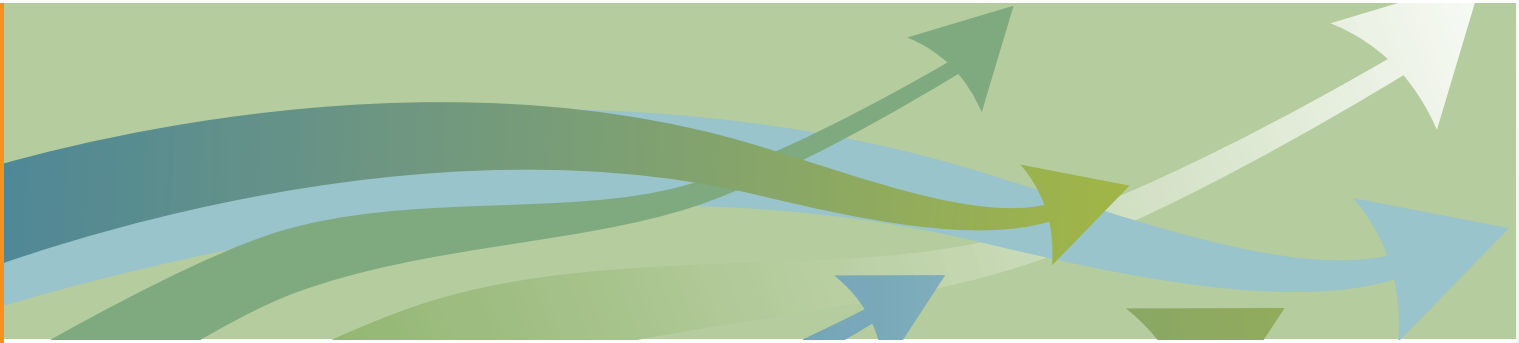


# Smart Enterprise Processes (SEP<sup>SM</sup>) Overview



## Smart Enterprise Processes (SEP<sup>SM</sup>): Bringing Science to Business Process Management

### THE PROCESS MANAGEMENT CHALLENGE

- What if you could improve DSOs by 20% through a better collections strategy?
- What would the value be to your business if you could reduce maverick spend by 20 - 40% in the procurement cycle?
- What if you could reduce charge-offs during late stage collections by 20 - 40 bps?

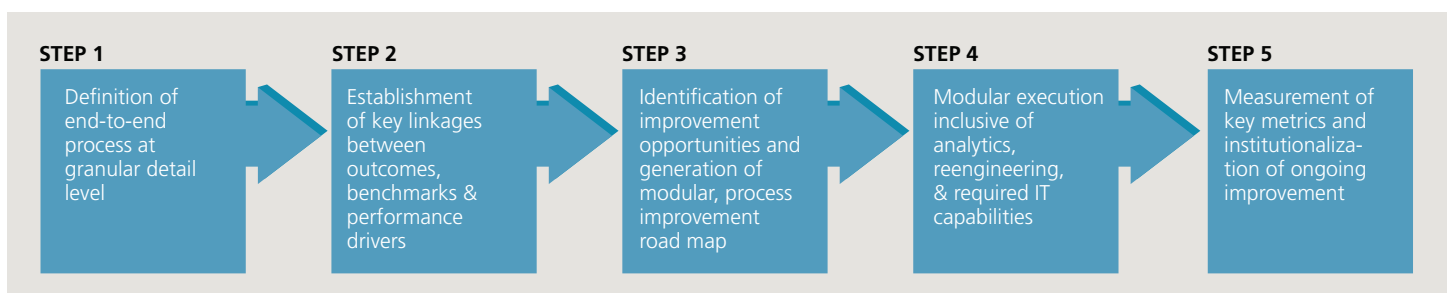
Most companies don't have the visibility into what is possible or the process insights and comprehensive in-house capabilities to achieve best-in-class process performance. Managing business processes is an area where there has been a surprising lack of benchmarks and standards to date. The unclear inter-linkages between process drivers and business outcomes restrict organizational priorities. Businesses have been silo'd in their approach to process, operating within the context of a given organization, which generally leads to significant value leakage at organizational interfaces. Technology has been deployed as a solution without process rigor, delivering benefits far less than estimated. And the existing focus on process efficiency versus overall process effectiveness results in an unaddressed opportunity. There has been no real science for managing business processes, but the need is clear.

### A NEW, INNOVATIVE APPROACH TO PROCESS AND RUNNING YOUR BUSINESS

Smart Enterprise Processes (SEP<sup>SM</sup>) is a unique, highly granular approach that brings science to the management of business processes. It is based on work done in the Genpact Process Innovation Lab, where we have leveraged our extensive transaction database of over 200 million

transactions to map and analyze at a granular level the core end-to-end processes, which run a business, such as Order to Cash, Source to Pay and Collections. Genpact manages more than 3,000 different processes for over 400 clients. The resulting, unique intellectual property enables us to test the effectiveness of a client's processes by measuring points of leakage at each level of a given end-to-end process and apply best-in-class benchmarks from within and across industries. The result is a client specific roadmap for maximizing process effectiveness, which can be implemented in a modular fashion.

Unlike other approaches, SEP<sup>SM</sup> focuses on business outcomes like cash flow and margins, which make visible the effectiveness of a process in driving business results versus the traditional measuring of process efficiency, which while important, only reflects the health of the process. Maximizing process effectiveness can deliver 2 - 5x's the end business outcomes when compared to processes run at average or below. Recognizing the interrelated nature of company processes, the SEP<sup>SM</sup> approach takes an end-to-end, enterprise-wide view, working beyond traditional organizational silos.



*"I have not come across such detailed benchmarks...this is very unique."*

– Leading Biotechnology Company

*"SEP<sup>SM</sup> gives Genpact a real differentiator."*

– Leading International Telecommunications Firm

*"I like your flexible engagement models a lot. Each element can be industrialized."*

– Leading Manufacturer of Consumer Home Products

Successful execution comes through the coupling of our deep process insights with focused IT and technology applications, targeted analytics, reengineering and global delivery services. Genpact has the largest global analytics and research services organization, over 3400+ strong and the single largest pool of dedicated Lean and Six Sigma experts in the industry. Our approach to IT is uniquely driven by knowledge of process and works to deliver a capital light solution for our clients.

**REAL WORLD INSIGHTS FROM THE SEP<sup>SM</sup> APPROACH**

**Order to Cash**

Customers exhibit different payment behaviors but are often treated in the same way. Understanding how and when customers pay can yield meaningful impact. The best practice of designing customer specific collection strategies can improve DSO by approximately 20%.

**Source to Pay**

Supplier costs and charges are often overlooked as admissible charges. While the basic ordering agreement should guard against that which a vendor is not entitled, 30 - 40% of contracted savings can be lost due to non compliance. Best performing companies can reduce maverick spend by 20 - 40% by ensuring process compliance.

**Collections**

Despite the return from collections analytics being disproportionately high to investment, companies typically don't have a strong analytics practice around critical operating metrics like cash flow and interest cost. Understanding these critical operating metrics can lead companies to a smarter risk based settlement strategy. During the late stage, targeted risk based settlement can reduce charge-offs by 20-40 bps.

**Claims**

Most companies handle all claims with the same processing strategy. For this reason 20 - 30% of claim handlers time is underutilized on low severity, low impact, but potentially high frequency claims. The best practices around claims segmentation and appropriate process organization can drive an additional 40 - 50% in claim handler utilization and drive cycle time by 25 - 30%.

Genpact is a leader in managing business processes, offering a broad portfolio of enterprise G&A and industry-specific services, coupled with strong IT, analytics and reengineering capabilities.

**Record to Report**

Intercompany reconciliation is often a significant barrier to close. Optimizing the process, policy and technology interplay can drive down intercompany disconnects. Best practices including automation using ERP, use of internal automated billing, defined transfer pricing, simplifying currency translations and performing ongoing versus quarter-end reconciliation creates high visibility and can drive down disconnects by more than 90%.

**GENPACT'S UNIQUE ABILITY TO DELIVER THE VALUE OF SMART ENTERPRISE PROCESSES (SEP<sup>SM</sup>)**

Genpact is 100% focused on process, with the entire organization of 38,600+ employees engaged in improving our clients' processes to drive measurable impact. Our culture is uniquely ingrained in Lean & Six Sigma, the capability having been driven through the entire organization and leveraged in all we do in a highly visible manner. Genpact's mindset is undeniably client-centric, demonstrated daily through our commitment to "destroying" our own revenue to deliver greater client value, the 100% empowerment of our employees to do what is needed for the client, and the fact that we won't let a contract get in the way of client success.

With over 10 years of focused effort in the field of managing business processes, we have amassed the IP necessary to deliver the insights and best practices behind the SEP<sup>SM</sup> approach. We have strength in the core capabilities of analytics, reengineering and IT, all uniquely driven by our deep knowledge of process. We have built the SEP<sup>SM</sup> specific tools, trained our teams, and continue to leverage the Genpact Process Innovation Lab to make SEP<sup>SM</sup> a success for our clients.

SEP<sup>SM</sup> is a strategic direction for Genpact. We are making a heavy commitment to the program, investing profits and senior management time on this. Genpact is uniquely positioned to deliver the value of SEP<sup>SM</sup> and apply science to the management of business processes.