Infosys®

POWERED BY INTELLECT
DRIVEN BY VALUES

30 years of Infosys

Annual Report 2010-11

"Posterity will not excuse you if you did not dream big. You owe it to your customers, your colleagues, your investors, and the society. Every major civilization, every great advance in science and technology, and every great company is built on a big dream."

N. R. Narayana Murthy
Chairman and Chief Mentor

30 years of Infosys

Turning thirty is a good time to reminisce. And reflect. And look ahead.

Thirty is one of those rare junctures when you have both youth and experience on your side. Thus, as Infosys completes thirty, we talk about the pleasures and pains of starting small; the genesis of a value-based organization culture; personal goals turning into company milestones; sharing wealth and caring for society; learning and educating; building infrastructure for one and all; agreeing to disclose and refusing to compromise on quality; and above all, believing in a vision and leading by example to see it become reality.

Thirty is also the time to break new ground.

100%
PAPER RECYLE
3.055.231

NAPM RECYCLED 100% APPROVED

This Annual Report is printed on 100% recycled paper as certified by the U.K.-based National Association of Paper Merchants (NAPM) and France-based Association des Producteurs et des Utilisateurs des papiers et cartons Recyclés (APUR).

Goodbye, folks. March on with values...

“Sitting on a high stool at the NASDAQ headquarters in New York in front of the scorching lights of TV cameras, I borrowed the words of Neil Armstrong to tell the world how important it was for an Indian company to be listed on the NASDAQ.”

N. R. Narayana Murthy
Chairman and Chief Mentor

It was on one of those rare nights at home during the late eighties. I was huddling with my young children, Rohan and Akshata, when Rohan, the most mischievous child I have ever come across, asked innocently whether I loved Infosys more than him and his sister. I got away from that embarrassing situation by saying that I loved my children much more than anything else. However, even today, when we reminisce about the incident, my children are not fully convinced that I was telling them the truth. When I was busy overseeing every detail of the strategy and the operations of the company — from designing the company logo, the company song and the presentation materials, signing off on every drawing and material used in every building on our campuses around the world and coming home late at night — it was difficult to argue with the innocent but correct logic of my children. When I was spending 16-hour days in the office and was away from home for as many as 330 days in a year, it was hard for my children to believe in my commitment to the family.

There is no doubt that the Infosys journey has been an integral part of my life. Most of my colleagues say that Infosys is an inseparable part of me and I am an inseparable part of Infosys. I have been the Number One actor in every major decision taken in the company. I have rejoiced in every significant milestone of the company. I have commiserated in every false step that this company has taken. The best analogy that I can think of for this separation between Infosys and me is that of one's daughter getting married and leaving her parents' home. Yes, the parents will be there when she needs them and they will be happy that she is starting a new life in an exciting new environment.

It is not easy for me to write my last article in the Annual Report of the company. As I write this, a mosaic of images from the past whizzes through my mind. The list seems endless and it would be difficult to narrate them all in this article. So let me highlight a few of them. The day we assembled in my tiny apartment in Mumbai to decide that respect from every stakeholder was the most valuable thing for us. The day we convinced our first US customer to close his own operations at SEEPZ and hitch his future with ours was a significant milestone for us. The day we won the MICO data center contract, starting as an underdog and going on to differentiate ourselves based on our advanced mathematical modeling competence, was a day that boosted our confidence as engineers. The day we inaugurated India's first software campus is still vivid in my memory. Distributing 27% of the company's equity among our employees was a proud moment for those of us who have always considered the idea of sharing wealth to be an important part of our social responsibility.

Listing in India in 1993 pushed us to become leaders in corporate governance. The joy of being India's first software company to be certified at Level 4 of the Capability Maturity Model of the Software Engineering Institute at Carnegie Mellon was clearly what enhanced our own belief in quality. Sitting on a high stool at the NASDAQ headquarters in New York in front of the scorching lights of TV cameras, I borrowed the words of Neil Armstrong to tell the world how important it was for an Indian company to be listed on the NASDAQ. Opening our ultra-modern offices in London, Paris, New York, Melbourne, Shanghai and Tokyo heralded our aspirations to be a global company.

The inauguration of the first education center at Mysore by Prime Minister Manmohan Singh and the second one by Mrs. Sonia Gandhi, the President of the Indian National Congress, were both sound reaffirmations of our long-held belief in the importance of education and research. Participating in the Billion Dollar Day function, declaring several special dividends and bonus shares, becoming part of NASDAQ-100, starting our banking group, creating Infosys Consulting and Infosys BPO, building more than 28 million sq. ft. of world-class development centers, winning several prestigious global awards, and establishing the Infosys Foundation are milestones that brought us great pride.

There have been some moments of great dilemmas and sadness too. Bidding goodbye to perhaps the brightest of my co-founder colleagues early in the journey was disheartening. Refusing to accept unreasonable terms and walking away from business with a Fortune-10 company was a test of our resolve. Accepting the resignation of a senior colleague and dealing with the instance where our code of ethics was jeopardized were tests of adherence to our values. Deliberating all alone on the resignation offer of a co-founder is not something I would wish even upon my enemy. Being accused of violating our own high standard of business ethics recently made me lose several nights of sleep. Occasional incidents of the organization turning bureaucratic, the inability of some of our leaders to take quick and firm decisions, and the government-company interface becoming less business-friendly from time to time are things that make me sad. But then, this tapestry of happy and not-so-happy incidents is normal and keeps life exciting.

What have been the lessons from this extraordinary marathon? Assembling a team of extraordinary people who have displayed outstanding capabilities through their value system, competence, low ego and high energy is crucial to the progress of any institution. The differentiation comes from ideas, and ideas come from bright minds. Therefore, good people are the primary assets of a great organization. It is essential to realize that even the best people may not be able to run the entire marathon. Different people run out of endurance and intellectual horsepower at different points of time. Some people drop out of the marathon since they do not see any value in an organization when their own time under the arc light is over. A leader's responsibility is to recognize this, provide them opportunities outside the organization, and usher in suitable replacements. Infosys' journey is replete with many such examples.

Many intelligent people possess a high ego and low patience to deal with people less capable than themselves. Leaders have to manage this anomaly very carefully, counsel these errant people from time to time, and allow them to operate as long as they do not become dysfunctional and start harming the organization. If they do cross the threshold, it takes courage to inform the individuals that their time in the organization is over and that they have to leave. However, one aspect that marks out a truly superior organization is the ability of its employees at all levels to be driven by values and to ensure adherence and compliance under any circumstance. No individual is high or important enough for an organization to put up with non-compliance.

Leadership by example is what creates trust in people to follow a leader. As long as a leader is able to show his or her sacrifice and commitment to a cause, others will follow him or her. I am glad we decided on respect from our stakeholders (customers, employees, investors, vendor-partners, government of the land and the society) as the primary objective of the company. I have seen hundreds of instances of such leadership-by-example at Infosys.

A sense of ownership among employees is extremely important to build a long-term future for a corporation. Such ownership comes from fair, merit-based and generous sharing of wealth and perquisites among each member of the company. This is my answer to many of my friends, who wonder why, when Infosys was founded, I took a small percentage of my earlier salary while every other co-founder's salary was increased by at least 10%.

The same friends tell me that they do not know of any other instance where as much as 10% to 15% of the company equity was given to co-founders who had just 12 to 18 months of work experience.

I do not know of any Indian company that has given away as much as ₹ 50,000 crore (at current stock prices) of stock options to employees. Today, every Indian employee at every level who joined us on or before March 2010 is a stockholder of Infosys. The point I would like to make is that such acts demonstrate that our leaders walked the talk in sacrifice and commitment.

Strategy is about ensuring sustained differentiation in a changing environment for better net income margins. Differentiation without better net income margins is meaningless. In my opinion, operating margins and earnings before taxes, depreciation and amortization (EBITDA) are not appropriate measures. In fact, the best measure of differentiation is the per-capita free cash flow generated. Such cash flows bring cash to invest in better people, research and development, infrastructure, training, and better customer and employee confidence. The famous Harvard historian, Niall Ferguson, says in his book, *Civilization : the West and the Rest*, that the six attributes that have made Western civilization dominant during the last five hundred years are: competition, science, property rights, medicine, consumption and a good work ethic. I have been saying for many years now that the factors that differentiate a corporation from its competitors are : an enduring value system, open-mindedness, a pluralistic and meritocratic approach, and practicing speed, imagination and excellence in execution. Leaders have to focus on creating such an environment.

"We have demonstrated that businesses can be run legally and ethically; that it is possible for an Indian company to benchmark with the global best; and that any set of youngsters with values, hard work, team work and a little bit of smartness can indeed be successful entrepreneurs."

Leadership is about taking bold and firm decisions with incomplete information in an environment of uncertainty. Leaders who waffle do not inspire confidence in their people. It is important to use as much data and modeling as possible to eliminate clearly bad decisions. My decision to walk away from a Fortune-10 company when they contributed 25% of our revenue was one such example of decision making under uncertainty. It was a tough decision that was taken so calmly and firmly that the head of sales at Infosys at that time thought I was not bothered about the future of the company! I had to explain to him that I did indeed agonize over it but that, as a leader, I could not be driven by panic since such an important decision required a calm and composed mind.

Every leader must have a mental model of his or her business with at best five to seven parameters that determine sensitivity to revenue and net-income. It is important to update that model suitably as the business landscape changes. Any leader who cannot quickly do such sensitivity calculation would not be able to take quick and bold decisions. Even today, I carry and update the mental model of our business in my mind.

Generosity is an essential part of a leader. It is the foundation on which teamwork is built. The ability to share the limelight with one's colleagues, the ability to step aside and give opportunity to younger people when they want that fame, power and glory, and the ability to provide a safety net of advice for them is an important aspect of strengthening the future of an organization. It is not easy to give up power, particularly when you have been the object of so much adulation. I must say that Infosys has done a good job in bringing two such transitions before I leave the portals of this company.

Scalability is the true test of the endurance of an organization. The ability to grow successfully without losing quality, productivity, employee, investor and customer satisfaction and the spirit of a small company is what makes Infosys a great company. We have grown from 50 customers to 620 customers, from 10 projects to 6,500 projects, from 100 employees to 1,30,820 employees, from 100 sq. ft. to 28 million sq. ft. of built-up space, and from 100 investors to over 4,50,000 investors. Such a scalability exercise has been successful, thanks to our PSPD model of operation. PSPD stands for Predictability of revenues, Sustainability of such predictability, Profitability of such realized revenues, and Derisking. Predictability happens because of a good forecasting system that derives realistic data from the trenches and tempers it with the wisdom of senior business leaders. Sustainability refers to the systems that help the efforts of sales people beating the pavement and meeting customers to make the prediction true, the efforts of our delivery people to deliver quality products on time within budgets, and to the efforts of our finance people raising the invoice on time and collecting money on time. Profitability refers to the systems that help our people make value-based sales, follow rigorous budgeting exercises, control costs, get best value for money and ensure the agreed-upon profitability. Derisking refers to systems that identify risks in various dimensions of our operations — people, geographies, technologies, application areas and services — collect periodic data, review the risk levels and take suitable actions to mitigate them.

Innovation is the best instrument for creating sustained differentiation. However, it must be accepted that revenues for a corporation come from well-understood ideas and business models. For example, most of a bank's revenues will come from borrowing money at a certain rate and lending it at a higher rate. Part of the profits from such models will be used for research and development to generate new ideas. A few of these ideas will be seeded and some of them will become mainstream revenue earners. Therefore, it is very important for a leader to focus on innovation, particularly, when the times are good.

Customers put food on our table. Therefore, we have to have a laser focus on exceeding their expectations, being open and honest with them, and ensuring that they look good in front of their customers. Employees are the only instruments we have to make our customers and investors succeed. Therefore, we have to create an environment of openness, meritocracy, fairness, transparency, honesty and accountability amongst our employees.

Our investors understand that businesses will have their share of ups and downs. They want us, the management, to level with them at all times. Therefore, "when in doubt, please disclose" is a good policy for a corporation. Society provides customers, employees, investors, bureaucrats and politicians. Therefore, earning the goodwill of every society that we operate in is extremely important for us. Global benchmarking is a powerful instrument that helps us to improve our self-confidence, compete with the best global competitors, and serve our customers better.

We Indians must recognize, as we have done at Infosys, that we are our own enemies. There is no external enemy. Our failures are because of our lack of commitment to our cause, our inability to accept meritocracy, and our indifference to honesty and want of a good work ethic amongst our leaders. Performance alone is the key differentiator. This stems from my belief that performance leads to recognition, recognition brings respect and respect brings power. Therefore, if India wants to be a superpower as we keep hoping, the only instrument we have is performance.

We have demonstrated that businesses can be run legally and ethically; that it is possible for an Indian company to benchmark with the global best; and that any set of youngsters with values, hard work, team work and a little bit of smartness can indeed be successful entrepreneurs. This way, we have enthused millions of young men and women in India. This, in my opinion, is Infosys' greatest contribution.

I have realized that humility, grace and courtesy are genuine only when you have power and glory. That is why the leaders at Infosys have practiced this time and again. Humility provides us the strength of mind to learn from people better than us. Grace and courtesy make us worthy competitors. They also remind us that such glory and power are ephemeral and give us the strength to handle the days when we too could lose our shine.

The crucial things we have to do in the future are : recognize our weaknesses; be open-minded about learning from people better than us; learn from our mistakes and not repeat them; be humble, honest and courteous; benchmark with the best in every dimension; use innovation to perform at global levels; and create a worthwhile vision and improve every day. This is how our mantra of focusing on speed, imagination and excellence in execution will take this company very far. I have absolutely no doubt about it. I wish Kris and my fellow Infoscions the best in their journey forward. The board has been kind enough to name me the *Chairman-emeritus.* Therefore, I will always be there to add value *if* asked.

Thanks,

Narayana Murthy

The finance journey

V. Balakrishnan
Chief Financial Officer

T. V. Mohandas Pai
Director and Head – Administration, Education and Research, Finacle, Human Resources Development and Infosys Leadership Institute

The finance journey started with the incorporation of Infosys on July 2, 1981. The paid in capital was ₹10,000, reportedly borrowed by Narayana Murthy from his wife. At inception, the Founders put in the basic financial principles – the company will earn a profit from year one, all projects will be delivered at a reasonable profit, the balance sheet will be liquid, borrowings will be only for asset creation, corporate resources will never be used for personal purposes and dividends will be paid out of surpluses. Indeed the initial years were tough, as India was a closed economy. Revenues grew from ₹0.12 crore in the first year to ₹8.66 crore in fiscal 1992, the year of economic reforms in India. The Founders were very clear that 10 years from founding they would go for an IPO and create liquidity for themselves. Employees were given stock in the company. In fact, by March 31, 1992 they owned 13.6% of the shares.

The IPO was indeed a seminal event for the company. During the road show, the Founders made a projection that the company would be a US$ 100 million revenue company by 2000, with a 20% net income, when revenues were US$ 5.01 million with net income of US$ 1.23 million as of March 31, 1993. The IPO was for creating a campus for 1,000 people, along with state of the art computing systems costing in all ₹16.58 crore, more than the revenue of the previous year of ₹8.66 crore. Great courage indeed! The IPO in February 1993 was a tough act. The market did not understand a software company as it was unheard of and completely new. The market was also rough at that time. The issue barely squeezed through, with help from its investment bankers. The issue opened at ₹145 on listing. Soon thereafter, our journey commenced as a public company.

Right from the beginning of being a public company, we decided that transparency was a competitive advantage and shareholders, as true owners, deserved the fullest, most timely information. September 1, 1993, our first AGM after listing, was a seminal event and well attended; lunch was offered too. In October 1993, India saw its first investor meet after listing at Mumbai with a large attendance, where management presented the investors with its strategy for growth, thus setting a new trend.

We invested part of the IPO proceeds in the primary and secondary markets to enhance returns. The markets went bad and we wrote off most of the investments. It was a humbling experience to stand in front of the investors and admit that we had made a mistake and assuring them that it would not be repeated.

Very soon the company put in place the 1994 Employees Stock Option Scheme, which along with the 1998 ADR scheme and the 1999 scheme gave stocks to over 18,000 employees, creating hundreds of dollar millionaires and thousands of rupee millionaires. Drivers, office assistants, secretaries got stock along with others and became millionaires. It soon became the most successful scheme in India and set a benchmark for other companies. It gave us an unique positioning, democratized wealth and suddenly the professionals realized that they too could become wealthy by ethical means early in their careers. It revolutionized India. The 1994 ESOP scheme was sought to be taxed in the hands of the employees and after a protracted legal battle, the Supreme Court held in 2008 that the scheme did not create a taxable event, allowing all grantees the benefit of no tax, helped of course by the abolition of capital gains tax on sale provided the shares are held for more than 12 months.

The company made a private placement of shares at ₹450 in July 1994 to raise ₹25 crore for its expansion. Soon after, in October 1994, the company declared a bonus issue of 1:1, the first of many bonus issues. 100 shares issued in the IPO at ₹9,500 has today become 12,800 shares valued at ₹4.15 crore (as of March 31, 2011) an annual compounded growth of 59%, a total gain of 4,64,422%, including total dividends received to date of ₹26.4 lakh.

The 1994 annual report was a very different report in terms of financial reporting and disclosure and soon became a collector's item. It started a trend with the 1995 report and subsequent reports disclosing a management commentary on the accounts, brand accounting, human resources accounting, EVA statement, and financial accounts in the GAAP of eight countries, some of them in the local language. The company won the first of its continuous 11 awards for the Best Presented Accounts from the Institute of Chartered Accountants of India (ICAI). The ICAI had to finally give us the Hall of Fame award that made us ineligible to apply for future years! The first financial statements under U.S. GAAP done voluntarily were issued.

“We are proud to have been part of this dream journey. Using exemplary corporate governance guidelines, we have built a financially sound company.”

We also issued the first publicly articulated financial policy in India which *inter alia* said that the company aimed to earn a minimum return on capital employed of two times the cost of capital, on invested capital of three times cost of capital; pay dividend of up to 20% of post-tax profits only out of cash surpluses (now increased to 30% of consolidated profit), maintain liquid assets on the balance sheet to meet a year's working expenses, borrow only for short-term mismatches in cash flows, depreciate assets in the shortest possible time; earn a minimum of 25% profit on sales revenue. In fact if a search were to be made of any corporation in the world over the last 15 years which has earned a minimum of 25% return on equity and 25% profit on sales, very few companies would show up and Infosys would be one of them. We started giving guidance in fiscal 1995 and this became a trend. Many have questioned us since then on the need to give guidance, and our view has been that we need to have symmetry of information between the business and the outside world and this was the best way to do it.

We then started preparing for our listing on the NASDAQ. In 1995, we had expressed our intention to list on the NASDAQ before the end of the decade. We started getting ready with the U.S. GAAP financial statements, benchmarked our corporate governance standards and investor relations standards. We started announcing our results quarterly from June 30, 1997, much before it became mandatory. We revamped our Board having majority of independent directors, instituted the Board committee systems, put in place a whistle blower policy, and policies to prevent insider trading, all of which became benchmarks once again. Infosys became the most followed company for its governance practices. We started work for the listing in 1997, postponed it as markets fell, started again in 1998 and completed in 1999.

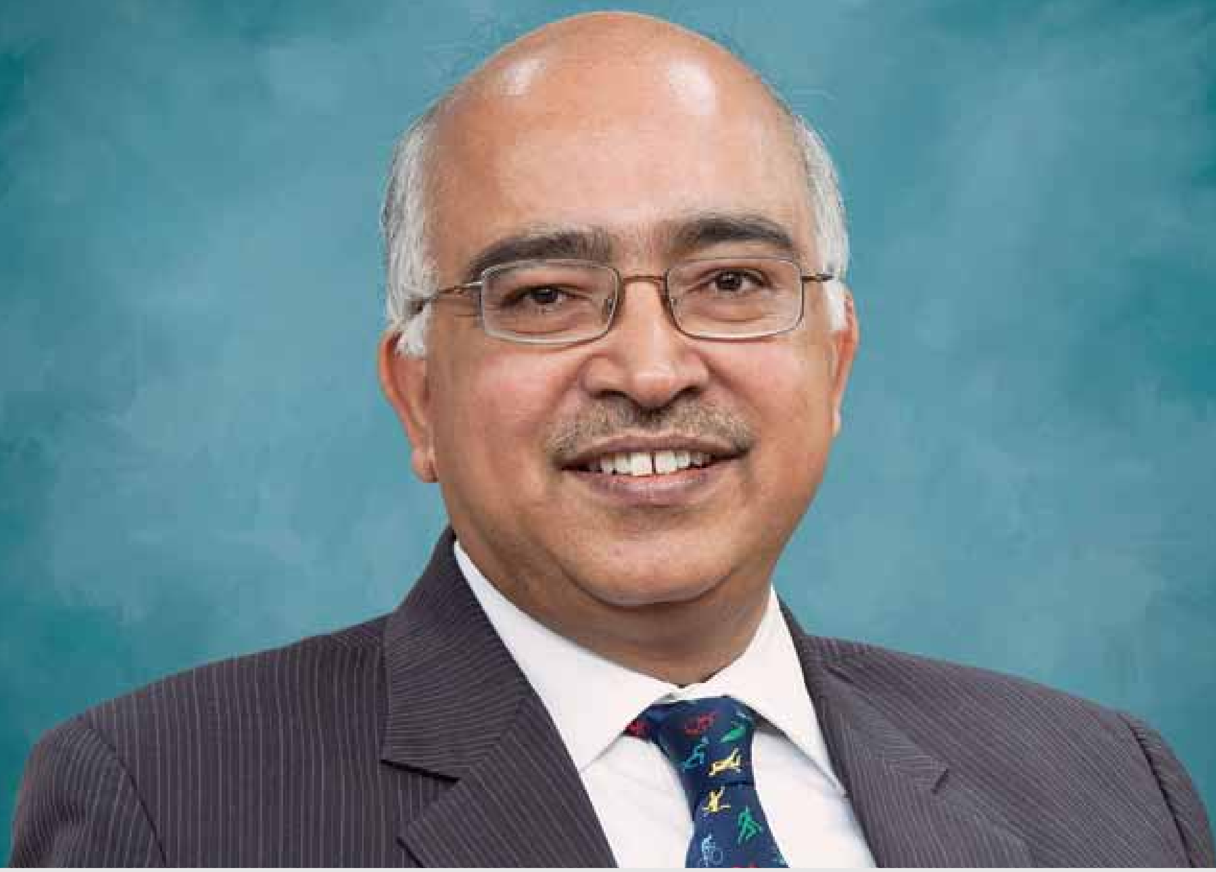
The IPO road show was a great event, we met nine investors a day, with two teams across the globe to raise US$ 70 million. Two days before listing there was no book and we were nervous and almost called off the issue but soon the orders came in a torrent. It gathered a book of over US$ 3.5 billion, the first listing in the U.S. by an Indian company. The book runners suggested a price of US$ 37, we insisted on US$ 34 leaving them perplexed, insisting that we had to be fair to our investors. The stock on listing opened at US$ 51. We came back to India and were welcomed as heroes, and history was created. We reached revenues of US$ 203.4 million by fiscal 2000 with a net income of US$ 61.3 million, keeping the commitment made to investors when our Founders did the first road show!

A year later, we saw the biggest technology rally on the NASDAQ with our stock going up to US$ 675 at the height of the internet boom. Over two weeks, the company saw its valuation go up during the boom by US$ 20 billion only to see it come down by US$ 15 billion in one week! The markets crashed soon after in 2003 and the recession started. During April 2003 at the time of our annual guidance, Narayan Murthy made the famous statement about “fog on the windscreen” and we gave guidance in tune with our business forecast. The stock crashed 40% in two days and shook up the market. We recovered in our business and soon reached the US$ 1 billion mark in fiscal 2004. We had a great celebration! Liquidity on the NASDAQ was lacking. We worked with regulators in India to create the policies for a Secondary sponsored listing of an ADR. We had an issue of US$ 300 million, once again a first. We followed this up with a US$ 1 billion secondary ADR in 2005 and then a US$ 1.5 billion secondary ADR in fiscal 2007 that enabled us to get into the NASDAQ-100 index, again a first for any Indian company. We were the first foreign filers to file financial statements in IFRS with the Securities and Exchange Commission, U.S.

We are proud to be part of this dream journey – to set the benchmark in financial reporting; to use transparency and disclosures as our competitive advantage; to lead good practices in the country which got mandated later for all companies to follow; to set and follow the best corporate governance norms in the world; and above all build a financially strong company in all aspects. We have built a flexible financial model that has withstood many testing times. We were always willing to stand-up and share any bad news with stakeholders just as we shared good news. Our ability to look at long-term challenges and invest ahead of need without being unduly influenced by short-term consequences, had kept us in good stead. Today we have a strong balance sheet with US$ 3.8 billion in cash and cash equivalents, listed on the NASDAQ and in India with over 4,50,000 investors. The journey that started with ₹10,000, has evolved into a balance sheet of ₹26,000 crore with over ₹11,623 crore paid out as dividend.

The journey continues...

The quality journey



K. Dinesh

Director and Head – Communication Design Group, Information Systems and Quality & Productivity

In 1983, we had developed an application on a new platform for a German client. During its acceptance testing, Narayana Murthy noticed a single character error in the output and he called the client immediately and informed them about the error. The company was very impressed by our focus on quality, and our proactive and transparent approach that they accepted the application without going through the elaborate tests planned.

That incident sowed the seeds of our focus on quality in the company. Though Quality, as a function at Infosys was formally instituted in late 1992, it has been an integral part of our existence over the last 30 years.

I have had the privilege of being part of most of the quality journey at Infosys and the distinct honor of steering it for the past 19 years. I have had the good fortune of working with a team comprising the brightest minds in the industry such as, Dr. V. A. Sastry, Dr. Pankaj Jalote, S. Raghavan, M. R. Bhashyam and Satyendra Kumar. I am sharing the highlights of how our focus on quality has enabled us to earn the trust of our stakeholders.

In November 1992, the Quality function was instituted at Infosys under the leadership of Dr. V. A. Sastry in the backdrop of a booming business. At the time, we had around 25 active projects but we were aware that growth was around the corner. We had to lay a strong foundation with a formal structure for the implementation and measurement of quality. We also wanted to ensure that our focus on quality translated into business value for our clients. In the initial years, we took our first but firm steps on this journey when we got our ISO (with TickIT (1)) certification in 1993 which certified us on the strength of our basic processes. Our journey had begun in right earnest.

Over the next few years, we worked towards increasing the scope of our quality metrics by refining our software development lifecycle processes. Dr. Pankaj Jalote led our efforts during the CMM assessment. We were assessed at Level 4 in 1997 and this not only highlighted the strength of our business processes but also indicated that the organization was undergoing tangible changes in imbibing the quality culture.

This cultural change paid us rich dividends. In 1999, we touched the US$ 100 million revenue mark and also became the first Indian company to be listed on the NASDAQ. This success was duly complemented by the distinction of becoming the 21st company in the world to be accredited the CMM Level 5 standard for software development.

By then, we were entering a phase where business was poised to grow in leaps and bounds. This necessitated us to scale our Quality function to keep pace with the growing business complexity. This foresight drove Bhashyam and me to conduct a detailed evaluation of the certification standards available at the time. We adopted the Malcolm Baldrige National Quality Award (MBNQA) model successfully in 2000 when our revenues touched US$ 200 million and with around 300 ongoing projects. The MBNQA is one of the most prestigious Total Quality Management models adopted by many industries.

After 2000, when Satyendra Kumar took over as the head of Quality and Sanjay Purohit joined him, the Quality function attained a new dimension. Today, the Quality function is pervasive across our services, units / enabler functions and geographies and plays a pivotal role in managing organizational risk.

The past decade led to the implementation of the Balanced Scorecard [2] framework that translated corporate strategies into measurable goals. As we added new lines of services such as BPO, Aerospace, Medical Devices and Telecom amongst others, our focus was on growing sustainably and reducing the impact of our operations on the environment.

This led us to implement domain-specific certification standards as and when new service lines were added. Some of the certifications include, eSCM-SP Level 5, AS 9100, ISO 13485, ISO 14001, OHSAS18001 and TL 9000. Recently, Infosys, as well as Infosys China, one of our fastest growing subsidiaries, have been assessed at CMMi Level 5.

One of the most significant developments in this decade was the creation of the Infosys Quality System, which documents and demystifies our quality management system through PRidE, our in-house, web-based, business process platform. Today, through our Business Value Articulation (BVA) initiative, we are connecting and articulating the business value that we add to our clients by continuously improving the quality of all our processes.

The Predictability, Profitability, Sustainability and Derisking (PSPD) model has been at the core of our business philosophy. In 1993, we had 25 projects, 750 employees, US$ 5 million in revenue and operated out of two offices in India and one international sales office in Boston.

Today, we have over 620 clients, 6,500 projects, 1,30,820 employees, US$ 6.04 billion in revenue, and operate out of 64 sales offices and 63 global development centers spread across 75 cities in 32 countries.

“Through quality, we have succeeded as an organization to set ourselves on the path of the continued pursuit of excellence with a constancy of purpose. In the process, we have earned the sustained trust of our stakeholders”

Despite the ever-increasing business complexity, our Quality function has sustained its reach across the organization and enabled us to deliver on the promises we make to our stakeholders, year after year.

The fact that we deliver 99% of our projects on time and 96% within budget, the fact that our repeat business has increased from around 87% in 2000 to over 97% today, and the fact that our Client Satisfaction Index went up even at the peak of the recession in 2009 are all testament to one fact – that quality has been the platform on which we have delivered predictable, profitable, sustainable and de-risked business value to our stakeholders.

The prestigious awards and recognitions that we have received along the way have made our journey even more heartening and memorable. The IEEE Computer Society and the Carnegie Mellon University Software Engineering Institute awarded the 2010 Software Process Achievement Award and the award citation was a testimony to our commitment : “For establishing an extremely cost-effective, sustained, and culturally integrated quality and productivity improvement program during a period of extraordinary corporate growth”. We were also awarded an entry to the Balanced Scorecard Hall of Fame in 2007 on the strength of our innovative strategy planning and execution capabilities.

When I look back, I realize that quality at Infosys is not just about governance, prerequisites or metrics. Through quality, we have succeeded as an organization to set ourselves on the path of the continued pursuit of excellence with a constancy of purpose. In the process, we have earned the sustained trust of our stakeholders – employees, clients, alliance partners, the industry, government and the society at large. This trust is an intangible, yet an invaluable asset and reflects the success of our quality journey over the past three decades. I strongly believe that it will continue to be at the core of our success in the years to come.

(1) *TickIT is a quality certification program for software development,supported primarily by the software industries in the United Kingdom and Sweden.*

(2) *The Balanced Scorecard is a strategic planning and management system originated by Dr. Robert Kaplan and Dr. David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more balanced view of organizational performance.*