Persistent Systems Limited

Twenty-Seventh Annual Report 2016-17

LIFE AT PERSISTENT

27th Annual General Meeting
Thursday, July 20, 2017 • 11:00 AM (IST)

Venue:
Persistent Systems Limited
Dewang Mehta Auditorium
Bhageerath
402 Senapati Bapat Road, Pune 411 016, India

Remote e-Voting Period:
From 12:01 AM (IST) on Monday, July 17, 2017
till 05:00 PM (IST) on Wednesday, July 19, 2017

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Life at Persistent

This is the real secret of life – to be
completely engaged with what you are
doing in the here and now. And instead of
calling it work, realize it is play.

- Alan Watts

Last year our Annual Report was about *Continuous Transformation by Design.* We are preaching digital transformation to our customers and we practice what we preach. We successfully transformed our business from outsourced product development to helping our customers become software-driven businesses. As our business is transforming so is our workforce!

Born-digital companies do three things really well: they focus on the *experience*, they believe in the power of *personalization* and they believe in *continuous improvement.*

This got us thinking: can the principles of digital transformation be used to transform the lives of our people, beyond just the IT systems? Like born-digital companies, can we take advantage of the principles of design thinking and make employee experience the core. Can we transform the business to be responsive and provide every individual employee a personalized experience in their *Life at Persistent?*

In today's age, with advances in technology, work and beyond work are not isolated watertight partitions; they blend into each other and it is important to balance these to ensure that both personal and the Company's interests are strengthened. *Life at Persistent* is a product of this thought process and is designed to help:

- *Improve the employee experience* on a continuous basis

- *Personalize* employee experience and *empower them* to make decisions about their professional and personal lives

- Foster a sense of ONE Persistent among employees belonging to diverse cultures and countries from across the globe

For us, continuous transformation by design is not just a business principle, but a life-changing one. In this year's annual report, we showcase how we are leveraging this idea to our own organization by putting to practice the principles of digital transformation to transform the lives of the *people* in our organization.

Focus, Collaborate and Execute

Over the last two years, we have formulated our strategy on the basis of two premises:

a. The effort required for the same work is going down – software and technology productivity continues to improve rapidly – effort-based billing has limitations.

b. The market for new technology continues to be healthy. Every business wants to compete with digital natives and must become flexible and responsive. Digital Transformation is the essence of this change. Our heritage in building software products provides us a distinct advantage and a broader market for growth.

At the beginning of last year, to align the organization with this strategy, we reorganized our business around four key growth areas:

- **Digital** - Focused on the *how* of digital by bringing together our technology partner ecosystem, solutions, and a unique architecture to enable enterprises with digital transformation

- **Alliance** - Focused on the long-standing and multi-dimensional relationship between Persistent Systems and IBM

- **Services** - Focused on services for software and product development including agile and experience design that are driven by the mainstream adoption of next-generation technologies

- **Accelerite** - Focused on products that include business-critical infrastructure software for enterprises, telecom operators and the public sector

Our focus on the *how* of digital continues to drive momentum and resonates with customers who are co-innovating with us to craft new software-driven experiences. Our technology bets and enhanced focus on IP-driven and digital business has resulted in the continued growth of the Company as we respond to changing market conditions. Digital and IoT, enabled by enterprise data integration, define the building blocks for a software-driven business. We see this as an important nexus of technologies for the future.

This year, we brought together our market-facing IoT groups as one unit. This will strengthen our IoT focus and leverage our IP, solutions and device and sensor partnerships across a wider set of platform partners.

We continue to invest in partnerships, building solutions and accelerators as well as in frameworks for enterprises to become software-driven. Growing recognition from customers, partners and industry analysts validates our bets. We have put this strategy in action with our mantra for the year - *focus, collaborate and execute.*

Data, Digital, IoT

Transformation is a continuous process

Digital natives are disrupting the market by rapidly providing their customers personalized omni-channel experiences that leverage data in real-time without being constrained by scale. They are defining new business models and monetization opportunities.

In the world of disruption, we are enabling our customers through their journey of continuous transformation – by design.

Software is eating the world.

- **Marc Andreessen**

Digital = Building a software-driven business

Businesses must be software-driven to rapidly deliver services that are personalized, flexible, and that scale. What's required to become a software-driven business is: access to data from across the enterprise, ability to rapidly bring new experiences to market, engage business users with delivery of insights to actions; thus creating the right environment for innovation.

IoT-driven digital experiences, business models and monetization

We have seen a phenomenal rise in interconnected smart devices and sensors that have profoundly impacted the way we work, live and communicate.

We are as much a tech company as we are a pizza company.

- **Patrick Doyle**, CEO, Domino's Pizza

By 2020, it is estimated that 7.5 billion people will interact with 50 billion devices or things connected to the internet and generate approximately 44 Zettabytes of data. A Zettabyte is a 24-digit number.

The most pervasive use cases of digital and software-driven experiences are emerging from the 'Internet of Things' (IoT). Factories, cars, homes, appliances, wearables, etc. are packed with sensors generating large amounts of data continuously.

In the past, a lot of the IoT implementations were one-off, disconnected use cases with separate services, data and billing systems. With advances in technologies like big data, artificial intelligence and machine learning on one side and standardized platform-based solutions on the other, the focus has now shifted towards delivering and deploying and monetizing end-to-end solutions with innovative IoT experiences and services at speed.

Data to actionable insights

Enterprises already collect large amounts of business data within multiple internal applications. This data, combined with data from external sources such as

Access DATA
Connect APIs to enable the enterprise and leverage the value of legacy data

Build Experiences
Deploy, measure, analyze and iterate

Engage Users
Deliver omni-channel experiences along the customer journey

Innovate
Create, integrate and extend experiences for new business models

social, weather, population demographics etc. and from real-time IoT sources, is changing the way businesses operate. With big data analytics, it is possible to generate meaningful patterns from this heterogeneous mix of data. Advancements in artificial intelligence and machine learning have further enabled us to generate actionable insights. These insights are not only enabling businesses to take better and faster decisions, thus evolving new business models and giving them an ability to move swiftly, but they are also making things smarter and autonomous.

Automated actionable insights are in a way the key to transforming a traditional business into a software driven business.

Data, Digital, IoT are intertwined

As IoT becomes mainstream every business strives to become a digital business. Technologies in Data, Digital and IoT are coming together to help build a new class of digital solutions.

With big data and machine learning, it is possible to build at scale, solutions that combine data from internal enterprise systems, external data sources and IoT sensors. With connected devices, these intelligent systems are completing the feedback loop by responding in real time. The ability to build an ecosystem that can leverage these insights is helping create new business models that will monetize these investments.
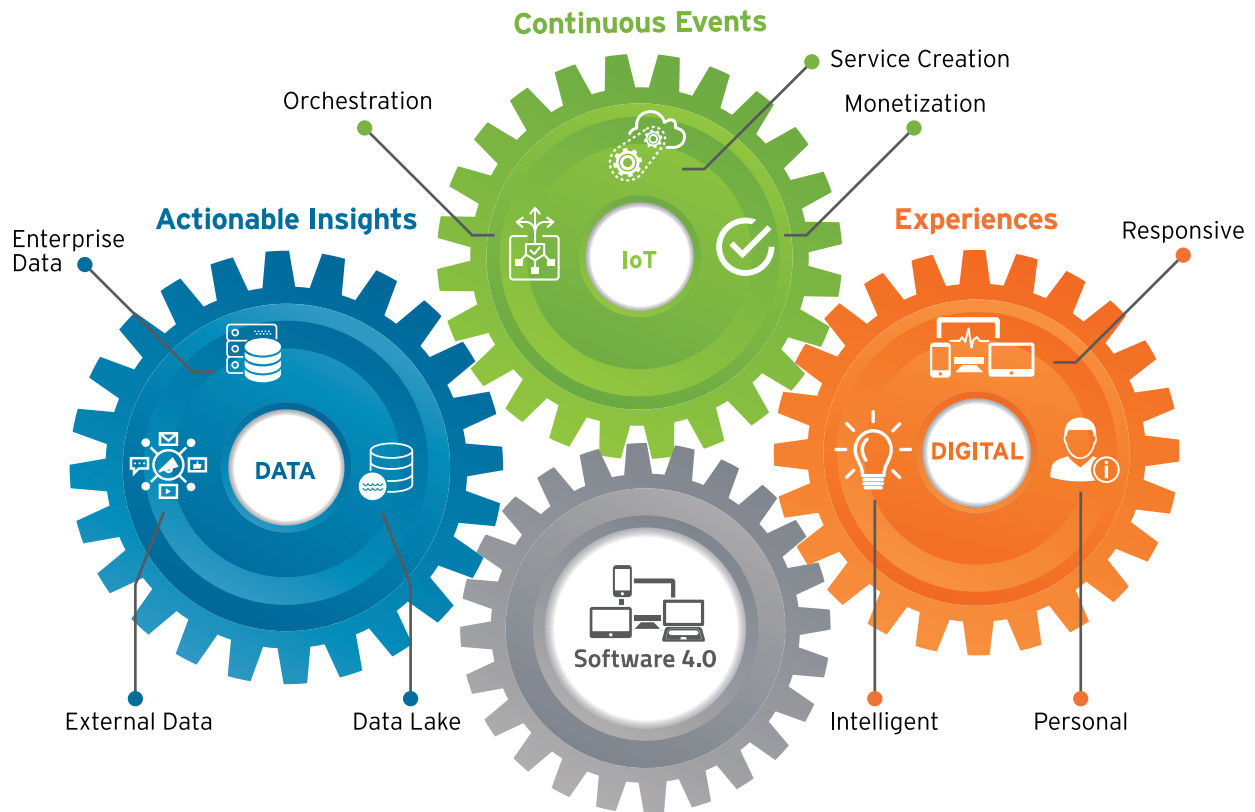
Interacting through APIs

Today's internet is not just accessed by humans but is increasingly being accessed by systems, robots and devices. Over the last 10 years, the internet has evolved to allow systems to communicate and respond securely and programmatically.

APIs or application programming interfaces are designed so that systems can query and access systems widely available on the internet. Using the APIs, developers can independently build new experiences leveraging data from heterogeneous sources. Making your systems and data API enabled is the key to getting ready for transformation at speed.
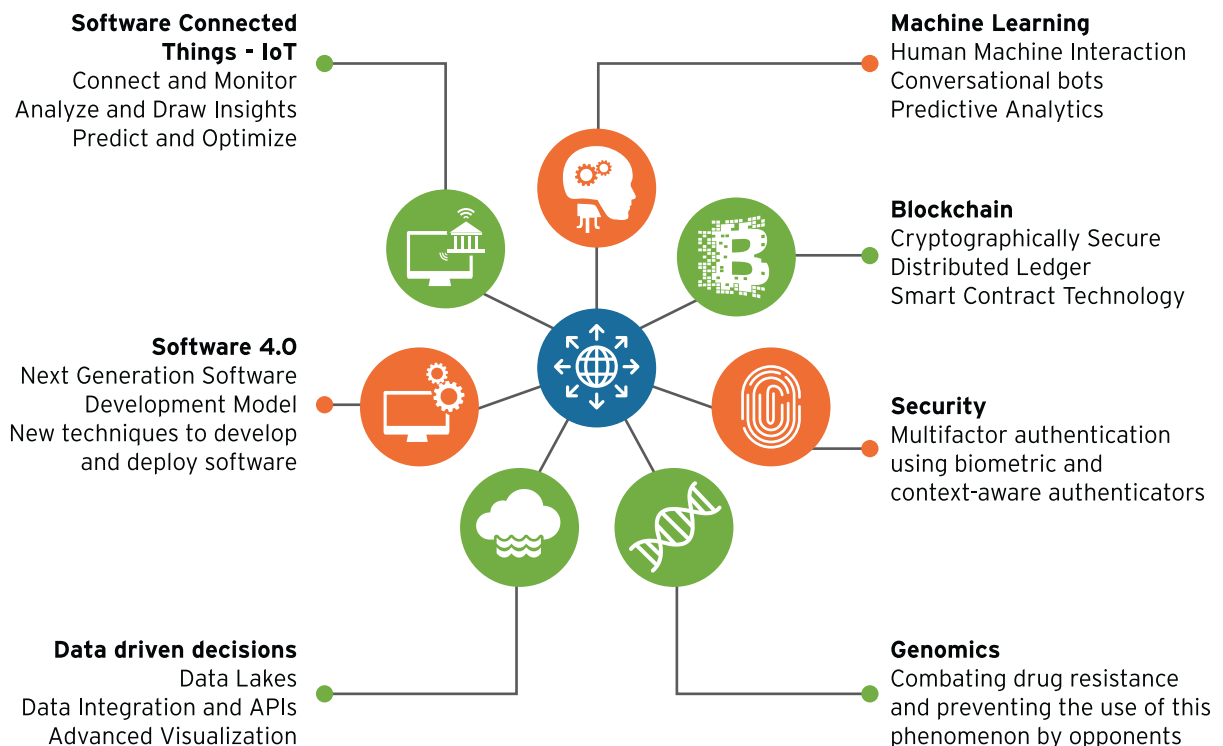
Software 4.0 - Inspired by the vision of Industry 4.0

Where physical meets digital or software meets things, Software 4.0 represents the software-driven future that is already getting shaped around us. The *how* of building a software-driven business and managing software-driven things at speed, is Software 4.0. It is a collective term that brings together different techniques that are necessary to build and deploy software in the new world of continuous integration, hackathons, devops and agile development.

Continuous investment in technology

In a fast moving world, we take the responsibility of tracking technology for our customers – from data lakes and actionable insights to machine learning and block chain - we have a mindset to continuously explore.

Focus on emerging technologies

Software Connected Things - IoT
Connect and Monitor
Analyze and Draw Insights
Predict and Optimize

Machine Learning
Human Machine Interaction
Conversational bots
Predictive Analytics

Blockchain
Cryptographically Secure
Distributed Ledger
Smart Contract Technology

Software 4.0
Next Generation Software
Development Model
New techniques to develop
and deploy software

Security
Multifactor authentication
using biometric and
context-aware authenticators

Data driven decisions
Data Lakes
Data Integration and APIs
Advanced Visualization

Genomics
Combating drug resistance
and preventing the use of this
phenomenon by opponents

ONE PERSISTENT