

# Investor Day FY'21 Webinar Transcript

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## KEY SPEAKERS:

**AS Lakshminarayanan:** Managing Director and CEO

**Kabir Ahmed Shakir:** Chief Financial Officer

**Sumeet Walia:** Chief Sales and Marketing Officer

**Genius Wong:** Chief Technology Officer and Business Head - Network Connectivity Services

**Madhusudan MR:** Business Head- Collaboration, CPaaS & Connected Solutions

**Srinivasan CR:** Chief Digital Officer and Business Head- Cloud, Hosting, Security and SDWAN

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**Vipul Garg:** Good afternoon everyone and welcome to the Tata communications annual investor day. Last year was unprecedented due to the global pandemic. At the start of the financial year, we unveiled our new strategy, and despite the challenges and headwinds, we have made good progress. We will start today's session with a strategic overview by Lakshmi, followed by Kabir, who will talk about our financial fitness journey and how it will play a pivotal role in our future growth. Post Kabir, we will have an overview from our 3 business unit heads. Genius will be presenting Global Network Services. Madhu will be talking about collaboration, CPaaS and connected services followed by Srini, who will be talking about cloud, hosting security and SD-WAN. Lastly, Sumeet will present his views on our Sales and Marketing initiatives. Before we get started, I would like to remind everyone that some of the statements made or discussed on the call today maybe forward-looking in nature and must be viewed in conjunction with the risks and uncertainties we face. A detailed statement and explanation of these risks are included in our annual filing, which you can locate on our website [www.tatacommunications.com](http://www.tatacommunications.com). The company does not undertake to update these forward-looking statements publicly.

With that, I would like to invite Lakshmi to share his views. Over to you Lakshmi.

**A.S Lakshminarayanan:** Hello, everyone. Good to be with all of you. I will be providing a short update on the strategy that we rolled out last year and incremental updates to what we are doing and the progress that we have made.

Just to recap, I think one of the first and foremost things we as a company aim to do is to stay relevant to our customers' digital journey. And I have presented this slide earlier before in terms of our enterprise customers. We see there are 5 key themes that are important to our customers, and we will be aiming to stay relevant across these 5 themes and some of the products and portfolios that we describe and the case studies we described will show you how we are relevant to these 5 themes.

A very quick recap of these 5 themes are- borderless growth as companies expand their footprint across regions, open new branches, open new factories or they do grow by M&A. They are looking for a partner who will enable them this borderless growth.

The second is to do more of contactless, frictionless collaboration not within the company, but across their full ecosystem of customers and suppliers. So that is how we look at that theme and how we stay relevant. The second aspect is about the product innovation and delivering the customer experience. So all of our connected solutions fit into the space as customers look to embed more intelligence into devices and move to more connected solutions across various industry domains.

The third is enhancing productivity and efficiency, that is simplifying the footprint across voice, video, data networks, how they can simplify, and the second lever they look for is simplifying the vendor landscape. The fourth key theme is about building agility, getting visibility to their own landscape, more of on-demand solutions, more of self-serve is what they expect. And the last one being managing risk, as people move towards more cloud and an accelerated move towards Internet, how can they ensure that they can avoid security issues and strengthen their security posture and how we can be relevant in that theme.

So those are the 5 key digital themes and later on when my colleagues talk about some of the portfolio and what we do, the 5 themes we will further get amplified in terms of our relevance. Lastly, we had made a commitment around sustainability, innovation and artificial intelligence. We are making good progress on sustainability, similarly on innovation and AI. We have a very clear framework within the company as to how we will drive incremental innovation as well as support major innovation initiatives within the company. And that framework is getting played out within the company. The other ones are important to our strategy and staying relevant to the customers are the Service Wrap conversation and our shifts. And I will briefly talk about those in my -- in the subsequent slides. Next slide, please.

So our strategy. The first part is the financial fitness. It is a goal as well as a strategy. It's a goal because

we wanted to improve our health of the balance sheet and so on. But it's also a strategy because that feeds into how we wish to grow.

In the growth plan, the 'who', 'what' and the 'how', and I'll briefly talk about that in subsequent slides. In culture, DRIVE is our signature behavior, and we are launching the Drive 2.0, where I had virtually called out some 6 key behaviors that we are driving within the company for transforming ourselves to make sure that we can transform ourselves while we help to transform our customers. Next slide, please.

So in the 'who' part, we had called out in our strategy of deeper with fewer, focus on top 1,000 customers, and there are focused programs that Sumeet will talk about. Additionally, we have overall more than 5,000 customers and the customers that -- beyond that 1,000 was not called out last year as part of our strategy. It was business as usual. And now this year, we're calling out a special focus on that next segment of customers. We've created a new unit to target these customers with a specific, clear focus and strategy, which again, Sumeet will address.

The other part of the who was to bring a lot more of customer solution mindset when we are solving problems for customers. And therefore, it became important for us to stitch together a lot of our products to deliver that as a solution. And towards that, in terms of success markers, as I said, Sumeet will update on the programs, and similarly on the NPS, we have made excellent progress, and Sumeet has a slide to describe the exact metrics as to how we have progressed in that area. And they are, all the marketing initiatives last year has been on digital, but we are strengthening how we are articulating who we are to our customers. And similarly, working with our go-to-market partners, particularly the SI partners to have a better reach into our target customer base.

In terms of the 'what' aspect of the strategy, besides our current set of products that we have, we said that we want to make a shift towards platform. And towards that, there are a number of major product releases or even new products that we are launching. And the approach that we have taken to that is what we internally call it as the 1-3-30 approach, which is a measured step of an agile product innovation. How do you develop these products? How do you take it to the first set of customers? Because selling it to the first set of customers requires a different motion. And then when we take it to the stage 3, which is a next level beyond the stage 1, to an increased set of customers, we will be more strengthening the products, looking at the pricing strategies, looking at the marketing strategies and everything. And the stage 30 is really the scale stage when we expect to see the returns on the new products that we're introducing. There are a number of products that are in the stages 1 and 3. And when my colleagues talk to you about their own portfolios, they will mention some of these new features or new products that are in there, that they're already in the market with a few selected customers.

We also revamped our operating structure, which we announced with 3 business units, and you will make them for Network, Collaboration and Connected solutions, Cloud, SDWAN and Security. And in terms of the entire business model, look to see how do we deliver value to our customers as we shift towards the platform, as we shift some of the products more towards the fully managed services. And I mentioned some of it in my earlier calls, for example, in UCaaS, how we are trying to shift from all usage-based to a managed service base where at least 40%-50% of the revenue can be on a fixed basis and the remaining will be on a usage basis. But that is just a philosophy, and we are applying that to all of the new products and platforms that we will be launching.

On the how part of it, it's essentially about the right operating model with automation and agility. In the operating model, it's essentially with a global footprint, where are our people, where should they be, how should we serve our customers, what should be our cost structure, all of that is one part of the operating model, which we executed on last year and a large part of our results reflect that.

The other important aspect is also driving automation and banking the benefits of the automation, focusing a lot more on analytics and AI. It's something that is still work in progress, and we are making some very good progress there. The second aspect of it is Service Wrap, whose role is essentially to stitch

together products to solve customer problems. And when there are gaps in the portfolio, the Service Wrap will plug those gaps and for serving the customers. And thereafter, it will be regularized and made into a product or a product portfolio by itself. So that's the role of the Service Wrap, and we are making good progress with that as well.

And the aspect of delivering customer experience, TC<sup>x</sup>, transfer telecommunications experience portal. It's a single portal to deliver the experience for the customers as well as to push more towards self-service as well as the structural change that we did within the sales, to have Customer Success Teams to ensure that we can deliver the right experience, and we understand that context better. That change was done again last year. Next slide, please.

Now in terms of the results of the financial fitness, on the ROCE, we have delivered well ahead of the target of our midterm targets. In the revised targets, we are calling out a target of 25% to 30%. Net debt, we have done well, and we would like to maintain an optimal level of net debt. In terms of growth, we called out an ambition for double-digit data growth in the medium term. But last year, largely due to COVID reasons and partially due to some shifts that happened, the revenues were not as expected, and we've seen that in amber. And we had already called out the COVID related -- we had some tailwinds in the early part of the Q1 and Q2 where we sold a lot more of high-capacity bandwidth for largely OTT and large enterprises. We also had tailwind by way of increased usage revenues from GSIP. And thereafter, in Q3 and Q4, it sort of tailed off and we had headwinds of Media event and sporting event cancellations as well as the usage, as well as some of the sectors like airlines and others being impacted and continue to be impacted. So, a lot of usage-based revenues tailed off after the initial Q1 and Q2 part.

So that is one set of things that happened. Structurally, in my view, nothing has changed compared to the 5 digital themes that we called out. It is important for our customers. Many of it is only accelerating. The collaboration is increasing. But today, the people working from home, people are using IP to connect and participate in this collaboration cost. When people shift to more hybrid working, we anticipate that some more of the SIP Trunk revenues will come back. And also an increased usage of application, e-commerce, A2P messaging and all of that is happening and will continue to grow. And that is where you will hear about some of the things that we are preparing ourselves to launch in terms of capitalizing in that area.

So in the medium to long run, some of the digital themes that we talked about continuing to be relevant, some of the products that we are introducing as well as how we have organized ourselves into the 3 business units, our focus in sales with the top 1,000 customers and the next Prime. All of that is positioning us well, and we have the confidence to say that double digit data revenue growth is something that we can confidently aim for.

In terms of EBITDA margins, it was 22% to 25%. We are on the top end. In the medium term, we believe that 23% to 25% margin range is a good margin to target despite us having to invest in many of the shifts that we are talking about, to uplift our solutioning capabilities or uplift some of the product and other capabilities. That's the range that we would want to operate and that is the range that we can operate.

So I think those are the -- overall a quick summary of the strategy and the progress that we have made. And in the financial fitness that we have been working on in the last year, there is a refinement to that (Next Slide, please) where how we are sort of refining and redefining into the road ahead is something that Kabir will elaborate. Thank you.

**Kabir Ahmed Shakir:** Thank you, Lakshmi. In fact, Lakshmi mentioned in the very beginning that this is both a goal and a strategy. The way in which we have defined our financial fitness is in 2 parts. One is the 'fit to compete' and another one is 'fit to grow'. Crudely put, fit to compete is something about here and now staying fit, staying healthy, having a good P&L and balance sheet in order for us to deliver to our short-term ambitions and targets. Fit to grow is about preparing ourselves for the future, and to consistently and sustainably keep delivering the long-term growth ambitions that we have for the

business.

So in fit to compete, we've already talked about, but let me also just have you glance over the slide in terms of our margin progression, historically how we have done. We've kind of reached a good level. We are operating at the upper end of the margin target range that we had given. I had already mentioned in the previous quarterly results that this number has positively been impacted by one-off savings from COVID, which I don't know when we will get back to whatever the new normal we will get back to. Some costs will definitely seep in. So that's the reason why we have continued to maintain the upper end of the range at 25%, while narrowing the range from 23% to 25% as our medium-term target.

We've done quite well in terms of RoCE. Our ambition is definitely to try and increase our capital spend without compromising the hygiene and discipline on ROI and on returns that we have on the investments, and I'll talk about it soon. And our leverage levels have now come down to respectable levels. We don't intend to pay down debt any significantly different, but it will kind of operate in the range. The current level is optimal for the balance sheet that we have, and we intend to maintain at that particular range. And with a result of all of those things, we now have a good cash flow generating engine.

So I do believe that on a fit to compete level, there are 2 elements. One is on profitability and then we'll deep dive into the next slide on Data, because that is definitely a strategic ambition for us. We are, I would say, doing well sans the growth element that Lakshmi again touched upon, which is impacted both by certain internal and external challenges, although our 5-year CAGR has been close to 8%, our near-term growth has been less than expectations. And this is impacted by various reasons that we've spoken about in the past. And our ambition does remain of a double-digit data growth that we will have. But we have, I would say, healthy margins and healthy growth in margins that we've had in the past.

So let me now shift the focus to fit to growth. And I want to introduce more a strategy, a philosophy that the Tata Comm management is driving in order to revv up the growth engine. Clearly, we want to drive profitable double-digit data growth that you've already heard us say so many times. And that is essentially, probably will give us the scale benefits. It will give us the positive mix benefits and the margin expansion that we want, which gives us, of course, sustained profits and cash flow.

We intend to reinvest large portion of this gain back into the business to drive growth, whether it will be in terms of R&D, in terms of infrastructure, in terms of any other aspects that will drive growth. And here, we are looking at levers of organic and inorganic growth as well, and definitely looking to have element of practical, bolt-on acquisitions that either addresses portfolio gaps or go-to-market gaps that we may have in order to strengthen our offering to our customers. So that will become an inherent part of our strategy. And as we reinvest and then we create the capacity for us to grow further, which then gives us profitable growth again. And we then get into this virtuous circle, where we would like to have the financial strategy being at the very core of what we want to do in Tata Comm, driving up the growth. It's not in isolation that we would like to look at these elements. And I'm quite happy that we today have a good balance sheet, and that good balance sheet will help us realize our growth ambitions.

With that said, before we actually move to the next section, where we are, we've actually looked at how and we've heard feedback from all of you as to how complex our business is and how we would like to simplify these businesses. Over the last 18 months, when Lakshmi had arrived, and he's spoken to many customers as well. And we've understood what their growth drivers are, what their buying behavior is and what their decision-making metrics are. We said that it's time for us to simplify our old reporting structure. So today, we have a reporting structure of Data and Voice. And within data, we call Traditional services which is basically our network services and then we had growth services and then innovation and subsidiaries and the rental income that we get from our properties.

We intend to change this with a clear aim to satisfy 3 things. First and foremost, it's outside-in, how the customers view our business, how they make their buying decisions is something that we would like to align to. Second, we would like to simplify so that it is easy for you to be able to understand our



performance, and we do recognize that we don't have one particular sector or competitive set that you can compare us against, because we operate in multiple places. And therefore, simplifying that helps. And finally, we've also organized ourselves in that way in order to satisfy the demands and needs of our customers. So the new reporting structure that we will actually move to- will again have the top ones as Data and Voice. We will pull out subsidiaries and others out of data, and we will report that separately.

Within data, we intend to have them into 3 large buckets. It will be Core connectivity, which is our networks business, and we will provide you the visibility by 2 customer segments, service providers and enterprise, and this is definitely the management focus as to how we drive growth and the conversations that happen internally. We actually are mirroring the same thing and want to report our performance so that you can view it from that lens. Then we called a new group called Digital Platforms and Services which is what the customer need we try and satisfy this in this space. So it will have collaboration and CPaaS and connected solutions as the first element. We have cloud and security, and the entire next-generation connectivity of IZO and SD-WAN will be part of that. Media Services is both a horizontal and vertical for us. And in this particular case, it's a very, very important segment for us that we actually drive to the benefit of customers and innovate in that space as well. So that's something we will call out separately and put that in.

Then we have the, I would say, new age businesses, those businesses that need the right care and attention until they are ready to fly and be on their own, and these are the incubation businesses that we have. We have the MOVE and the IoT business, and we also have NetFoundry that you are actually familiar with. So we will carve them out as incubation. Over a period of time, once in a few years' time, they get to scale and they get the wherewithal to be able to deliver on their own, they will be probably -- either deserve heading of their own or come into Digital Platforms and Services or wherever they truly belong.

Voice remains unchanged, and I talked about the subsidiaries and other businesses that we'll pull out separately and then show it to you. How does this look in terms of transition? I don't intend to spend too much time on this slide. In the interest of time, you will, in our Q1 results, get restatement and a comparative so that you're able to glance your eye as to how the old numbers shift to the new numbers, so that it's not a big shift as you can actually glance your eye on it. It's like -- it's a marginal shift, but it's important for us to be able to handhold you in that transition. So this is how the Traditional and growth services will move from Core Connectivity and Digital Platforms.

The breakup, we will actually provide for the Core Connectivity business between ourselves, provider customer segment and the enterprise customer segment as to how the split is and how we are actually monitoring the growth there. Then we will, of course, also have the split between the 4 businesses within Digital Platforms and Services as well.

I think that brings to an end of what I had to say on finance, both on the financial fitness redefined and our new reporting structure. Now over to Genius to get on to the business discussions.

**Genius Wong:** Thank you, Kabir. So to start off with, over the past year, I think we have all seen how the world around us can change quickly. We can see enterprises are becoming more virtual, digital-centric and agile and all at an accelerated pace of digital transformation. For them it has definitely accelerated the shift towards cloud and Internet. But this actually changes the enterprise data traffic direction and also enterprise security posture.

This means that enterprise network and security architecture will need to evolve to enable a truly digital business, digital-first business model. Some of the enterprise challenges that they need to deal with, with this shift, includes what they are going to face in the redesign of the legacy WAN architecture. Customers and enterprises may be used to clear, defined and stringent SLA. But when enterprise procure local

Internet connectivity from local ISPs, it's usually on best effort basis because of the distributed nature of the Internet, which is the network of networks and mostly best effort and actually no one really owns the overall Internet.

So they also will need to look at the cost of the new network setup and also the associated security and privacy risk. Another consideration is that the enterprises will need to take into consideration, when planning for the network transformation strategy, includes how to ensure that the Internet connectivity can be predictable and dependable. How to choose from a variety of Internet connectivity solutions and options from -- in a dedicated Internet business broadband, consumer broadband to achieve similar user experience while optimizing the WAN spend. And how to integrate this Internet connectivity into their hybrid network environment.

And to support this aggregated workforce working from anywhere with expectation of enterprise-grade experience and the requirement of software-based secure access to applications from any location and also from any device and connectivity. And of course, to further improve management across WAN, WiFi and LAN with consistent policy and also security management. They will also need to explore and also adopt an agile architecture that is scalable and flexible so that AI and ML can be actually embedded into the network management and control system so that to augment the network operations and definitely looking into scalable solutions to meet dynamic business needs.

So in summary, what our customers ask in the network space, so with only an NPS network setup, customers only have to deal with one or a handful of network supplies. But with the shift to Internet, if not managed properly, the number of suppliers can actually increase significantly, making network management extremely complex instead of simplifying it, hence, a need for Internet supply consolidations by enterprises. Customers are also looking for solutions that provide them with the agility, flexibility, visibility and also control with self-serve capability and also associated data analytics to allow them to automate and simplify service and network management. Basically, to summarize it, it's just they need to digitize their operations as much as possible.

Going to the next slide. So, while the market actually is saying that Core connectivity services, as shown on the left-hand side of this slide, will continue to decline, slightly declining or stay flat, but we believe that our Core connectivity service will continue to grow at an aggregate level, maybe in single digits. The growth will be from Internet access connectivity and also dedicated connectivity services connecting to cloud, data center and edge locations. The future growth in connectivity services will be driven by the next-generation connectivity services as shown on the right-hand side of this slide. Most of these services are enabled through the transformation of the core connectivity network.

The transition to cloud and Internet has definitely opened up the market for players like Tata Communications, who has a strong foothold in global Internet transit ecosystem. Our Internet WAN solution has added new broadband variants, both globally and in India to address different customer requirements. Besides providing the broadband solution via IZO Internet partnership ecosystem, we have also our owned on-net broadband like Internet solutions in India called Eco Internet.

So we have also extended our offering to cover managed WiFi and also wireless LAN to offer also customer and integrated policy management across both WAN and LAN for customers. Our new bandwidth on-

demand service offers connectivity solution that allows customers to scale as easily as cloud to meet the dynamic business need. And to provide enterprise with agility, flexibility, visibility and control, which they ask for, we are also providing them with the data analytics that can be consumed by API so that customers can use this to enable customers to digitize their operations. Next slide.

Our key competition in enterprise space in India are, of course, the India-based telecom service providers. And for international, the global and regional telecom service providers. Our key strength is our comprehensive connectivity offering with global coverage that spans over 130 to 140 countries with IZO hybrid WAN solutions. Our new IZO variants and IZO broadband variant offers customer with a unified service experience and service assurance support across the globe and in India.

Our ability to manage all these partners, which is providing broadband solutions on our -- together with us, is one of our key distinct differentiations. Also, our new Eco Internet and IZO broadband variants in India also enable us to capture the new demand and further enhances our home market leadership. The bandwidth on-demand solution, which is initially for Ethernet, also allows us to address the immediate dynamic requirement, especially for data center and hub connectivity.

As for service provider segment, our key competitors are more or less similar in our business for India, the India-based telecom service provider; international, the global and regional service providers. Our key differentiation is, of course, our consistent market-leading SLA and also our network coverage across the regions to give a diverse and resilient service offering. And of course, our service scalability is one of our key advantage, ability to scale quickly and also along with our home market leadership. Next slide.

So here I want to just quickly run through a couple of customer case studies. So this customer, this is a multinational bank. We have actually embarked our journey with this multinational bank starting in 2015. They were our MPLS customers in India. As they looked to update their network architecture from point-to-point network to multi point network. They moved to a multipoint Ethernet service back in 2016. As their requirements continued to evolve with the adoption of SaaS applications like Office 365, bandwidth demand at all their sites increased significantly and upgrading MPLS service and backhauling Internet traffic to break up at global data centers are not sustainable due to cost and performance reasons. They find that there's a need to shift to Internet connectivity solutions.

Our IZO Internet WAN solutions with assured performance SLAs and deterministic routing provided the needed performance that customers are seeking for. So Tata communications rolled IZO Internet WAN service with this bank, connecting their major locations, including data centers around the world. Additionally, we have also provided IZO private connect solution to provide connectivity to the cloud. Next slide.

So, this is the second use case I would like to share with you. This use case is also for a leading global bank with more than 2,000 branches in 19 countries. The bank uses MPLS network architecture for core banking applications connecting between branch office in APAC and Europe to the hub data center locations. The hub data center connectivity has been on fixed bandwidth, and this is mainly point-to-point service. As part of the network transformation project, the bank floated an RFP for the global WAN re-architecture. One of the asks as per the RFP was for flexible solutions for data center to data center connectivity, so that they can support short-term surges of bandwidth arising from internal business



requirements and marketing and promotion activities.

The solutions offered by us to the bank was a mix of regional MPLS-based connections for the regional branch connectivity and also Ethernet bandwidth on-demand feature to connect the hub data centers such as Singapore and London. Our key selling point of the solution is real time, self-managed dynamic bandwidth capability through a self-service portal on the base Ethernet circuit. And this is actually offered with assured SLA on the base circuit and enabling customer to tightly align the resource requirement and pay for what is needed and when it is needed.

The solution tied to their requirements of flexibility in hub data center connectivity between geographies and we were awarded this contract. So this solution is expandable to other data center to data center connectivity links in the network across other regions in transforming their network from fixed bandwidth connectivity solution to on-demand available connectivity solutions. Next slide.

Our key target customer for service provider segments are telecom service providers, mobile network operators, ISPs and cloud native service providers. High-capacity requirements, lower network coverage and on-demand solutions that can respond quickly to the business needs are our key proposition. Also with our home market leadership serving end-service providers, enterprise connectivity requirements with multiple Internet options to meet their enterprise customer needs.

And with enterprise, our focus has always been their partner of choice for the network connectivity solutions that helps customers to cater to the shift to Internet and cloud adoption. So our wide range of IZO Internet connectivity options covering over 130 to 140 countries addresses the multinational customers' diverse and global footprint needs. We also provide a fully managed hybrid solution, which integrates both IZO Internet WAN and private MPLS to create an optimal network design for the customer. And our ability to manage the IZO Internet ecosystem of partners across the globe allows us to provide a unified experience, and a single point of contact for the global solution. We also provide an on-demand solution that can support real-time resource deployment that is aligned with business requirements and it's within customers' own control. This allows them to meet the dynamic bandwidth demands on the fly and then can tightly align resource requirements and pay for what is needed and when they really need it.

So we will be actually also moving more and more control to the customer, and this control will be given to customers through self-service or API integration that will allow customers to digitize their operations and transform to a truly digital-first business model.

With that, I'll move over to Madhu to take us over Collaboration and Connected Solutions. Madhu, over to you.

**Madhu:** Thank you, Genius.

I will start this Collaboration and Connected Solutions with the key market shifts that have happened, which also has had a significant impact on our strategy and hence, the execution of what we have taken on. One, the enterprises' expectation that our collaboration needs to have a reduced complexity. Enterprises are undergoing themselves a digital transformation, again, this is evolved out of the needs

and the preferences of beyond core connectivity. And IoT and the mobility connectivity platform to improve their in-house productivity at the same time, the overall experience what they go through tracking and through analytics. And of course, COVID-19 itself has acted as a catalyst in terms of fast adoption, which is where in the next slide, I would give a little bit overview on what's the offering to look at these challenges. And then how are we able to formulate our overall strategy and, hence, the platforms and the associated experience what would be.

If I were to pick up from UCaaS, which is where UCaaS is our fully featured -- one, it is a cloud-based solution, enterprise communication platform, enabling both employee collaboration as well as a customer engagement, of course, supported by all the telephony requirements, meetings, messages, mobility, and rest of the communication enabled features. And this also being managed services, this is integrated with our global SIP connectivity across the globe what we have, along with comprehensive design capability and the migration services what we bring in as such.

Then this leads me to my next CPaaS, which is, as you would know that we have transitioned from an A2P, which is an existing business where we have been operating into cloud communication, which is where we would shortly be launching this CPaaS as a cloud communication platform, which primarily encompasses one, it is a cloud-based delivery model that enables voice, video, messaging, again, at the omnichannel across the various platforms, what we would see on a software layer, which is, again, accessed through an API-enabled which is configurable, too.

Moving on to MOVE, which is mobile network enablement as such. This is a digital business platform, which offers a one-connectivity management, uses the underlying data analytics, which leads us to decision-making overlay and also to user connected applications as such. And finally, into the India-specific IoT solutions. This is where we worked through last about a year or so and in terms of building an application platform, which allows the creation of a quick interactive visualization layer, with the data from multiple devices in the offering, to give meaningful business insights on outcomes as such.

So when we look at the market size, which is what you would see in the lower part of the chart, each one of these businesses, be it collaboration, CAGR at 13-plus percent, CPaaS growing at 16-plus percent and Move at 26% in the context of M2M and IoT scenario. And India IoT itself growing at close to 20%, which is where, when I go a little bit deep into this, at the broader construct of the various platforms, what we are seeing, which is what I will see in the next slide, this is a bit of more insights into the UCaaS powering the digital enablement.

And the problem, what are we solving here? The context here is enterprises are challenged with multi-vendor enrollment, so multi-vendor management is a problem. Multi-region management, especially in the context of the global presence and mobile-first, then agility becomes one of the inherent capabilities which needs to be there, interoperability. And of course, security, privacy and compatibility would become key challenges which enterprises itself have been looking at this. So here, we combine our core capabilities, what we have, with the platform services capabilities, what we are building or what we have built to drive the business outcomes, not the output, with an end-to-end technological stitching and upkeep with specific SLAs in mind.

If I can give some specific examples in this, InstaCC, as you would know that this is a platform which we

have been operating, this is to enable digital ecosystem to enterprises, transforming the customer engagement over enterprises. The solution itself being it is an on-demand contact center offering, and it is omnichannel and is a cognitive experience. The key benefits what enterprises would look at, it is an improved customer experience, NPS. And then in terms of the ownership itself, it is a lower cost ownership.

Moving on to SCDx, which is what we were seeing in the middle box, it is a secure connected digital experience platform. This is the one which is where digitized customer journey, which is more a vertical-specific platform that's being looked at. And the solution itself being actually native-API, one touch experience, video commerce, eKYC. This is a solution which has been integrated into this. The key benefit itself, one, the sales -- the growth in the sales by enterprises would look at it and then the lower retention costs and, of course, the customer experience as such. Here, again, it is a vertical-specific solution which is being looked at across the retail, across BFSI and so on and so forth.

And when it comes to CPaaS, this is the one which enables the -- we call it as a humanifying the whole experience. It is H2M, human to anything or H2X. The conversation across all platforms, which is contextual, which is converged and which is clever. The solution here is omnichannel, which is, again, voice, SMS, video, Whatsapp, Telegram, and you can name the messaging channels of the platforms, what we have been looking. That's the holistic integration, which we have been able to work here on. And then it is a programmable module and the intelligence built into the platform itself as such. The key benefits here again, it would be that platform agnostic connectivity and then one of the key aspects also has become the regulatory compliance, which if I move into the -- if I have to give a context in terms of who are the customers and who are the competition, what we are working on, which is what in the next chart, what I will talk about. And who are our customers? It is spread across enterprise and service providers, as you heard it earlier. Specific to UCaaS and CPaaS, enterprises, industry-specific vertical solutions in the case of MOVE and, again, enterprise, utility companies, government agencies or the smart cities in case of in India, IoT. And again, for the competition, because we do see a varied competition across these 3 different aspects. In the case of UCaaS and CPaaS, it is telecom service providers and the new age communication service providers whom we have been coming across.

In terms of the MOVE, it is IoT platform players or significant players apart from telco providers, as such. And in the case of India IoT, we do see quite a lot of niche players, of course, apart from the telco providers. So, what is the right to win in this? If I had to focus on UCaaS and CPaaS, the global network, local regulation proficiency, comprehensive solution design and cutting across both UCaaS and CPaaS being a single provider, so that becomes one of the key strengths in terms of the collaboration space.

In terms of the MOVE space, it becomes an access neutral connectivity. That's where we are hoping to reach. And then the connectivity management platform, which brings in the whole data insight and then decision-making capability for the enterprises.

In case of the India IoT, it is an end-to-end offering of every fabric, cutting across devices, networks, platforms, application and business insights, which where are the examples which are to look at it, which is what in the next 2 charts, I will talk about the case studies.

This is one of the leading car manufacturers, globally renowned and spread across the U.K., China, Brazil,

India and has a network of about close to less than about 300,000 retailers and suppliers spread across 160 countries. I think this could have been THE problem which anybody would have wanted to be there, and this is where we could showcase our MOVE platform.

And then what are the core manufacturer challenges which we have seen? One, being a regulatory compliance, as I mentioned, which is, this needs to manage cross-border platforms. Then the driver experience, again, seamless across the spread which this whole automobile itself has been running across. Then it needs to be a connected car for anywhere, anytime access to connected or ecosystem as such. And then finally, addressing the global markets. So for these 4, to an extent what is the broader problem statement, which this customer gave to us- how did we build our solution? Again, when you look at the left-hand chart, basically, it talks from a basic connectivity platform, the MOVE platform, on which we could bring in the connectivity across the globe. Then also our ability to provide the complete life cycle management, both on it as well as the connected ecosystem. Then our ability to integrate the quality of service, usage data, marketing, analytics and then the business insights, business rules engine, which we could bring in, again, here. And above that is the one, which is all API and connectivity intelligence, which we could build in, with a single pane of glass and application generated data with also the connectivity data lake as such. This was a solution which we brought in. Again, what are the benefits which customers could see that? One, they could see the dynamic connectivity in the home country, quality of service, cost of service, all of them. Then the engineering challenges or the changes what we wanted to do, which is where we brought in the SOTA, basically Software Over the Air capability. And then the driver experience, the split billing, assisted driving, so on and so forth as such. Hence, the biggest thing is the revenue improvement for the OEMs as such, through the campaigns and rest of the other benefits.

The quick facts, this customer today, we manage about 200,000 plus cars across the globe. The total data usage is something about 37 terabytes a month, and average user data is about 1.2 GB per month. There are more than 10% of them who are the heavy users of data. When I say 'them', it is the vehicles who have been utilizing this and infotainment being the prime use case, and we are rolling this out into telematics as well actually.

I will move to the next chart, which talks about totally a different case study. This is India IoT. As I mentioned, this is for one of the leading steel manufacturers. They wanted a fully managed solution, bringing in sensors, the communication aspects of it, data integration and bringing in applications together and then giving them business insights to it as such. The problem what they bring was, I call it as MMM, basically man, machine and material. One was the employee management, which is where employee productivity enhancement, employee safety management, adherence to social distancing. In fact, the requirement has become more and more stringent now, especially with the pandemic hitting in. And in terms of the machine and the facility monitoring itself, basically digitizing the whole existing infrastructure, preventing the incident and the accidents and hence, how proactively we could manage it. Then finally, the material and equipment, basically reduce time to repair. We are able to monitor the equipment well in advance so that we are able to increase that much of productivity as such.

The solution, what we worked out was the whole IoT, we call it as a fabric, which cuts across- one, connected worker solution, especially looking at optimized workforce safety and productivity. Then the inventory management, basically the faster material reach and automated processes. The smart, utilities,

basically, this was more towards monitoring the optimum usage of the energy, water and gas in a campus, so this becomes very, very critical for them, especially when they look at their productivity enhancements and the cost management, what they will be looking at. Then the smart facility itself. It also included environment management, shop floor intelligence, each one of them. So when you look at this, what is the benefit and the impact what they have been able to see so far? Of course, this is self-learning and then it keeps moving on and on. In every one of the aspects, whether it is a worker productivity, whether it is an equipment utilization, whether it is savings on the utilities, what they have been doing, or the cycle time, they could see a minimum 10% plus increase in the whole productivity - they could see that.

So these 2 examples depict the kind of, one- complexity, the global spread; number two- the platformization of this whole solution, what we could bring in.

This leads to my next chart, which is where how do we deliver the growth, capturing the opportunity, looking at the platform conversation what we heard over the last about 10 minutes. So when you look at this, CPaaS would be the cloud-based software solution. And the message what I would want to leave with you, is that CPaaS is a cloud-based software layer accessible through APIs, our IP being platform-agnostic, integration, regulatory engine, fraud prevention services, and this becomes my strength, on which I have built the platform above it.

When it comes to SCDx, this is a vertical solution initially focused around retail, BFSI and automobile. But so on and so forth, we would want to be moving further into it. Here, our IP being this AI-enabled outbound dialer and messaging and the omnichannel support and the predictive routing, which is being included in this whole platform development.

MOVE being, again, industry vertical use case driven solution. Automotive, MVNOs or MVNx or health care or smart cities, which is where our major IP we have been able to bring into these- one, intelligent data analytics, decisioning and the single pane of glass for monitoring, control, insights and the Software Over The Air. This is where we bring in the value.

And then lastly, India IoT. India IoT is a use case driven, industry-specific or smart cities or the utilities to whom we would be serving. And then here, the biggest strength in the IP being application platform, which allows creation of quick visualization layer and the hardware platform to convert any device into a smart device. Thank you. Over to Srin.

**CR. Srinivasan:** Thanks, Madhu. So I'll talk about the market shifts that we see for the cloud hosting security and the SD-WAN offerings that we have in the market. As all of you would know, cloud adoption has been accelerated in the past few quarters, A, because of digital transformation; and B, because of the fact that the pandemic required many of the functionalities to be available digitally. And thereby, the acceleration of digital transformation because of the pandemic has led to more and more enterprises looking at cloud.

We're seeing more and more enterprises wanting to book their workloads in multiple clouds, which is a combination of public and private cloud. That's a trend that we've seen. And you would hear terms like hybrid cloud and multi-cloud. These are interchangeably used, largely to sort of say that there can be a combination of a private cloud and a public cloud or a couple of public clouds that they use based on



what they think is more attractive, A, from an ecosystem perspective; and B, from a price and a cost standpoint for them.

With the digital transformation, and businesses being digital, being available 24/7 from an application standpoint and being able to provide the service without any interruptions is an important priority for enterprises. So application modernization is a term that you would hear in the market, because they want to break the monolithic applications that we had in the past into newer applications that are modular and highly available and portable between clouds, because that gives them the flexibility. And that's something that customers prefer to do, because they want their businesses to be available online 24/7. With the complexity of multi-cloud and the application modernization requirements and the pressure of having to have the application running 24/7 and the businesses being open, more and more CIOs are looking for support and to engage infrastructure and professional services companies to support them in a cloud and digital transformation journey.

Along with the digital transformation journey comes with the need for security and network modernization. So the trends that we see are that more and more companies are worried about ransomware attacks and data breaches. You would have read recently about data breaches with a large airline and a pizza company. These are cases of where customer data is lost because of not-so-very secure infrastructure or because of some weakness in infrastructure. That's a priority. Enterprises don't want to hit the headlines for the wrong reasons. And work from home means many of us are using laptops to connect to corporate networks, and that means that companies need to worry about security and securing the endpoint devices, be it laptops and mobile phones. Along with all of this comes the need for intelligent WAN, a software defined WAN that combines the capability of network, policy management and being able to manage security in an agile fashion. And SD-WAN is something that more and more companies are looking to adopt because of the capability that it provides both in terms of network and security. Next Slide.

So the 3 platforms that we take to market, there are unique characteristics. Cloud and Managed hosting, we address the requirements of customers to be on multiple clouds and have their infrastructure managed and being available continuously and also being able to support them in their infrastructure requirements when they want to do application modernization. And typically, when customers look at data center migration, they also look at a cloud and managed hosting service. When there is a requirement for compliance, customers prefer to do managed hosting, because that estate is not in the cloud and it's dedicated to a particular customer or a private cloud. But when customers want agility, flexibility and the ability to move between clouds, they prefer a multi-cloud.

From a Managed security services standpoint, customers are looking for 24/7 SOC services, for which finding people with the right skills is a challenge for many enterprises because they're small in size and cannot attract the right talent for running a security operations center. Typically, they look to outsource the security operations center and manage the complexities of security management 24/7, and they also want the latest technologies. The security landscape is complex and thereby a security operations center enables them to deploy newer technologies that protect them better and also monitor and manage it 24/7.

The SD-WAN platform allows them to be more agile, be on the Internet and make the cost of operating a

network a lot more affordable for enterprises. And with the SD-WAN deployed, they're also looking for 24/7 management of these services.

What's our skills in these 3 areas and why we deserve to win? Now we are a full-service managed services provider across all 3 of them. We do have 2 SOC's operating in India for Managed security services, which are manned 24/7 with the right skilled people. We have ability to manage comprehensively infrastructure around cloud, security and network and thereby monitor them, manage them 24/7. We've also invested in specific clouds for specific communities like government community cloud, addressing government departments and public's undertakings. We're also working on a financial cloud, which will address the needs of banking and financial services entity in India. And we also have the ability to manage a combination of network plus cloud plus security for our customers. Next Slide.

Cloud and hosting, the opportunity continues to grow. The space is driven by public and private cloud requirements from customers. Most of the customers want to move to the cloud, and they want to take a multi-cloud journey, because they want to make sure that they are on at least a couple of platforms, either the private cloud and the public cloud or on 2 public clouds. Depending on what the requirements of the business are, they tend to be on 2 different clouds, and that increases complexity. And thereby, they need companies to manage the complexity for them even though it's simple to go subscribe a cloud service. As you get into mission-critical applications, the complexity increases. 50% of the companies which buy cloud services look for managed services as they want this complexity to be outsourced and managed by a professional services provider. When do customers talk to us about buying cloud and hosting services from us? Typically, the need is driven when customers are looking at transformation of their application or modernization of their applications or they're looking at an upgrade of a software, an upgrade of a key system like an ERP system. They tend to look for upgrading their infrastructure as well, thereby bringing in the agility that they need for the business or in many cases, they don't want to manage the complexity of a data center in-house. And thereby, they look to move to either a hosted environment or to a cloud.

In cases where enterprises need to be compliant to local regulations or they have regulated workloads, which means they have to be audited against a particular policy or when there is a need for data localization, which gets insisted upon for banking entities or there is a specific need for privacy, customers do look for a private cloud option that's secure and that's able to address their needs.

In terms of service portfolio, we do have our own IZO Private Cloud platform from Tata Communications, which offers multiple services to our customers. And we also have the ability to work with public cloud providers, be it AWS, Azure or GCP and being able to provide a combination of these infrastructure services to give our enterprise customers the best of the capabilities that this platform offers. We are present across the globe in 17 data centers and we offer managed services. Though our focus market is India, we do address Indian entities who want to be global. We have the ability to address that as well.

So this is an example of the transformation that we've done for a large mining company. This is a requirement that was a part of their project to modernize their enterprise resource planning system, ERP. This is one of the largest SAP HANA deployments. It had to be done in a very short time frame because their project itself was a 100-day project. And they came to us to set up the entire infrastructure for modernization of their ERP, because they had inherent delays in their processes, their business

processes were not living up to their customer expectations.

Their hospital management systems were not integrated across their various entities. So they needed a service provider who could give them the SAP HANA infrastructure and also manage, monitor and implement that system for them. The benefits that they took away from this was, of course, an improved performance for the ERP systems, a centralized and integrated employee health management system, and they had security rolled-in because as an infrastructure provider, we were able to give them not just the SAP HANA infrastructure but also the security around the infrastructure. And the more important point to note is that most of these ERP implementations become the heart of an enterprise and their operating processes. So we were able to help them with the disaster recovery planning just in case they were to lose 1 location, we were able to sort of simulate, demo it for them, test it for them. And that gives them confidence that they are able to sort of operate from a different infrastructure if there is a disaster scenario, and that's something that we do for many of our customers. And along with this, we also gave them our network services, and that gives them an integrated provider who is able to sort of not just provide cloud infrastructure, not just provide security, but also provide network and be able to present that in a uniform way on a console that allows them to see all of the performance parameters, all of the characteristics of the 3 services that they're buying from us and how we're working together to deliver their objectives. Next slide.

I'll talk about the Managed Security Services business. As I said earlier, the opportunity in the Managed Security Services space is ever evolving. There are newer and newer cases of customers being breached. Security needs to be strengthened in many of these cases or there are newer techniques and tactics that the operators are using to sort of breach into enterprise infrastructure.

So this is largely driven by risk and the value of the data that enterprises generate. We are working to ensure that we are able to help our customers be secure by designing all of their transformation exercises. We're also working with customers to make sure that we are able to address the regulatory and compliance needs when we offer them our Managed Security Services.

Our focus is India plus many of the international markets, and we offer to our customers 4 broad category of services. One is a secure network transformation offering, where we help our customers with transforming their traditional networks into a more software-defined network, be able to build in security or integrate security into their design. That's one part of the portfolio offering. The second part of the portfolio offering is security for the cloud. As more and more customers move to the cloud, there is a need to secure the cloud implementation itself and the early-stage cloud adoption was hampered by the lack of security or the perception of lack of security. That's something that we address using the security for the cloud portfolio. And the third part of the offering is offering them a cloud security operation center, which allows our customers to leave us with the task of managing the security and monitoring the security posted 24/7, thereby taking the complexity of running it 24/7 for themselves. And we also continue to improve on the capabilities there, thereby allowing them to sort of get the benefits of threat hunting, improved detection and response and capabilities that constantly evolve as they build their digital businesses.

Risk and compliance is an important part of any security conversation, so we work with our customers to engage in technical risk and compliance conversations, helping them understand their soft areas and

working to sort of address them and also work with our customers to ensure that the security is foolproof, where we have red teaming exercises to ensure that their security is well and truly the way they want it to be.

So if you move to the next slide. This is an example of a large retailer who's been with us from 2015 and security is a journey. The customer starts with smaller digital footprint and security around that. And as they continued to expand the digital infrastructure, they continued to need to sort of grow the digital infrastructure and the security around it and also bring in newer technologies, and that's precisely what has happened with this customer.

For the past 5-6 years, we've been working with them. They started off more like a network security customer, wanting perimeter security and the network competence to be protected. Subsequently, they have become a cloud SOC customer, a security operations customer, where we manage the security incidents and events on a constant basis. And whenever there is a need for them to put in a newer solution, we work with them to sort of integrate that. And when they had to work through the remote working model, we worked with them to ensure that they are enabled for secure internet or outbound access. So the benefit that this customer has is that they have a player who understands their infrastructure, who's been with them for a long time and being able to understand the business, understand their infrastructure and understand the security needs. We've been able to help them transform their security setup, grow their digital footprint, improve their threat detection capabilities, have faster response time to respond to an incident, and we also work with them for remediating incidents.

On the SD-WAN offering, this is a global offering. We have over 60% of the customers who buy SD-WAN choosing managed services, which means they just not choose an SD-WAN capability. They also choose to buy a managed services capability along with it. In terms of our offering, there are variants that we take to market on the SD-WAN offering. One is because we are a global network service provider, and we have strengths globally on our network. We have a tightly integrated offering with the network. That's a network integrated SD-WAN, where we provide them the CPE, the customer premise equipment and the SD-WAN capability along with it in the box and integrated tightly with the network, thereby, we are able to manage it a lot more effectively for them.

In cases where they choose not to switch a service provider because they have spent the time and effort to build a network with the service provider, we can offer them the SD-WAN capability, which means we install, do the policy management, do the maintenance of that infrastructure and provide managed services around that. That's another offering that we take to market. App-oriented SD-WAN is where we help our customers who have smaller offices and have the need for these offices to connect to their enterprise infrastructure securely. We give them an application-oriented setup, which is far less complex and very simple to implement.

And in many cases, what we see is a combination of these 3 services that customers buy, depending on what the requirements are. And some of the smaller customers prefer to work with our SD-WAN or an App-oriented SD-WAN. We do have an option of being able to support all of this in the cloud or do dedicated on-prem deployments. We also give customers the option if they have large teams that can manage this infrastructure alongside us, then we have co-managed infrastructure or we can provide a

fully managed service where we take the entire SD-WAN complexity out of the enterprise equation.

So if you move to the next slide, this is an example of a company, which is a leading baking products company, a global leader in that space. They had a rigid network which had fixed bandwidth between locations. Their bandwidth demands are growing. Their aim was to build a network that's flexible, that allows them to do things the way they want and simplify the complexities around a fixed network. So we offered them a managed SD-WAN solution. And with the benefit of bringing their own network, which means whichever was a service provider was providing the service to them, came along the SD-WAN solution that we offered. And this entire solution is put together for them. That helped them sort of reduce the CapEx, the capital expenditure associated with the network by about 40%. And there was a 30% increase in bandwidth and network uptime went to about 99.99% and overall increased response time. So, the customers saw a very good improvement all around in terms of all the financial and performance parameters around this network. And that's the capability an SD-WAN service can bring to an enterprise which wants to transform and look at SD-WAN. Next Slide.

So in terms of our go-to-market approach for these 3 products. As I said earlier, the market is nascent in all of these cases, and it's changing, evolving. Constantly newer capabilities are getting added into these portfolios. We continue to, as Lakshmi highlighted, in the 1-3-30 or introducing newer capabilities into the market, we continue to add new capabilities. And thereby, we have multiple such newer offerings coming into each one of these portfolios. We are pushing on the team of secure by design on managed security. On the cloud and managed hosting area, we like pushing for cloud security plus network.

On SD-WAN, we're pushing the SD-WAN plus security narrative in the market. And we're also investing in our own IP and innovation in all of these 3 areas. We do have a single dashboard for all of these services. Their ability to show network plus cloud plus security infrastructure in one place, and being able to do analytics of all the data that we process for our customers and provide them meaningful information and helping customers in automation of their cloud and network security journey is our capabilities that we are investing into and building for our customers. With that, I'll hand it over to Sumeet for the sales and marketing session.

**Sumeet Walia:** Good evening. I'm happy to be talking to you this evening. You would have heard from Srini, Madhu, Genius the various use cases that our portfolio is helping our customers solve some of their problems, some of their challenges, and helping them, if you will, in their digital journeys as well. That to my mind is also a good reflection of the kind of conversations that we are having in the market with the set of customers that we engage.

So I thought I'll start by giving you a sense of between our 2 markets, between India and international, some of the shifts that we are seeing. Some of it we commented upon earlier, but I'll put a customer's slant to it as well. One, Srini spoke about the adoption to the cloud. To me, I think in our conversations, especially with our customers in India, it is now putting everything on the cloud. So especially in verticals like manufacturing, insurance, retail, we are seeing a much higher propensity to put all of their applications on their cloud. And whether this cloud, as Srini pointed out earlier, whether it is a multi-cloud environment or a hybrid cloud, whatever you want to call it, so they are moving different workloads onto different clouds based on the customer's design and architecture of how they want to see their applications. What that actually does, and the drivers to that earlier, as was also discussed, was either



infra modernization, they want to create a broader architecture which will allow remote connectivity to the applications, given the whole remote working environment that we are also facing today, right? So all of that is adding into putting everything on the cloud.

The incremental challenge that the customers then face because of that is, because now the data is residing on cloud and residing on multi clouds, if you will, and data analytics is becoming important for the customers, it is becoming important to understand where the data sits, and then how you're going to manage the data. So the underlying infrastructure in terms of the network you have and then the SD-WAN layer, which allows for data visibility, is becoming a stronger conversation right from the network, the network transformation, leading to the cloud migration. So it's becoming one strong, integrated conversation. We're seeing a lot of this play out across many of our segments in the enterprise, but specifically on some of the segments that I spoke about earlier.

Linked to that is the whole security posture. And I think because applications are moving to the cloud and the WAN architecture for the customer from a closed architecture is becoming an internet-first architecture because applications need to be accessed on the cloud. The security and the cybersecurity challenge that the customers then face has to be looked at across multiple levels. So it is the network security, the cloud security, and then the overall security that the customers look at. So I think the shift to looking at a spend and an increased spend on security, and we are seeing that getting reflected in some of our market conversations, we are seeing that getting reflected in our funnel that we are building on our security portfolio, is reflective of this shift and this increased propensity to look at security across the entire digital infrastructure that the customer is starting to deploy.

On the automotive space, more specifically in India, the shifts that we are seeing, one driven by regulatory which is around the AIS 140, which is the passenger safety regulation that is coming, along with the EV push and shared mobility, we believe will give us a very strong incremental push in the ensuing year and the years ahead as well. That opens up a very strong new market for us. There are nearly 500,000 new vehicles that are rolled out every year, and all of these vehicles will have AIS 140 application that needs to be designed inside the vehicle along with the shift to electric. We've already seen some operators like Ola talk about what they have as their ambition for electric. So this is a whole new market opening up. And we believe that we will be a strong participant in that opportunity as well.

Then on the retail and consumer, especially at the back of COVID, we saw many, many customers really look at how they want to deliver digital experience to their customers. We participated in many of these conversations where customers are now looking at a more omnichannel digital experience to be given to their customers. And for us, the benefit, as Madhu was calling out earlier, is that we are able to bring an integrated assisted experience across the entire buying journey, if you will. And that is becoming a very strong use case for us, and we are seeing very high interest in retail, both in high-end retail, that is around automotive, around consumer electronics, et cetera, where the intent is to ensure that the product is being bought out through video commerce to the customer in a much more digital format than ever before.

On international, I think the opportunity for us, and this is playing out as we speak, is the opportunity around vendor consolidation. Given the fact that most organizations are now moving from an MPLS architecture to an Internet-first architecture, that opportunity will then give us a significant headroom

where we are not the incumbent with many of these large global corporations, where we are looking to consolidate and relook at an Internet-first architecture. That is something that we see play out very heavily for us in our markets in Europe, but this is a trend that we see in many of our international markets as well.

Linked to that is really the approach and the shift that we are seeing for tailored professional services. This is coming at the back of most organizations are looking at a situation where they want migration services, transition services and then possibly life cycle management services also getting managed through us. And that opportunity is an area that we see as very adjacent to our core offering, and that's an opportunity we are grabbing with both our hands, and that shift is something that we are working with many of our customers.

In our media business, which is really a global business which includes India, we are really seeing a very strong shift to live 4K sports. And 4K sports distribution moving from HD to UHD for an operator like us will lead into a significant consumption of our video connect services, increase in our bandwidth opportunities to work with these broadcasters across the world. So globally, we deliver close to about 9,000 events annually. And many of these events are delivered on 4K, especially the large-format events, and that opportunity is only growing on a year-on-year basis as digital and digital experience of gaming is becoming more and more pronounced. Remote production is another opportunity for us, where the delivery model for the entire production and post-production is happening remotely and then consumed by all the broadcasters globally as well. And that's another area that we are participating in and seeing traction with all our customers and partners that we engage with.

And finally, on the global OEMs, like in India, where we are seeing the shift to the AIS 140, in our global automotive space, we are seeing a very good opportunity on the connected vehicles, and in many of these large global OEMs, these OEMs have already been on that journey for some time now. So their scale is only increasing. Along with scale is the complexity that they're having to face. They realize that this is a non-core area for them. And they are then looking at partners like us who can bring our MOVE platform and our services to really take away that operational complexity and deliver the service back to them.

If you go on to the next slide. So with that background and from the use cases you heard and some of the shifts that we are seeing and the kind of conversations that we are having with our customers, this is our organization of how we engage our customer. We have 2 motions in which we engage our customers, both with the Sell To and the Sell With motion. The Sell To motion is a motion where we have deep account management and solution architects who engage our customers intimately. It is really about engaging our customers and co-creating solutions alongside our customers. We have boots on the ground in our India market and in the markets which are there which are listed and are international markets.

We've also been, over the years, curating our industry verticals and tech verticals. Media is something that we spoke about earlier. We are also realizing that our conversations with our global OEMs in the automotive space is becoming very unique. It is not necessarily adjacent to the data conversation, and therefore, we have taken it out and we have focused on it as a stand-alone industry vertical, and that's where we are seeing great amount of traction and action, like I spoke about earlier.

All of the other use cases that we have as a part of our MOVE portfolio, which include our capability on

our airlines, our mobile network virtual operator capabilities, industrial electronics or industrial IoT, microelectronics, all of those other use cases are also unique propositions that we are taking to our customers, and we wanted to have a dedicated focus in that vertical as well, and that's another vertical that we have created. And likewise, for our cloud communication or our unified collaboration portfolio, this is a portfolio that we wanted to have dedicated attention because the use cases that Madhu spoke about are unique to many industries and the attention that we want across the use cases is to create these global towers which will allow us to engage our customers in a much more meaningful fashion across the portfolio that we have curated over what you saw.

The global alliances is really our Sell With opportunity, and this is where we partner with large global Indian SIs, TCS and the other global SIs, including global OEMs like Cisco and Microsoft, where we take our products alongside with their products and go to market across the segments that I spoke about.

Our global segments are service providers and OTTs, where we are on the service provider space, we're a provider of services to the service person. So we are a carrier's carrier, if you will. And with the OTTs, these are the large global OTTs, there are less than a dozen, if you will, and that's where we are seeing a lot of attention, and that's why we have dedicated our attention into those OTTs to capture the growing opportunity, including what was coming through prior to COVID, but also during and post COVID as well.

If you go on to the next slide, this is a quick view of how it is playing under the hood. I wanted to give you a sense of what's our execution motion. Lakshmi spoke about earlier about our top 1,000 customers, which is really broken down into our top 300 and our next 700. And really, these customers -- our philosophy on customer choices is really deep segmentation first, and then going deeper with fewer as the principle of approach in our market engagement. So what we are really trying to do over the course of this execution program is to ensure that we have choice of customers well identified. And then the execution rigor of engagement with these customers and their execution rigor spreads across not just intimacy building with the customer, but also early engagement and co-creation proactively to build conversations with our customers. It also then translates itself to having created and nurture the conversation with the customer, how are we executing around that opportunity. So it also includes getting all of the internal resources all aligned. Kabir spoke about the reorganization of the BUs and then the sales teams. The combination of the 2 is becoming a very powerful execution engine for us to engage with our customers. We are seeing heightened acceleration. We are seeing heightened velocity in our engagement with our customers as well.

What are we trying to achieve through the exercise is really improve our funnel addition. Every year, we try to ensure that our funnel addition on a year-on-year basis is 3x of our goals that we are chasing. We are on cue and exceeding that cue for this fiscal year as well. Improvement in our win rates through rigorous execution, we feel very confident that our win rates will only move north from where they are today and therefore, customer acquisition. So in the top 1,000, there our customers where we have a larger share of wallet, a lighter share of wallet, and then there are customers where we have 0 sale of wallet. So customer acquisition is another very strong focus for us as we drive through our focus on the overall execution plan, if you will.

If you go on to the next slide, we spoke about NPS, and this is where rubber hits the road, if you will, right? And NPS is a great measure of how are we doing with the customer. And it's really a question that

is asked to the customer, would you recommend product communications as a partner of choice to somebody else? And as you can see, to the right, our NPS scores have only been increasing on year-on-year.

Now why is NPS important to us? NPS is important to us not only to measure our engagement with our customer and see how we are doing with our customers, but it also, to me, is a lead indicator of how fertile is my share of mind with that customer, and therefore, my ability to improve my wallet with my customer as well. And we do this by very strong rigorous program that we follow. We have multiple listening posts that we have created in the organization across the life cycle of our customer journey. And each of those instances of those listening posts are actually giving us insight on how is -- either it's a transaction feedback or it's a more structured feedback. Irrespective of how the feedback is coming, all of that feedback is aggregated and then executed against inputs that we receive from our customers.

What we've also done over the course of the last 12, 18 months, is created a very strong wheel of engagement around our customer. And we've created a new model of engagement with the CST, or the CST is the Customer Success Team. And inside the Customer Success Team, there are 4 roles which are actually engaging and delivering to our customer. It's the account management structure, it's the solution engineering structure, it's the customer success manager who manages the life cycle of the customer, and it's the program management structure. So there are 4 key roles who are delivering into the customer. And the result of that heightened engagement is reflected in the NPS outcomes.

All of the inputs that we get from our customers are very thoughtfully broken down into areas that we need to rectify. And then we go back to our customers to let them know the actions that we have taken across the feedback that we've received. Especially so for customers who have given us weaker scores, we have a very strong detractor management program where we have customers who are very strong advocates. We have an advocacy program and there are account improvement plans. So the point I'm trying to make is our journey to NPS is not an accident. As you can see, it's growing every year, it's driven through a very focused program, and the intent of the outcome that we are seeing on these higher scores is going to result in higher wallet shares as we move ahead with our choice of top 1,000 customers. Next Slide

And finally, we spoke about widening and broadening our India market reach. Lakshmi spoke about our focus on the top 1,000 customers and then we had a tail of customers where we have not been really focused on over the course of the year, which is the top 5,000 customers, but in the top 1,000 is where we had retention. The intent now is given the intensity of what we are seeing in the India market and the intent of what these large enterprises or these enterprises can grow into, we are now intensifying our approach and broadening our India market capability and reach.

This segment of customers contributes nearly 20% of the overall enterprise market. So by no means it's a small market, and therefore, we're very focused on driving our intention and our focus into this segment. So our intent is to focus on these top 5,000 customers. And the way they're going to do it is going to be in a physical and digital model. So in a bit of a 'phygital' model is where you're going to engage these customers. So there is already a digital desk that we have which is going to engage with our customers. We're going to have teams located across different parts of the geography in India to engage our customers with the intent of dual focus, growing our wallet with these customers, as well as improving our revenue

base that we currently have with these customers as well. So this is the model in which we intend to roll out. What are we going to do with it? The intent is to try and create low-touch but fast-moving portfolio of services that we can engage the customers. So really, this is a scale game, this is a volume game and a light touch game that we are trying to engage with these customers across the 5,000 universe of customers that we work with. It's really taking the power of our portfolio and working into various components and creating bundles of offering that can be consumed as a whole by these customers. So that's the focus for this segment. The intent is to deliver it as an end-to-end automated model right down from ordering through to delivery. The intent is to have light touch or completely automated model, which will allow us to have volume and scale rapidly build up at the back of this.

Now this is a segment that we are banking on our strength and our brand in India. We're leveraging our current strength and our capability of what we've already built with our customers in India and the network reach that we already have. So in some sense, this is really sweating our network to improve our network capability, as well as we are trying to ensure that the combination of what we have in terms of our quality, our price and ease of purchase is going to give us the secret of success for this segment.

So with that, I thank you for your time, and hand back to you, Vipul.

**Vipul Garg:** Thanks, Sumeet. We will now start the Q&A segment.

The first question is from the line of Sanjesh Jain of ICICI Securities.

**Sanjesh Jain:** Thanks. Good afternoon, everybody, and really thanks for sharing this insightful presentation. We get to know you better now.

A few questions. First, on the Internet WAN. We have been emphasizing enough to tell that Internet WAN will open up a much larger opportunity for us. A couple of questions around that. One is, how many contracts which are coming out has a higher portion of today Internet WAN versus MPLS WAN? And what was the same percentage, say at 2 years back or 5 years back to understand how the contribution of Internet WAN as a proportion of total network spend for the enterprise is going up? And where do you see this being, say, 5 years down the line? And what is the role of Tata Communications? And what is the total addressable market that's opened for Tata Communications?

Second, we have been emphasizing on the fact that Tata Communications has a reach of Internet connectivity in 130 to 140 countries. Can you just help us understand what is the reach of our nearest service providers whom we compete today in the global market? And what gives us confidence that in a multi-continent contract, we have a higher probability today than we had earlier in terms of winning the contract? So this is on the Internet. I have a few more questions, but I will catch up on this post this question.

**A.S Lakshminarayanan:** Yes, thank you, Sanjesh. I'll attempt to answer, and then I will hand it over to Genius to add a few more specifics. To specific questions on what proportion of the request coming from Internet and how does it compare? I would say, if you look at international market, invariably all network transformations have a higher degree of Internet, I would say. Unless they are carving out an RFP, like Genius showed in one of the examples of the core hub connectivity of connecting data centers and hub



locations, in which case, it might have a lesser proportion, but they might have Internet as a backup option. But otherwise, most of the contracts have Internet as an option or a higher percentage of Internet in the overall solutions. In India, it is more our Eco net and the IZO Internet variants that Genius talked about. It's not so much to replace the existing MPLS. It only increases and improves our reach into certain Tier 3, Tier 4 towns or being able to address smaller branches and others which we were not able to properly address in the past. So, I think India, net incremental add versus a replacement of MPLS. And international, I think it's more of a replacement and every other opportunity comes with that. So maybe Genius can add a bit more color to this as well as to your question on the reach to 130 countries, and how does it compared to the competition. Genius?

**Genius Wong:** Okay, thank you, Lakshmi. One of the keys things about the IZO Internet WAN, it's with the broadband variant is actually for international, it actually helps us to open up certain segments that we weren't able to address before. Because, for example, in the retail segment, it requires much more capillarity in each of the countries. But with our IZO Internet WAN broadband partnership, it actually allows us to actually go deeper into each of the countries to serve those segments. So to us, this is additional new add to the addressable segment that we can now go after, similar to India because as Lakshmi mentioned that in India, our Eco Internet plus also IZO Internet in India, that will actually give us some ability to actually cover not just Tier 1 and Tier 2 accounts, but also going beyond Tier 3, Tier 4 and actually with much deeper capillarity. So both in terms of international and also India, it actually allows us to actually address a much larger market. For example, earlier, we were actually addressing international global opportunities for 300 to 500, 600 locations. Now we have the ability to actually go after deals that require more than thousands of locations. So that is the kind of market we're going after.

As for basically the coverage comparison, okay, not like, for example, for earlier for MPLS, not all global providers are going to be having as much coverage in their own home country, right? So each one of those cover certain locations cover certain geographies in certain countries. That is normally for MPLS and the others. But one thing clear is that no global service provider actually has broadband in every country. So what basically our partnership on IZO broadband, it actually helps us to bring broadband solutions where we can integrate all broadband solutions in different countries to provide a seamless offering to the customer. So for broadband, I think our coverage currently, we are actually building this. On the overall IZO variants, we have 130 to 140 countries. For basically broadband, we are at now about 40 countries. But that actually also gives us an advantage because not many people can actually integrate all of their broadband solutions together, all right? So for NPS, I think we will be -- if you said compared to competition, we are almost at par with some of the global players. As for Internet connectivity through the partner ecosystem, with a seamless single point of contact, and I think we'll maybe actually a little bit better or basically on par with the global Tier 1s, right?

**Sanjesh Jain:** Just one understanding from the reach perspective, we are either slightly better than the competition or equal to the competition. And what makes us believe that we will have a higher market share incrementally in the network transformation? And what makes us believe that we can get the deals out of the incumbent? So what gives us the confidence for that?

**A.S Lakshminarayanan:** So Sanjesh, when people are looking for a network transformation, it will be a combination. So reach is only one of the aspects there. So they're going to look at how do you deliver a fully managed service across these portfolios? How do you then design and implement an SD-WAN, how

do you design and implement a security overlay over that? All of that combined and ability to do all of that well is one.

Secondly, and we've been talking about our networks are largely engineered for enterprises, and some of the cloud gateways that we have talked about has shown to our customers that it gives them a lot more flexibility, right? So when they're connecting to a cloud, our cloud gateways are enabling the customers to connect to cloud. If they have to connect to our cloud in Frankfurt and tomorrow do an acquisition on the host cloud in the U.S, our network architecture through these cloud gateways are able to address that. So there will be a combination of factors that will play into such complex transformation, and not only the reach aspect of it. And compared to the reach that we had before, we are much better off than what we had before. So our ability to compete only gets stronger. If not the absolute and only player having the right to win, we will be able to compete on this much better than what we have.

**Sanjesh Jain:** A couple of questions on the services platform we have shared, particularly on the CPaaS and security services. I think the competition in the CPaaS with Twilio or in the security space, a Zscaler or a CrowdStrike, they have been growing at a very healthy rate, even sitting at a much larger base than us. Why do we think we have a right to win in this market? And can we really see that kind of a growth? Though we are on a smaller base, so we can grow faster if we have a good right to win. But what makes us believe that we can compete with some of these new age companies which are growing very fast in these services? And do we have a visibility to grow so fast? That's on the platform services. But again, a connected service on SD-WAN, the industry itself is growing at 60%. So if I put all these together, that means that we have a high probability if we execute well, the growth services can actually deliver a 30%, 40% growth, and that's clearly looks possible given the industry tailwinds. That's my second question.

**A.S Lakshminarayanan:** Yes, on the first question, again, probably request Srini and Madhu to answer. The only comment I would say is CPaaS is a new offering which we are yet to formally launch into the market. So we are working with a handful of customers as we trial our products and in the early stages of our stage 1 introduction to the market. But the potential exists. And on the security side, I think the comparison, Zscaler may not be the most appropriate because our offering -- we use Zscaler and we partner with them and deliver our services. But they are a product company, and we have been largely focused on services. And as we shift our focus more towards platform, maybe we can have some offerings that are comparable.

But let me request Madhu and Srini to elaborate and add a little more color to that.

**Mysore Madhusudhan:** Thank you, Lakshmi. Sanjesh, basically CPaaS, the way we have started developing the whole CPaaS initiative, it is not an output based platform, it is more towards the outcome-based kind of approach which we do, which basically say that many of the likes of what you said the competition, they do give a programmable SMS and lots of other number masking and all these kind of services. But I would say that the creation of, say, a bespoke solution for the use cases, that's one of the -- I would say highlights which we would want to be driving it. An omnichannel offering is the one which is where I would say that we do see that as a huge plus because this is not just a one kind of messaging platform. It is across the platform as such. So when I say platform, the technology platforms like WhatsApp, Signal, Telegram and all of them. And especially as I covered it even in my presentation also, with these 50-plus entities in different countries and the relevant licenses, our ability to offer such services which is, I would

call it as a regulatory compliant solution, rather than do it yourself or figure it out yourself type of solution is the one which has the biggest advantage, which I would say that we put ourselves up there as such actually.

So that's a color to what Lakshmi mentioned to you at a much broader level as far as CPaaS is concerned. I would pass it on to Srini for the security question. Srini?

**CR. Srinivasan:** Thanks, Madhu. On the security, Sanjesh, the question that you asked, if you broadly divide the security market or the security opportunity, there are 3 pieces to it. One is, of course, the appliances and the hardware part of the security market. The other is the platforms like the company that you pointed out, Zscaler, which is a capability that they have for breaking out the Internet and now they're adding more capabilities. And the third is, of course, the services space where we were able to manage the complexity.

If you were to look at the security market, the number of OEMs and the number of products that you need to put together a comprehensive security for an enterprise is quite a complex task. And thereby, there is an ever-growing need to sort of have more and more capabilities, be it software or platforms or hardware or appliances. And managing that complexity, I think, is a big opportunity. Availability of skill set is a big issue. And thereby, the model that we've taken to market is more a services approach. We use, like what Lakshmi rightly pointed out, we use companies like Zscaler in our solutions. But eventually, what we provide to our customers is service on top of all of this, managing the complexity and simplifying security for them. So I think there is a right to play. And that's where we have skilled people, security operation centers in India, certified people on various products and platforms. So that all gives us the ability, and plus, we're investing in our own analytics platform around security. So giving us a right to play and address these opportunities.

**Sanjesh Jain:** Last question from my side to Kabir, more on the EBITDA margin guidance of 23% to 25% in the medium term, not looking at really near term. It looks way too conservative, considering that we will have a stable margin in Traditional services and our margins still grow, plus innovation is way too smaller in the way we look at growth. I think the margin profile looks way too conservative. It's clearly not adding up to the math for me, assuming that the traditional margins remain where it are, even it dipped 100, 200 basis, doesn't matter. The kind of upside we can get from the growth services should actually drive the margins. I think 23% to 25% looks, from a medium-term perspective, it's way too conservative. That's the first question.

And second, on the cash utilization, so we intend to maintain the debt level. It's completely understandable. So I want to understand what we are generating a handsome free cash flow. Just if you can give us more color on the utilization of free cash flow. And a linked question, what will be our inorganic growth, and will Tata Teleservices getting into an SME be one of the options in that?

**Kabir Ahmed Shakir:** Thanks, Sanjesh, for the question. As we spoke earlier also, if you look at our current year margin of 24.9% that we have declared for FY21, that has built in the COVID-related savings. Now I don't know when we will get back to going to offices and travel, and we thought that we would probably do that sometime in the second quarter, but with the second wave hitting, that got kind of postponed. So I'm a bit cautious that those costs eventually will come back in, that we will start going

back, albeit not to the same old level, but there will be back to office, there will be travel again. So all of those costs will certainly come in. So we need to take that with a pinch of salt. That's the first bit. So that we know that the base gets corrected.

The second one is, even if my growth services, and that's what we want to do, we want the growth services to grow faster, the mix effect currently will actually be negative. Because their average margin, if they grow faster, they actually pull down my weighted average margin for the company as a whole. I don't want to go into complicated mathematics here. But it's also equally offset by we get a Voice business which is low margin and it's declining. So that actually helps as well in the mathematics, so a lot of all of that effect that actually goes in.

With all of that, I still see that we should have margin expansion. But we would like to reinvest that margin back into driving growth in the company. So a lot of R&D that we actually talked about in the new generation technologies that we're looking at, or helping with customers come and put together a whole suite of things rather than just only point products, and we're actually looking at Service Wrap kind of thing putting together and helping in all of those things. So a combination of all of those things is where we would like to very carefully reinvest that margin expansion back into the business. And that's the reason why we kind of tightened that range to 23% to 25% as opposed to being any larger there. So that, I would say, answer the first part of the question.

On cash, absolutely right. We are -- we will have -- and we' continue to have a healthy cash generation engine. And I would say that if our ambition is to have double-digit data growth, us being a lot of infrastructure driven organization, we will have to invest back into CapEx in order to support that kind of growth ambition. So clearly, the hitherto range of 225 to 250 will not suffice and we will have to up that CapEx. So that's definitely one source where the cash will go up. We have this year declared a dividend of INR 400 crores. The INR 14 actually translates to about 400 crores. We've been kind of doing almost 1/3 that in the past. So there is that element which also goes into cash now.

And on the question on inorganic, what we are basically trying to say is that it's not that we have a kitty or we would like to go chasing and hunt and get a target. We just want to bring that -- we are now an organization that's geared towards growth. And therefore, we will look at every avenue that gives us growth, inorganic and organic. So organic is something which, of course, the teams will be absolutely glued on. Inorganic, the strategy team and the business teams are working very closely to be able to look at both transaction at entity level and strategically at a technology level to be able to say, are we better off building this technology? Or are we better off buying this speed of technology? And if buying makes us deliver that speed to market, then we should be open to it. And therefore, we are bringing inorganic into the lexicon, into the thinking of our strategic path going forward.

So this is not to say I have a quarterly number that I want to clock our yearly number that we want to clock. So if we don't find something which is strategically and economically sensible, which can add better value being part of the Tata Comm portfolio, then we're not going to do it. So therefore, we just want to try to tell you that, that's now part of our Lexicon and around our thinking.

**Sanjesh Jain:** Just one follow-up on those. Sorry for being here for a while, this is the last one. One, the Tata Teleservices a consideration for our inorganic growth, that's one. Number two, yes, we intend to

invest a lot more, that double-digit revenue growth should be more towards high teens, or then the growth, traditionally, we have been thinking of 10%, 12% is not the right way to go ahead. Is that right to understand it?

**Kabir Ahmed Shakir:** Well, currently, we are at, I would say, high single-digit growth is what our 5-year CAGR has been, 7.9%, although the last 2 quarters growth has been less than expectation. So I would say even if it goes up, then we will probably be able to, I would say, dynamically allocate more resources for projects that actually give us the better returns. That's how I would actually put it. Maybe for Tata Teleservices, I would say there's nothing on the table as of now from an inorganic perspective. We do have, I would say, joint GTM and MOUs along with Tata Tele as to how we address our customers and satisfied for the best of the abilities of what Tata Comm brings and what Tata Teleservices actually brings so that it's best for both the companies. That's what we have in motion, and nothing else that I have to share at this moment.

**Vipul Garg:** The next question is from the line of Aliasgar Shakir from Motilal Oswal.

**Aliasgar Shakir:** An extremely insightful presentation. I think most of my questions have got answered. I just have 1 or 2 left. One is on the near-term growth visibility. So I mean your presentation did give a lot of insights in terms of each of the categories and how we are seeing the market shift and how the growth visibility is building up. And of course, in the last few quarters, we have also recently discussed the funnel robustness. I just want to understand more from a near-term point of view, as Lakshmi did indicate that COVID-related impacts have been lingering, so what kind of conversations are you having with your customers? And what kind of visibility do you see? Do you see there will be lingering impact of COVID impacts even in FY22? Or we can expect you to start delivering the growth guidance that we have in the coming year itself?

**A.S Lakshminarayanan:** So Ali, let me respond. I mean firstly, we haven't given any growth guidance. So we have been saying that our ambition is to hit a double-digit growth in the medium term. And my remarks with respect to the lingering ones actually continues because some of the segments that we were hit with, whether it's the Media or the usage in the airlines and so on, haven't really picked up. Some of them had a start and then they had a stop again. So I would say some of them are still lingering. I did make a remark in the last quarter on the slowness of the conversion that was there. I think that was still continuing in the first month at least, in April. But I don't think from the commentary we've made in the last quarter with respect to the market situation has dramatically changed. But I think what we called out in our presentation is the opportunities that we see in the medium term, and how are we positioning and repositioning ourselves to capture those opportunities.

**Kabir:** If I may... one element to add, but it's -- this time, the second wave has actually come home. It's impacted us, it has impacted our employees, it's impacted our customers' employees. So it's not just I would say the decision-making process that has been elongated. It is also -- has taken a toll, and we need to be cognizant of that as well.

**Aliasgar Shakir:** A follow-up over there is that the robust funnel growth that we have seen. Has that not reflected in any of the revenue translation in the coming quarters? Are those going to take longer to execute? Or is that going to probably help you offset some of the impact of...



**A.S Lakshminarayanan:** Again, Ali, I don't want to give any immediate guidance on some of these things. The only thing we would restate is that we are having good conversations with customers, but decisions are getting delayed. Some of the decisions the customers had made in the past, they have put on hold or releasing it in much smaller batches, to only these many countries or these many branches and this region and not that region kind of things are happening. But I don't want to add any more color on the immediate term, let's say, how this is panning out. So that we can discuss at the end of the quarter, and we will then talk about that.

**Aliasgar Shakir:** Just one more question is on the SME space. So your competitors in the Indian market have been talking quite elaborately in terms of the growth opportunity in the SME space. I understand that historically, we've been more focused in the large institution space and TTSL has been on the SME, and you did provide some commentary about how you are working in that space. But I'm just trying to understand from an opportunity point of view, do you see that as an opportunity that can really become big for you and that is an area you would want to target? Or that is something that remains out of a focus area in the medium term?

**A.S Lakshminarayanan:** So just to correct, we are not targeting the SME segment. And also, it depends on how one defines that. So we are still focused on large enterprises. And even within the large enterprises, there are many customers that we are not focused on. So even in India market because of that many CST teams and account managers that we can deploy in our B2B model there.

So that's why we had said last year that our focus was on that, and we had not come up with a strategy for, shall we say, the long tail of customers that we had, probably another 4,000 odd customers that we were not focused on or we were focused in a limited way. This year, we have formed a separate team with a separate segmental focus. And as Sumeet pointed out, with a lot more focus on the phygital model to sell and serve them with automated tools and product bundling and so on and so forth. And we believe that unlike SME, who might have a different, these are medium to large enterprises. So their behavior will be closer to a large enterprise. So the way we are trying to address is very unique. And we have to see how that pans out when we just launched that segment and with a dedicated effort this year.

**Vipul Garg:** The next question is from the line of Vimal Gohil.

**Vimal Gohil:** My question is again on the question that Sanjesh asked. On the balance sheet front, just wanted a clarity. You said that the CapEx requirement will continue to remain at the current levels of \$250 million to \$300 million? Or is it expected to go up? I probably missed that part.

**Kabir Ahmed Shakir:** No, I was saying that our current guidance that we have given is in the \$250 million range. And all I said is that when we aspire to get to double-digit growth, then the 250 won't be enough, and we would invest more. So that investment will depend on where the growth is actually coming from because the investment profile is very different across businesses. But it will be higher than the current ranges is what I indicated.

**Vimal Gohil:** Right, so I mean I don't -- while I understand it, it will be difficult to give us a number. But if you could just help us understand in what areas will you be required to spend in?

**Kabir Ahmed Shakir:** I would point out to you, let's look at it holistically because there's no point in going through each number and seeing what it should be. We are committed to a growth number, we are committed to a profitability number, and we are committed to a ROCE number. And if you look at our ROCE, we have kind of already hit our numbers that we had for medium term. And despite us investing or increasing our level of investment to whatever level it may be, we have actually increased our ROCE target to 25% to 30% in the medium term. So that's how I would ask and encourage you to look at it from a holistic point of view that despite increasing it, we will -- and that is towards supporting growth, we will also have an eye on return, so that doesn't mean extra CapEx would mean diluting return to our shareholders.

**Vipul Garg:** The next question is from the line of Mr. Bharat Sheth.

**Bharat Sheth:** My question is digital platform currently contributes approximately 28% of the top line, and where we are seeing a very good growth opportunity for next in medium term. So where do we see this business contribution over total Tata Comm business?

**A.S Lakshminarayanan:** I think if I understand saying the digital platforms and services currently contribute to 28%?

**Bharat Sheth:** Yes, yes, and how do we see in over the medium term, seeing the very good growth opportunity, its contribution to the total business?

**A.S Lakshminarayanan:** Yes, I think that was all in the presentations that heads made. So we don't want to put a number on it, but we definitely would see the 28% contribution to go up quite a bit. That is what. I mean if on the network Genius called out that we anticipate that to be in the mid-single-digit region when the digital platforms and services will grow at a healthy base for us to hit our double-digit targets.

**Bharat Sheth:** Okay, and this question is for Kabir. Kabir when we are giving the guidance, I mean returning this margin in FY21 and top line growth and as well as when we are increasing our CapEx and without deleveraging balance sheet. So what are the levers to improve this ROCE guidance which we have given?

**Kabir Ahmed Shakir:** The current ROCE, it is already at a quite a healthy level. So I think we are already at a high level. The way in which it will work is that we have a healthy cash generation base of the business. And it's quite important that we need to keep investing in our infrastructure to support that level of growth. And that level of base CapEx is important in our traditional businesses, plus there are businesses where we have actually invested, which is in the digital platforms and services businesses, where we are waiting to unlock that growth potential.

So there are a lot of moving parts in there, where it will give us the benefit that we will have. So about the margin expansion, as I explained to Sanjesh as well, it is not that we don't aspire for margin expansion. We would like to get the margin at the right places, which means being competitive with our customers and delighting them with our offering, and so that we get the right value for the services that we give. And once we get that margin, then redeploy them back into OpEx and in R&D and in infrastructure and in innovation to fuel the growth per se.

So therefore, if you unpeel our profit expansion, you will get in some from the top line. And from the mix effect. But we are saying essentially that we would like to reinvest each and every one of them. How much of it, we have not done the math of it to be able to comment and quantify. At an overall level, we are saying that line will grow and give us the benefit.

**Bharat Sheth:** This question is on IoT, which we are currently working in India. So how much, I mean, do we think that we will be ready to take it at a global level? And what timeframe do we have an ambition to take it to a global level?

**A.S Lakshminarayanan:** Yes, so maybe let me answer that. On the IoT in India, we have been incubating this business. And as Madhu pointed out, there are some very interesting use cases that are getting developed and there is an opportunity to take it overseas. But because we are playing across all the stack of device through to the platform and applications, some of them will require modification when we take it to international market. And we are trialing in one of the international markets.

The second is also the MOVE platform is also enabling a connected solution, and there will be synergies with the MOVE platform and what it offers also and what our IoT at the application level can provide. So that is, again, an area that we are exploring, to give you a short answer.

**Bharat Sheth:** And do we see -- I mean how do we plan to leverage the platform, NetFoundry? And what kind of opportunity is this particular platform has in the global market?

**A.S Lakshminarayanan:** So NetFoundry as a stand-alone subsidiary, I don't want to comment on this because it will take a long time to talk about that. I think we had some of it earlier. But we are trying to see if we can bring NetFoundry, that offering, closer to what Tata Comm does and integrate. And I think Srinu talked about in one of the offerings as part of SD-WAN. Srinu, do you want to basically mention that?

**CR. Srinivasan:** So the way we have built in NetFoundry into the SD-WAN portfolio is we call it the app-enabled SD-WAN. Where if there are offices there that are only a few PCs and they don't need the SD-WAN CPE, then we can put the NetFoundry client there and they would be able to securely access their network the way they would do with an SD-WAN. That way, we've integrated NetFoundry capability with the SD-WAN offering that we take to market. And that's appealing to customers who have 2 or 3 people distributed in different cities and towns. And they don't want to invest in complex network infrastructure but do want the security level that an SD-WAN would offer, then NetFoundry helps nicely for that.

**Vipul Garg:** The next question is from the line of Naval Seth of Emkay Global.

**Naval Seth:** My question is for Kabir. Although Kabir, you have answered multiple times on margin, but if I try to back calculate your COVID savings, so what my calculation suggests, that your margins would be lower by, say, 70, 80 basis points for FY21, which would be...

**Kabir Ahmed Shakir:** About 100 bps.

**Naval Seth:** 100 basis points. So now when we are talking about sustained double-digit revenue growth going forward in medium term, and there has been all this aspiration to improve our growth services

margin also inching towards blended margins at company level, so just trying to understand that by this guidance of upper end of 25% only, is that the case where competitive intensity has increased and hence, you need to offer more to the customers as the customer's delight? Or this is a proactive kind of step to moving ahead of competition?

**Kabir Ahmed Shakir:** So we certainly don't want to encourage a race to the bottom from a price perspective. We will remain competitive, that is for sure. And therefore, we will take what it takes to win in a responsible way so that we don't set either precedents for ourselves or for the market in general. So therefore, that let me reassure you that we will be responsible on the price line. Where I think the math works is that we would like to really unlock the growth opportunity for our growth in our Digital platform and services. And there, if you look at the margin profile, currently, their margin profile is below the company average. And simple math, the way in which we do work is that if they grow faster than the core connectivity, you'll find that they actually create a headwind on my total margin profile.

Notwithstanding that, we would obviously like the push because we do believe that we need to unlock that growth. And once we get that growth, we can correct that margin profile going forward. So that is all we are actually trying to say. And for us, the opportunity is, as the 3 business leaders spoke about and Lakshmi has made it clear endlessly, we have a huge opportunity, and we should focus all the management attention on growth. That doesn't mean that we are going to be not having an eye on profitability. But I would like all the lexicon to go towards growth. And when that growth engine starts delivering at double-digit level, the shape of this company will be quite different. And therefore, we have, in the last 18 months, done all the good things in terms of removing the inefficiency from the business. Well, there is a lot more to be taken and we've continued to do it. It's a continuous improvement process. We are focused on that. But we've taken a big chunk of it by readjusting our staffing profile between India and international. We've consumed the medicine first before giving it to our own customers saying there are -- if you are a digital ecosystem enabler, then location shouldn't matter and only customer-facing roles which need to be there in high-cost locations are there, and everything else which can be done from back-end location, we have done it ourselves. Those are all, I would say, one of the things that we have consumed. And therefore, we are now on a continuous improvement journey as far as the cost line is concerned. And therefore, I would say the margin expansion, whatever we get, we would want to fuel towards growth.

**Naval Seth:** Hopeful to see next year you revise your guidance upward on margin the way you have done for ROCE.

**Vipul Garg:** The next question is from the line of Vikas Khemani.

**Vikas Khemani:** Thank you for an elaborate presentation and color on each of the businesses. Just trying basically understand the structure, you are a connectivity provider company, have some platforms and now going towards more, more towards the solutioning on the cloud and network-related stuff. So aren't you right now getting into domain of traditional IT services company? So my question is that if you were to envision, let's say, 3 years down the line, 5 years down the line, which part -- I mean you will be more going towards the IT services part kind of thing. And if you -- today, if I were to ask you, would you compete more with TCS kind of players? Or would you collaborate with them? I mean is there a synergy between 2 -- is it competition or synergy? So if you can help us -- help me understand that part of it.

**A.S Lakshminarayanan:** Yes. So in the large part of our portfolio, there is a lot of synergies to exploit with the size, I would say. So if you look at really on the network, network transformation and all the associated securities that we talked about, I don't think the SIs would play there. Now I think I had mentioned in one of my earlier calls that sometimes in the international markets, people are looking at an overlay unbundling RFP. But in all the RFP's that we have participated, they have finally come back to say, no, we want an integrated play. So that is at least now the shape of it, and we are collaborating with the SIs in the space.

Similarly, if you look at the collaboration space of, let's say, a Teams deployment and so on, our play is largely in voice enabling the team's deployment, right? And then the managing the entire -- the voice in the video infrastructure for the customer. I mean most SIs do not play in the space. I mean they have a team's practice, and they would say they will do the team's migration, they will talk about application, build around teams and so on and not necessarily voice enablement and manufacturing the complex voice video infrastructure. No SI plays and all our competition, there tends to be other international players there. CPaaS we have talked about. Again, we have called out who we compete with in our presentation that my colleagues made.

In all of the spaces, you would see that our competition as either niche players or other telco players including in all the portfolios. There might be a limited overlap, and I wouldn't see that as a competition. We have a strong go-to-market and collaboration opportunity with TCS and other SI players.

**Vipul Garg:** The next question is from the line of Mr. Pavan Ahluwalia.

**Pavan Ahluwalia:** So very comprehensive presentation. I just wanted to pursue the go-to-market issue in a little bit more detail. So obviously, TCS is a world leader in enterprise cloud migration. And Lakshmi would confirm that. So far, the logical thing would be for us to be the preferred partner for TCS and to go to market together. So far, this has not been happening. I'm curious, Lakshmi, since you've worn both hats, when TCS looks at Tata Comm, what do they see? Do they see an organization that has the Tata brand but maybe isn't functioning up to the standards they want? Do they see us as sort of the poor cousin in the room? And given that the group has been very focused on exploiting synergies between companies without detracting from the individual vision of any company, what is the scope for you as a former senior leader of TCS and currently the leader of this organization to really help us develop this relationship better? What would it take for us to truly be TCS' #1 preferred partner? What are the capabilities you're missing, how we're looking to fix them? That would be my first question.

My second question is related more to the Traditional services business. Obviously, a large chunk of revenue comes from traditional services, although the growth is going to be low. And the presentation seems to indicate that while industry growth might even decline in traditional services, we should expect to see a moderate increase because of growth in Data. So is that just because we're disproportionately levered to providing data as opposed to voice connectivity, and that's why we're not likely to be affected by the industry headwind? Would you help us to understand that a little bit better?

**A.S Lakshminarayanan:** On the first question, I would say with TCS, particularly since that was a question, we have been engaging to develop a stronger go-to-market across all of the portfolio. And especially with the network or in a collaboration space on Teams deployment, we have jointly launched

a marketing video campaign as well of smart meetings, for example. So there are a lot of synergies that we are working together with. And you will come to how that is working and what more we can do.

On the specific question on cloud. I think that's where there is some overlap. We are focused in our cloud offering in India, right because -Tata Comm has a strong position to go after. And the extent to which we are collaborating with TCS is, for example, if they do an SAP HANA implementation or migration, we can go together for a cloud offer from Tata Communications. Internationally, we are not taking our -- I think Srinu mentioned, we have not proactively taken our cloud offer to the international markets because, one, we want to be successful in scaling in India. And once we are able to do that and attain certain level of scale, then we might be able to look at other opportunities internationally together or otherwise. But in all other areas, if you look at network, we are collaborating and taking to market. It's not as though we are not taking them to market. But what my commentary mentioned about the slowness in customer decisions on the network transformation applies not only when they go by ourselves, but even when we go with our partners like TCS to win these contracts. And I think that's what I would say. But we have a strong go-to-market.

And to your question on how TCS would look at Tata Communications, they would look at us as a strong player with strong capabilities to see how we can jointly take it to market. At the field level, there is clarity that is required at every account to say, what does it mean to me? What does it mean to my customer? And that is why we are taking efforts to say, clearly lay out what Tata Communications brings, what TCS brings, make sure that there's a clear RACI matrix that each one of us understands so that there is no confusion in the field and people don't have any issues on how should they present to the customer and so on. Those are the kind of things that we've been clarifying. And we are quite sure and hopeful that once things open up, we should be able to activate that much more strongly.

**Pavan Ahluwalia:** So sir, it looks like the real power of the TCS relationship is probably a couple of years away once the cloud piece for us is sufficiently scaled and developed, where we are actually able to take it to the international market, which is where the bulk of TCS' enterprise cloud work happens. Is that fair to say?

**A.S Lakshminarayanan:** Yes. I think in the international markets, in the cloud space, there will be a greater degree of overlap between what a Tata Comm offers and what TCS offers. So that is why in terms of where there are greater synergies, it is better to go to market where there are greater synergies than where there are greater overlaps.

**Pavan Ahluwalia:** Understood, thank you. And on the Traditional services bit, would love to get some feedback there also.

**A.S Lakshminarayanan:** I think Genius remarked on it. So it's not traditional services, it's core connectivity. Genius, do you want to take that question?

**Genius Wong:** Yes. Because for core connectivity, one of the key growth areas we see is, first of all, is Internet connectivity. So with when the pandemic announced a shift to cloud, Internet, our connectivity businesses continue to grow, whether it's international Internet or was it be in India, the Internet connectivity.



The second area that -- where we actually see the growth is also on the high bandwidth connectivity. With all the shift to cloud and also the coming of new technologies like Agile 5G, there will be more and more demand on high-speed connectivity, connecting to different hub locations and also data center, which is also part of our core connectivity. Those are the key drivers for core connectivity service growth, which is across both enterprise and also service provider and now OTT segments.

**Pavan Ahluwalia:** And so what's driving the overall market decline and why are we not affected by that?

**Genius Wong:** I think it's also the region, right, where we operate in, okay? So there's a huge growth potential, for example, in India, all right? A lot of cloud and also content provider of Web 2.0 and cloud native companies are all moving into India, all right? So therefore, that is also helping for a huge kind of capacity growth.

**Vipul Garg:** We are almost out of time. We'll take one last question. The last question is from Mr. Sandeep Kothari of East Lane Capital.

**Sandeep Kothari:** I have 2 quick questions. One is on the contact center piece where you have tie-ups with Cisco, Amazon Connect and your own platform. What is the opportunity out here? Is it domestic, international? How big is this opportunity? That's question number one.

**A.S Lakshminarayanan:** Madhu, do you want to answer that?

**Madhu:** Basically, when I look at the whole contact center opportunity itself, there are actually, I call it as the 3 different layers in which addressing the market. One, the one which we have engaged with Cisco and these contact center players, which is where we will go with somebody like Cisco in terms of addressing the market. And we have our own in-house InstaCC platform, which is more and more cloud-based. And then that's where we would be looking at it.

So in terms of the go-to-market as well as our own -- and of course, leading into cloud migration, and then over and above that is the one which we would add in the recoding, the routing and all of them would be the one, which would be -- we would be adding on to it actually.

So we do see this as a project which is, from a customer experience perspective, it is one of the key segment areas where it has been going. Further to it is the one which we developed further on to it, which is more industry vertical-specific proposition, which I spoke about in the context of SCDx. So we should see this in 3 different grades where contact center would become one of the components in this whole proposition where it would lead into in a contextually speaking, if it is a retail, out of the whole sale experience itself is happening. If you take it in a BFSI or the banking context, how does the whole banking transaction as well as the whole interaction has been happening. And adding on to it is the one which is where we would be including the messaging platform into this. So contact center is not just to be looked at as a hosted or a on-prem kind of business. It is one, it is on cloud, on demand. We should be in a position to provide that, which ultimately results into a major customer experience changer.

Number two, a big -- in the context of the SCDx how the whole vertical-specific interaction has been happening, and cloud to the on-prem migration across these 3 are the ones where we would see the

growth around contact center space.

**Sandeep Kothari:** My second question is, basically, we talked about a number of platforms today, very exciting opportunity. Which among these 3, 4 platforms, Lakshmi, you think would reach a reasonable scale over the next 3 years? How many of these you think would be reasonable scale in 3 years?

**A.S Lakshminarayanan:** We're targeting for all of them. Otherwise, we wouldn't be talking about it. There is no favorite.

**Sandeep Kothari:** So what do you define as a reasonable scale? It's \$10 million, \$50 million? So what should be a reasonable scale -- a range?

**A.S Lakshminarayanan:** No, I think that would depend. Some of them have a head start. MOVE is being built on top of what you already have something. So they are all starting from different positions. I don't want to give a number. But our ambition is definitely if you look at a 3-digit number rather than a 2-digit number.

**Vipul Garg:** This brings us to the end of the session. The presentation and recording will be up on the website.

Lakshmi, your closing comments, please. And after that, we can end.

**A.S Lakshminarayanan:** Thank you. First of all, good to meet you all and good to talk to you. Taking stock of the 1-year of strategy and the rollout as we can see, there are several aspects of our strategy that are still work in progress, but safe to say we are making good progress to capture the exciting future opportunities. Thank you.

**Vipul Garg:** Thank you, everyone. You may now disconnect.

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