



Ranganath D. Mavinakere, CFO of Indian tech giant Infosys, tells *Swati Prasad* that performing this role in the digital age requires an all-round view of the organization, a say in corporate strategy and execution, and complete knowledge of the risks involved.

You expect the CFO of a large corporation such as Infosys to be a disciplinarian with a firm voice and a straight face. But 55-year-old Ranganath D. Mavinakere (commonly known as Ranga) has neither. He is soft-spoken, affable and ever ready with a smile, even if he has just walked into his office in Electronic City in Bengaluru after a long-haul flight from the US. Asked if he is suffering from jet lag, he replies with a disarming grin, "Not at all."

Mavinakere has his own cure for insomnia. "Every night, when I go to bed, I think whether the three principles of integrity, transparency, and meritocracy are safe at Infosys or not. And the answer is always in the affirmative. These principles are never compromised," he says. Hence, he never loses sleep.

There's a lot to keep him alert through the day, though. The most exciting part of his job as CFO is to "navigate through the complexities of Infosys in a legal and ethical manner." And the complexities

are many. The famous Bengaluru-headquartered tech services and consulting company, which was set up in 1981 by seven engineers in a garage, is today a truly global organization with an employee base of 200,000, spread across 45 countries. And 750,000 investors have put their money into Infosys, two-thirds of whom reside outside of India.

THE BANKER AT INFOSYS

Mavinakere studied engineering and then did his MBA before joining ICICI Bank on the credit side in 1991. He took on leadership roles in the areas of treasury and planning at the bank. He joined Infosys in 2000, initially in financial services consulting, with some of India's largest banks as clients. Then, in 2008, he was appointed Chief Risk Officer (CRO), a role that was yet to evolve in those days. As a result, he had to conceptualize what enterprise risk management is.

"We worked toward making risk management a centerpiece of our discussions and deliberations," he

recalls. "It was not just about financial risk. We also looked at strategic risk and the external regulatory environment. In fact, we looked at the risks to strategy execution."

According to Mavinakere, strategy is all about decisions. "When you make a choice, there are certain risks you automatically get exposed to," he explains. In the case of Infosys, the majority of the organization's markets are outside India, so it automatically exposed itself to foreign currency risks.

The CRO role gave Mavinakere a well-rounded perspective on governance, audit and compliance. This also helped him, and thereby Infosys, to weather the global financial crisis without much credit loss.

"Back in 2008, one-third of our revenues came from banks that were in distress," he says. So the biggest risk facing Infosys was receivables.

In early 2008, Mavinakere's team began keeping a close watch on the credit default swap rate of every large client, particularly these banks – and not just their credit risk ratings.

"This gave us a six- to eight-month headroom to plan things out, direct all our collection efforts of receivables, or request progress payments and mitigate our risks by not taking on more projects for them," says Mavinakere.

As a result, the actual credit loss for Infosys during the financial crisis was negligible. This attracted the interest of Robert S. Kaplan, an accounting academic at Harvard Business School,

“The ability of leaders to be open to change is the biggest and the most complex problem.”

who invited Mavinakere to talk about how Infosys was managing the global financial crisis at the school's centenary celebrations in 2008.

FROM DOMAIN EXPERT TO CFO

In 2012-13, Mavinakere was considering a sabbatical to undertake research in accounting and finance. This was at a time when the Indian IT industry was facing challenges due to the anti-outsourcing rhetoric in the developed world, the Eurozone crisis, increasing global competition and pricing pressures.

That's when the co-founder of the company, N.R. Narayana Murthy, stepped in to take control of the situation. "He asked me to lead the Chairman's office and drive several strategic initiatives, such as cost optimization," Mavinakere explains.

He shelved his academic pursuits. "Since then, I have come a long way. I thought I would stay back



for a year and assist Mr. Murthy. But it turned out to be such a good opportunity that I stayed on."

After that he became the Executive Vice President of Strategic Operations, responsible for strategic planning, risk management, M&A and corporate marketing. Then, in 2015, he was appointed CFO, with responsibility for looking after M&A, investments and risk management, among other issues.

"It's been a very satisfying journey for me," he says. "I never imagined when I entered Infosys as a domain expert that one day I would rise to become its CFO. But that is the beauty of this organization. It stands for meritocracy."

EVERYTHING HAS A FINANCIAL OUTCOME

Today, the CFO's role has evolved considerably. "It is not limited to finance and accounts. Increasingly, CFOs are playing a central role in strategy formulation and execution," says Mavinakere.

Ultimately, the outcome of corporate strategy is measured in financials, be it revenues, margins, earnings per share or the return on capital employed. And all risks – whether they relate to people, technology, HR or strategy – have a financial implication, he says.

As a result, the CFO and the finance organization must have an extraordinary view of the enterprise – a view that other function leaders cannot have. "We are in a better position to work with other business functions, to advise them, and to help them make the right strategic choices," he adds.

In today's world, technology has a huge impact on organizations. "Forget the CFO – every business leader in any industry has to be fully aware of

how technology can change the market, as well as the internal processes of the organization." And technology affects strategy: "You have to change the strategy in order to adapt to the new technology. We have to embrace technology, not just for cost-effectiveness, but for hygiene."

Yet strategy is just the starting point. Given the finance team's vantage point, providing timely information is extremely important, he says. Moreover, this information has to be predictive as well.

So the new-age CFO, according to Mavinakere, is someone who not only takes on the traditional roles of financial control, financial integrity, transparency, timely accounting, and checks and balances, but also has a 360-degree view of the business.

This helps in two ways, he explains. "First, it helps us challenge some of the business assumptions more confidently and emphatically. Second, it helps predict the financial impact of any business decision more accurately." That's because every decision, big or small, has either a profit-and-loss impact or a balance-sheet impact.

MOTIVATING THE TEAM

In order to have a better understanding of the organization, Infosys inducts people from non-finance backgrounds into Mavinakere's team.

"Our finance function does not have only chartered accountants," he says. "For instance, we have a program manager who understands our IT and information system." Moreover, he believes in giving people within the finance function different experiences. "People who join the taxation team are rotated. They may have to move to revenue recognition, for instance."

Once they gain a better perspective on the organization, he motivates them to aspire to be the CFO of Infosys or some other company. "If you have to be the CFO, you must know all the processes of the organization," he adds. He also believes in engaging the younger members of his team in decision-making.

One of the core expectations he sets for his team is to differentiate Infosys in the marketplace, while meeting all other objectives, such as compliance, transparency and financial integrity.

He says his biggest strength is his strong and competitive team, which is always ready to shoulder responsibility. "I am sure the challenges will only grow in the future, and that's why I devote a lot of time to team development and engagement. I ensure I interact with every junior employee of the finance team, so that they are excited about their job."

CHANGING MINDSETS

As Infosys is a tech company, the average age of the finance team is young – between 28 and 29. "The good thing is that they are tech savvy," says Mavinakere, adding that mindset is more of

RANGANATH D. MAVINAKERE: CV IN BRIEF

- ▶ Earns a Master's degree in technology from the Indian Institute of Technology, Madras, and then a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad.
- ▶ Joins ICICI Limited in 1991, where he holds leadership responsibilities in the treasury, planning and credit functions.
- ▶ In 1999-2000, he becomes an entrepreneur and sets up a risk management software company, along with a partner.
- ▶ Joins Infosys in 2000, as a domain consultant in the financial industry. Becomes the head of the Domain Competency Group, where he leads a group of industry consultants and works with global financial services clients.
- ▶ Is appointed as CRO of Infosys in 2007. He works with the board's risk management and audit committees to give it an overview of risk management and governance.
- ▶ In 2012-13, he is appointed to head the chairman's office and to lead several strategic initiatives.
- ▶ From 2014-15, he is the Executive Vice President of Strategic Operations. He is responsible for strategic planning, risk management, M&A and corporate marketing.
- ▶ Is appointed the CFO of Infosys in 2015.

a problem for team members who have been in the system for longer. "The ability of leaders to be open to change, to not be afraid of it and to adapt to it is the biggest and the most complex problem – not just for Infosys, but for any company."

Just as a CFO needs to get a good perspective on the organization, so Mavinakere feels the business leader needs to understand the financial implications of all decisions undertaken. "Having said that, it's very difficult to anticipate what is going to happen in the future," he says. A "black swan" event can occur any time.

Thus, one of the biggest challenges facing CFOs and other C-suite leaders is the need to constantly question the status quo.

"We need to question the processes and our business assumptions. What worked in the past may not work in the future," says Mavinakere.

However, there is one thing that has worked in the past and will continue to work in the future, and that is a strong value system. According to Mavinakere, a value system based on integrity, transparency and meritocracy has stood the test of time. And performance is a by-product of these principles. ■

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