



Banking Sourcing Vendor Profile of:
**Infosys – Mobile Payment
Services**

- 1. **Background** 1
- 2. **Revenue Summary**..... 2
- 3. **Key Offerings**..... 3
- 4. **Delivery Capability and Partnerships**..... 6
- 5. **Target Markets** 7
- 6. **Strengths and Challenges** 9
 - 6.1 . **Strengths** 9
 - 6.2 . **Challenges** 9
- 7. **Outlook** 9

1. Background

Detailed information on Infosys is provided in NelsonHall's Key Vendor Assessment for Infosys.

As of March 31, 2012 (which is Infosys' year-end) Infosys had:

- Employees: 149,994 (75% located offshore)
- Active clients: 711
- Delivery centers: 74.

FY 2012 (ended March 31, 2012) revenues were:

- \$6,944m (an increase of 15.8% YoY)
 - Geographic mix:
 - North America 63.9%
 - Europe 21.9%
 - ROW 14.2%
 - Industry mix:
 - Banking and FS: 27.9%
 - Insurance: 7.2%
 - Manufacturing: 20.5%
 - Retail and CPG: 15.7%
 - Telecom: 10.2%
 - Remainder: 18.5%.

This report focuses on mobile payment services. The Enterprise Mobility Business Unit started about 18 months ago and was started from the Engineering Services Unit at Infosys. The Enterprise Mobility business unit is a horizontal cutting across all Industry verticals. It has dedicated consultants, sales leaders and a marketing team which work directly with the Industries. The original mobility offerings were started over a decade ago in the telecom practice.

Infosys started its mobile payment services business in 2009. Mobile payments are a part of Infosys's payments and cards line of business, which works with organizations in insurance, banking, merchants and retailers. In the banking industry Infosys offers the Finacle core banking solution, which has mobile banking functionality incorporated within it.

2. Revenue Summary

Infosys's estimated revenues from mobile payment services for the last two years are shown in Exhibit 1.

Exhibit 1

Infosys Mobile Payment Services Revenues

	2011	Growth (%)	2010	Growth (%)
Est. mobile payment consulting revenue (\$m)	<5.0	20	<4	20
Est. mobile payment SI revenue (\$m)	<15.0	15	<13	15
Est. mobile payment services revenue (\$m)	<20.0	20	<16	20

Note: NelsonHall estimate

Infosys's mobile payments services revenues have grown based on Infosys' systems integration capabilities and its focus on sales to a broad range of industries in a current adoption phase for mobile payments. When Infosys introduces hosted and BPO mobile payment services, it should add an annuity component to these revenues which will be stable when the adoption phase for mobile payments matures.

3. Key Offerings

Infosys’s mobile payment services (MPS) are focused on the development and integration of mobile payment platforms into existing legacy platforms (Finacle and others). Infosys’s mobile payment services are listed in Exhibit 2.

Exhibit 2

Mobile Payment Services

Mobile Payment Services	
Consulting	<ol style="list-style-type: none"> 1. Business solution consulting: mobility roadmap development, set up of mobility concept, development of various use cases 2. Mobile security strategy: security issues around various connection choices (e.g., swipe versus tap), testing, product selection 3. Technology Consulting: product/technology evaluation, Test strategy
Products and Platforms	<ol style="list-style-type: none"> 1. Mobile Wallet: Definition and development of Wallet solution on Infosys’ WalletEdge and other platforms 2. Mobile POS: Development, integration, pilots
Systems integration	Integration services: Finacle mobile integration, Integration with legacy banking platforms
Products used in services	Mobile Operating Systems: iOS, Android, RIM, Windows Phone Mobile Enterprise App Platform (MEAP): Sybase, Antenna, KONY, mConnect (Infosys’ MEAP) Mobile Web: Sencha, jQuery, jQTouch, PhoneGap

Infosys has two basic MPS offerings, consulting and integration. At this time the company does not offer mobile payment BPO services. Infosys expects to offer hosted mobile payment processing for regional and community banks in the future. MPS service offerings are typically engaged, in the financial services and retail industries, as part of a mobility enablement contract.

Typical services provided in an MPS engagement are:

- **Consulting:**
 - Business solution consulting:
 - Articulate mobility concept: components (channels, transactions, data, target audience), objectives, competitive issues
 - Roadmap: define and prioritize services to enable, establish policies
 - Development and prioritization of use cases, pilots, POC criteria
 - Mobile security strategy:
 - Identify security issues around products, solutions, connection choices (e.g., swipe versus tap), client environment, and industry standards
 - Select tools and products to use
 - Testing of products and environments
 - Identify legacy integration required to enable a mobile platform
 - Technology Strategy:
 - Analysis of technology needs, product/ technology evaluation, development standards and methodologies
 - Test standards and methodologies
- **Systems integration:** Infosys provides systems integration services for Mobile payment solutions. Projects address: 50% of current projects are focused on mobile wallets, 30% on POS, and 20% on core banking integration. Projects are undertaken in support of:
 - Development of Mobile Wallet: solution design, development, platform integration, ecosystem integration, use cases, pilots
 - Mobile POS: Design, development, integration, pilots
 - Core banking: Integration with Core banking solutions including Infosys' core banking solution Finacle, mobile integration, legacy integration.

Infosys has developed and deployed three key proprietary mobile payment solutions:

- Finacle Digital Commerce (FDC): mobile banking and payments platform running Finacle (Infosys' core banking platform)
- WalletEdge: mobile payments platform (part of FDC) and deployed at Bharti Airtel
- Mobile POS: solution for retailers to accept mobile payments at POS

Some examples of client engagements include:

- JV of three largest wireless operators in U.S.:
 - Goals: Develop and deliver NFC based wallet and platform for mobile commerce services
 - Deliverables: Consulting led engagement delivering: product development, Program Management Office, develop consumer care operating model and processes, and develop operating model for B2B customer ops and support
 - Benefits: create business to capture new revenue streams, build mobile payment ecosystem with issuers, network providers, merchants, and advertisers
- Bharti Airtel:
 - Goals: Develop and deploy mobile payments wallet and platform
 - Deliverables: Implemented WalletEdge on Finacle Digital Commerce, multi-channel gateway (SMS, USSD< WAP/GPRS, IVRS), allows additional services via gateways to banks and card issuers, and integration of banks, and merchants to system
 - Benefits: Launched product on time, help client to bridge gap in banking knowledge
- Large U.S. bank:
 - Goals: Build and implement mobile wallet platform with ability to push offers to consumers
 - Deliverables: Deliver RESTful services for mobile banking functionalities, and develop UI for iPad devices
 - Benefits: in process (3 year project). Will deliver new revenue generating functionalities including: contactless payments, and automatic couponing, offers
- Large U.S. retailer:
 - Goals: Enable and add mobile POS system to reduce customer lines and abandonment rates
 - Deliverables: Develop and install system (based on Apple iOS) to extend features of existing POS to be able to process mobile devices. Devices needed to read barcodes, and credit cards, and print out bills. Must comply with payment card industry standards
 - Benefits: Client able to add mobile POS terminals as required. Cross sell capabilities improved average sales per employee. Company able to position it's brand as "tech savvy"

- Large European bank:
 - Goals: Pilot a mobile wallet with two features: prepaid wallet, and pass through payments (from Mastercard and Visa cards)
 - Deliverables: Infosys mobile wallet solution deployment, integration to existing card network, and Android/RIM app development
 - Benefits: Pilot successful and articulated a roll-out strategy based on pilot lessons learned.

4. Delivery Capability and Partnerships

Infosys' delivery capability in Mobile Payments is built upon multiple practices.

- Infosys Mobility practice: This practice has over a decade's worth of experience developing mobile applications on various platforms.
- Finacle: Infosys' Core Banking solution which is today deployed in many banks across the world.
- Cards and payments practice (Part of the larger financial services practice): This practice provides services to several large and small banks and card issuers across the world.

Service delivery varies by service line:

- Consulting:
 - Business solution consulting: joint teams from client and Infosys work to ideate mobile strategy. Works on client site. Pricing is fixed price (T&M for complex projects). Projects take:
 - Incubate and launch POC: 4 to 5 weeks
 - Comprehensive use case: 6-8 weeks
 - Comprehensive roadmap: 12 to 14 weeks
 - Mobile security strategy: Works primarily from Infosys delivery center. Projects take 4 to 6 weeks. Pricing is primarily fixed price.
- Systems integration:
 - Wallet construction: depending on complexity projects range from 4-6 months to 1 year. Work is done from India (with project management/liaison on client site). Staffing based on complexity. Pricing is primarily T & M
 - Mobile POS: Re-architect front end of POS for mobile payment enablement and POS device enablement. Projects take 3 to 6 months (front end mobile enablement) and 3 to 6 weeks for POS enablement. Staffing based on complexity. Pricing is primarily T & M

Core banking: integrate mobile banking and payments within core legacy systems. Usually part of core platform implementation or enhancement. Projects take 3 to 5 months. Pricing is T&M. Infosys staffs mobile and mobile payments engagements from across multiple units. Infosys' mobile payments staff is drawn from two key practices:

- **Mobility:** 100 FTE (all FTE in this section are NH estimates) in mobile payments (80 FTE from vertical payments and 20 FTE from mobile labs. See immediately below)
- **Payments and cards:** 500 FTE in mobile payments (out of 6,000 FTE in cards and payments).

Overall Infosys' staff devoted to mobility includes:

- 2,600 FTE mobility
 - 800 FTE verticals (primarily banking, insurance, retail, telecom)
 - 200 FTE in cards and payments
 - 80 FTE in mobile labs (R&D)
 - 200 User experience consultants.

Infosys utilizes employees from all 9 development centers in India for integration projects. Workers are in bonded client centers within the delivery centers.

The firm is agnostic on platform and works with all major platforms.

5. Target Markets

Infosys is targeting its mobile payment services at large U.S. and European based enterprises, including:

- Money center banks
- Regional retail banks
- Card issuers
- Telecommunications firms
- Merchants: providing mobile point of sale solutions.

Infosys's primary business for mobile payments has been concentrated within a few large clients, who dominate their home market industries.

Projects carried out by Infosys within mobile payments services include:

- Consulting: 10 projects (out of 250 mobility projects)
- Systems integration: 25 projects.

Infosys has 17 mobile payments clients, seven that do not use the Finacle platform and 10 clients that do use the Finacle platform. Infosys's clients include:

- The top 5 card issuers
- Top 3 Card networks
- Top 2 acquirers
- 1 telecom: Bharti Airtel
- 2 retailers
- 4 card processors and merchant processors

Mobile payment services are primarily delivered by Infosys in support of the mature markets where clients operate. Infosys currently sees greater demand (more interested firms) in banking.

Their primary focus for the upcoming year will be in upselling existing clients and a few large prospects that require:

- White labeled Mobile payment solution. This can be development on Infosys Mobile payment platform the WalletEdge
- Co-creation of innovative mobile payment products (based on client specifications for features)
- Security solutions for payments (primarily NFC based payments)
- Integration across devices, so that the payment solution will work, feel the same, and maintain state across multiple device and channel types.

Infosys can grow its business in the next 12 months by focusing on helping clients who want to build or enhance effectiveness of their mobile offerings to customers in these four ways. Infosys will also continue to deliver back-end integration and maintenance for mobile payments systems (its core offering in mobile payments).

6. Strengths and Challenges

6.1 Strengths

- Experience with large card issuing clients who require complex product evaluation and integration support
- Experience across a broad range of industries (telecom, card issuing, retail banking, and retail merchants)
- Strong technology capabilities with key technologies: security, platform integration, loyalty programs

6.2 Challenges

- Lack of mobile payment operations support (BPO) at this point
- Expansion of presence in Asia
- Need to convert experience from Bharti Airtel payment service to enabling U.S. banks to integrate into the ecosystem that supports mobile wallets.

7. Outlook

Infosys has a growing mobile payments services business based in consulting and systems integration across key verticals and a proprietary solution offering which integrates well with key mobile payments ecosystem solutions/platforms. Infosys will need to develop or integrate additional functionality (primarily cross channel integration, analytics, and loyalty/marketing functionality) to continue to refresh and grow this platform set.

In addition to solutions, Infosys will need to develop additional services including:

- Hosted and BPO mobile payments offerings, primarily targeted at middle and small tier banks
- A range of “pre-packaged” IT services offerings for middle and small tier merchants.

Infosys has worked with multiple vendors to coordinate mobile wallet offerings (e.g., multiple card issuers, telecom wallet with multiple banks). This is a critical capability in what is an open platform environment where consumer convenience strongly guides adoption.

Finally, Infosys should be able to expand mobile payment services with existing clients by extending initial enablement projects into effectiveness projects. Clients will need to:

- Develop analytics that drive greater consumer use and satisfaction with mobile payments
- Develop better push marketing capabilities to make time spent shopping more effective
- Integrate to ecosystem participants in more markets to accelerate client expansion into more markets.