Genpact Survey: Chief Procurement Officers' Strategic Perspectives and Operating Model Struggles Differ From Their Peers

Independent research shows strong focus on cost and challenges with analytics and data as well as the value of shared operating structures

NEW YORK, Nov. 18, 2014 /PRNewswire/ -- Genpact Limited (NYSE: G), a global leader in designing, transforming, and running intelligent business operations, has released the relevant procurement findings from its survey of 920 senior executives – of which 121 are procurement leaders – from the largest enterprises in mature economies in North America, Europe and Asia Pacific conducted earlier this year.

This global research study, conducted through an innovative social media method, reveals how senior leaders across industries are prioritizing key operational initiatives to materially address the critical challenges that their companies face. Senior procurement executives prioritize the key enterprise concerns differently relative to many of their peers in other functions such as finance, operations, and marketing. For them cost reduction and compliance score higher as their most pressing challenges whereas growth tends to be among the highest priorities for CFOs, as an example. Sixty-five percent of procurement executives listed cost reduction as by far the top concern.

Procurement executives' perceptions of business challenges also vary substantially across industries. For example, those in the life sciences sector are significantly more likely to report regulatory compliance, cost reduction, and risk management as their top challenges, whereas CPG is concerned about agility and adaptability, and high tech about customer satisfaction.

In regard to the various key functions within procurement operations, the majority of procurement executives rated sourcing/category management as having the highest impact on nearly every enterprise challenge, followed by supplier risk and performance management. Seventy-two percent see transactional procurement as the most mature procurement function but rate it as having the least potential impact. The respondents rated business intelligence (BI) and master data management (MDM) as the least mature procurement functions, but with a high potential impact on enterprise challenges.

The survey also showed that procurement executives believe that three levers of operating model transformation – technology, process reengineering, and advanced organizational structures such as shared services and business process outsourcing (BPO) – create impact very differently. Advanced organizational structures are regarded by a larger proportion of procurement executives as having a material impact on key business concerns than other levers of operating model transformation.

Procurement executives also said that the improved use of technology can provide the biggest financial impact where the technology is applicable, although the expected impact varies substantially depending on the maturity of the procurement function. Executives who rated their company's procurement functions as immature expect larger financial impacts from advanced organizational structures and business process reengineering (but not technology) than those who rated the procurement function as mature.

"These results highlight CPOs' need and desire for effective and pragmatic transformation, for both established and emerging parts of the procurement function," **said Shantanu Ghosh, senior vice president and business leader, CFO Services and Consulting, Genpact**. "Our experience with clients in creating advanced operating models, leveraging data analytics, and using agile technology solutions proves that there are flexible and practical ways to drive positive change quickly. Utilizing proven best practices and prioritizing interventions in high-potential

functions like MDM, spend analytics, responsible procurement, and in the whole area of sourcing/category management will make drive a significant and measurable shift in performance."

The executive summary of Genpact's study is available at http://www.genpact.com/docs/resource-/executive-summary-transforming-procurement-operations-through-advanced-operating-models. For the full report, interested parties may access go.genpact.com/CPO-advanced-operating-models-research14-reg.html, while the infographic can be viewed at http://www.genpact.com//docs/resource-/advanced-operating-models-help-cpostackle-cost-and-compliance-challenges.

About Genpact

Genpact (NYSE: G) stands for "generating business impact." We design, transform, and run intelligent business operations including those that are complex and specific to a set of chosen industries. The result is advanced operating models that foster growth and manage cost, risk, and compliance across a range of functions such as finance and procurement, financial services account servicing, claims management, regulatory affairs, and industrial asset optimization. Our Smart Enterprise Processes (SEP SM) proprietary framework integrates effective technology and data-driven insight into the fabric of enterprise processes to help our clients be more competitive. Our hundreds of long-term clients include more than one-fourth of the Fortune Global 500. We have rapidly grown to over 67,000 people in 25 countries with key management and corporate offices in New York City, but our global critical mass doesn't dilute our flexible and collaborative approach and our management team still drives client partnerships personally. Our clients attribute much of our success to our unique history – behind our passion for process and operational excellence is the Lean and Six Sigma heritage of a former General Electric division that has served GE businesses for more than 16 years. For more information, visit www.genpact.com. Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.

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