

Genpact Introduces Smart Enterprise Processes (SEPSM), Applying Science to Business Process Management

SEP can deliver two to five times the business impact compared with traditional approaches

New York & Gurgaon, India, December 8, 2009: Genpact (NYSE: G) today announced Smart Enterprise Processes (SEPSM), a groundbreaking, rigorously scientific methodology for managing business processes. SEP delivers substantially improved financial performance by breaking down organizational silos and making business processes truly effective. Compared with traditional efforts focused on efficiency within individual processes or business units, SEP's end-to-end methodology can deliver two to five times the impact on improved cash flow, margins, revenue growth or other targeted financial and operating metrics.

Founded in 1997 as a unit of General Electric Co. and spun off as an independent company at the beginning of 2005, Genpact was one of the first companies focused on the global management of business processes. With SEP, Genpact elevates the management of business processes to a strategic tool that can significantly improve a company's bottom line performance.

"SEP represents a dramatic step in the evolution of process management, applying for the first time a true and much overdue science to business processes," said Pramod Bhasin, president and CEO of Genpact. "Through SEP, Genpact delivers meaningful business results by making processes more effective in ways that few companies accomplish on their own."

SEP applies a framework of analytics, technology and reengineering to the key processes that a company uses to manage its business. Through experimentation, testing and rigorous analysis of data from over 200 million transactions across more than 3,000 managed processes, Genpact has determined the benchmarks that best-in-class companies achieve at each level in a process. It has identified the key drivers of improved business results for each process, and developed best practices for addressing those drivers.

Genpact uses this unique intellectual property to test the effectiveness of a client's processes by measuring performance at each step of an entire business process, and applying best-in-class benchmarks from within and across industries. Next, it creates a client-specific diagnosis and roadmap with relevant targets for driving business results. Genpact then carries out its recommendations in the execution phase, with a preferred commercial model of being compensated based on the results achieved.

The SEP methodology contrasts with the traditional focus of measuring efficiency within individual processes or organizational functions (e.g., number of invoices paid per hour). The traditional approach reflects a narrow view of measurement and can even be counter-productive. Instead, SEP reaches across business silos, and concentrates on the effectiveness of an end-to-end process in improving clients' overall business results such as cash flow, revenues and margins. For example, "Source to Pay" spans procurement, supply chain management and accounts payable.

"Processes that cut across the company are linked like a chain," Bhasin said. "And, like any other chain, there are weak links that need to be fixed. SEP uses our unique expertise, technology and benchmarked data to examine the entire chain, identify the weak links, diagnose the problems and fix them."

Genpact is applying the SEP methodology to both common business processes (e.g., accounts receivable, collections, financial reporting, procurement, order fulfillment), and to industry-specific needs in manufacturing, healthcare, finance, insurance, logistics and consumer packaged goods. SEP targets back-office processes that reduce costs and front-office processes that generate revenue.

The SEP methodology helps companies improve their business performance by targeting processes such as:

- *Order to Cash (sales fulfillment, accounts receivable and collections)*: In the consumer packaged goods industry, Genpact's SEP cuts preventable deductions (e.g., spoilage, pricing errors, fines and fuel surcharges) by 50% to 75%. For a \$5 billion company, this translates into \$15 million to \$20 million in increased annual earnings. SEP uses analytics to identify root causes of deductions, identify and prioritize improvement areas, and apply upstream process fixes – e.g., reducing packing issues at the warehouse and inconsistencies in receiving at the client site.
- *Source to Pay (procurement, supply chain management and accounts payable)*: For a \$5 billion manufacturing company, the SEP methodology can reduce purchase spending by \$50 million to \$150 million over three years and deliver an increase of 1 to 3 percentage points in margins. SEP helps clients improve performance on key metrics such as concentration of spending, usage level of electronic auctions, and vendor scoring.
- *Insurance Claims*: The common practice of having underwriters conduct case evaluations means they spend up to 40% of their time on low-value activities. By transferring lower-value work to lower-cost staff or third parties and using underwriting summaries, a life insurance company with \$1 billion in first year term life premiums can save \$15 million per year.
- *Healthcare Processes*: Genpact has worked with Miami Children's Hospital (MCH) to optimize 140 core processes touching multiple aspects of the organization and impacting more than 80% of all patient experiences. Streamlined clinical care processes in MCH's

Emergency Department reduced patient wait times by 18%, boosting customer satisfaction by 3%. Process improvements also reduced wait times in radiology, same-day surgery and pre-operative processing. As of June 1, the hospital was on track to achieve a 15% increase in net operating income for 2009, as a result of reduced expenses, improved inventory management, a faster revenue cycle (including billing, collections and reimbursement), and more efficient use of hospital resources.

“As companies struggle to cope with the new realities of the global economy, they are increasingly focused on improving their processes to work more effectively,” Bhasin said. “For them, SEP is a powerful approach to wring out costs, generate revenue, and deliver cash to the bottom line.”

SEP extends Genpact’s legacy as a pioneer in business process management. Genpact’s leadership team, client-centric culture and intellectual capital have been deeply influenced by its roots as the business process services operation of General Electric.

Genpact has developed unparalleled experience in the application of Lean and Six Sigma strategies over more than a decade, and has created one of the single largest pools of dedicated Lean and Six Sigma experts. Of Genpact’s 37,000 employees, more than 20,000 have been trained in the Lean methodology, over 1,800 have been trained as Six Sigma Green Belts, and more than 500 have been trained as Six Sigma Black Belts.

###

About Genpact

Genpact is a leader in managing business processes, offering a broad portfolio of enterprise and industry-specific services. The Company puts process in the forefront, coupling its deep process domain knowledge and insights with focused IT capabilities, targeted analytics and pragmatic reengineering to deliver comprehensive solutions for clients. The Company’s culture is uniquely ingrained in Lean and Six Sigma and views process management as a science. Genpact has significantly invested in and developed the first scientific approach to process management, known as Smart Enterprise Processes (SEPSM), which focuses on optimizing process effectiveness in addition to efficiency to deliver superior business outcomes. Genpact seamlessly delivers services from a global network of centers to meet a client’s business objectives, cultural and language needs and cost reduction goals. Genpact manages over 3,000 processes for over 175 clients worldwide. Learn more at genpact.com.

For more information:

Anita Trehan (*Genpact Media Relations*)
anita.trehan@genpact.com
+91 (98) 1110 0223

Sadaf Khan (*For Genpact - India*)
sadaf.khan@bm.com
+91 9899309389

Paul Sherer (*For Genpact - US*)
paul.sherer@ogilvypr.com
+1 (415) 677 2715