Structural Trends to Profoundly Change Life Sciences Industry, Genpact Study Shows

Seeing cost reduction as having greatest impact on sector, 80% of life sciences finance executives look to process standardization and improved systems for better performance; 84% of commercial operations executives need improved big data analytics for predictive decision making

NEW YORK, April 24, 2012 /PRNewswire/ -- A study released today by Genpact Limited (NYSE: G), a global leader in business process and technology management, has found that 2012 will see fundamental shifts in the life sciences sector, pushing companies to reconsider the traditional approaches to their business model. The research sought to determine the key challenges and priorities facing the key functions within life sciences companies, including finance and accounting (F&A), finance administration and commercial operations.

More than 100 senior directors and executive vice presidents in both financial and commercial operations at targeted life sciences and pharmaceutical companies were surveyed for this research, including a selection of in-depth interviews. The research found that far-reaching changes in the approach to chronic diseases, medical technology, social networks, global health issues, large emerging markets and aging populations will have an enormous industry-wide impact, forcing life sciences companies to transform themselves in an atmosphere of increasing consumerization and tighter funding constraints.

Respondents indicated that they face a number of challenges in today's marketplace that are compelling them to respond with innovation in previously unexplored organizational areas. Historically well capitalized due in large part to blockbuster drugs and abundant pipelines, these companies are now confronted with the prospect of market share loss due to a number of factors: generic drug competition, regulatory pressure, insurance company price controls and shrinking R&D pipelines.

The results showed that 68% of respondents chose "cost reduction" as having the greatest potential impact on business in 2012, followed by pricing and reimbursement pressure (53%), new regulations (33%) and increased competition (24%).

To meet the operational challenges they face in the current marketplace, life sciences companies have been taking a variety of approaches to retain capital availability and improve revenue performance, including a focus on growth in emerging markets, mergers and acquisitions, and cost-cutting measures. While these approaches have had some degree of success, the results have been mixed and will eventually fall prey to the law of diminishing returns.

Having noted the challenges, survey respondents overwhelmingly (88%) agreed that their firms were not prepared to handle the transformational changes taking place within their business models, expressing concern that overall culture remained opposed to change. Over half of the respondents (55%) cited a lack of real-time information for operations as the number one barrier to improving organizational performance. Additional barriers acknowledged by those surveyed include a lack of process standards and discipline (44%), a deficiency in integrated risk management (44%) and outdated information for strategic decision-making (42%).

"Pricing pressure, new operating models, entry into emerging markets, and the micro-segmentation of products are driving the need to modify cost structures and realign activities to address structural trends in the industry," **said Balkrishan 'BK' Kalra, senior vice president and business leader, Life Sciences at Genpact.** "With this in mind, life sciences companies must reassess their distribution models to have greater impact on their costs. This will not be enough, however, as the implementation of smarter technology, more streamlined financial

processes, and insights from more intelligent data and analytics will be imperative for improving operations."

Genpact engaged Pilgrim Partners, an advisory and research firm, to conduct the field study and analyze the market data. The full reports on the findings can be accessed at the following links: Overcoming Obstacles to Transformation in the Finance Function and Transformation in Commercial Operations: Today's Life Sciences and Pharmaceutical Industry.

About Genpact

Genpact Limited (NYSE: G), a global leader in business process and technology management services, leverages the power of smarter processes, smarter analytics and smarter technology to help its clients drive intelligence across the enterprise. Genpact's Smart Enterprise Processes (SEP(SM)) framework, its unique science of process combined with deep domain expertise in multiple industry verticals, leads to superior business outcomes. Genpact's Smart Decision Services deliver valuable business insights to its clients through targeted analytics, reengineering expertise, and advanced risk management. Making technology more intelligent by embedding it with process and data insights, Genpact also offers a wide range of technology services. Driven by a passion for process innovation and operational excellence built on its Lean and Six Sigma DNA and the legacy of serving GE for more than 15 years, the company's 55,000+ professionals around the globe deliver services to its more than 600 clients from a network of 58 delivery centers across 16 countries supporting more than 25 languages. For more information, visit www.genpact.com. Follow Genpact on Twitter, Facebook and LinkedIn.

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