



The Corporation of the FutureSM

Pramod Bhasin
President & CEO

Oracle Open World
Mumbai, India

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An Introduction to Corporations of the FutureSM The Year 2015



Global Insurance

- ▶ Founded 1850
- ▶ Geneva Insurance rebranded in 2010, five years after disaggregating
- ▶ Focus on underwriting at lowest risk and earning superior returns on capital
- ▶ Outsourced virtually everything but sales & marketing, policy issuance and maintaining capital

Wang Motors

- ▶ Founded 1950
- ▶ Outsourced functions over last 10 years, including engine and transmission manufacturing
- ▶ Make technologically advanced and efficient cars
- ▶ 3-years ahead of competition in mass producing hybrid and solar powered vehicles

Recovery Hospitals

- ▶ Founded 2010
- ▶ \$3BN revenues; \$0.5BN net income
- ▶ Outsourced all non-core operations from Day One
- ▶ Razor-sharp focus on surgery and few surgical procedures
- ▶ Best-in-class service vendors selected from across the globe

Focus on the Critical Secret Sauce for Success

The Process of Disaggregation – Evolution of ‘The Corporation’

Past

- ▶ Boundaries restricted access to markets, talent and suppliers
- ▶ Bulk of goods and services in-house
- ▶ Falling barriers and improved connectivity opened up access and opportunities
- ▶ Manufacturing began the trend of outsourcing to global suppliers

Present

- ▶ Continuous quest for best-in-class services and products to maximize customer and shareholder value
- ▶ Non-core processes shed to expert service providers
- ▶ Companies currently engaged in defining core and non-core operations and processes

Future

- ▶ Will be founded as sharply focused, disaggregated corporations
- ▶ Decide on a few core competencies
- ▶ Find and partner with best-in-class suppliers
- ▶ Introduce innovative products at the speed of thought
- ▶ Increase customer and shareholder value

Changing the Definition of Success Across Industries

Leaders in Executing as Disaggregated Corporations



- ▶ Deliver reliable computers just-in-time
- ▶ Use customer feedback to drive innovation with suppliers
- ▶ Direct order – phone or web
- ▶ ~150,000 computers sold daily
- ▶ Computer assembly post order placement . . . Global suppliers alerted
- ▶ Parts bar coded, registered and tracked
- ▶ Average computer supply chain involves 400 companies across North America, Europe and primarily Asia
- ▶ Real-time balancing and pricing to shape demand to correspond with projected supply of parts



- ▶ India's premier private telecom service provider – voice, data, mobile
- ▶ Vision – “Be globally admired for telecom services that delight customers at all costs”
- ▶ Telecom network maintenance and expansion outsourced to Ericsson
- ▶ Entire IT operations run by IBM, with profit sharing as a fee
- ▶ Customer call center run by four vendors, with pricing based on volume, quality and efficiency
- ▶ Bharti to focus on product innovation, marketing, other value added services and branding

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Advantages for Disaggregated Corporations



- ▶ Global, best-in-class service
- ▶ Cost savings
- ▶ Shift to variable cost structures
- ▶ Improved top line
- ▶ Reduced losses
- ▶ Increased speed to market
- ▶ Better focus and decision-making
- ▶ Shorter cycle-times
- ▶ Continuous improvement
- ▶ Specialization
- ▶ Innovation

Increase Business Impact By Accessing Best-in-Class Providers

The New Rules of Engagement

As loosely conducted internal processes are migrated to expert providers, new mechanisms are created to manage relationships

- ▶ Adherence to mutually agreed principles and dispute resolution mechanisms
- ▶ Creating and defining service level agreements
- ▶ Baseline, measure and improve processes using tools such as Lean and Six Sigma
- ▶ Monitoring and correcting the progress of the relationship
- ▶ Mitigating risks associated with global sourcing
- ▶ Finding ways to maximize returns of global sourcing
- ▶ Ensure engagement at all levels – Executives to process owners

Vendors and Customer Must Partner to Develop Creative Ways To Improve Processes

Top Myths Regarding Indian Companies

- ▶ Do not innovate
- ▶ Are unable to handle complexity
- ▶ Lack domain expertise
- ▶ Aren't transparent in their processes
- ▶ Haven't developed world class HR practices
- ▶ Don't have process discipline

No Trade-Off Between Low Cost and Design/Innovation

Breaking the Myths

Innovation

- ▶ India on a similar path as Japan and Taiwan during early stages
 - 'West' assumed they could not innovate
 - Today – cars in Japan and electronics manufacturing in Taiwan
- ▶ Indian companies are investing in and focusing on innovation
- ▶ High-end R&D across industries in India
- ▶ Forefront in IT and Process innovation

Complexity

- ▶ Proven ability to handle complex processes
 - Y2K readiness
 - Finance & accounting
 - Regulatory compliance & filings
 - Supply chain management
 - Research & analysis
- ▶ Highly educated talent pool, with advanced degrees

Domain Expertise

- ▶ Developed as more and more complex functions are sourced
- ▶ Ability to capture knowledge, institutionalize it and train new hires
- ▶ Leading Indian companies across all sectors
- ▶ Global acquisitions by Indian companies
- ▶ Multinational presence

Breaking the Myths (cont.)

Transparency

- ▶ Indian companies accessing capital globally (debt & equity markets) . . . Meet global standards for reporting and disclosure
- ▶ ITO and BPO companies providing greater visibility into operations than companies had in-house
- ▶ Measured and documented metrics

Process Discipline

- ▶ Greater quality and control delivered as compared to in-house processes
- ▶ Industrial strength process excellence based on rigorous tools such as Six Sigma and Lean
- ▶ Detailed knowledge management and learning paths to achieve best-in-class

HR Practices

- ▶ Ability to deliver highest quality to customers while managing attrition rates of 30% to 100%
- ▶ Attracting top talent - In India as well as expats
- ▶ Providing career opportunities for growth
- ▶ Great companies must enrich and improve the lives of employees

Market Need for Global Delivery capability . . .



- ▶ Global companies need true, global delivery with corresponding contextual, linguistic and domain knowledge
- ▶ One quality/service culture worldwide
- ▶ 24/7 global delivery solutions including onsite, on-shore, near-shore and offshore
- ▶ Flexibility and ability to move work between locations/regions



...Genpact's "Right-Shore" Delivery Centers

- ▶ Europe
 - 700 employees across Hungary & Romania
- ▶ China
 - 1,250 employees in Dalian, China
- ▶ India
 - 13,000 employees across five major cities
- ▶ US & Mexico
 - 2,700 employees in Mexico & the U.S.



Genpact – A Pioneer Partner of the Corporation of the FutureSM



- ▶ Founded in 1996 with a small team and an idea
 - GE Capital’s remote processing operations
 - Leverage India’s highly-educated, English-speaking intellectual capital
 - Allow GE to leverage global talent and become more competitive
- ▶ Expanded services up the value chain from Finance & Accounting to Analytics
- ▶ Currently serve over 80 customers across multiple industries with integrated global delivery by 19,000 employees
- ▶ Deliver business impact using technology to drive industrial strength process excellence

Banking/Finance

Consumer, Commercial, Mortgage, Investment Banking & Real Estate

Insurance

Life, Property & Casualty, Mortgage, Reinsurance, Health, Long-Term Care

Manufacturing

OEMs, Chemicals, Oil& Gas, Pharmaceuticals, Healthcare, Industrials

Transportation

Airlines, car/truck manufacturers, car rentals, rail, trucking, shipping, courier & cargo firms

Business Services

Media & Entertainment, Communications, Retail

Finance & Accounting

Financial Services Collections / Ops

Transaction Services

Sales & Marketing Analytics

Supply Chain & Procurement

Information Technology Services

Customer Service

Aftermarket Services

Enterprise App Svcs & Program Mgmt

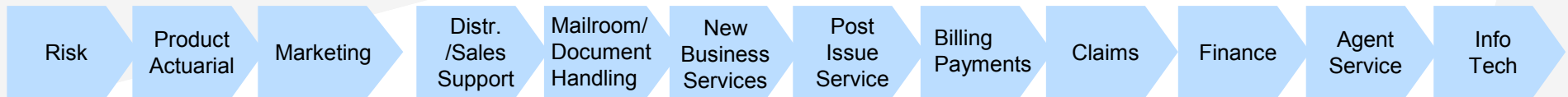
Capabilities and Services Provided to 'Global Insurance' ... Today



Market Products

Producer & Consumer Services

Support Services



Marketing

Distribution & Sales Support

Billing & Payments

Information Technology

Risk

Mailroom & Doc. Handling

Post Issue Services

Agent Services

Product Actuarial

New Business Services

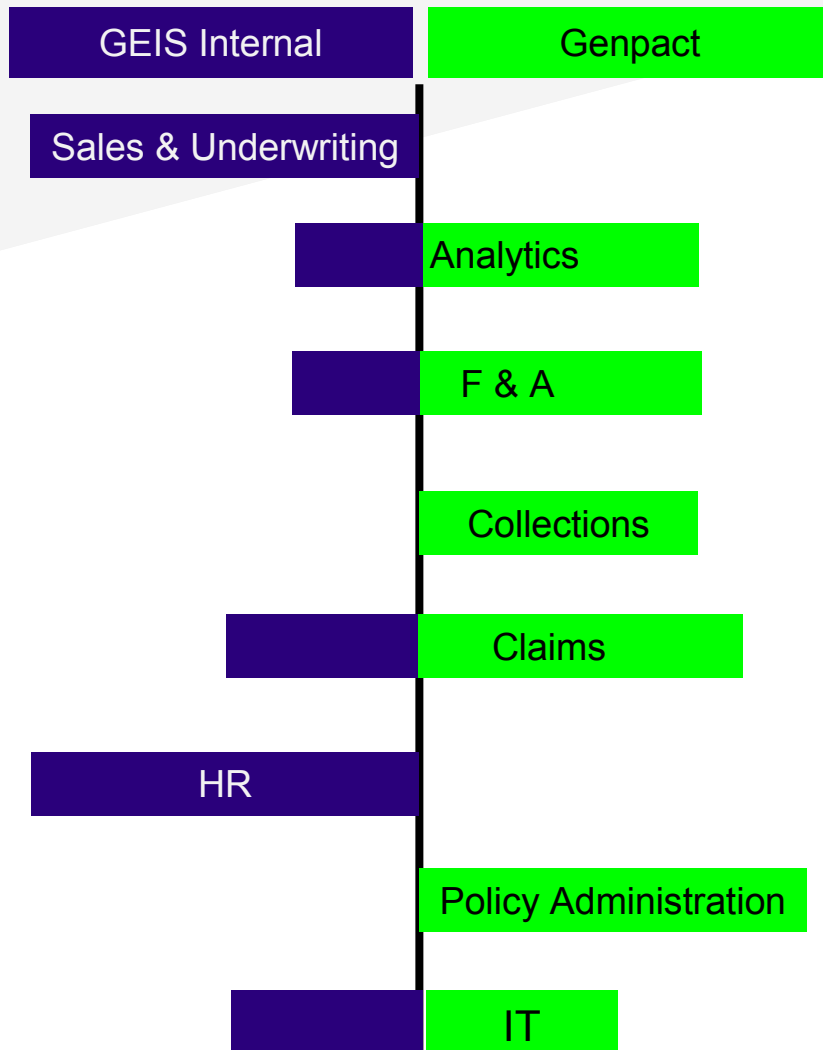
Claims

Finance

Wing to Wing Capability

Creating a 'Virtual Insurance Company'

Partnering with Our Customers to Deliver The Corporation of the FutureSM

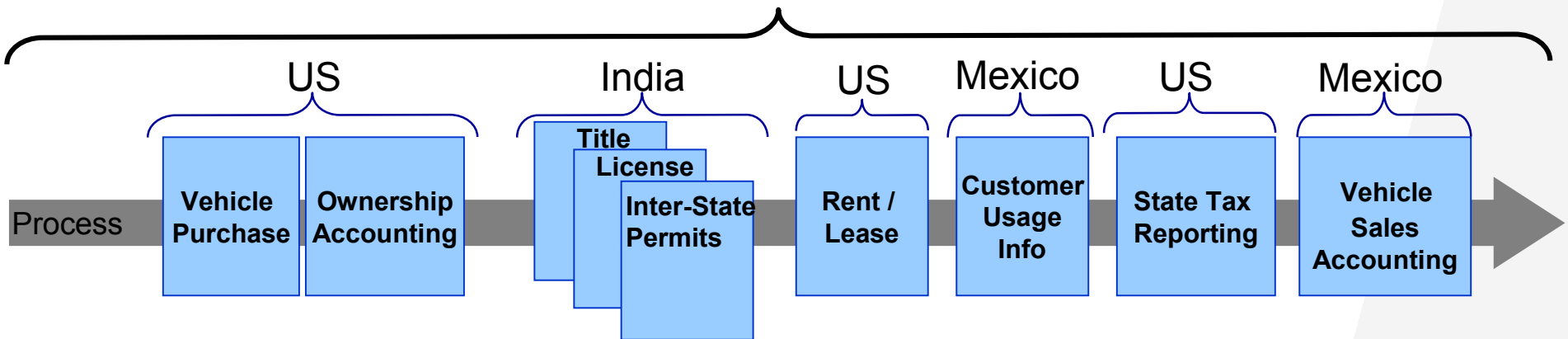


- ▶ GE Insurance Solution leading the way on disaggregation
- ▶ Policy Administration and Billing & Collections – 100% outsourced
- ▶ Analytics & Finance Outsourced to the extent allowed by regulators (70% Outsourced)
- ▶ Claims Processing and IT ~ 50% outsourced
- ▶ Further Opportunities in IT/HR
- ▶ GEIS focuses on Sales and Underwriting

Partnering with Our Customers to Deliver The Corporation of the FutureSM



Vehicle Capitalization & Legalization Process



A Global Process that Keeps 200,000 Trucks Running

US = Penske
India, Mexico = Genpact

Global Plastics Company – Integrating Industrial Strength F&A Process Excellence with Oracle



Background

- ▶ 11 countries globally
- ▶ 25+ processes
- ▶ Many legacy systems & charter of accounts
- ▶ No standard platform
- ▶ 80 person Genpact team
- ▶ 18 months

Business Impact

- ▶ Legacy systems retired
- ▶ Oracle implemented
- ▶ Standardized, simplified processes
- ▶ F&A shared service center created and outsourced
- ▶ Reduced close cycle from 7 days to 2 days
- ▶ Reduced Acc. Recs. by 50% and eliminated interface errors by 80%

Delivered 65% Reduction in Average Close Time with Increased Accuracy

Leading Energy Business – Creating an AP Shared Service



Background

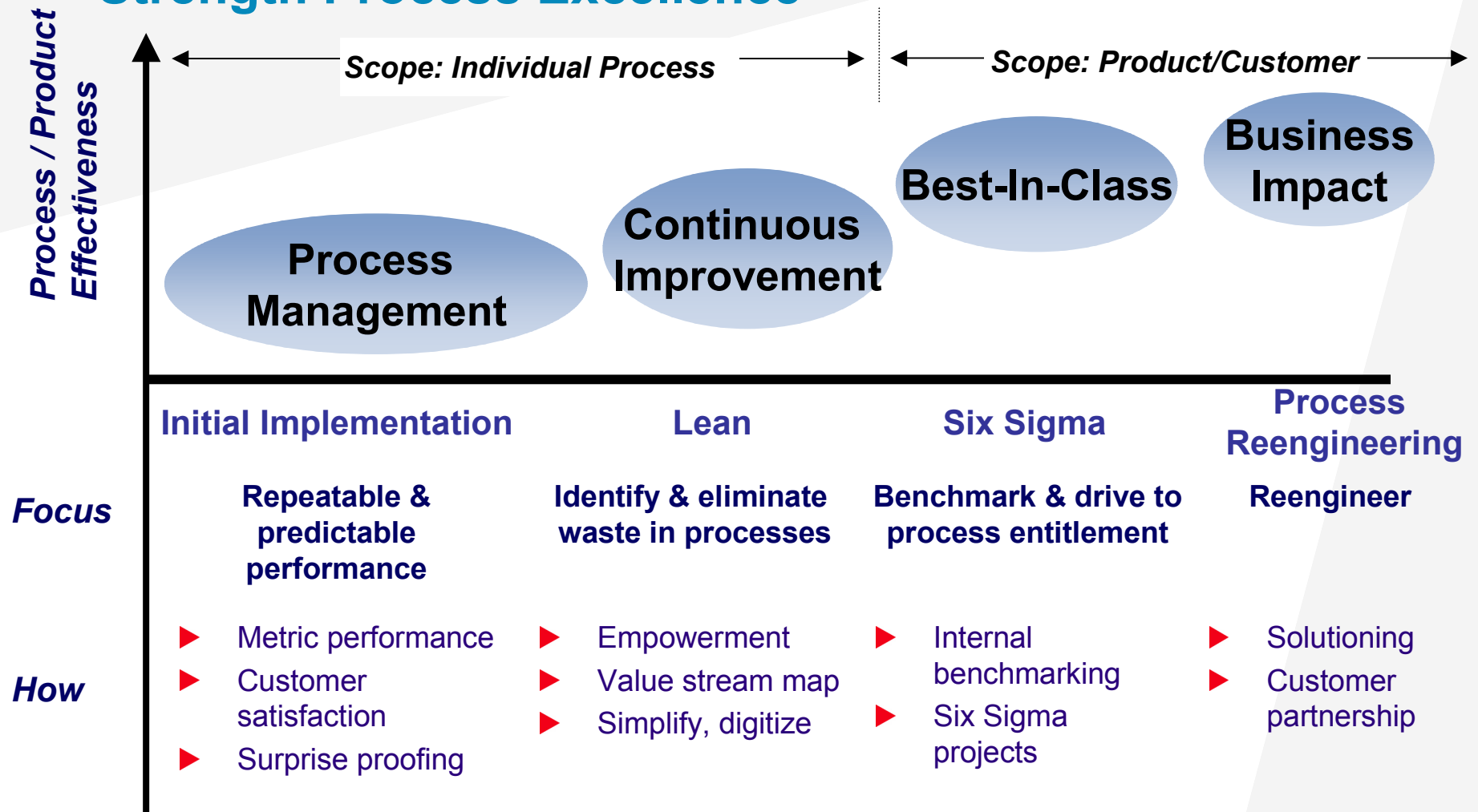
- ▶ 4MM invoices worth \$3BN annually
- ▶ 30 business units in 10 countries
- ▶ 100+ payables processing platforms
- ▶ High backlog and processing cost

Business Impact

- ▶ Improved process as part of Oracle implementation for AP
- ▶ Better operational management
- ▶ Lower processing cost
- ▶ Reduction of backlog from ~400 to near zero
- ▶ Global team in India, Hungary and Mexico
- ▶ iSupplier integration for web invoices
- ▶ Invoice imaging with workflow notification
- ▶ Vendor discounts automated and centralized

Standardized Processes to Best-in-Class on Oracle

Driving Business Impact™ Through Industrial Strength Process Excellence



Delivering Higher Quality Than What Companies Are Accustomed To

India BPO Industry Evolution

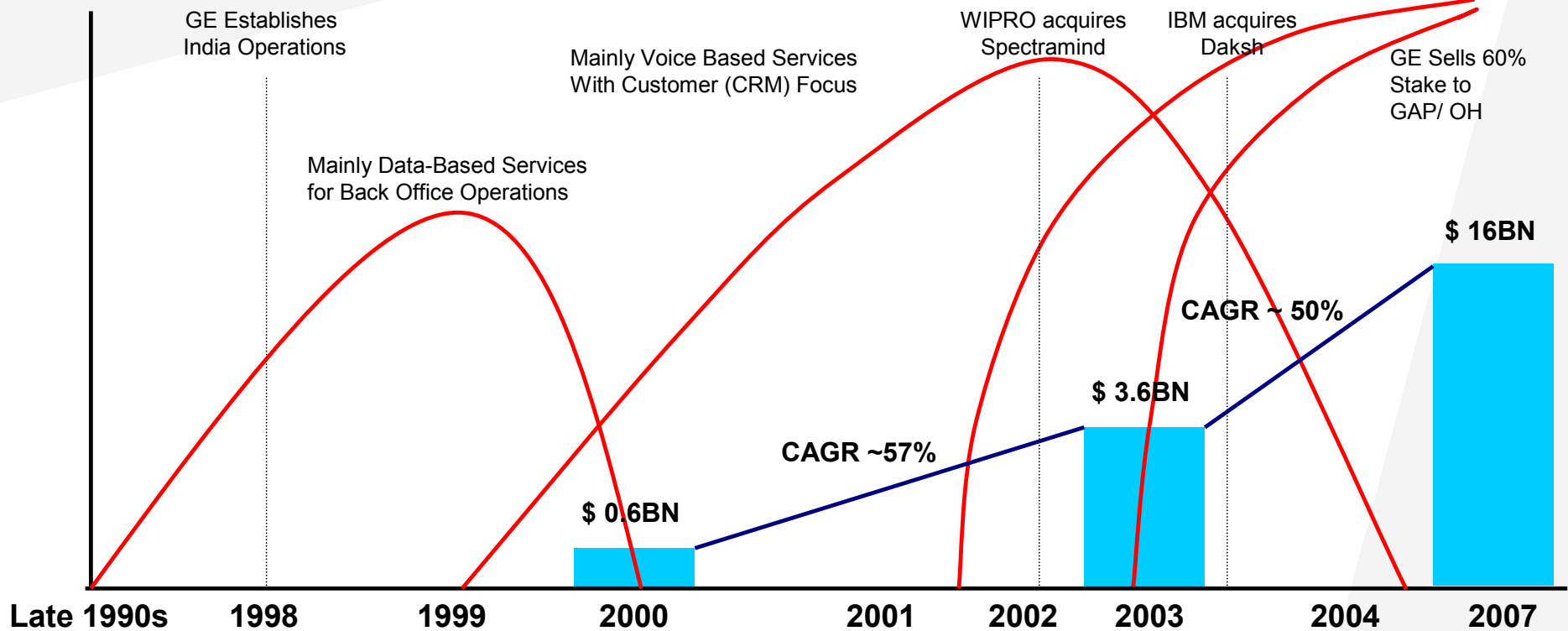


1st Wave: Major Multinationals Establish Captive Backoffice Operations

2nd Wave: VCs/ Industry Professionals/ Entrepreneurs Start Up Independent BPO Ventures

3rd Wave: Major Indian + Global Incumbents Enter Indian BPO Market -Mix of Organic + Inorganic Approaches

4th Wave: India Startups Acquiring in US/ Europe



GE Establishes India Operations

Mainly Data-Based Services for Back Office Operations

Mainly Voice Based Services With Customer (CRM) Focus

WIPRO acquires Spectramind

IBM acquires Daksh

GE Sells 60% Stake to GAP/ OH

American Express, Convergys, Dell Computer, eFunds International, eServe International (Citigroup), Fidelity, Ford, GE Capital, HSBC, Mc Kinsey & Co, Standard Chartered, World Bank

24/7 Customer, Brigade ICICI One Source (Customer Asset/ FirstRing), Daksh, Epicenter, EXL Service, GTL, Spectramind, TWS Holdings Transworks

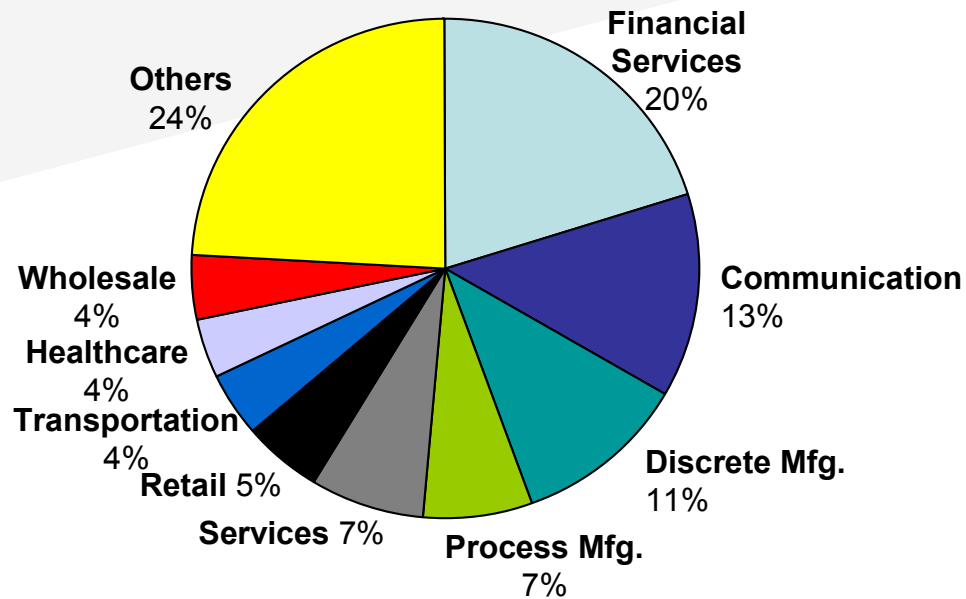
Birla (Transworks), Accenture, Cognizant, EDS, Hewitt, HCL eServe (HCL), HP (Digital Globalsoft), IBM, Msource (MphasiS), Optimus (Polaris), Progeon (Infosys), Nipuna (Satyam), SITEL, West

Scandent/Aon Cambridge, Secova/Empact EBS, Office Tiger/ Devonshire Group, ICICI OneSource/ Pipal Research/Account Solutions

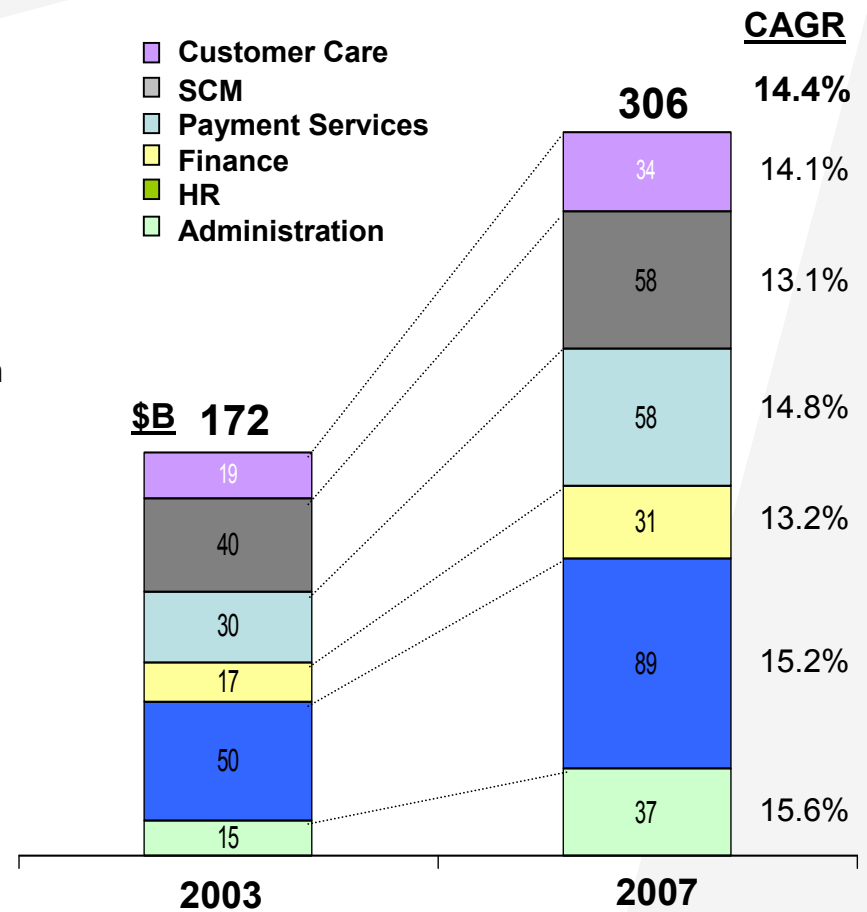
Source: Citigroup, Nasscom

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Companies Across Industries Are Becoming Disaggregated Corporations



Fin. Services, Communications and Manufacturing Comprise More Than Half of the Market



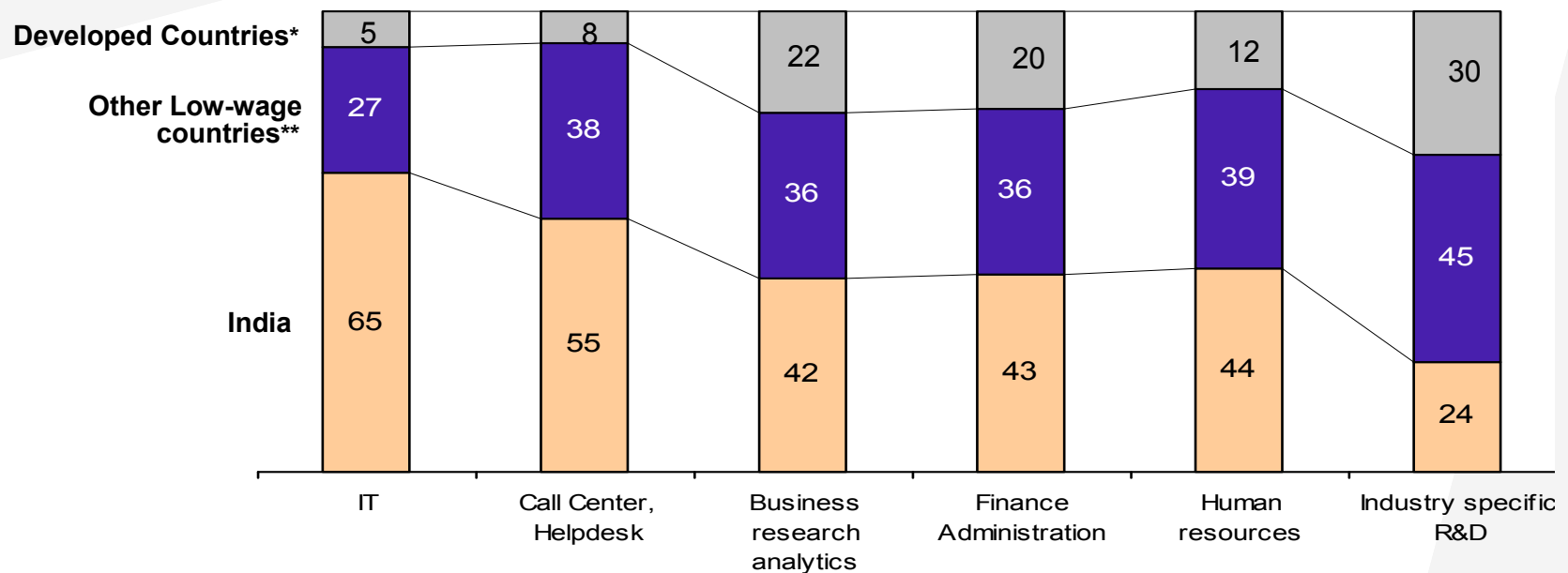
Traditional Areas of Outsourcing

Source : Gartner

India Continues To Be the Leading Destination for Offshoring



Where does your company offshore or intend to offshore the following activities?¹



¹% respondents (n=239)

* Figures do not sum to 100%, because of rounding

**Developed countries: Canada, United States, Western Europe; other low-wage countries: Africa, China, Eastern Europe & Russia (includes Turkey for business research analytics), Latin America, Malaysia, other Asia and Pacific

Source: 2005 McKinsey offshoring survey of senior executives

Indian Providers Moving Up the Value Chain By Delivering Innovation and Quality

Socio-Economic Impact of the ITO/BPO Industry



▶ Highest employment generator

- Direct employment doubling annually
- Ancillary businesses – transportation, real estate, catering, language training, telecom, etc. ... creating huge employment
- Created a class of young employees with huge disposable income

▶ Accumulation of human capital

- High-end and specialized outsourcing projects such as analytics, engineering design, F&A, insurance, pharmaceutical clinical trials
- Exposure to cutting-edge technology and practices
- Increased productivity and professionalism – due to high focus on performance metrics

▶ Professional practices in workplace

- World-class workplace standards compared to say, other sectors
- Very high importance given to human resources practices in the workplace

Socio-Economic Impact of the ITO/BPO Industry



▶ Reverse migration of skilled professionals

- They bring savings, financial accumulation for investments, transfer of knowledge and best practices, global market information, etc.
- Creation of enterprises, jobs, accumulation of research and FDI

▶ Contribution of VC and private equity investments

- BPO and ITES companies form a substantial portion of their portfolios

▶ Impact on cities

- IT/BPO professionals, returning migrants, foreign business travelers, increased travel abroad – all are influencing
 - Better-quality shops, restaurants, malls, apartments, and services
 - Infrastructure improvements
 - Higher service from government and other public companies

India's BPO/ITO Industry – Changing Competitive Dynamics for the Corporation of the FutureSM



- ▶ Allow companies to spend time, energy and resources on their core competencies
- ▶ New ideas and innovation brought by focused, best-in-class suppliers
- ▶ Quality of services higher than what corporations are used to
- ▶ More and more complex tasks can be performed better by expert service providers
- ▶ Industrial strength processes fueled by process excellence married with evolving technology and workflow platforms
- ▶ Integrated, global delivery capabilities allow increasing number of corporations to get on board
- ▶ Creating a vibrant economy in India with vast opportunities for knowledge workers who are becoming strong consumers

The Globalization Train Is On Track – Are You On Board?



Contact Information

Pramod Bhasin
President & CEO

pramod.bhasin@genpact.com
+91 (124) 235-6980

www.genpact.com

