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Infosys Technologies Ltd. F4Q09 (Qtr End 3/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. (Operator instructions) And we have a question from Bhavan Suri with William Blair and Co.

Bhavan Suri – William Blair and Co.

Good morning guys, or good evening your time. I guess a couple of quick questions. The first is what are you seeing on customers coming back and renegotiating existing deals. Sort of what has been the ramp down of existing work?

S. Gopalakrishnan

We're not seeing existing work being rammed down, what we are seeing is that when projects end, we're not unable to replenish the work because of delays in decision-making and lack of demand.

Bhavan Suri – William Blair and Co.

And if you look at some of, I think you signed 37 new customers this quarter, were average deal sizes less than what you have seen, how is that looking, and then if you could talk a little bit about the pipe, and what you are seeing on kind of the deal size and the duration of those deals?

S. Gopalakrishnan

Deal sizes are smaller now. Actually what happens is the pipeline continues to be pretty good, the deals start off as large deals \$250 million, \$300 million et cetera, then during the discussion and negotiation et cetera what happens is either the scope gets reduced, because the client does not want to commit everything at this point. Second, it is possible that then suddenly they decide to make this a multi-vendor deal. And they also quote this high number up front so that they can get better terms and conditions and things like that, but the deal size when it completes, when it closes typically is much, much lower than the starting point.

The second thing is the time taken for these deals to close. Typically the deal would take six months, now it would probably take 9 to 10 months. So 30%, 40% increase in closure time. The third thing is, you know, the velocity of closure which I talked about. So that does have an impact on growth at this point.

Bhavan Suri – William Blair and Co.

And so I guess if you kind of look at kind of your guidance for fiscal 2010, you know, what provides sort of the confidence – you know, is your visibility, you have typically guided where you have had sort of 70% visibility into your guidance, is that still the case and what do you think about visibility going into this year now?

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