

Analyst Meet 2020

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CONSISTENT STRATEGY, DISCIPLINED EXECUTION

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Good afternoon, and good evening to everyone who have joined us. Thank you very much for joining us for this financial analyst session from Infosys.

You've just heard from Nandan, and you've got a good sense of really the vision across the technology landscape, and indeed, our own vision where Infosys is. Over the next few minutes, I want to share with you a strategic approach, and the method we've put in place to execute that strategic approach, and share with you what we see as we look out over the next few years. What we've really done in the last few years is put together a consistent strategy and have a very disciplined approach to execution.

The first point really that I want to cover is how are clients looking at the situation today. Here, one of the key things we're seeing is, most large enterprises are driving their own digital transformation journeys. In fact, during the last six months, those enterprises that have been already in the digital framework, who put in place the infrastructure, are benefiting massively from how they're connecting with their end-customers, with their suppliers, and with their employees. The technology investments that are being used for digital are really helping them drive growth and gaining much more market reach in their businesses. We are seeing cost efficiency is still very critical, and it remains a big driver for all businesses. And finally, there's an increased focus on consolidation, where many large enterprises are looking to consolidate, especially with vendors that are strong, that have delivered well in the past six months and have a strong history over the past several years of consistent delivery and supporting the clients.

With that in mind, and keeping together what our strategic blueprint is – we've been consistent with this blueprint over the past three years – and there are four key elements of that blueprint. The first – we are scaling our digital capabilities, and I'll come to that in a couple of minutes as to what that really represents. Second – we have an extreme focus to deepen the automation area and support it with artificial intelligence, improving everything in the core technologies of our clients, and within our portfolio. The third – an extreme focus on reskilling employees, and you'll hear a little bit later in the session from Pravin on what we're doing in that space. And finally – a lot more focus on localization. Again, you will hear a little bit later in the session, how we are driving localization, by expanding in Europe in the US, in Australia.

Now in scaling digital capabilities, we've kept five areas in the forefront from the very beginning. And we see immense traction, for example, in the cloud space, whether it is a public cloud, private cloud, hybrid cloud, the software-as-a-service players, or the platform-as-a-service players. We have a tremendous ecosystem there, and that's

working. Also in data, in IoT, in cybersecurity, and then in the whole area of experience – how does human experience, intuitive experience work as clients are dealing with technologies. In cloud, we've really made an extreme push. And you might have seen a few weeks ago, we launched our own brand called Infosys Cobalt, which combines all of our cloud capabilities, platforms, solutions, offerings. The idea for Cobalt is to help our clients go faster in their cloud journey, and to do it with less risk because we have a lot of things that have been tried and tested. Today, we already have 200 industry solutions, and 15,000 Cloud assets that form a part of Cobalt. And again, you'll hear a little bit more detail on this when Ravi shares his updates.

We have essentially four growth drivers that are helping us as we look at the business in the past three years and as we look at the business going ahead. The first is digital. Everything is shifting to digital today. Our business – almost half – 47% of our business is digital. It was growing at 25% in the last quarter. Second is large deals. Our momentum is very strong. Last quarter, we had the largest large deal value of over \$3 billion. You'll hear a little bit more about this when Mohit shares our sales acceleration approach. The next is account expansion. This is something that we work on extensively within the company. We don't talk a lot about the specifics outside. It's a focused plan to work with our existing clients, and work with what they want to do next, what is relevant for them, and how we can help them in navigating the next by then becoming deeper in the relationship with those clients. And we have some statistics where our accounts greater than hundred million dollars have steadily expanded because of this attention to our clients. And finally, there's also attention to new accounts, or working with new clients. And those are percentages and statistics we're tracking internally and driving to an expansion. Those four areas become the real growth drivers for what we see going ahead.

And then there are several margin drivers. A little bit detail of this will come when Nilanjan shares with you his updates. But at a high level, we focus on the mix – onsite offshore, we look at the pyramid, we look at automation, we look at our sub-contractors – how they should be handled, and we look at what's the best value we can derive from the digital work that we are doing for our clients. Now to be clear, all of the investment phase that we have is well behind us. We are today in a phase where all new investments are funded from the P&L. And we believe many of these strategic margin drivers will support us as we look to maintain a margin and as an ambition to expand our margin in the coming quarters and years.

We are extremely focused on employee well-being. You'll hear a little bit more on this from Pravin. But there are several elements where we engage, where we enable our employees, where we reward our employees. And those targeted interventions and focus areas over the last few quarters have resulted in attrition being extremely low, the last quarter was 7.8%. And we believe attrition will be in good shape as we go ahead, and we come out of this COVID environment.

We're also extremely focused on discipline in our operating approach. We look at all our businesses and the unit performance, we focus on things which are not working to try to address them and solve them. A delivery excellence is really the cornerstone of everything at Infosys, and there's a continuous attention to how deliveries are progressing across all of our clients. A focus on cost discipline – an ongoing cost program, both strategic cost areas and one-time cost areas – you'll hear a little bit more about this from Nilanjan. And a focus on cash collection, where you've seen improvement in the way that we've collected

cash in our DSO numbers; and therefore what we will be able to return as cash to shareholders as we go ahead with our improved capital allocation policies.

And finally, our leadership team, I believe, is working extremely well. It's been stable for the last three years, the team is working collaboratively. In fact, through this COVID time, of course, we've not been able to travel, but we are connected with each other on daily, weekly, once-in-two weeks, once-in-a-month calls, video sessions, where we're making sure that we are cohesive and we have a common focus in how we're serving our clients and how we are focusing to improve all aspects within the company.

So in conclusion, I think we've had a successful journey over the past three years, not just for client relevance, but for growth, for margin for attrition, for cash return, for earnings, and of course, for shareholder value creation. We believe we are the only large IT services company which has year-on-year growth in Q1 and in Q2. We also have a growth guidance for the full year. And we believe we are gaining market share, which is really helping us to further consolidate the position we have from over the years. We made a strategic investment in the growth drivers that I referenced, for example, the investments in digital, in automation, and so on. We've also got a clear set of margin drivers which are in place and which we're strategically executing on, which I believe will help us sustain and over time, in the medium term, expand our margins. With all of that, I believe we are well-positioned to continue our growth and continue our margin trajectory as we come out of COVID. You saw as we finished last financial year, we grew at 9.8%, the year before that at 9%, and even in this COVID time, we're still growing – last quarter at 2.2%. With this, we believe as we come out of the crisis, we will be back to the momentum we were at before. All of our investments are really making us more and more relevant for clients. And we feel confident given the market dynamics and the way we have positioned ourselves to continue in that journey.

With that, thank you and thanks again for joining us. We of course have several more sessions. Following this will be Pravin. Thank you.