishal Sikka

The entire endeavor, the strategy that we have laid out, the longer term elements that we keep focusing on, we keep talking about is towards a long-term. And this transformation is going to take time, of course we are responsible for quarterly execution as well, this is the burden that we carry. We need oxygen in order to dream, you cannot simply be dreaming. However, I am confident that with the kinds of initiatives that we have launched and the kind of embrace of these initiatives that we are seeing with our clients that the three main areas that we have talked about which is revenue growth, margin improvement and most importantly, revenue per employee improvement that these are achievable.

On a personal note, individual quarterly things do not deter us from that long-term goal, that north star that we have in front of us, it is not a financial goal in the sense of a guidance or anything like that but it is a goal post that we have setup out there. And a next generation service company like the one that we have talked to you about today is one where if we are able to execute on this path then these will be the \$20 bn and \$80,000 RPE and 30% margin will be a consequence of the work that we do. This is how we see it.

On a personal note, I have to say, and some of you also asked me this question during the breaks. When I was at SAP, we built Hanna and I launched it in generally available in June of 2011 and by December 2012 it had crossed a €1 bn in license revenue. And at that time the entire organization, the whole Hanna world was like 200 people, so it was like €5 mn per employee revenue. And perhaps my perception is quite skewed from that point of view, but I look at it as taking \$50,000 to \$80,000 which is, I understand that \$50,000 to \$80,000 is not an easy thing and from the context that we are all living in and we have all grown up in, this seems like a very difficult to achieve target and for the first two years we have not seen so much movement and so forth. But on the other hand we have seen evidence of the kind of growth that is possible when you have something very differentiated that you can bring to scale. So, I think this is still our ambition and a couple of quarters here and there do not change that.

Sumeet Poddar

Sure. Has there been any instance which has led to, kind of, rethink in the way you want to achieve that? Of course, you have mentioned that it is a journey to the north star that you are seeing there, of course, I mean, timeline may be earlier or later two three quarters here and there, but do you think that you had to rethink on the way?

Vishal Sikka

No, we are not changing. The renewal of our existing services on the basis of automation and innovation entering into completely new areas that we never did before and helping our clients get there and doing so on the firm basis of values and culture and education, this is independent of what happens in the course of the quarter, this is what we are doing and why we are committed to doing that. And also the important thing, I know we are all in the company of lots of financial people here, but the important thing to realize is that \$20 bn and 30% and \$80,000 is not goal, it is

a consequence of the work that we will do in the course of building a great next generation services company. I mentioned this in my shareholder letter, for those of you who have read it, that this will be the footsteps that we leave behind, we should not confuse that with a goal, but we are committed to getting there, but as a consequence of the work that we do and not as the goal in itself.

Sumeet Poddar

And in the journey, have you found any accelerators which can actually be helpful as such?

Vishal Sikka

Software that achieves ridiculous adoption.

Puranik

In the morning session, one thing that struck me most was the elevated level of conversation you talked about. And the CEO and his men all of them talked about this in serious depths, this is very critical to create scale economics, it is very critical to take accounts from \$10 mn to \$100 mn and beyond. So, in this context I want to understand what is the level of preparedness in terms of mentoring, training the next level, getting the next 100 people to talk like you who can connect the board, who can connect with a CXO level organization and get to sell, get to re-imagine customer business model, in turn make customer re-imagine his own business model. And the challenges that he faces, the pain point he faces, how many can find proactively the problem and also build a solution together? And the next level is, how do you create, convert 100,000 people design thinking organization to 5,000 - 10, 000 smart people who can really build solution, in combination, the \$20 bn objective is not difficult to achieve.

Vishal Sikka

Very well said Mr. Puranik, the question you have asked is the heart of the matter, that is what is at the heart of our journey. We are not there yet, we are not even close, to be honest, to be candid. Sandeep and I were talking about this, when we look at the conversation that we have had with clients like Hershey's or Procter & Gamble or Syngenta or NAB or UBS or these kind of companies where we have achieved success in strategically elevating the conversation, in having board level conversations, doing strategic projects of high value and using that to drive more the normal work as well and lots and lots of normal work to large scale. There are still very handful of examples like this, there are not that many. The number of people who can have these kind of conversation is far too small, presently.

My sense is that in this area education will not help so much, it will have to be more by example, immersive, getting teams of people along on this journey and project by project, client by client nurturing an environment where people will learn this. If we get to the point where 2000, 3000, 4000, 5000 people inside the company are able to have thousand such conversations or five hundred such conversations, this is the goal that we are after. Hopefully, as you have seen over the course of the day, not only me now, all our leadership is talking in this way. We are all seeing the

opportunity and the things. But all I can say is to pay tribute to your question and say that this is exactly what we are trying to solve, there is not an easy formula for it and the success of our ability to answer your question is going to determine the success of our company and our strategy.

The other half of it is what Ravi talked about which is the ground swell of innovation. How do you have a strategic conversation with a client? Mr. Murthy once told me that he was, actually even before he started Infosys he was in France and he was working with a large client in France and he said that the CEO was a distinguished CEO of this big company and he was taking advice from a 24-year-old kid from Anderson Consulting at that time somewhere. And he said I was always mystified by how is it that a 24-year-old kid can give advice to such a large CEO and the CEO actually earnestly listens to what this kid has to say. Obviously, he picked it up from some book or something, this guy has actually no idea how to build a huge company. So, when we look at what is it that elevates that conversation, of course there is the content, you have to know what you are talking about and you have to have the solution, the content to be able to elevate the conversation, to be able to tell something to the clients that is relevant to their business in a very deep way. You also have to have the confidence and the articulation to be able to do that and then you have to have the ability to carry that through to make that happen. Some of this we can teach, especially to the youngsters, this is why we are teaching design thinking, the creative confidence. The example that Ravi gave, every time we do this call, our zero distance call, we have thousands of employees and we hear examples like this. More and more after one and a half year of zero distance we see that the kids are developing the creative confidence to be able to speak up and come up with an idea and say, Hey! look this process that you have been running, if you did this, that and the other can be dramatically improved, that is the beginning, that is the other journey that will also take some time, but that is the bottom-up journey and the top-down journey will be to start from the top. And so once these two reverse meet, which should happen in the next year, two years then we will be closer to that goal.

Does anyone want to add anything to this?

Viju

Thanks. I am going to ask you a question that a research technology specialist asked me - do you believe in design thinking that Infosys is doing? I said, I don't know. He said how is it possible that you can make people train in design thinking with just one day of training, should they not require a lot more intensive preparation? So that is the first question. I mean, one day of training, how do you expect people to just sort of pick up principles and embed that in real life project work?

Vishal Sikka

That is a great question, Viju. You cannot. Simple answer is that you cannot run a brick layer into Picasso in one day. It takes, I mean, if you look at great designers it takes decades of work, there is a principle around 10,000 hours of deliberate practice to make somebody into world-class and so forth. That is not so much the point. Design thinking fundamentally is about practicing it, about becoming immersed in a way of working. So, if you create, in parallel, a culture where everybody asks questions. So Zero Distance, one of the things that Ravi has done is we have this idea that the

project teams actually meet every Friday afternoon and talk about what is it that they can do to improve the project and so forth. And that gives you the deliberate practice of months and quarters and years that then gets you closer to this kind of an idea.

So, what is the point of the one day? That one day is very carefully designed, first of all. It was designed by three of the faculty from the Stanford D-School and Sanjay Rajgopalan who heads our design team and himself is a PhD graduate from Stanford Design School. And you can look at a child, somehow till the age of eight or nine a child has a curiosity, they are constantly asking why. I have my younger son who is eight, getting close to nine now. Somehow around the age of nine this curiosity starts to die down, our schooling, our education, the oppression of homework's and everything kills this curiosity out of our children. And then all of a sudden you take this design class and you realize that you actually always had the curiosity, you never lost it. So, the purpose of the one-day class is not to turn somebody into a designer and then he goes and says that, Oh Man! look I am a designer now, but it is to reawaken that sense of curiosity in a person that I can look at a project, I can look at a room and I can see what is missing and I can ask you a question why and then I can do a rapid prototype to try out a few ideas and so on. That reawakening can happen in one day and it does happen in one day. For our sales team the program is two days long, that is also a customized one for the sales team, for the consulting team it is three days long and then for some of the senior executives we do this dedicated two-and-a-half-week program at Stanford where they spend actually two and a half weeks together over the course of 15 months to go through that, that is only for 200 people. So, it is different grades of how you teach this. But you are absolutely right, anybody who comes and tells you that after going through a one-day long workshop on design thinking you suddenly became a designer, this is absurd.

Viju

Sure. And one more question, when you talk about new age solutions, often they end up being point solutions. And one of the things we want to understand from Infosys perspective is how to embed scalability into that because many a times this end up being point solutions and at best door openers. So, from our point of view how are we going to ensure that they tick the box of scalability in those?

Vishal Sikka

That is a great question. I think that scalability should not mean giving everybody the same thing, but scalability should mean that being able to do thousands of things in the same way. And even though each of those thousands of things are different and unique, we are a services company, if we do not help clients solve their individual problems, even though those individual problems are individual but do so at a massive scale, then who will. Then there are plenty of product companies out there that make one thing for everybody, but then everybody gets the same thing, this kind of misses the point. Our endeavor is to be able to perfect the how, the process, the scalability of being able to deliver a unique innovation that is relevant to you, but do the same thing thousands of times. If we manage to get that done, that is far better than being able to make one thing that applies to everybody. So, it is the difference between the what and the how.

Viju

And finally when you talk about client mining, I think one of the natural limitations to client mining is the maturity of various service lines itself. I think BPO needs a lot of work for instance, there might be a couple of others also. So, do you think therefore there will be a natural limit to where your client mining can reach, if you do not sort of, get these service lines working well enough?

Vishal Sikka

Absolutely.

Viju

So, then does that mean that you may not, I mean, so how should we read the leading indicator, we just look at your BPO growth or certain other segments where you have historically not done well to figure out if your client mining is improving.

Vishal Sikka

That is again a great question. Until the service lines are transformed through leadership and retraining, improving the skills and so forth, refurbishing of it, the way that we can get there is by augmenting the teams with specialist teams, with better teams. So, one of the things that Ravi and Sandeep have done, for example, in BPO in the last four months or three months or whatever, is we have augmented the BPO teams because in many cases they are not capable of having certain kinds of conversation, they just do not have that comprehension, they do not have that ability to articulate and conceptualize things and then execute them. So, what they have done is they have actually augmented specialist teams, in Ravi's case with the delivery lines and in Sandeep's case the sales team. Sandeep himself, we had day before here in Pune we had a huge client that came here from his portfolio and he came to Pune one day before all of us did, and actually spent the whole day with the team, it was a BPO client but it was a complete boundary less as Ravi talked about. And just before we got here they were both showing me this SMS that they got from the client about how they thought that. So, I think the simple answer is that first you get there by attaching and scaffolding the "weaker service line", but overtime the answer is to elevate the service line. But I think both of you should comment on this.

Ravi Kumar S

So, what we did in the last three months in BPO as you picked up on that point, the first thing is we had some quick wins, so we kind of looked that integrating this sales force of BPO along with the larger sales force of Infosys. So, the BPO sales force actually becomes a horizontal and we get the larger sales force of Infosys to sell BPO services as well. So, that was a quick win. So, that gives us an ability to do up-sell, cross-sell which we spoke about with all the clients Infosys has where we do not have BPO but we have other services running. So, that was a quick win. So, one of the indicators is to see how much of that we could up-sell, it may not be new clients but it could be existing Infosys clients where we do not have BPO services.

The second, I think the color of BPO services is going to change completely as I mentioned in my talk. It is going to be a lot more integrated with infrastructure and with applications. We are going to see a lot more BPO of that kind. So, a leading indicator going, back to your terminology, is if we are winning more integrated deals, if we are actually doing pitches which are very integrated, Sandeep actually did one two days ago. We are seeing lot more integrated pitches of infrastructure BPO, digital and applications.

The third is value added services on core traditional BPO, that is another indicator. So, if I can do forecasting on BPO. BPO is in some sense we have relegated it to a past thing and not a future thing. When you take over a process, you can take over a process and add layers on top of it which could be forecasting, which could be analytics and how much of those services we could sell will again be another indicator, in my view, of getting there. The contemporary next generation BPO is going to be very different to just doing a lift and shift of a business process, how do you digitize it, how do you automate it, how do you innovate that process. In some sense most firms like ours looked at consulting as the tip of the sphere to build downstream, I actually think that consulting opportunity will come from the bottom-up stream where you take a process and innovate it and actually transform it. So you will go completely the other way around, you will start seeing consulting opportunities at the bottom.

Sandeep

Sandeep here from Edelweiss. So, Vishal, if you see in last few years the productivity in a way has started going up, I am not talking about \$50,000 to \$80,000 but if you see there is a fall obviously in the revenue growth rates and there is a sharper fall in employee addition rate. Now, which kind of probably deincestivizes this stream itself where you go and look for resources. Now, going forward if you see our business is transforming for the whole sector if you are looking for an elevated level of relationship, probably this skill set requirement will be more different. So, there are two questions related to this. First is that will this not result in consistent higher attrition going forward as well, because there will be a miss match of this skill set to some extent and you will not always be able to compensate it or overcome it with training. Second, with further fall in employee growth rates, means the industry not adding more people, the stream will look out of flavor and so basically which will result in even lower number of good people coming in which probably would result in you go and looking for people outside India and probably they will come at a higher cost. So, your revenue productivity in that case will be much more demanding then what you would be seeing today. So, how do you address these two issues?

Vishal Sikka

I think that is a great question. There are several layers to that, several perspective or aspects to that question. One is the availability of skill, one is the ability to train people and one is the ability to amplify people with software, all have to be done. Ultimately, having a few geniuses at the top who can have a few hundred conversations is not the answer, you need a large base and the entire base has to be elevated. And the base has to be elevated in a way that the education and the software that we build for the people ends up amplifying them so that they can do much more than they would just as a person by themselves. So, we have taken steps in that direction with Mana and

with AssistEdge and so on where we can actually, a person with Mana, an Infoscion with Mana is far more than an Infoscion by himself or herself. So, if you are able to do these three things, I think the skill availability itself is not such a big deal, our ability to train is a bigger deal and our ability to amplify the software is even bigger deal. There are many examples of great services companies in other industries, not in IT, in airlines for example or in hotels and so on where you can clearly tell a person belongs to a culture, belongs to a category of service that is unforgettable, we have all examples of our favorite airlines or our favorite hotels where this category of service exists. And then yet you look at it and then you say they are bringing in people and they are creating this kind of an elevated experience, how is that working. That context around the people that you create elevates them, makes them a unique provider of service. You can replace them with somebody else with the same category of service and same category of value that they deliver continues to be the case. That is a function of the outer context around the person, in our case that context includes software amplification, automation, the ability to do better project management and knowledge management like Pravin was talking about, and so forth.

So, the skills will be there, I mean, we have 80% of our engineering graduates driving Uber cars and Ola cars and things like this, they are unemployed. This is not so much the issue, the ability to train them and educate them with the right skills is a bigger issue and then building great software that elevates them, that amplifies them is an even bigger issue. I see it that way and I do not see attrition or our ability to pay and so forth as serious issues here, I see the long-term fundamental issue is our ability to teach people and our ability to amplify them with software.

We have a leader who is specifically focusing on this particular part of tooling for our employees beyond Mana and so on, so that is why I thought about him.

Anantha

Anantha from Credit Suisse. So, Vishal, we see part of your strategy is to make sure that you make the right bolt-on acquisitions to add to skills, etc. But I would think the work culture within many of these organizations is dramatically different from the work culture within Infosys and organizations such as yourself, and especially some of the software aspects, but at the same time they will need to work very closely with the parent. So, how do you ensure that they do not really get stifled and work, sort of, cohesively with the rest of the organization?

Vishal Sikka

Part of it is the ability to educate, so, in our training, perhaps Vinod can add something. In our training we do create training for soft skills and cultural skills negotiation, discussion, articulation, even things like dress code and so forth, so that covers a part of it. Other part of it comes from experience, from having been there. So, one of the things that we have been working on with our marketing team, of all the people, is to turn our on-site Infoscions, there are about 30,000 on-site Infoscions, into ambassadors of the Company into the way that we work and having that. This is an area that we are not, by we, I mean generally the industry that we are in, everybody is like this we do not have do a particularly good job of creating a situation where the employees who come in to work.....The cultural fit, in fact, with the founders is something that we actually look forward

at the time of acquisition as a key metric. Without an alignment of purpose it does not make sense to acquire a company. But, I mean, the part of this question which applies to us becoming a part of our employees' teams, our clients' teams is an even more important one.

Anantha

See, as an example if you acquire, hypothetically, say a design firm and the type of people who work in the design firms are very different from the standard engineers that Infosys recruits. So, how do you ensure that they continue to work well and thrive in this combined environment?

Vishal Sikka

The dish is now quite far into the hypothetical world; we are not on the verge of acquiring a design firm. I think Panaya and Skava is a more realistic example, because we acquired these companies and all the key employees are still with us. I think that alignment of purpose helps a lot and then creating one of the things and Sandeep in his role, the retail and CPG industries where he brings Skava a lot, has seen this. Creating a mindset where the acquired companies trained and engaged people from the other parts of Infosys and bring them along on their journey helps a lot, we have done this with Panaya to a large degree, with our package implementations team, we have done with Skava with the digital team and so on. And also you have to make sure that the founders and the key employees of the acquired company are constantly engaged in the work that they do. So there is not, I mean, there are lots of companies that buy companies on mass and then cut loose the founders and stuff like that. I think that misses the point of an acquisition, you are buying a company in order to acquire new set of skills and to go on a great journey together, it helps to make sure that you bring the culture along as well. The what's and the how's will work themselves out if the why are we doing, what we are doing aligns with itself.

Ravi Kumar S

So, just to take an example of Skava itself. So, some of the acquisitions we have done has intellectual property, so your question is very pertinent that how do you keep the culture intact. But you cannot keep them at a distance because if you keep them at a distance you could keep the culture intact but you cannot actually leverage this synergy of why you acquired them. We acquired Panaya, we acquired Skava, all of them had synergy to some part of our business, so what we did was we kind of kept the engineering of those products intact, we kind of kept that innovation engine intact and we integrated the go-to-market and got the reach of Infosys behind them. That is the reason why we acquired them. There is not a magic formula, but every time we do this, if we tuck in an acquisition with IP in it you have to hold that IP, you have to hold that entity which is building it, give that cultural cataclysm on top of it, but take the synergies out and create the go-to-market around it. So, that is what we did to all our acquisitions. We ensured that the go-to-market is driven through the Infosys teams and that is why we got them in because we could use the reach of Infosys and get them through the entire install base of Infosys. So, that is how we look at it. I think more of those acquisitions as they come in, we will have to keep it intact, not at a distance that we cannot synergize them but still at a distance so that we could keep that culture intact.

Ashish

Ashish from Motilal Oswal. Vishal, I wanted to know, while a part of the transformation journey is to keep adding capabilities in new areas, but I guess probably the other part is also to let go some of the existing areas. So, to that extent do you think there are parts of the portfolio that you think Infy will be better off without or they are challenging or not scalable or something that you would probably going to beat out?

Vishal Sikka

I think it happens naturally on its own, you see the parts that are not growing particularly well and there is a natural degradation in response to the needs and the circumstances in the markets and so forth. One of the things that both Pravin and Ravi talked about was the breaking down of the barriers across the service lines and across geos and verticals and so forth, so that people are more malleable. But that also comes from training, so we have gradually transformed our training to create more generalists with the ability to acquire specialized knowledge rapidly. At even very basic levels like programming languages we teach programming concept with three languages at the same time since March of last year and about 9,000 people with this class of education have showed up in our workforce in the last 18 months and you see a dramatic difference between how they acquired new skills versus the ones before that, who used to associate themselves with I am Java person or a Dot Net person or SAP this or Oracle that. So, it makes a huge difference in how you acquire skills and how you create a more malleable kind of a work structure that a particular service line or a particular way of working might decline and disappear, but the people can just be up-skilled and transition to a new area and so forth. So, to have a more fluid setup in that regard is far more important than to be bound by the individual boundaries.

Yogesh

Yogesh from HSBC. Vishal, I have two questions around automation. Firstly, from a management point of view, you have given a guidance and there is certainly pressure to achieve the annual guidance including the 2Q, is there some time temptation to delay some automation just to avoid the deflation in certain projects? And secondly, related to that, from a mid-management perspective, let's say a project manager, how do you see the incentives for that manager if his project is going to see 10% deflation with automation how would you appraise the manager?

Vishal Sikka

Very good question. I think part of it is incentives, is there somewhere in the organization some kind of a temptation to do something like this, for sure there must be and I think that we have to be disciplined in resisting that and avoiding that. Ravi talked about it in his session earlier, the need to disrupt ourselves even though it is painful, that is the only way that we grow. It is not easy, the human instinct to protect the way that we have been is very-very strong, it is not easy to do that. Incentives is one way to do it, education, constant, staying focused on messages is another way to do it, creating disciple execution is another way to do it, after all we live in a democracy

but we do not work in one, you can make changes. So, it has to be a combination of all of those, disruption is hard but I want to ask Ravi to specifically talk about this, perhaps in the context of Mana or Zero Distance, how you have done Zero Distance incentives, Ravi?

Ravi Kumar S

So, it is a great question actually, every day we grapple with this and the ability to embrace this will depend on how well we incentivize our teams. It is so funny that you have to incentivize your teams to shrink themselves in the interest of the future. And there are a bunch of ways to do it, starting from double counting the software which is being sold in context to the accounts you are in so that you could actually get the revenues still accrued to those teams, though there are not people around them, that is one. The second way of doing it is creating a culture of content and depth and not based on spam. A majority of Indian firms or the culture by itself is all about do I have these many people working for me, that is breadth of service, all managers in IT services firms in India are used to actually building large teams. How do you actually create a culture of creating depth and creating specialization on depth and therefore span is not the only way you can grow. So, ability to create those work streams is another way of incentivizing it. So, there are variety of ways to look at it and incentivize it. Margins, margins is a big indicator for all our teams, margins are higher if you actually cannibalize yourself, you might shrink on revenues but you might have an uptick on revenue per person and margins. So, we have actually put all of that in place.

In Zero Distance specifically we have created an incentives mechanism where you could go and mine accounts and every project manager in Infosys who could mine those accounts, create a Zero Distance template and convert that into a project for ourselves actually gets incentivized for it. So, in some ways we believe that the sales teams at Infosys are not the only ones which are selling, the sales teams at Infosys, there is an extended set of project managers who could also up-sell, cross-sell and mine accounts. So, they actually walk the corridors of a client, so they have a better pulse of what can be done grounds up. So we have actually inculcated the culture in theirs. Culture again is a long drawn thing, you cannot do it over night, you just have to keep doing it, you just have to create role models in the system, we have mechanism to create role models in the system. So we have kind of done this very institutionally and I believe it is a question of a couple of quarters, we will see this far more in an accelerated way.

Priyankar

This is Priyankar from Motilal. Had a couple of questions. So, the subcontracting cost has been rising over the years, sir is that a structural shift that is taking place in the IT industry? And the second part, if you can comment on the on-site pyramid structure, please.

Ranganath D. Mavinakere

Let me take both the questions. Yes, the subcontractor cost, the way we have looked at it as a percentage of revenue, if you look at Q3 of FY16 it has touched 6.3% of our revenue, then in Q4 we said look we have to bring it down without impacting the business, we brought it down to 5.4%

and subsequently in Q1 further it came down to 5.2%. Well, the trajectory is important, in a quarter certainly certain project ramp ups happen on site, typically the new project ramp ups happen on-site first then there could be quarterly volatility but the direction that we are very clear that we want to bring as a percentage of revenue down. Having said that, why is there a need for subcontractor cost? Typically, they are all on-site and typically when we need to staff a particular engagement and without letting go a part of an engagement where we do not have an internal staff whether Visa ready and things like that at that point in time we go for subcontractor. Well, is all of that like that? Certainly not. We do believe that some of the subcontractor cost are also because of lack of better planning, talent planning. And that is not uniform across services, certain services we need to do better talent planning, I think Ravi's organization is already focusing. Some of the reductions that we saw between Q3 and so far has been primarily to look at that particular component. I think this is where we are on the subcontractor cost.

Ravi Kumar S

So, Ranga has covered most of it. Subcontracting as a percentage of revenues we are trying to keep it in control, you have seen it in the past few quarters. Subcontracting is actually not bad if you do it very strategically, there are clients who want us to take over their contractors and over a period of time phase them out and get our employees in. An opportunity of that kind. I think we should jump in and do it because it is a value add to the client, it is a value add to Infosys. There are clients where we see very specialized skills and we by design do not want to build those skills, say hypothetically, we could get in there, or the clients where we see a spike in demand and use them. If we use it for these purposes, I think it is fairly okay, if you use it in a very inefficient way where you are not planning your demand well, you are not planning your talent well, then it is not good. But I do not see that going away, strategically it is good and healthy as long as you keep it as a percentage of your revenues and keep it in control. But then thereafter you have to look at the reasons why you are doing subcontracting and have them in control, that I think is the essence of subcontracting. We have started recruiting a few of our subcontractors into our roles and wherever we found them to be suitable in the Infosys context, that has been very successful in the past few quarters, so that has been a way of controlling. Margins on subcontractors is very important as well, if the margins are healthy enough you should still do it, provided it is a short-term fix.

Ranganath D. Mavinakere

On the on-site, I think you also asked about the role ratios. See, I think if you look at the role ratio, typically we have seen the onsite role ratio being slightly more richer than the offshore role ratios and the pyramid is much more kind of flatter there in on-site. So, we are saying we have got a very simple approach to this, we are saying that look while we understand certain projects will be on-site heavy and in the initial period there will be on-site role ratios will be more richer, is the concomitant billing rate reflect the on-site role ratio, that is the more important point. For example, if a person goes from India as JL4, as a software engineer, continues in a project, gets promoted, then becomes project manager, then the differential in the billing rate on-site, is it steep enough to offset the differential in the salary cost? I mean, finally that will be the economic math. What we are doing is, at the same time we do have limited Visas and things like that, what Ravi and team are doing is we are looking at all the fixed price projects, on-site fixed price projects where we are asking clients flexibility to rotate some of those people into fresher newer projects that are

coming up so that we reduce the richness of the role ratio in the ongoing projects, at the same time we have sufficient number of people to get deployed on-site in new projects. I think that is the exercise that our delivery team is leading under the leadership of Ravi. And it is too early and we have made the beginning, we have had some interesting outcomes this quarter but we want to accelerate that.

Coming to off-shore, I think the pyramid is very healthy offshore, but as you also know our off-shore employee cost are only 16% - 17% of revenue. If any meaningful impact has to come from role ratios it has to come from on-site. The other part on role ratio is also relating to automation, automation just releasing the junior most folks in India is not going to have, even if it is tens of thousands of people, it is going to have minimal impact. I think finally the automation has to release across the pyramid, and more so, across the pyramid on-site, that is where we will see meaningful impact. I think that is where again Ravi and team in all the automation efforts, they are not just focusing on how many people we are releasing, I think increasingly the emphasis is also on what kind of pyramid are we releasing, I think that is where on-site role ratio is important.

Rahul

Rahul from Systematix. So, the hard effort to get on the strategic discussion, getting on the table kind of an effort, are these conversations restricted to the from a perspective of an event like RBS where there is a big risk. So, if there any security which we are building or is it just to secure the existing business?

Vishal Sikka

Absolutely, all of the above, that is exactly the endeavor. It is to have the strategic conversation on the things that client cares about and throwing our brain power on it, bringing our intellectual property in a way that is strategic to them and applies to their most important areas. I mean, for example, in Mana we have started to see tremendous areas which many that we did not even imagine. Mohit and I have been working with some banks where Mana has an incredible application that we never foresaw. And also to help buffer against downturns and in many cases we have been able to do that by leveraging the strategic relationship, in many cases that is simply unavoidable and inevitable to like the kind of thing that happened with RBS where the shutdown of the Williams & Glyn program simply had to be done and then you just work with the client on how best to avoid and deal with it and so forth. So, elevating the strategic conversation is going to have all of those benefits when we are able to get there. In response to the earlier question that Mr. Puranik asked, it is the same idea. We are still very early, we have many examples like outside you see some examples of projects and testimonials from some customers but we need to get many, many of these going, many hundreds of these going and that is when we will start to feel better about it.

Rahul

And in an economics kind of language how do we get the bargaining power of a supplier? We see other industries where even an ancillary player with the kind of offering it gives, keep respect with its margin or the business command on it.....

Vishal Sikka

My experience over the last two years has been that we are not there, not only us but our entire industry, it is much more a commoditized, procurement oriented, decision making and things like that. We have not generally succeeded in elevating the conversation to one where we would be immune from those kinds of risks. This is what we need to get to, we are slowly getting there and we have many examples now that have emerged but we are slowly getting there.

Ashvin

This is Ashwin from Nomura, I had one question. Sir, IMS and cloud business, now you are almost one-third the size of some of your competitors or peers in that space and you ideally should have a much lesser impact in terms of the legacy shrinkage that is happening in that space. And correspondingly you should be benefitting in terms of the newer business that is coming out in cloud, security, those pieces. But our growth there seems not to be industry leading, so what is holding us back? Is it scale, is it capabilities, what are we trying to change that? Because from a downstream business perspective that could be a big business.

Vishal Sikka

Yes, I mean, Nari is sitting back there, he has recently taken over the cloud business. It is an area of significant growth for us recently, it is a capability matter, maybe Ravi and Nari can add, it is a matter of getting in the right capabilities. The kinds of economics and the kinds of solutions that are becoming available in cloud are growing at an extraordinary velocity, so we have to keep up with that. We saw in the morning in my presentation some of the quotes from our partners like AWS and Microsoft Azure and so on where we are working heavily with these guys to bring the kind of skills necessary. But by and large the kind of business that we have there today is still, like Ravi said, lift and shift of existing landscapes and so forth. The more automation, the more tooling, the more scale, the more next generation capabilities that we can bring in the better, and of course also together with that the traditional capability building, the basic capability building itself. But, I mean, I think my sense is, Ravi, the cloud business, the CIS business has been growing far more rapidly in the last 15 months than in the past.

Ravi Kumar S

So, you are right. Historically, the infrastructure and cloud business at Infosys as a proportion of revenue was not very high, so the good news is we were not an incumbent so we can actually go in now and go in with a more contemporary solution which is powered by Mana, powered by our automation story and that story is actually winning a lot of business. In fact, if you see the pipeline

of wins in the last four quarters, a majority of them are actually with a infrastructure tinge, a lot of it actually we have won is in the infrastructure space. So, you will see an uplift of infrastructure services for us, so that is one. The second is, in the past we did not actually do asset heavy deals in the past, we have not made that distinction now, if it makes sense to the client, if it is transforming a client which makes sense to us we have started being very aggressive on it. So, we do deals which are important for the clients, important for their landscape, important for us.

Migration into cloud needs a lot of partnerships, especially deals of this kind have a lot of pass through, so you need to do a lot of partnerships, very proactive partnerships, so we have started building that up. And then it also needs a lot of third-party skills, it is a very comprehensive set of skills you need, very specialized skills, so we have started building that up. So there is capability building, pipeline building, I actually am very-very optimistic about the infrastructure space at Infosys. I have not seen that kind of traction in the past. In the last four quarters I would say this is one of our fastest growing service lines in the company.



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Vishal Sikka

Let me just introduce the next speaker. Given all that we have talked about for Mana and automation and so forth, the next session is dedicated for this. Tomorrow it will be four months since we launched Mana and it has seen quite a growth and interest in the client base in these last four months. I am very pleased that Sudhir is here, Sudhir Jha is the head of our product management and product strategy for the platforms business and especially Mana. Sudhir was at Google for 10 years before he came to us. He and I actually worked together in my startup long, long ago and then he went to Google, I went to SAP. Sudhir is a graduate of IIT Kanpur in Computer Science and has a Masters in Computer Science and an MBA and 10 years at Google, 8 years at Intel, 2 crazy years with me in between and so here he is. Sudhir..

Sudhir Jha

So, I have to hold the fort. I am the last person standing and then you guys will be going out in the open world for kiosks and demos.

So, as Vishal said, I joined Infosys recently. In fact, today is exactly three months into Infosys, which is one quarter as we like to measure everything in quarters, thanks mostly to you guys. And as Vishal also mentioned, I was at Google before this, a little over 9 years, 37 quarters, to measure that way. And I was mostly involved in AI and machine learning projects there, a lot of them were in the fraud management policy enforcement on that side. And one of the reasons that I joined Infosys, besides I respect Vishal and as he said we worked together, is also to be part of this transformation. I think this a very important time in the industry as a whole, but Infosys as a company where we are trying to, sort of, redefine how the service industry will be playing out in the next few years. And to be part of that journey and excitement is a tremendous opportunity for me and hopefully for the company as well.

So, I will start with a few slides and I will get to demos for sure. I wanted to, sort of, give you a little bit of perspective of what Mana is and what our strategy behind that is, because that is very important for a company to do a platform when we have not done that for a long time, we need to have a very good strategy behind it and I will also talk about that. But before that, I am just going to paint some picture, unless you guys have been under a rock or something, everybody knows AI has sort of arrived and it has promise of changing the world. With any new advent of technology there is always hype and fear and AI has full of that. People talk about most of us would be out of jobs, but at the same time we do not have to brush teeth because robotics is going to do it for us. But if you would look at it, those are very contradictory because if all of a sudden I am unemployed robots also will be unemployed, because who is going to afford them. So, the idea is that there is lot of hype but what we have to realize is that there is going to be changes and it already has started happening in the consumer world quite a bit, but also in the enterprise world where AI is actually transforming the whole landscape of how businesses are done, how to add more value, how to be more productive, but also be very-very innovative. And companies have done that over time. If you look at the back bone of how this has happened, there are three layers of technologies that actually has transformed with the help of AI.

Data analytics, most of us have talked about that. It used to be not long ago, couple of decades ago that mostly it was done using rash data, some folks would sit in the room, work through all the data on a weekly or monthly basis, send some spreadsheet to management, people would sit in the board room, try to sort of peak through the data and figure out what it means to the business. And just in the last decade or so, the real time data analytics, that became a big thing like BI all that stuff. Where it is going and it already have started happening in the last couple of years is this predictive and prescriptive analytics and this all is because of the AI technology behind that.

Automation similarly, when I learnt Computer Science it was mostly scripting and macros, right. Robotics and sort of UI based automation became quite hot in the last few years, we still sell lot of our licenses. So that is still, sort of, going on but really where we are going is more of this cognitive / mental or AI based automation where it is not deterministic, it is not a UI based thing, you are actually creating probabilistic models and figuring out how to automate that.

Knowledge Management, similarly went from versioning simple document control to where you can actually represent the knowledge into a model. And then you can go from there to infer that sort of model, reason with that, sort of integrate that. And all of this, sort of, is happening again because of some of the technology that is out there. And machine learning itself has also evolved over time. And the point of this is that each of these layers have evolved with AI and each of these layers significantly add value to the companies that are deploying it. And here are lots of competition, there are lots of vendors who just do one of these layers, so there will be data analytics companies, there will be knowledge management companies.

What Mana chose to do is actually to put this together into one integrated platform and we just did not do it because we wanted to beat the competition and put everything in one house, we did that because it actually made sense to put them together. And what happens when you put them together is that you can leverage these layers with each other and provide even greater value. So, for example, if you are able to predict that a machine is going to go down in five hours you can then use automation to fix that problem before that machine actually goes down and that whole thing now becomes a self-healing problem. So, instead of having to have the machine go down and then automate things and then fix this, you could do that because you could use data analytics to begin with the automation.

Similarly, Knowledge Management, if you can represent knowledge that is available in people's head, if you could grab a technician to write down all the knowledge that he has and codify it, you can then use automation technology to then take that code and automate that. And then every technician, even if he does not know how to fix a fridge is actually going to be able to do that because he will have that codification and we can actually give them at the right time at the right place.

So, all these sort of things when you start working together with these, it sort of gives you a higher level of innovation and value when you make them together and which is something that differentiates us quite a bit from other competition, because if you have just one layer you are not going to be able to do all these things I just talked about.

So, once you realize that, I want to show this picture just to give you an idea of what the platform in a logical data flow looks like. You have lots of data that enterprise already has, the issue is not of the data, the issue is what you do with it. And so what we do is we take that data, adjust into our system, we create knowledge based on that data and then we can do all sorts of things, you can automate things, you can gain insights. But we are going also then build solution on top of that, so that is the solution strategy that we have and I will talk in a minute about that.

But again, what we did for Mana was on purpose decided to build this as a platform which can be plug and play. So, you could bring any of the tools from outside and plug into this platform. Not only that, even in the internal platform you can bring in new machine learning algorithm, you can bring whatever you want and this is the fundamental difference again that Mana brings that some of our competition do not.

So, this was not to show you the architecture behind it but just to show you that this is actually a platform, when we talk about platform it is actually really a plug and play platform as opposed to a, sort of, pre-build some solution that we have that we commonly use to increase productivity. And which is sort of the next slide's point, we want to take this to market with sort of these three different strategy: we want to sell this as a platform and Sandeep talked about how we have done that in some companies. We want to take this also of course with managed services where this is a part of the deal that we do with these clients. And again, the important thing here is that they actually get the full platform. So, we use a platform for our services but they can use the same platform for other services that they also have, but it actually gives us a very huge advantage not in terms of just cost saving for our portfolio but hopefully demonstrate value for other portfolio that they also have. But the third is actually the most important thing in my mind which open the door for these new pre-built solutions where we can actually innovate, things that Vishal talked earlier today where we have these new processes or processes that are not really doing the innovative things that they can actually do. So for example order to catch, most companies do not know how to predict the default rate on their clients because they do not have the right analytics, they do not have the right data and they do not have external sources. We can bring all these together into one solution and give them a pre-built solution and then customize it into their environment and they can actually be able to get all the value from that. And so this then brings us to a different layer and talk to a different set of people at the clients that we have. Similarly IoT and you will actually see the digital farming that is outside which is example of an IoT platform using Mana to then do data analytics on that. So, there are a lot of these solutions that we will pre-build and we will use these as innovative solutions that we will take to market.

So, hopefully that kind of gives you can idea of what we are trying to do, what Mana is and what we are trying to do with that. I will do a few demos and the idea of the demo is basically to show you three different personas and how we are improving their lives, some with insights, some with automation and trying to give them a much better picture of what their job is and how to do it more efficiently in all these cases.

So, I am actually doing something supposedly very brave, doing a live demo in front of large audience. We will see how it goes. So, the example that I have is basically a loan processing and this is a loan processing in a bank and given some of the numbers you can realize it is a small data sample from the bank that we are using. And the first person that I am going to show is of a business

manager. So, the business manager typically worries about the process, is it efficient, how many things are stuck, where they are and those kind of things. And we are trying to, sort of, give these insights to this person. So, this actually shows you that there are about 66 loan application that is in the process of getting through in this bank but 15 of them are red and red is always bad right, so we do not want anything red. And the idea is that these are pending loans that are most likely going to miss their SLA. So most, I do not know if you are familiar, but most loans have a close by date, so you have to close the loan in 45 days and if you do not then the lock-in rate that was locked for the loan is going to go away and then you basically have to start over. And so having these SLAs are very-very important and meeting them is also extremely crucial. So, one thing that you will realize is that not only we can predict loans that are currently going to miss the SLA but even something that is eight week out, we can say already that there is one loan there that already is going to miss the SLA. And again, these are not hard coded numbers, so mostly what happens today is a bank will have certain days for each process step and so if you do not get underwriting done in three days then you are basically going to miss the SLA. The problem is that not every loan is same right, so some loan will be more complex, some loan will be less complex. So these hard coded days actually are not really relevant, you need to understand the complexity of the loan, how long it is going to take for future steps to predict if it is actually going to miss the SLA or not. And so Mana with its data analytics capability is able to predict that and give you those beforehand so you can do something about that.

And what we can also do is that we can do process mining to understand the process steps even without the client telling us that, just looking at the data that we already have, looking at how the user is navigating through these applications we are able to predict that. And then we can in each step tell you how many loans are stuck at which particular step and how many of them are going to get delayed. And again, this information is very critical because you know that there is two loan in the borrower verification that is going to miss SLA and so you can go and chase that and figure out before it actually misses SLA that you can do something about it.

The thing that actually I like a lot more is this graphics, which does not look like anything and I will show you what it does. So, the first line is telling you that there are 641 loans that we look through in our system and what we found is that there are 52 unique parts that these loans took. So, not every loan is same so we would have some unique parts, but nobody designs a system where you have 52 unique parts for processing alone. And when you deep dive into it, what you realize is that these sets of loans which is about 5.62% which looks pretty reasonable, there are about eight - nine steps, most of them are unique. So the color coding is showing you the steps and they are unique. But if you go into this set of loans, there are 13.3% loan where if you notice borrower verification step is happening four times, which is not something that anybody designed, you do not want to have four times borrower verification. And again, you can then go and look at and see why that is happening and there can be many reasons, one can be that your loan is not set up properly and the borrower is not giving all the information but you are still running through the whole step. Or you are changing the loan in the middle and therefore the verification happens again, there are lots of reasons that that can happen. And Mana gives you the ability to, sort of, deep dive into each of those loans and figure out why it happened and what happened.

Again, this is not automation, but this is very important because you can actually make the process simplified, much more simplified and do a lot more better processing of loan before you automate it.

Vishal Sikka

So Sudhir, you should talk about the document we are injecting in this.

Sudhir Jha

I will get to some of that, yes. So, the idea again is that automation is not the only solution, the problem is lot of our competition will, if they have an automation solution they want to automate everything, they will go and they will try to automate everything. But what you really want to do is actually do this holistic thing where you want to figure out what you want to eliminate first, figure out what you want to improve first before you actually start automating which is kind of what Mana is, because it integrated all these insights with automation, with knowledge management it is able to do all that together and give you those steps to get to a much faster improvement than a simple automation will give you that.

So, I will actually get to a different person where I will show some of the knowledge model stuff. So, the other persona that I wanted to show you about is the IT manager persona who basically has a completely different picture of the same process, he does not care as much about these different steps and where the loans are stuck, he really cares about the tickets and alerts and those things that are coming to him. And so he looks at that and he basically is able to, what the algorithm is able to do is actually cluster them together. So even though there might be 41 tickets they really fall into these four buckets and it is able to tell you which buckets are bigger and smaller and all that stuff. But it actually is able to do even more, again in insight side if you go you are able to see a chart that Sandeep showed you before, it is able to tell you that if you take all the tickets and you cluster them together, if you just take care of the first four, five problems you are able to get 80% - 90% of your improvement. Again, when you are doing automation you do not want to automate things that are actually going to be at tail end of your map, you want to do automation in the front side so that you can get maximum benefit with minimum effort. Which is again an insight that a lot of our competition would not give you, they will try to automate whatever it is and bill a client for that.

But again, the chart that I like a lot is this correlation thing, right. So, what Mana is able to do is take different sources of data, in this case it is taking ticket data, alert data, error data and it is able to correlate those data together based on not just the time series but other healthy methods and things like that. And what it is able to tell you with those correlation is that there are certain types of alerts that are correlated more, so the darker the color the more the correlation. So, if you look at in the MaxDB connection you can see that there is a very high correlation of MaxDB connection to job failure, which is obvious if you look at it in that way. But it is not obvious necessarily when you are looking at these two alert systems separately. But again, the thing that is actually even more revealing is that when you go to an error type and alert correlation which is two different type of data sources and you are trying to correlate that, you are seeing that MaxDB connection also is very heavily correlated to the network issue. And there are two things there, one, the network

issue was not an alert which actually is a mistake because you want to have that as an alert, this data we found because we have got the aero types and we have matched that. But it also then tells you that the network issue might be the reason that MaxDB connection is having an issue and therefore your job is failing. So, now you have a whole path, you can actually diagnose that, which is exactly what we do when we actually go to a task and if I do a root cause analysis I am able to have a diagnosis model.

So based on these correlation data we can actually create a diagnosis model with probability of these issues. So, it tells me that our performance issue can either be an infra issue or it can be an application issue. And it will actually have probability of both of these based on your past history. In infra issue it can either be a DB issue or an app server issue and then so on and so forth. And in each of these you can actually do a check to figure out if that is true or not, and then at the end you can automate the task. So, if you find out that it is an application issue which is a configuration issue then you can have an “update config” as a task that can be automated. So, again, this is the kind of automation that is not a simply deterministic automation, you are doing a cognitive automation, you are basically predicting what is going on and checking those things and then doing automation at the end. Which is, again, it is a higher level of automation that is possible because we can model these things and we can automate things underneath that.

So, I will quickly actually to go a third persona which is an engineer persona and this is very dear to us because most of us are engineers, but also because Infosys has a lot of engineers. And if you can actually automate lot of these things as well, we can get to what Ravi was talking about where we are not doing these, sort of, lower L1 automation or even actually getting, sort of, off-shore people released but getting the on-shore people released because we are doing higher level of automation. And so if you look at engineer’s dashboard you see a clear difference, there is no pretty looking chart because engineers do not like them, or at least we decided they do not like them. But it has these bugs and incidents, right. And so if you look at this bug besides telling you description of what the bug is, somebody has determined that there is a source code issue that this bug is related to. And in this case if you do a root-cause analysis instead of giving you that sort of IT automation chart, in this case it is tell you which files those bugs can potentially be. And of course, we would not know for sure which files it will be but we can give you a score. So, if you look at on that side it is giving you all these files where it thinks that the bug will most probably be and it gives you a score based on that. And so, you can start checking from the top and see where the bug is. So, we are not necessarily solving it completely, but we are solving it in a way that prioritizing and amplifying the task of the engineer.

But then what happens is that you find where the bug is and suppose in this case you find that those are the two files where the bug happens to be, you can then do an impact analysis which is completely automated. So, we already have run through and taken the source code and injected the source code, created the whole structure based on that and we know that if you have these two files fixed this will impact these other two files that are related because the same function is being called from the other side, and so you have to also go and fix those two files. Which again, when we did a survey we found that 60% to 80% of time spent when they do bug fixes, they spend in impact analysis, root cause analysis and running tests. The bug itself takes very little time to fix.

And so, in this case now that you know that these two files also need to be fixed, then you can do which test cases to run and it actually gives you all the test cases that it thinks you need to run. So, these are the five test cases that you need to run for that. And again, all of this is automated because you have ingested the data, you have built data, you have developed data all that into the system and we have created this knowledge models which allows us to predict all these things and automate all these things.

So again, the idea is in this whole thing to show you and give you a very quick flavor that we are talking about automation at different levels than most of our competition is. We are talking about not just automation but fundamentally changing how different persona in companies work together and solve these problems in a very different way than they are today.

So, that kind of brings me to the end of the demo. Vishal, you want to make a comment?

Vishal Sikka

So, as you can see this is an endeavor, and the last part that Sudhir showed, the L3 engineers persona, our ADM organization has about 45,000 people in our ADM organization that do application maintenance and development. This is an application of Mana to an engineer who is doing maintenance of source code that was written by somebody else, a legacy source code. It is one thing to apply automation for L1 and L2 support where you are automating a run book and taking decisions, but it is another thing to assist an engineer who actually makes changes to source code and understanding that source code. So, in the case of loan for the business manager what Sudhir showed, was looking at loan documents and understanding their content. In the second scenario that he showed with the knowledge graph that was built, you are building a behavioral model and capturing the knowledge that is inside an organization and using that knowledge as the basis of reaching complex decisions. And in the final one, understanding among other things, source code because this is one of the most mentally taxing serious work that we do is analyzing and maintaining and making changes to source code. If you can amplify that engineer by taking out 50% - 60% of their work and replacing that with automation so that they can be more productive, this has a massive impact on our company and on our industry. In our ADM practice alone we have 45,000 engineers if you add verifications and package systems where we do more and more of this maintenance work. And one of our largest client, I interviewed some of our L3 engineers myself and it takes about 11 days to fix an L3 bug, 70% of the work that the engineers do is identifying where the bug is, doing the impact analysis and all of that which can be automated with Mana.

So, this is something that is at the heart of what we do. But beyond being at the heart of what we do and going after the most complex tasks, not the most basis ones but the most complex tasks, Mana can help to dramatically transform the work that our engineers do. But as Sudhir said earlier, we are also thinking about Mana not just as in bringing our managed services to improve productivity in a dramatic way, we are also thinking about this in completely new kind of applications that we were never able to do before, not in just the work that we do and here is a great example of that, Sudhir you want to talk about this?

Sudhir Jha

No, thanks. Go ahead. It is very dear to you, so...

Vishal Sikka

This is an example of a digital farm that we put together for one of our large agricultural client, a huge agricultural company. You can see that these are actually pods where small plants are growing, the entire thing is designed around, you can see in the back a big poster, this in our office in Palo Alto. The entire farm is digitally instrumented, these plants are growing.

What happened was that I was having a conversation with the CEO of this company and this is one of Sandeep's clients. And I asked him what his most important problem was and he said that it is not a big data problem that in our world if you see it goes through six stages in its life, the life of a plant, at every one of those stages they are able to identify what intervention needs to be brought to this seed, they just do not know that a particular plant in some corner of the world is in that state that if you could bring the right fertilizer, the right chemical, the right weed killer or whatever, the right amount of nutrition, the right amount of water, they could dramatically improve the productivity of that plant of the agricultural process, the yield of the agricultural process. I asked him how much was it and he said we can improve it by 30%, we can improve agricultural yield by 30% if we just knew that a plant was in that state.

So our team, none of these people who worked on this was a farmer, our team took on the task of figuring out how could you bring the power of artificial intelligence and the power of design thinking to solve this problem. And the answer is this: it is an ultra-affordable digital farm, all these equipment around it was all built by our team. You can see that the water, chemical, nutrients, cameras that are observing what is going on with the plants are all instrumented, the entire thing is controlled by Mana. And of course people can go in there and intervene, you can see the computer here and there is an image, which is actually an amplified image of two of these plants which are being observed by a camera. The whole farm digitally instrumented can be controlled remotely.

Why the 30%, significance of the 30%? The green revolution that happened in India was an improvement of 22% agriculturally that transformed our country. I remember I was 4 years old when the Bangladesh war happened and at that time there was a severe shortage of food, there was ship, I have this vague memory of my parents discussing the ship that was not allowed to come to the shore and it was carrying a lot of wheat and something like this. And within our lifetime, and some of you are too young to remember this, but within our lifetimes the agricultural yield has improved so much that India is not only self-sufficient in food, now we have Right to Food Act and we export, we are one of the largest exporters of wheat, we export milk now and this has all happened in my lifetime. And then we think about the idea of software amplifying people, it is similar to the Green Revolution, this is what I refer to as the human revolution that if we could amplify. This kind of technology actually improves actually improves the yield of this plant as

much as the Green Revolution did. If you could do the same kind of a thing to people with software I think we would have a different kind of revolution on our hand.

So, hopefully you got a good sense of what we are trying to do with Mana and there is more outside for you to take a look at.

Management

There is actually a video on this as well outside, so please do to check it out. And we will be outside if you have any questions.

Vishal Sikka

Thank you very much.
