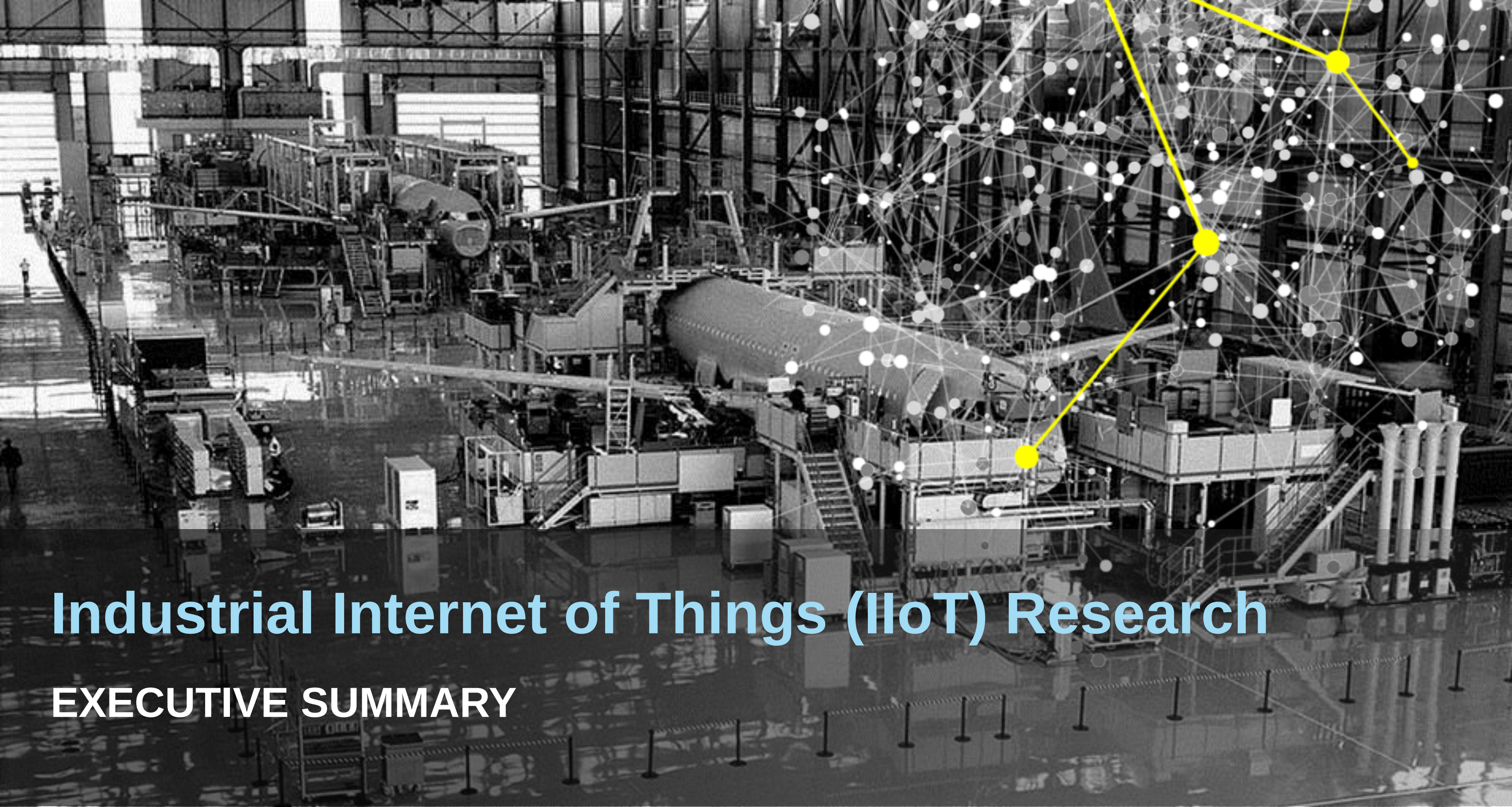


Industrial Internet of Things (IIoT) Research

EXECUTIVE SUMMARY

GENERATING IMPACT

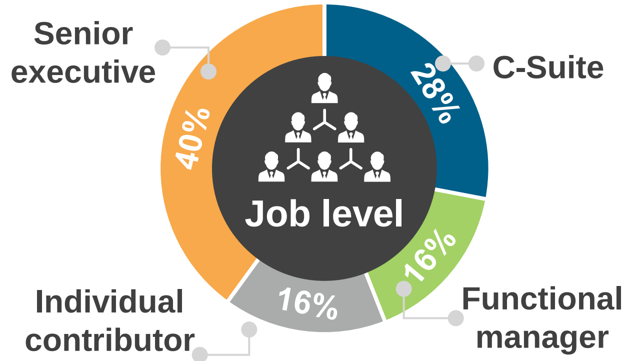
APRIL 2016

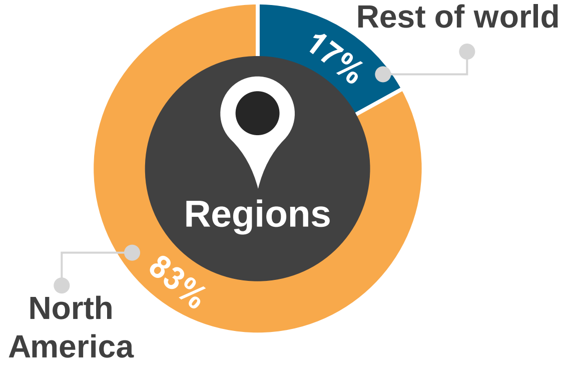
GENPACT RESEARCH INSTITUTE in collaboration with GE Digital industrial internet CONSORTIUM IW CUSTOM RESEARCH

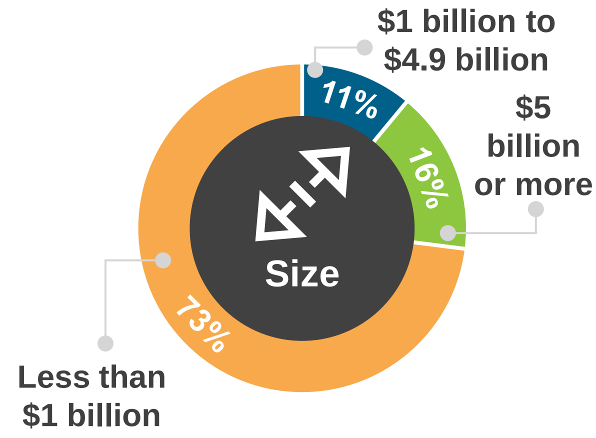
DESIGN • TRANSFORM • RUN *LEAN DIGITAL*℠

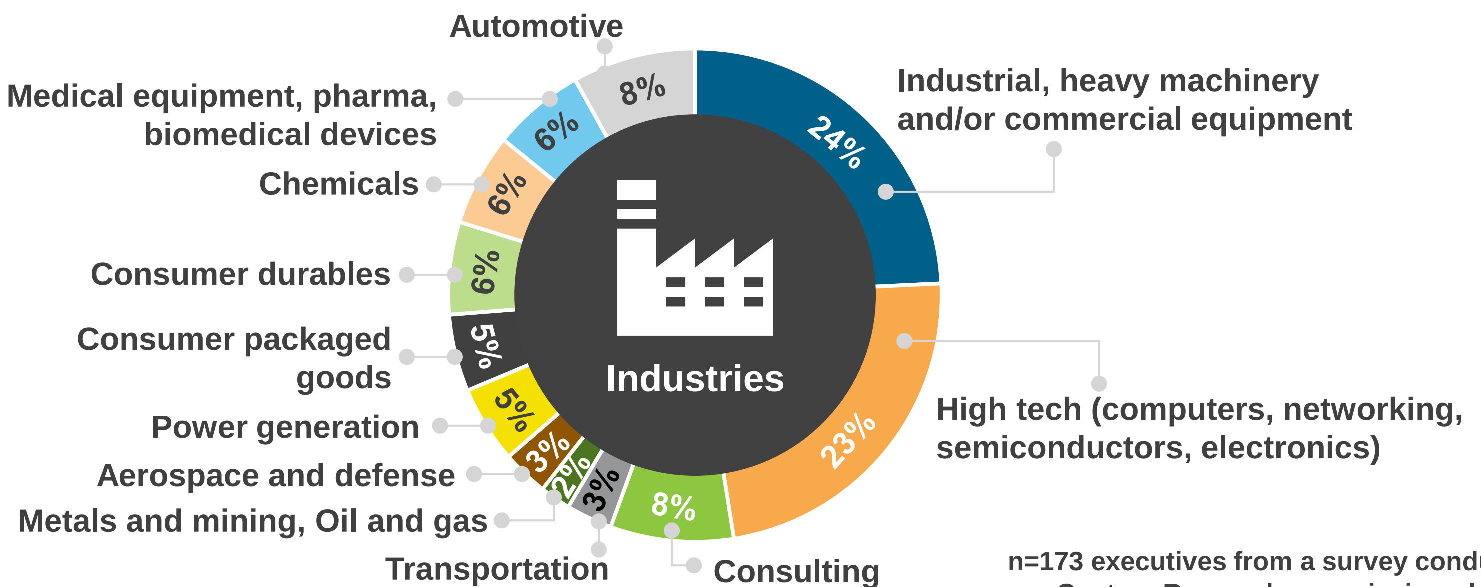
GENPACT GENERATING IMPACT℠ | LEAN DIGITAL℠

SAMPLE OF OVER 170 SENIOR EXECUTIVES









n=173 executives from a survey conducted by IW Custom Research commissioned by Genpact

INDUSTRIAL INTERNET OF THINGS (IIOT) AND BUSINESS TRANSFORMATION – WHAT'S THE STATUS?

Growth and agility top objectives sought

- **81%** organizations believe **successful adoption of IIoT** is critical to **future success**; even more so for **high tech** and **large*** **enterprises**
- **Leaders#** seek primarily **growth (90%)** and **agility (85%)**

Gaps in aligning interventions to outcomes

- Only **25%** have **clear IIoT strategy** and only **24%** among those are **happy with** its **execution**; **high tech** companies slightly **better**
- Leaders' biggest hurdles are **data security** (51%) and **privacy** (39%), while the rest struggle with **legacy systems** (36%), **inability to do fast experiments** and **insufficient skills of IT staff** (34%)

…leading to wide disparity of impact realized and expected

- More leaders see **high impact on growth** levers e.g. new products, enhanced customer experience (67%) compared to the rest
- Leaders estimate **average combined annual business impact** of **US$ 1.5 bn** compared to **US$ 0.27 bn** for the rest
- Leaders see impact from technology but also from specific process re-design and advanced organizational models. Other companies less so

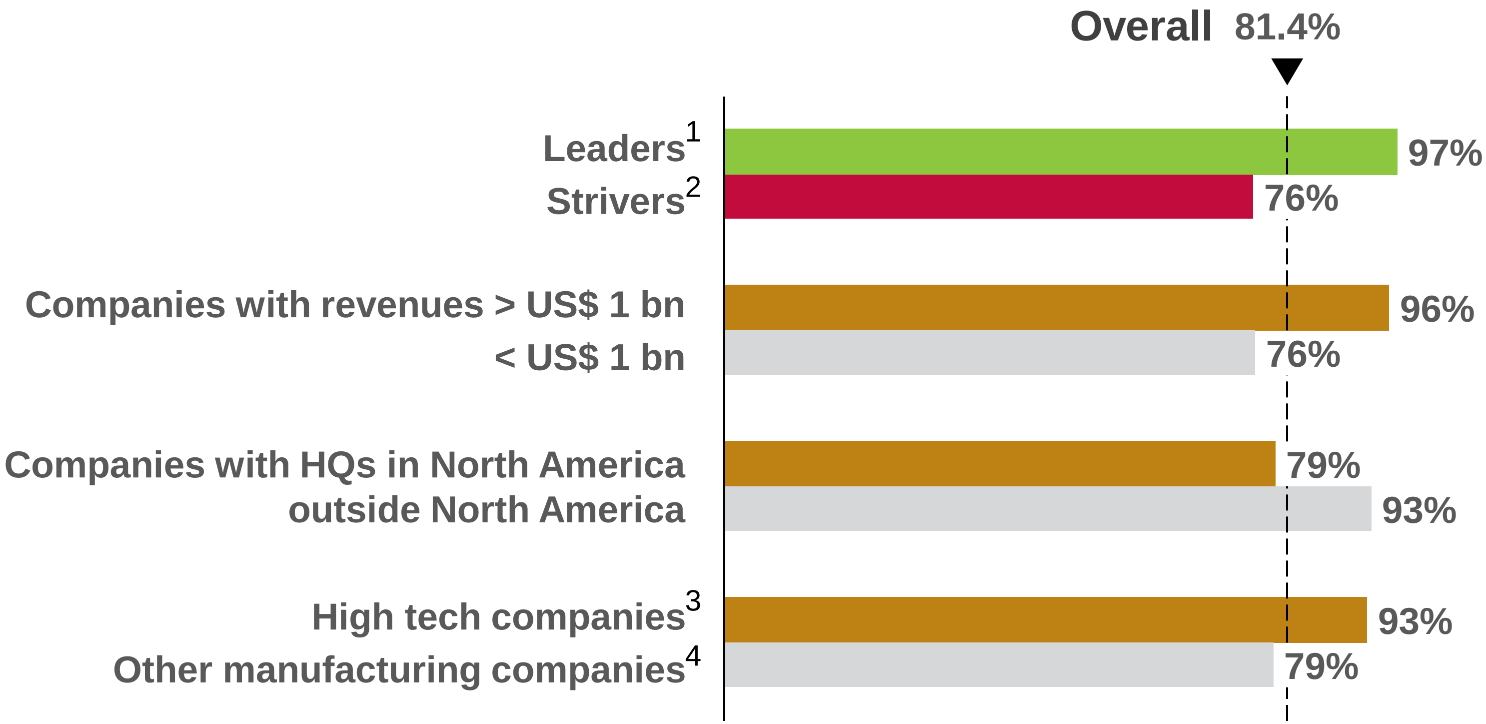
Respondents rating their organization's IIoT usage more advanced than competitors

*Companies with revenues > US$ 1 bn

SUCCESSFUL ADOPTION OF IIOT KEY TO FUTURE SUCCESS

MORE AMONG HIGH TECH AND LARGE COMPANIES CONSIDER IIOT IMPORTANT

% of respondents that **agree** (5 or 4 on a scale of 1-5, agree=5) that successful adoption of the IIoT technology and related analytics capabilities being critical to the future success of their company



[1] Respondents rating their organization's IIoT usage more advanced than competitors (n = 43)
[2] Respondents not rating their organization's IIoT usage more advanced than competitors (n = 129)
[3] High tech includes computers, networking, semiconductors and electronics (n = 40)

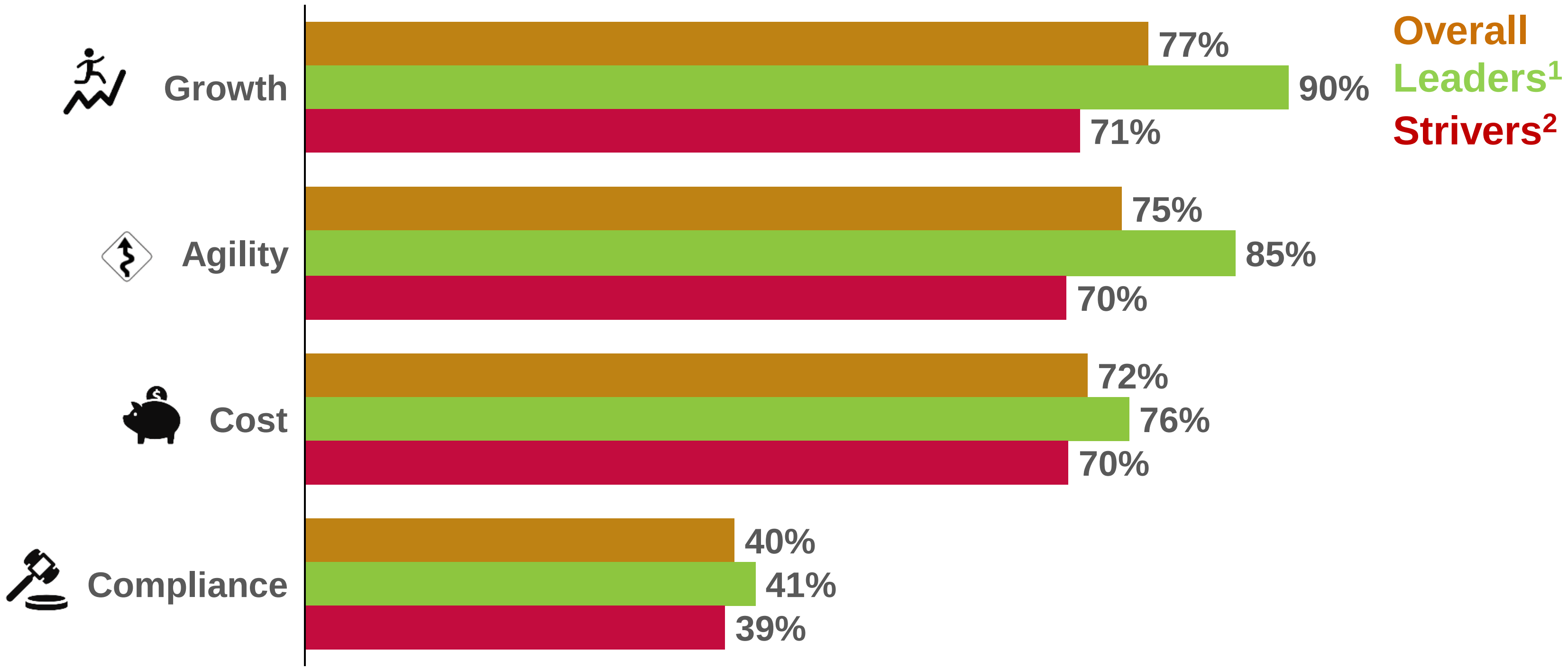
[4] Aerospace and defense, automotive, chemicals, consumer durables, consumer packaged goods, industrial, heavy machinery and/or commercial equipment, medical equipment, pharmaceuticals, and/or biomedical devices, metals and mining, oil and gas, power generation (n = 114)

n=172 executives from a survey conducted by IW Custom Research commissioned by Genpact

GROWTH SEEN BY MOST LEADERS AS HIGH PRIORITY

OTHERS ARE LESS CLEAR CUT IN THEIR ASSESSMENT OF PRIORITIES

% of overall respondents rating their organizations IIoT priorities as **high** (5, 4 on a scale of 1-5, high priority=5)

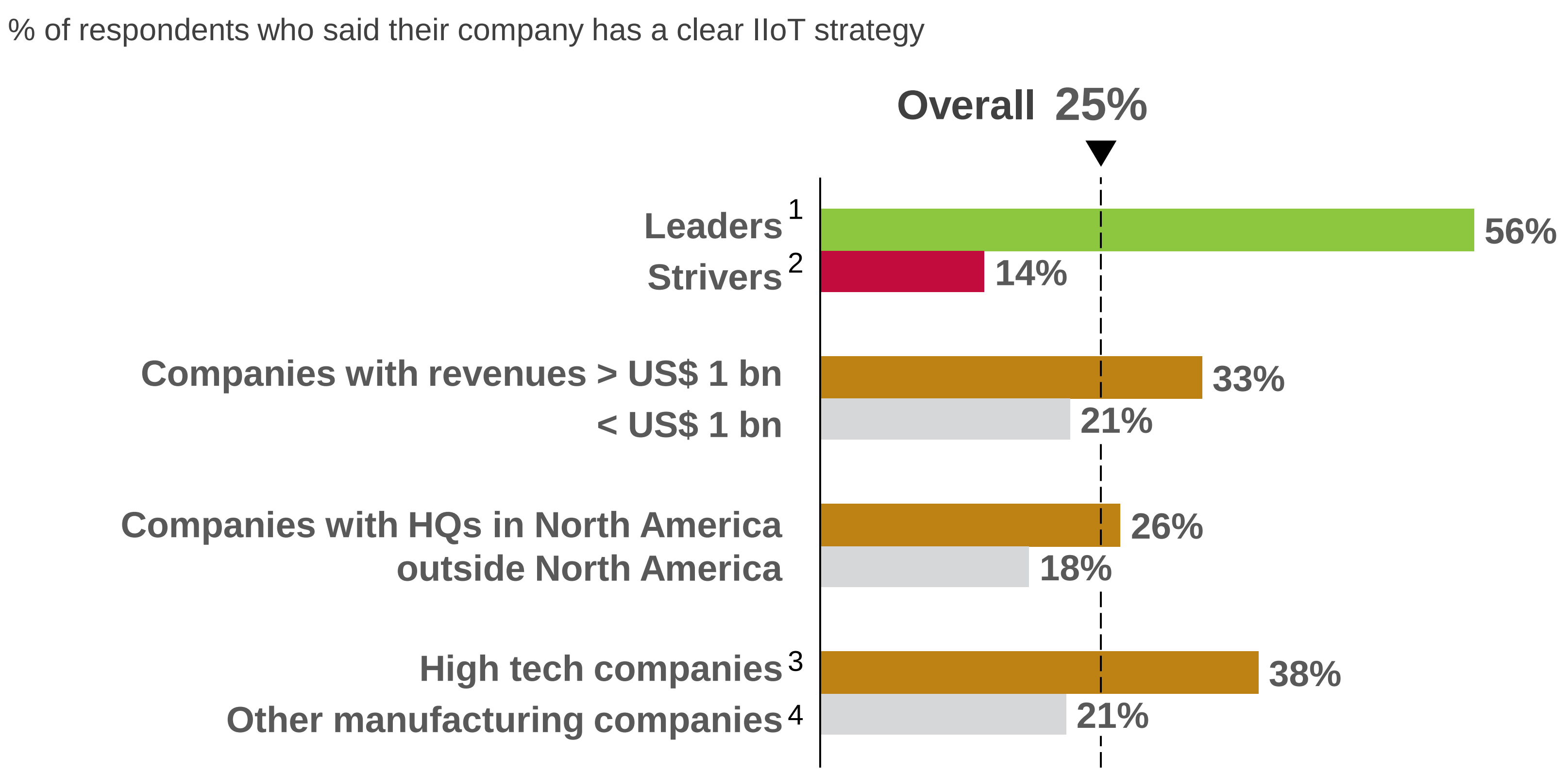


[1] Respondents rating their organization's IIoT usage more advanced than competitors (n = 41)
[2] Respondents not rating their organization's IIoT usage more advanced than competitors (n = 83)

n=124 executives from a survey conducted by IW Custom Research commissioned by Genpact

MOST THINK THEIR COMPANY LACKS A CLEAR IIOT STRATEGY

LEADERS, HIGH TECH COMPANIES SLIGHTLY AHEAD IN STRATEGY FORMULATION



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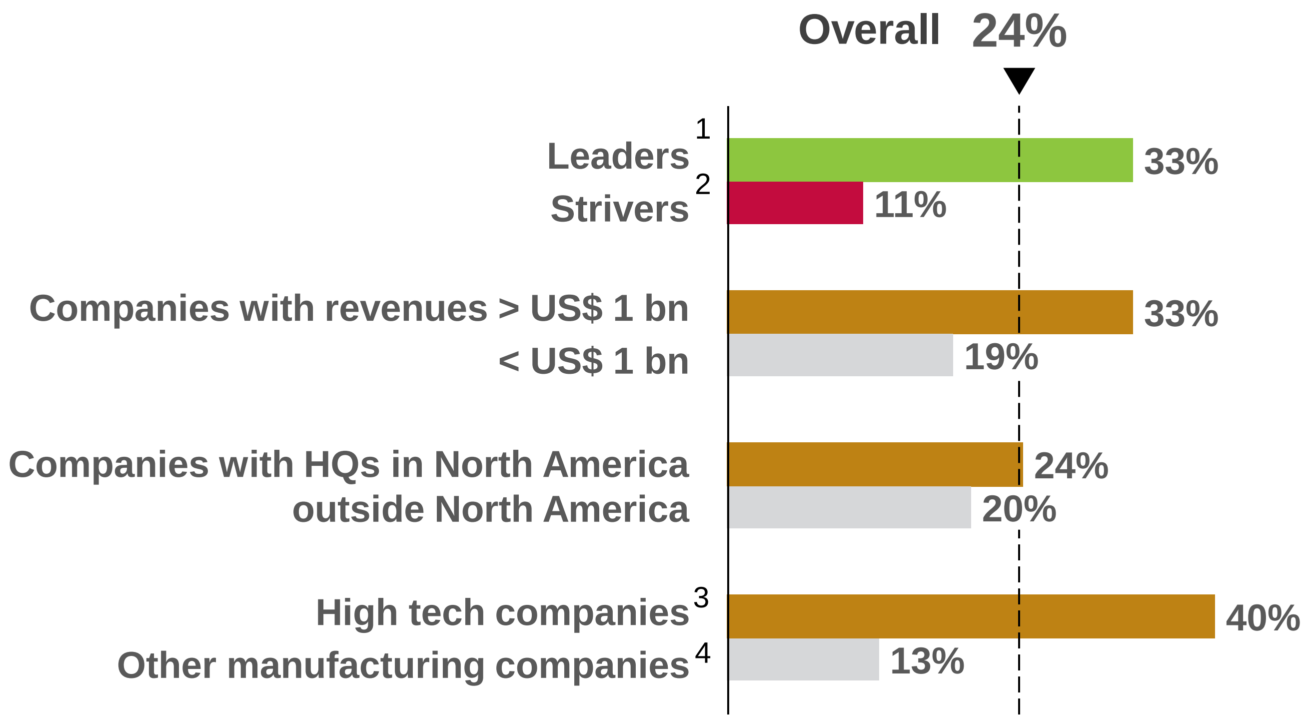
ONLY FEW ARE VERY HAPPY WITH STRATEGY'S EXECUTION

HIGH TECH COMPANIES ARE AHEAD

% of respondents with an IIoT strategy rating its execution in their organization as **excellent**



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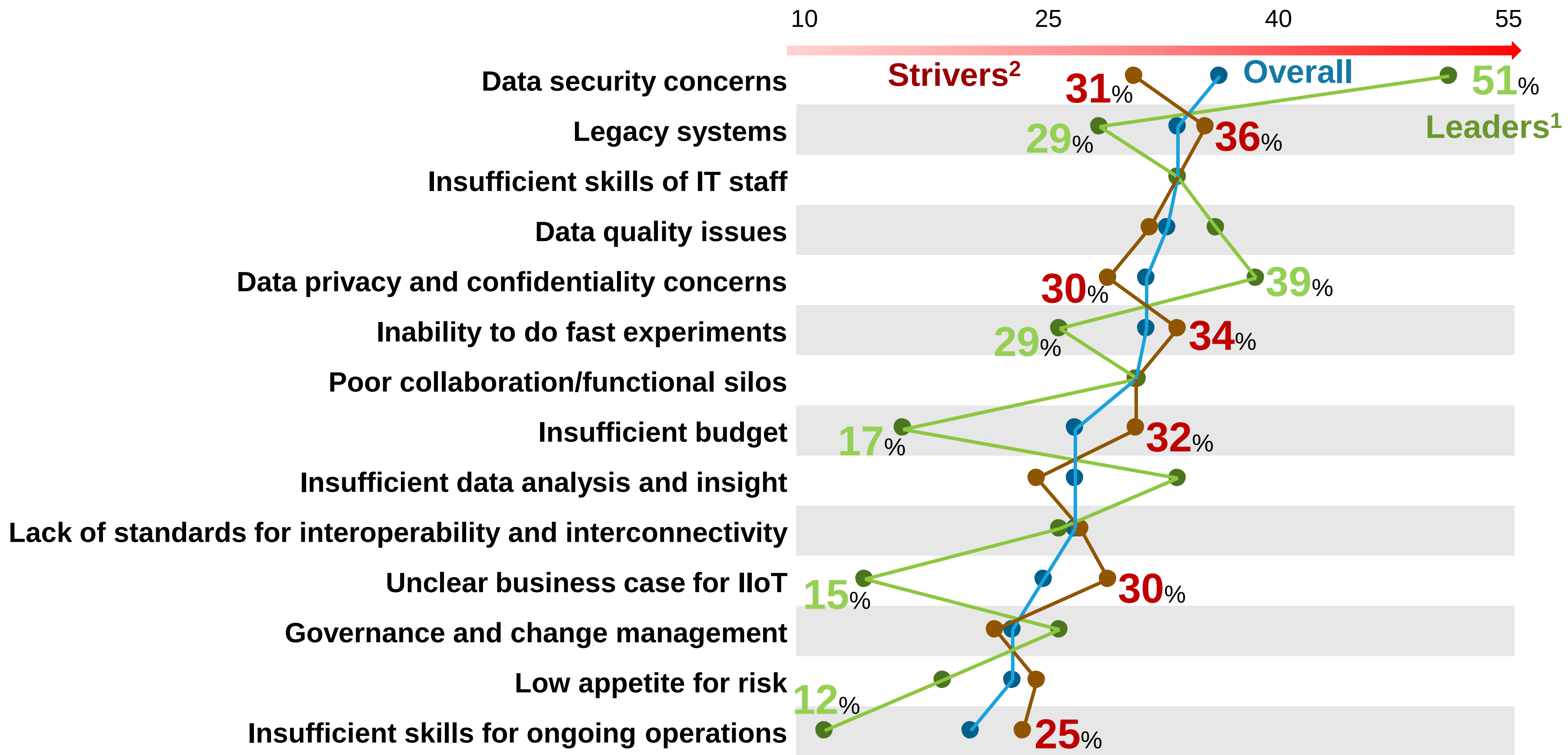
n=42 executives from a survey conducted by IW Custom Research commissioned by Genpact

DATA SECURITY, LEGACY SYSTEMS TOP CONCERNS

BUT HURDLES PERCEIVED BY LEADERS ARE OFTEN NOT SAME AS STRIVERS'

% of respondents rating the challenge as **problematic** (5, 4 on a 1-5 scale, very problematic=5)



[1]Respondents rating their organization's use of IIoT technology to be more advanced than competitors
[2]Respondents who did not rate their organization's use of IIoT technology to be more advanced than competitors

n=173 executives (Leaders = 43, Strivers = 130) from a survey conducted by IW Custom Research commissioned by Genpact

IIOT STATED TO INCREASE RISK OF CYBERATTACKS

STRIVERS RELATIVELY LESS AWARE AND PROACTIVE

58% of **leaders**[1] believe **IIoT** is **increasing** the **risk** of **cyberattacks, strivers**[2] less so at **46%**

45% **expect** at least one **cyberattack** in next **12 months**

More than **half** think their companies **do not have a response plan** to prevent losses from the threat

50% of the **leaders**[1] think **interconnectivity helps proactively manage risk** of cyberattacks, but only 33% of the **strivers**[2]

[1]Respondents rating their organization's use of IIoT technology to be more advanced than competitors
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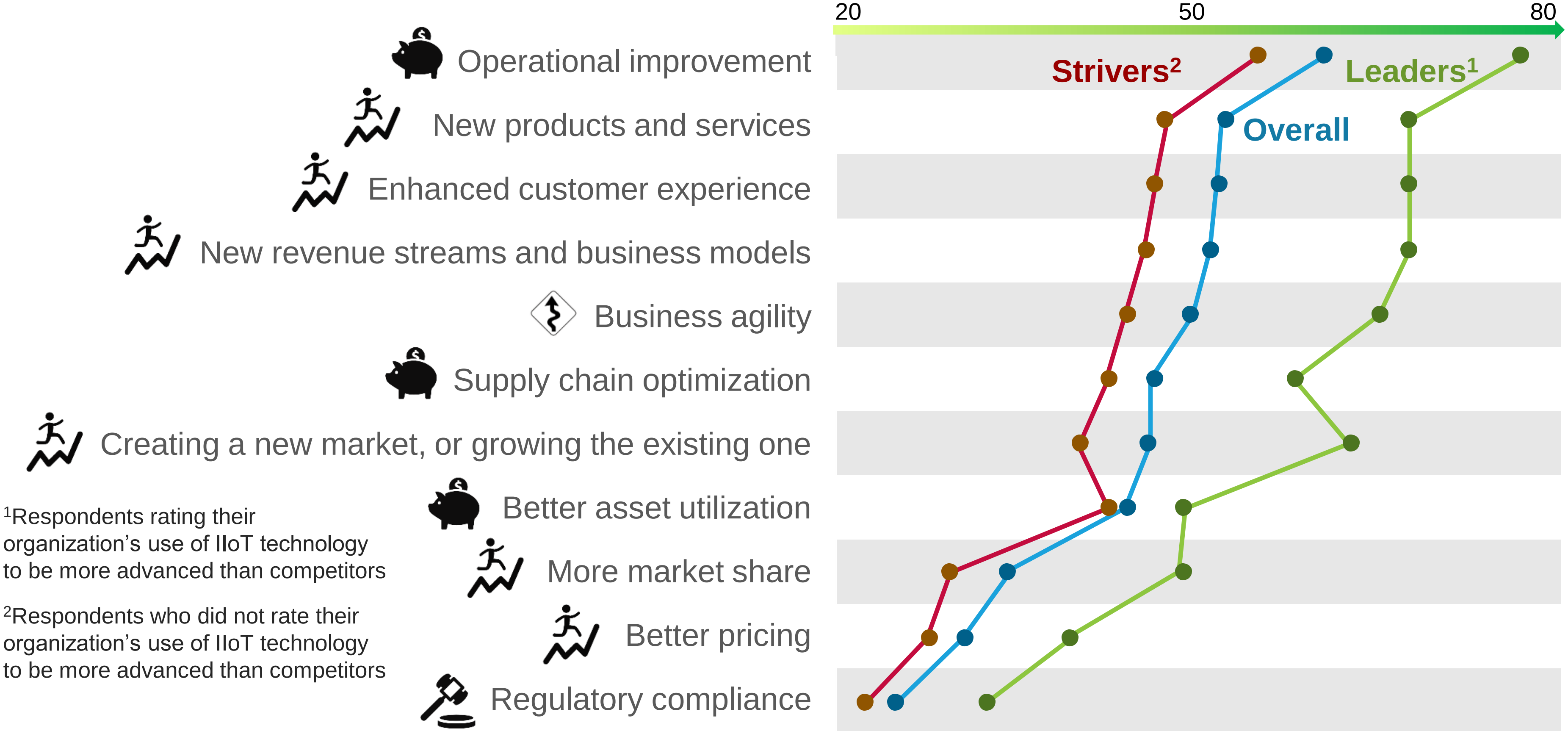
HIGH IMPACT OF IIOT ON OPERATIONAL IMPROVEMENT

SHARP DIVERGENCE BETWEEN LEADERS AND STRIVERS ON GROWTH LEVERS

% of respondents rating the current impact of IIoT technology and related analytics on their business as **high** (5,4 on a 1-5 scale, high impact=5)

Cost savings · Growth · Regulatory compliance · Business agility (ability to adapt to market changes faster)



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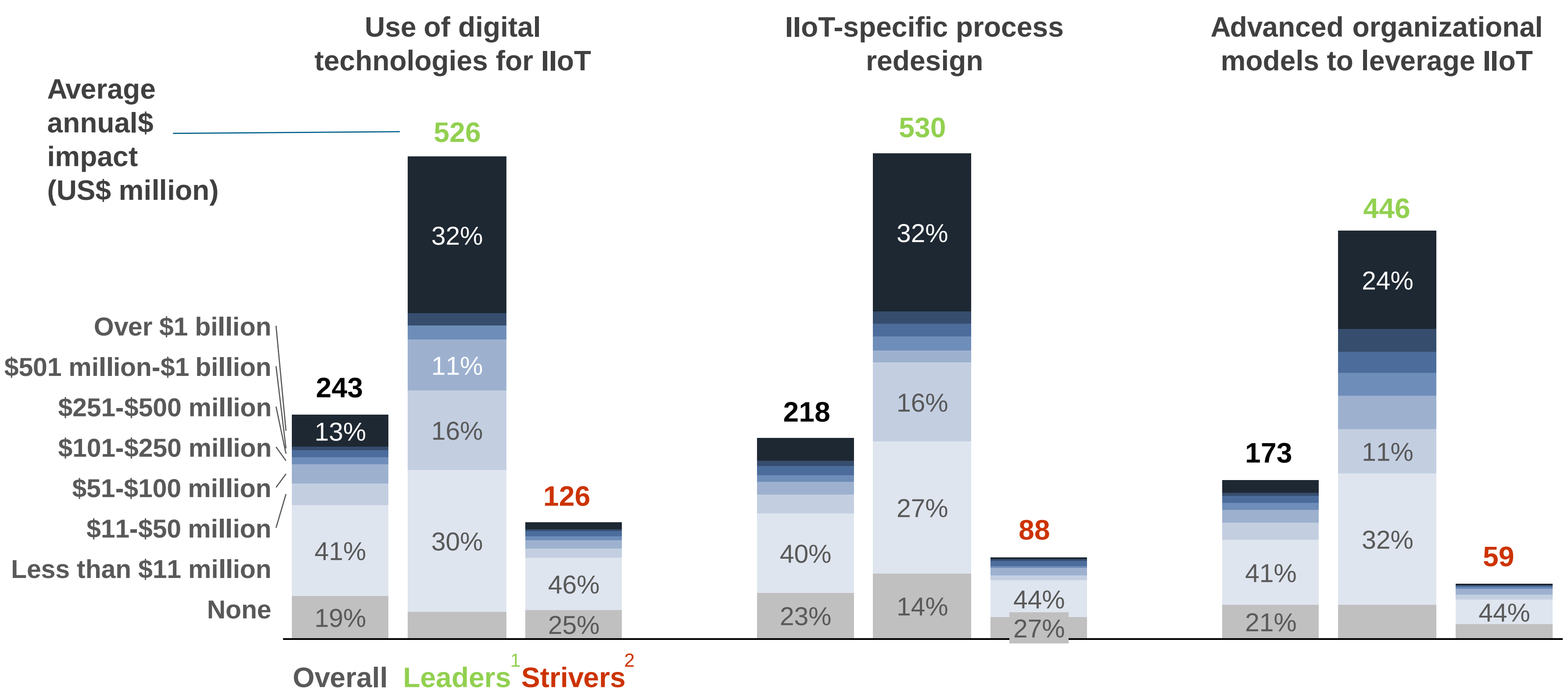
WIDE DISPARITY IN IMPACT EXPECTED FROM INITIATIVES

HIGHER POTENTIAL IMPACT FROM REIMAGINING AND INDUSTRIALIZING PROCESSES

% of respondents expecting a certain annual $ impact from the following initiatives

DIRECTIONAL



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Annual $ impact is the impact of operating model initiatives in US$ per annum including reduction of cost, capital required, improvement of cash and revenue growth

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About the Genpact Research Institute

The Genpact Research Institute is a specialized think tank harnessing the collective intelligence of Genpact – as the leading business process services provider worldwide – its ecosystem of clients and partners, and thousands of process operations experts. The Institute examines new trends that influence the evolution of strategically important operating models, helping our client's business. The Institute combines Genpact's deep expertise in process management, analytics, and technology with the insights of our research partners and clients. Projects are led by leaders and subject matter experts from Genpact's offices around the world. These teams also draw on a global network of external partners and industry experts, and benefit from our extensive connection with hundreds of large clients globally. For more information, see http://www.genpact.com/home/about-us/research-institute.

About GE Digital

GE Digital connects streams of machine data to powerful analytics, providing Industrial companies with valuable insights to manage assets and operations more efficiently. World-class talent and software capabilities driving big gains in productivity, availability and longevity. For more information, visit the website at www.ge.com/digital

About Industrial Internet Consortium

The Industrial Internet Consortium is an open membership organization with over 250 members from 30 countries, formed to accelerate the development, adoption and wide-spread use of interconnected machines and devices, intelligent analytics and people at work. Founded by AT&T, Cisco, General Electric, IBM, and Intel in March 2014, the Industrial Internet Consortium catalyzes and coordinates the priorities and enabling technologies of the Industrial Internet. The Industrial Internet Consortium is managed by the Object Management Group® (OMG®). For more information, visit www.iiconsortium.org.

About Genpact

Genpact (NYSE: G) stands for "**generating business impact**." We are a global leader in digitally-powered business process management and services. We architect the **Lean Digital**℠ enterprise through our patented Smart Enterprise Processes (SEP℠) framework that reimagines our clients' operating model end-to-end, including the middle and back offices. This creates Intelligent Operations℠ that we help design, transform, and run. The impact on our clients is a high return on transformation investments through growth, efficiency, and business agility. For two decades, first as a General Electric division and later as an independent company, we have been passionately serving our clients. Today, we generate impact for a few hundred strategic clients, including approximately one-fifth of the Fortune Global 500, and have grown to over 70,000 people in 25 countries, with key offices in New York City. The resulting business process and industry domain expertise and experience running complex operations are a unique heritage and focus that help us drive the best choices across technology, analytics, and organizational design.

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