Once upon a time, the world was spiky. Opportunities were unequal across countries, information was often walled and new economies were unheard of. But around the mid 1990s, things started changing. Wealth began to spread, opening up fresh markets. A baby-boomer generation aged in developed countries while a Gen-Y exploded in emerging ones, rebalancing the workforce and propelling new economies. Technology became ubiquitous, connecting people and information. Together, these disruptive forces rearranged and leveled the global business-scape. Braving the waves of complex regulations and changing customer expectations, a new breed of entrepreneurs arrived to claim the unexplored land. They found a flat world.

We live in exciting times.

Winning in the Flat World

Nandan M. Nilekani, *CEO and Managing Director*, Infosys Technologies Ltd.,
in conversation with Brianna Yvonne Dieter, *Executive – Academic Relations*, Infosys Technologies Ltd.

Recently you have been talking about the world becoming flat. Could you elaborate further?

We believe that four major trends are changing the business landscape. They are:

- The emergence of developing economies creating new markets and accessible talent pools,

- A global shift in demographics, driving companies to tap young and skilled talent pools outside of industrialized countries,

- The ongoing adoption of technology which is changing how consumers and companies use technology, and

- The new regulatory environment which is driving greater accountability and transparency.

Together, these disruptive forces are leveling the business playing field, in other words, making it "flatter". In order to succeed in the flattening business world, companies must not just become global, they must re-assess everything they do and shift their operational priorities.

What are these shifts in operational priorities?

In order for companies to win in the flattening world, they must embrace four shifts:

Fuel growth by becoming a globally efficient cost-competitive producer: Instead of fearing competition from low-cost competitors, companies should beat them by making their operations more cost-competitive and globally efficient.

Create customer loyalty through faster innovation: Customers stay with companies which have the most innovative and useful products and services. Therefore, companies must be able to innovate rapidly to offer products and services that customers value. In many cases, this may require co-creating these offerings with customers or partners.

Make money from information: Despite years of investment in systems, few companies are truly able to leverage information to improve their operational or financial performance. By leveraging advanced analytical tools and global talent, companies should focus on making money from information already available to them internally, through partners and on the web.

Win in the turns: Most companies do well in a good market; it's in the downturns that companies should plan to overtake their competition. They should make their costs variable and build capability to respond fast to business cycles.

Why is this important? And, why now?

Today, companies are losing leadership positions at almost double the rate than 25 years ago. Globalization and technology ubiquity have led to high customer expectations, super-efficient competitors and sophisticated operational capabilities. While many companies acknowledge the challenges, few are looking at the new opportunities

Emerging Economies **Shifting Demographics** **Technology Ubiquity** **Accountability Regulations**
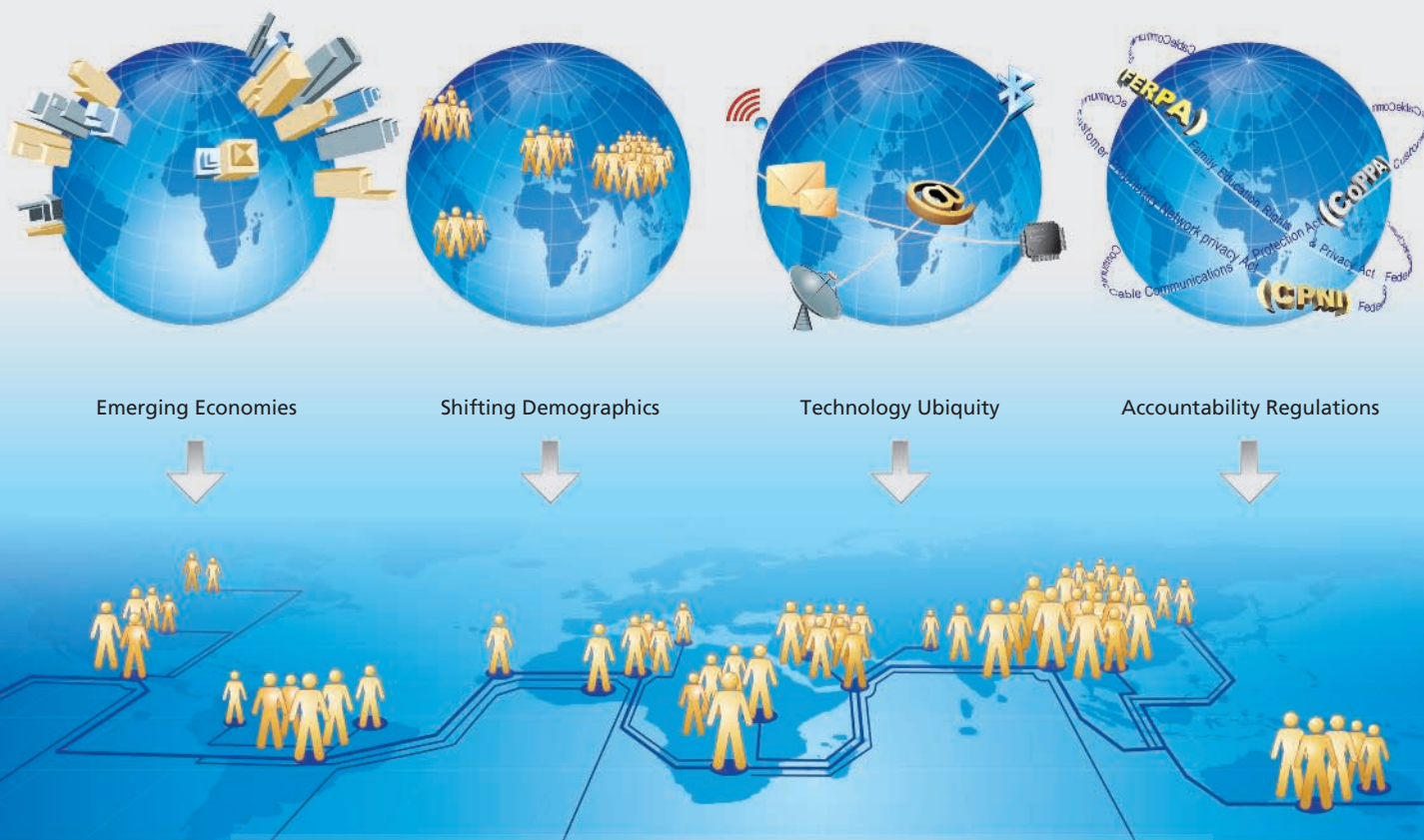
such as building globally efficient operations, accessing global talent or leveraging the abundance of information. This is the right time for companies to shift their operational priorities instead of allowing their competition to get a head start.

Why is Infosys best positioned to help clients in this journey?

In many ways, we ourselves are a flat world company. The operational principles that we have been espousing since day one – global delivery model, global sourcing, and efficient use of technology – are key components of becoming a successful flat world company. Over the last 25 years, we have developed a business model and the capabilities that have challenged industry leaders. We understand what it takes to win in the flat world.

We are now tapping our experience of operating successfully in a flattening world to help our clients succeed. In addition, we are aligning our resources, offerings and intellectual property to help our clients win in the flat world through the four shifts. In other words, we have been gearing up to help clients define their end goal, create a roadmap to get there and also implement the changes required.

In what ways is Infosys a flat world company?

Our operational principles embody the same operational priorities that are required for winning in the flat world.

We have one of the lowest SG&A expenses in the industry because of our relentless focus on employing talent where best available.
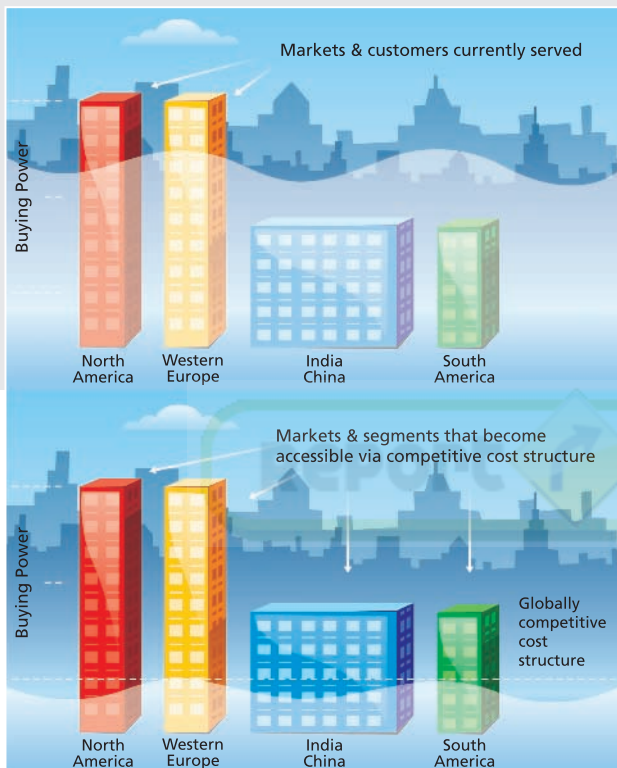
We have delivered on innovation – over 43% of our revenue comes from services that we introduced within the last five years. Our latest co-creation offering from our Software Engineering and Technology Labs (SETLabs) allows us to create technology of value to clients. We are extremely disciplined in forecasting, projecting, and measuring everything we do. It is the reason we are able to achieve financial closure within 15 days after quarter-end. We have created a disruptive business model that allows us to deliver superior performance to our clients and our investors.

What would a flat world company of the future look like?

A flat world company produces where it is most cost effective, sells where it is most profitable, uses information to its full capacity, collaborates to innovate faster and is well prepared for business cycles.

A flat world company has zero touch processes, is information-centric, achieves very low time-to-market, practices boundary-less behavior, and offers highly personalized services to its customers. It treats the whole world as a network of resources, and finds ways to reallocate work among them in the most optimal fashion. It manages operations using information on a real time basis, monitoring everything globally.

The result is a leaner, flatter and more adaptable enterprise, geared to work smarter.

Markets & customers currently served

Buying Power

North America | Western Europe | India China | South America

Markets & segments that become accessible via competitive cost structure

Globally competitive cost structure

Buying Power

North America | Western Europe | India China | South America

Fuel for Growth

How do you remain profitable, even if your average transaction size becomes 1/10th of what it is today?

Businesses today must dramatically overhaul their cost structures, and then use the savings to invest in new products, customers and geographies. This means having the most competitive cost structure, along with the ability to develop new and differentiated offerings for emerging markets. Making this work requires proactive actions suchas creating technology-driven global collaboration platforms, developing management structures and the capability to work efficiently across borders, developing global sourcing as a functional capability within the organization, and continuous re-evaluation of best cost locations and vendors.

To fuel growth, companies should create the most cost-efficient global operations, leveraging global talent and technology.

Fuelling growth requires freeing up capital from operations by restructuring costs globally. Processes are redesigned and automated for efficient operations.
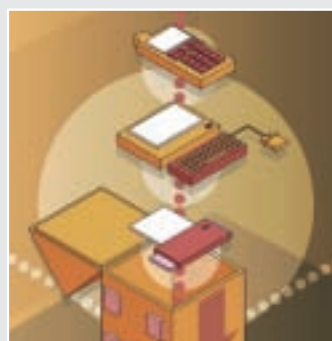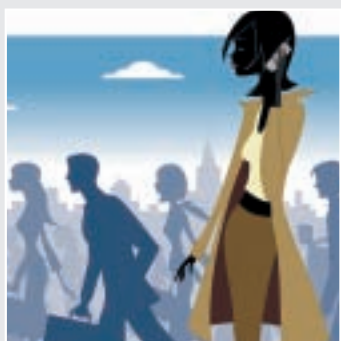
Material is sourced where most cost effective.

Talent is employed where best available.
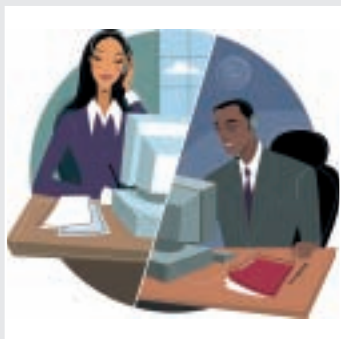
The result? New products, varied offerings and new customers.

Leading Indian bank leverages technology to shrink operational costs
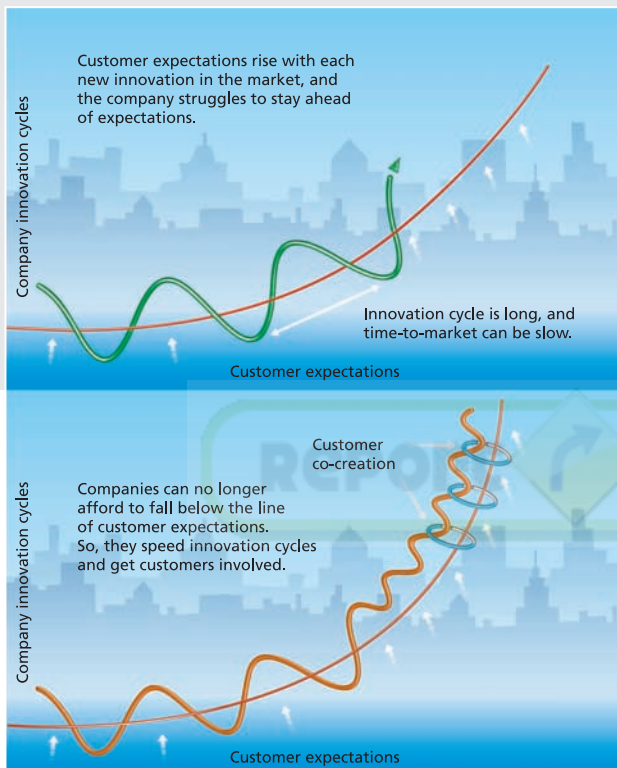
In emerging countries, banks have to operate profitably at transaction costs and sizes that would be considered unviable in developed countries. A leading Indian retail bank decided that the crux of its strategy would be highly efficient operations with a high reliance on a contemporary and robust technology platform. The bank identified Infosys as its technology partner and selected Finacle®, our universal banking solution, as its core banking and e-banking platform. Through efficient use of technology, the bank has successfully moved over 70% of its routine banking transactions from its branches to other delivery channels. This has enabled the bank to aggressively use its branch network as customer acquisition units. Today, it is one of India's largest banks and, on an average, adds up to 3,00,000 customers in a single month – among the highest in the world.

Networking OEM launches global dial plan

A global networking Original Equipment Manufacturer (OEM) was looking for a cost-effective VoIP solution that would work in multiple markets, despite the differences in call routing and regulations across countries. Infosys conceived, developed and tested an international "dial plan" application. The client has now applied for a patent for the application.

Hi-tech OEM accelerates order cycle and cuts costs by 50%

Traditional approaches to order management required a trade-off between customer experience and operational costs. Infosys provided the customer a comprehensive solution that improved effectiveness and lowered costs. Average productivity increased by 10-15% across multiple processes with continuous improvement through root cause analysis of problem areas. The order cycle was reduced by 25%, releasing up to US $30 million in working capital and annual business process costs were reduced by 50%.

Customer expectations rise with each new innovation in the market, and the company struggles to stay ahead of expectations.

Company innovation cycles

Innovation cycle is long, and time-to-market can be slow.

Customer expectations

Customer co-creation

Companies can no longer afford to fall below the line of customer expectations. So, they speed innovation cycles and get customers involved.

Company innovation cycles

Customer expectations

Faster Innovation

Could you retain current profitability while allowing your customers to design their own service or product?

In a flat world, providing high-quality, 24/7 customer service is not enough. Customers are hyper-informed and expect better products with greater customization. Rapid innovation becomes imperative as companies struggle to consistently exceed these growing expectations and earn customer loyalty. Infosys defines innovation as not just the "Eureka moment" but executing on that moment with a series of supporting innovations across processes and technologies. This requires a collaboration platform of partners and customers, leading to a better understanding of customer behavior. We should know, 43% of our revenues come from services we did not have five years ago.

To stay ahead, companies should increase the speed of innovation, focus on customer experience, understand customer behavior and co-create with customers and partners.

An innovative thought triggers a series of supporting innovations across processes and technologies.
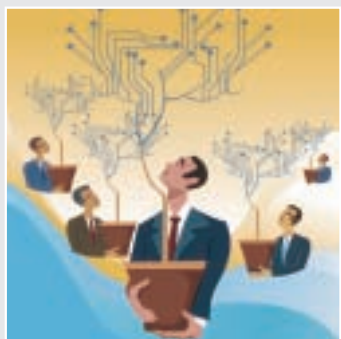
Global collaboration platforms result in faster innovation across teams.

Co-creating with customers helps deliver better value to end customers.

Products and services now offer increased customization and personalization, leading to stronger customer loyalty.

Rapid Product Introduction (RPI) benefits insurance company

For an insurance company, time-to-market for new products was not keeping up with market demand due to issues with legacy applications and non-standard product definition practices. Infosys re-designed the client's application and product introduction processes. This reduced impact analysis and testing time by more than 40%.

European bank partners with Infosys from concept to creation

A large European bank asked Infosys and other knowledge services companies for ideas on the next-generation of offerings for investors. We recommended an algorithmic trading offering which the bank decided to pursue further. We are working with the bank to develop the solution.

Co-creating technology solutions with clients

Focused workshops with clients are designed to explore technology-driven innovative ideas for business. These innovation workshops help develop client-specific technology roadmaps, leveraging Infosys' intellectual property, with the objective of optimizing technology investments and enhancing clients' competitiveness. Workshops have been conducted with clients in industries such as retail, financial services and aerospace, among others.

A lot more information is available and searchable...

Better ways of filtering and analyzing data...

Automation

Analytics Tools

Analytics Specialists

Get the information you need, at the exact time you need it.

Money from Information

Would a dedicated data analytics team pay for itself?

Companies have spent billions trying to capture information. But, it always required a significant investment of time, people and money, and all it generated was an after-the-fact report. Winning in a flattening world requires harvesting information for profit opportunities. From e-mails to ERP and blogs to product evaluation, information across the company is combined to build a globally accessible and searchable information repository. With analytics talent and technology, it provides right-time information to decision makers.

To make information pay, companies should combine advanced analytics capabilities with seamless information. This delivers the information a company needs at the exact time it needs it.

A team of analytics specialists, that studies and examines information, is created at best-cost geographies. The team functions as an organizational shared service.

Information from all sources is combined – internal with external, structured with unstructured – to create seamless exchange. Proprietary information is protected.

Advanced analytics capabilities combined with business intelligence technology, drive supply chain and working capital management decisions.

The company can finally shift from spending money on information to making money from it.

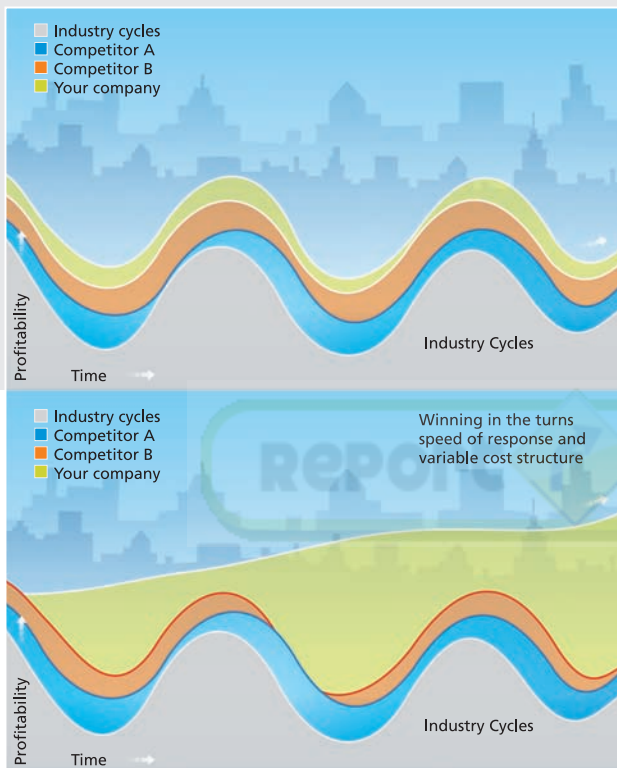## Data analysis alone saves US $60 million for telecom company

Telecom companies often undertake revenue assurance initiatives to identify revenue leakage. One of Infosys' telecom clients has gone a step further. The company captured US $60 million in revenue leakage by investing in information stewardship and analysis. To prevent future revenue leakage, we created a dedicated team to continuously cleanse data, analyze billing and provisioning, and reconcile revenue. This team is based in India to minimize the cost.

Inventory visibility boosts productivity for telecom OEM

Infosys helped a telecom OEM's production-cum-distribution centers double production and triple shipments. This was accomplished through a combination of workflow redesign and systems enhancements. We streamlined workflow in bottlenecked areas, instituted work material sharing to reduce inventory fragmentation, and introduced a system of "checks and balances" for exception management. Visibility of inventory, enabled managers to track inventory at each location, and take informed decisions on availability, movement and handling of material.

Seamless information flow enhances efficiency

Infosys helped a consumer electronics company increase working capital efficiency and collect inventory payment faster, by integrating the client systems with Wal-Mart's Retail Link™ systems. The application reconciled invoices faster by matching 'items shipped' information from the manufacturer and 'items received' information from the retailer. It achieved this by intelligently retrieving data from Retail Link™ and integrating it with the client's outbound shipment information. The application dramatically improved the speed and accuracy of the invoice verification process between the client and Wal-Mart and accelerated payment collections. It also helped reduce the costs associated with invoice reconciliation and avoided incorrect charge backs – all adding up to higher working capital efficiencies.

Legend (top chart):
- Industry cycles
- Competitor A
- Competitor B
- Your company

Profitability / Time

Industry Cycles

Legend (bottom chart):
- Industry cycles
- Competitor A
- Competitor B
- Your company

Winning in the turns speed of response and variable cost structure

Profitability / Time

Industry Cycles

Winning in the Turns

Could you grow by 30% within 12 months and still remain profitable?

In traditional companies, most costs are fixed, and their profits ebb and flow with the industry's cycles. In the flat world, leading companies will convert much of their fixed costs to variable ones, so they can respond more quickly than competitors to industry turns. We ourselves practice this approach. For example, we limited our exposure to dotcom projects to less than 20% of revenue, in anticipation of a downturn. And, when the downturn did occur, we hired packaged application experts to build up our enterprise solutions practice at a time when other companies were laying off talent.

To win in the turns, companies should migrate to a variable cost structure, manage business risk and increase the speed of response to business cycles.