Two-Year Study Shows Enterprise Volatility is Down, Providing Opportunities for CEOs to Implement Operating Model Strategies

Genpact research shows current levels at half the 2013 peak but results vary widely by industry

NEW YORK, March 19, 2015 /PRNewswire/ -- Genpact (NYSE: G), a global leader in designing, transforming, and running intelligent business operations, today announced the results of a two-year ongoing study from its research institute. Genpact's Volatility and Adaptation Index (VAI) shows that companies faced lower levels of dramatic change in the last 12 months compared to the highs of 2013, and particularly in the last three months leading to January 2015. More than 80% of the index was accounted for by acquisitions, expansions, and leadership changes – signs of adaptation – while only about 10% was due to worsening financial conditions. The latter marks a significant decrease from previous periods.

However, enterprise volatility and resulting adaptation responses vary sharply across industries, with commercial banking registering the largest increase (up four times). Capital markets and healthcare roughly doubled in the last 12 months, with leadership changes as the top cause.

From November 2014 to January 2015, capital markets firms showed the highest levels of volatility and adaptation. Volatility in commercial and retail banks is also still high, although lower than in 2013. Consumer goods companies show fairly high levels of enterprise volatility and adaptation but off 2013 peaks. There was a sharp drop in life sciences.

The VAI data is supported by Genpact's experience with client engagements, which shows that companies will likely transform their operating structure to benefit from scale, scope, and access to customers. The study reveals that when there is temporary stability, it is a good opportunity for companies to prepare for future enterprise-wide volatility. It also shows adaptation systematically lags enterprise volatility. Cutting response times to volatile conditions can provide agility in companies' operations.

The easing of pressures in financial conditions in Q4 2014 (-25%), was accompanied by a jump both in corporate restructuring (165%) and acquisitions and geographic expansions (53%) compared to Q3 2014. This indicates that companies are focusing on adaptation, and realizing that now is the right time to make changes.

Compared to 2013, today's levels of volatility are lower, allowing businesses to make measured, strategic preparation for future challenges as opposed to the quick reactionary changes or paralysis that often follows volatility.

"With an improvement in the U.S. macro environment and access to cheap money driving many large companies' results, it's perhaps not surprising that enterprise volatility has fallen from its 2013 highs. However, the long-term economic and certainly competitive environment is far from stable," **said Gianni Giacomelli, senior vice president and Chief Marketing Officer at Genpact.** "Operating models and long-term transformation in times of acute volatility is complex. Right now there is a clear opportunity for many CEOs."

About the Volatility and Adaptation Index (VAI)

The Volatility and Adaptation Index, created by Genpact, is a directional, quarterly measure of volatility and signs of adaptation. It was developed through an extensive analysis of nearly 800 large, global enterprises across a wide range of industries. These analyses were "trued up" based on the operational data derived from Genpact's business process transformation, management, and outsourcing footprint across the same industries – from mortgage and procurement to finance and accounting (F&A) and credit card processing – driven by its proprietary, analytics-driven Smart Enterprise Processes (SEP^{SM}) framework.

The full VAI report is available at http://www.genpact.com/home/volatility-adaptation-index and the infographic is accessible at http://www.genpact.com/docs/default-source/resource-/volatility-and-adaptation-index.

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 make our clients more competitive as they help them grow 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 helps companies reimagine how they operate by integrating effective Systems of Engagement^{TM}, core IT, and Data-to-Action Analytics^{SM}. Our hundreds of long-term clients include more than one-fourth of the Fortune Global 500. We have grown to over 67,000 people in 25 countries, with key management and a corporate office in New York City. Our global critical mass doesn't dilute our flexible and collaborative approach, and our management team still drives client partnerships personally. We generate impact quickly because of our business domain expertise and experience running complex operations, driving our focus on what works and making transformation sustainable. 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 additional information, visit www.genpact.com. Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.

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