

Analyst Meet 2020

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M&A - ENABLING TRANSFORMATION, EXECUTING STRATEGY

Jayesh Sanghrajka

EVP and Deputy Chief Financial Officer

Good morning. Good afternoon. And good evening, everyone. And I sincerely hope all of you are doing well in these trying times.

Coming to the session on M&A, as we all know, it's no longer optional to have M&A as part of your growth strategy. Rather, it's absolutely critical to have an M&A as an integral part of your strategy.

Over the last few years, we have built a systematic M&A approach and a model that is repeatable with a lot of cumulative experience to create value from the same. There are three aspects to a systematic M&A approach: a right M&A strategy, identifying the right targets, successfully integrating and capitalizing on synergies. Over the next few minutes, I will take you through the Infosys approach to the same.

Our M&A strategy is in complete alignment to the Agile Digital strategy we outlined over two years back and has a three-pronged approach – strengthening service line or digital capabilities, deepening our vertical expertise and expanding our geo footprint. And if you look at all our acquisitions, these are in alignment to this strategy. For instance, Brilliant Basics, WongDoody, and the recently-acquired Blue Acorn are in experience space, strengthening Infosys' creative, branding and customer experience capabilities across UK and US. These also gets us an access to the CMO buying center.

In the accelerate space, which is the largest amongst the digital services for us, Fluidio and Simplus strengthen our Salesforce capabilities in US, Europe and Australia. Similarly, the recently-acquired GuideVision, which specializes in offering strategic advisory consulting and support on the ServiceNow platform in Europe. Kaleidoscope Innovation is a great example of expansion in healthcare vertical, in engineering services, by strengthening presence in medical devices, consumer and industrial market across US.

Similarly, if you look at the joint ventures that we have done, these are all with a strategic plan in specialized platforms and strengthens our geo footprint. For example, Stater in mortgage platform and financial services in continental Europe, HIPUS in Japan, and iCompaz in Singapore are examples of geo focus and expansion.

The other areas like AI, data analytics, and cybersecurity, which is increasingly showing up on the CXO agenda, continue to remain areas of focus for us.

Let us look at few quotes and acknowledgments from industry analysts on our various acquisitions that we have done. They expect these acquisitions to help build capabilities and strengthen our digital services. And I'll pause here for a few seconds.

That brings us to the second aspect on how do we identify a target, and what do we look at when we evaluate a target. First and foremost is the cultural fit and alignment of vision. Culture, values and alignment of vision are very important as we look at people and companies to come on board. We believe these are founding stones and play a very significant role in success or failure of any acquisition. Secondly, we are always looking at assets that have a potential to become beachhead in the areas of their specialization and our key markets. We also try and do an early assessment of what will it take to integrate, be it go to market, business, IT, offerings etc. as we evaluate any target.

Valuation, returns and cash flows have also been very important to us. We've been very measured in the valuation that we pay. We've also tried and structured our purchase consideration as a combination of upfront and earnout as well as management incentive for retention bonuses. These structures ensure smooth transition, alignment of objectives and retention of talent and thereby achieving the targeted value creation over time. Last but not the least, the real success of any transaction is its ability to cross-leverage and cross-pollinate. We try and capture all possible synergies, including upselling, cross-selling, driving downstream revenues, cost optimization through offshoring, DNA optimization and so on. Every dollar matters and every dollar counts.

And there are various instances where we have been able to approach many engagements jointly and made a meaningful impact. For instance, WongDoody's early involvement and focused approach helped winning an engagement with a large pharmacy, where we created a vision for future, including modernization to deliver complete wellness, system automation that supports holistic view of customer health, and freeing up users' time to enable clinical delivery and personalized patient care.

In another instance, using WongDoody's experience capabilities, we built a solution for a large bank's corporate clients, mainly the treasurers. We provided a consolidated view of their accounts across the globe with respect to risk, liquidity, and personalized market intelligence, with recommendations.

Similarly, Fluido helped in creating a customer engagement transformation journey for an auto major, where we created a unified platform and bringing dealers, customers, operators and service agents on a single platform. We also enabled sales executives with advanced analytics with respect to pipeline, dealer net promoter score at their fingertips, enabling access to customer for products, spares over mobile and internet through e-commerce with an end-to-end integration to backend inventory. This resulted in a superior service delivery and a customer experience. And these are just few examples of the joint go to market and joint wins and deliveries that we have done leveraging some of our recent acquisitions.

And that brings me to the last but most important aspect of M&A, which is integration. Over the years, we have built a very comprehensive integration playbook. At the same time, we clearly understand that integration will have to be tailored to the need of each acquisition for it to be successful. These integration plans are carefully crafted, covers all aspects of integration from people, culture, sales, brand, delivery, systems, processes,

policies, etc. And there are different versions of it, depending on the need of each acquisition. We have set up a central team to oversee the integration process and capturing the synergies.

We also have a strong reporting and early warning process to address issues, if any, or plan deviations. And while doing all of this, we have always, always ensured, we set up a right structure, leverage the brand for differentiation, and most importantly, ensure agility to stay focused on growth. We believe a successful integration can create a multiplier effect. Using Infosys' platform, these companies can ride on our existing client base and expand across geos or industries. They can also leverage Infosys' strength of training, reskilling and the unique ability to quickly scale using our well-oiled engine that supports talent acquisition, expansion in newer markets and so on. We have successfully leveraged this framework for all our assets and we continue to do so.

To summarize, we have done 10 acquisitions, including three JVs, \$800 million investment and on-boarded 2700 employees. These have helped us address capabilities gap where most of the talent is right in the market, doing upstream work that has helped us move up the value chain, driving downstream synergies, strengthen our ratings and positions in various service offerings, engage with different client centers, thereby increasing our share of wallet. And we continue to have a strong pipeline, adequate capital allocation, strong balance sheet as we evaluate various assets.

Thank you and look forward to continued interaction.