

07-Nov-2024

# Genpact Ltd. (G)

Q3 2024 Earnings Call

## CORPORATE PARTICIPANTS

**Krista Bessinger**  
*Head-Investor Relations, Genpact Ltd.*

**Michael Weiner**  
*Chief Financial Officer, Genpact Ltd.*

**Balkrishan Kalra**  
*President, Chief Executive Officer & Director, Genpact Ltd.*

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## OTHER PARTICIPANTS

**Jared Levine**  
*Analyst, TD Cowen*

**Surinder Thind**  
*Analyst, Jefferies LLC*

**Kate Kronstein**  
*Analyst, William Blair & Co. LLC*

**Bradley Clark**  
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**Robert W. Bamberger**  
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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day, ladies and gentlemen. Welcome to the 2024 Third Quarter Genpact Limited Earnings Conference Call. My name is Sherry, and I will be your conference moderator for today.

At this time, all participants are in a listen-only mode. We will conduct a question-and-answer session towards the end of this conference call. As a reminder, this call is being recorded for replay purposes. The replay of the call will be archived and made available on the IR section of Genpact's website.

I would now like to turn the call over to Krista Bessinger, Head of Investor Relations at Genpact. Please proceed.

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**Krista Bessinger**  
*Head-Investor Relations, Genpact Ltd.*

Thank you, Sherry. Good afternoon, everyone, and welcome to Genpact's Q3 2024 earnings conference call. We hope you've had a chance to read our earnings press release posted on the Investor Relations section of our website, genpact.com.

Today, we have with us BK Kalra, President and CEO; and Mike Weiner, Chief Financial Officer. BK will start with a high-level overview of the quarter, and then Mike will cover our financial performance in greater detail before we take your questions.

Please note that during this call, we will make forward-looking statements, including statements about our business outlook, strategies and long-term goals. These comments are based on our plans, predictions and expectations as of today, which may change over time. Actual results could differ materially due to a number of important risks and uncertainties, including the risk factors in our 10-K and 10-Q filings with the SEC.

Also, during this call, we will discuss certain non-GAAP financial measures. We have reconciled those to the most directly comparable GAAP financial measures in our earnings press release. These non-GAAP measures are not intended to be a substitute for our GAAP results.

And finally, this call, in its entirety, is being webcast from our Investor Relations website, and an audio replay and transcript will be available on our website in a few hours. And with that, I'd like to turn it over to BK.

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## Balkrishan Kalra

*President, Chief Executive Officer & Director, Genpact Ltd.*

Thank you, Krista. Hello, everyone, and thank you for joining us today. I am pleased to report another strong quarter with accelerating revenue growth and continued market share gains. Revenue reached \$1.21 billion, up 7% year-over-year, above the high end of our guidance range, with accelerating growth driven by Data-Tech-AI and healthy supporting growth from Digital Operations. Gross margin of 35.6% and adjusted operating income margin of 17.6% also exceeded our expectations, as we invest to drive growth while also delivering operating efficiency.

We talk a lot about execution here at Genpact and we are equally focused on innovation. Both are delivering results. I'll give you some color on innovation and how it is leading to accelerating growth.

We are now on track to deliver 6% revenue growth in 2024 at the midpoint, up from 2% in 2023, with adjusted EPS expected to grow faster than revenue for the fourth year in a row.

Relentless execution on our 3+1 framework is delivering results, and we will continue to build our execution and innovation muscle with a sharp focus on partnerships, comprehensive Data-Tech-AI solutions, simplification and the plus one in our 3+1 framework, which is about establishing Genpact as our own best credential for AI-led transformation. Let me walk you through key highlights on each.

First, on partnership. We continue to see a meaningful opportunity to accelerate revenue growth, as we increase the strength of our partner relationships. We started ramping investments in our partnership organization at the beginning of the year and continue to make meaningful progress.

We have made a number of important announcements since our last earnings call, I'll highlight a couple of recent ones. The first is our proprietary Finance Data Hub powered by Databricks data intelligence platform. This AI-led solution provides CFOs and their teams with faster access to accurate data to improve decision-making and boost operational efficiency. And we are very proud to have achieved GenAI competency in AWS Consulting Services. This is a significant accomplishment, and we now hold a full suite of data, analytics, machine learning, AI and GenAI competencies available with AWS.

Second, on Data-Tech-AI. Our focus on delivering comprehensive solutions is driving accelerating growth, with Data-Tech-AI revenue up 9% year-over-year, more than double our growth in the second quarter. Both innovation and execution are at play here. GenAI is significantly expanding our total addressable market. While the absolute numbers are still small, GenAI bookings were up meaningfully quarter-over-quarter. We now have approximately 130 GenAI solutions in production environments with clients, either deployed or going live, up more than 60% versus the previous quarter.

GenAI is not just about productivity, it's about generating long-term value. By combining the power of Genpact's advanced technology expertise, industry knowledge and operational excellence, we are empowering clients to accelerate their GenAI journeys and achieve transformative outcomes.

This innovation was at the heart of the AI Day we hosted in early October. The event brought together more than 100 clients and partners to learn about the latest advances in generative AI, machine learning, data and analytics at Genpact. The theme was AI of Now, with a specific focus on how Genpact is turning innovation into direct business outcomes for clients today.

We are proud that a number of our valued clients and partners were on stage, be it Sysco Foods, Advantage Solutions, Resolution Life or others; and it was our clients who shared how our solutions are driving meaningful value in their organization. I'll give you a few examples.

Mondelēz International, one of the world's largest CPG companies, spoke about the Genpact CFO action hub that provides real time predictive insights with a conversational interface and recommended next best actions. Our tailored AI solution built on Google Gemini Pro, streamlines finance operations, identifies actionable insights and enhances the overall customer experience.

Each client brought a unique perspective on leveraging our solutions to address their specific challenges. Penske Transportation Solutions, an industry leader in transportation and logistics, spoke about Genpact's AI-based demand planning and forecasting solution. The Genpact model takes into account all fleet details, vendor availability, pricing, on-site storage and logistics to improve vehicle uptime and lower inventory costs.

And insurance being a key sector for us, Liberty Mutual Insurance, one of largest global property and casualty insurance, spoke about the claim resolution and the solution we developed for them, and leveraging Amazon Bedrock and Genpact proprietary data to drive more efficient claim processing.

Apart from these client stories, we also demonstrated a number of AI- enabled solutions at the AI Day across many competencies, including finance and accounting, supply chain, for insurance, illustrating how the combined power of industry knowledge, data, artificial intelligence can transform business processes and drive superior value.

I'll highlight just one of these solutions, which is our [indiscernible] (00:29:21) solution for accounts payable. Powered by our proprietary LLM, our solution leverages machine learning and GenAI to increase automation across this end-to-end business process, achieving significantly more productivity than existing solutions. It reduces the cost of operations, improves working capital and enhances the finance users' experience.

Coming back to the third element in our 3+1 framework, which is simplification, we continue to streamline our operations so that we can scale more efficiently. As an example, we have taken steps to simplify our cash to collection process, which is delivering improvement in time to bill and operating cash flow. In addition, we are both simplifying and further automating our own accounts payable process, resulting in improved working capital as well.

And finally, on leading with Genpact as our best credential for Ai-led transformation, we continue to make meaningful progress. I'll give you one example, which we also covered in detail at AI Day. We now have a family of AI agents called Scout available to every Genpact employee. Scout brings the power of AI to everyday work with summarizing documents or translating content. For specialized functions like HR and IT, we are also

customizing our agents to solve more complex problems. Still in early stages of adoption, we have over 20 agents in production today, with many more in development.

In the process of developing Scout, we also created our own agent development life cycle. This is different from the classic software development life cycle with a specific focus on model selection, training and management, allowing us to generate AI agents with greater speed and accuracy.

Now, turning to guidance. With another quarter of better-than-expected results, we are raising our outlook again for the full year. We are increasing revenue guidance by 150 basis points at the midpoint, with 6% growth now expected on as-reported basis, up from 4.5% previously. We are also increasing gross and AOI margin for the full year by 10 basis points each. And we are raising our outlook of adjusted EPS to \$3.24, with an approximate \$0.08 increase at the midpoint of the range, to reflect strong year-to-date performance. As we look ahead to 2025, we are optimistic about the results we can deliver both for our clients and for our shareholders.

That said, there is significant work ahead. Our journey at Genpact is not just about adopting the latest technology; it is about fundamentally reimagining how we deliver transformative value and operational excellence for our clients. We are off to a good start, but remain, heads down, focused on execution and innovation and building what's next for Genpact.

In closing, we see a bright future ahead. GenAI is expanding our total addressable market, and we believe we are well-positioned with our unique combination of data, technology and domain. We are also proud of the performance we have delivered year-to-date. The changes we are making, while not easy, are improving execution and innovation across the board, but perhaps most importantly in Data, Tech and AI. I've witnessed the incredible dedication of the Genpact team every day and the immense value we bring to clients. I want to thank every one of our employees for their incredible passion.

With that, let me turn the call over to Mike.

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## Michael Weiner

*Chief Financial Officer, Genpact Ltd.*

Thanks, BK, and good afternoon, everyone. Thank you for joining us as we review our third quarter results and provide insights into how we're positioned for the remainder of the year.

We demonstrated broad [ph] brand (00:33:54) strength in the third quarter, achieving 7% revenue growth, 12% adjusted diluted EPS growth and accelerating cash flow generation. Our pipeline remains at record levels, reflecting a balanced mix of deal sizes. We achieved win rates of 43% for the quarter, with sole-source deals accounting for approximately 42% of total bookings. We also added 21 new logos and won three large deals in the quarter. As a reminder, large deals are \$50 million or greater in total contract value.

Our footprint is expanding. The number of clients generating more than \$5 million in annual revenue grew to an all-time high of 188 in this quarter. We also increased the number of clients contributing more than \$25 million in revenue to \$43 million, with five clients generating over \$100 million annually, reflecting the importance of solutions in driving their success.

Turning to the income statement. Total revenue was \$1.211 billion, a year-over-year increase of approximately 7% on both an as-reported and constant currency basis. This strong performance underscores our disciplined execution. Data, Tech and AI revenue was \$569 million, representing a 9% year-over-year increase in both

reported and constant currency terms. Growth was driven by all components of Data, Tech and AI, which is 47% of total revenue for the quarter.

Digital Operations revenue was \$642 million, growing at 5% on an as-reported and constant currency basis, primarily continued new deal additions. Digital Operations contributed 53% of total revenue in the quarter. Revenue from outcome and consumption-based deals, excluding fixed fee contracts, comprised 20% of total revenue, up 17% from a year ago, while priority accounts contributed 62% of total revenue with growth of approximately 4% year-over-year.

All three segments posted healthy growth. Consumer and Healthcare revenue grew approximately 8%, while both High Tech and Manufacturing and Financial Services were up approximately 6% compared to last year. All three segments saw gains in new deal ramps, advanced tech services, data, analytics and AI.

Moving from revenue to profitability. We expanded gross margins at 35.6%, up 10 basis points from the prior-year period. In addition to driving accelerated revenue growth, we enhanced our productivity. Our efforts reduced SG&A expense by 10 basis points year-over-year to 20.1% of revenue, reflecting increased investments in sales that were more than offset by optimization of G&A.

We also increased our adjusted operating income margin by 40 basis points year-over-year to 17.6%. Our effective tax rate was 24.3%, compared to 24.1% in the prior-year period. Net income in the quarter was \$133 million, a 13% increase year-over-year. Diluted EPS grew to \$0.74 or 16% year-over-year. On a non-GAAP basis, adjusted diluted EPS was \$0.85, a 12% increase year-over-year from the prior period. Importantly, EPS growth has outpaced revenue growth in each of the quarters this year. Year-to-date, adjusted diluted EPS growth was 10% versus 6% revenue growth.

We achieved increased operating cash flow of 41% year-over-year, delivering \$228 million, as higher revenue supported improvements in working capital.

On the balance sheet, cash and cash equivalents stood at approximately \$1 billion, up \$541 million from a year ago, largely driven by the proceeds of a debt issuance last quarter that will be used to repay a bond maturity at the end of this month.

As a result, our net debt to last 12 months EBITDA ratio remained at the low end of our range at 0.8 times for the quarter. DSOs were 90 days. The overall credit quality of our portfolio remains strong.

Even as we invest for long-term growth, we're returning a significant amount of capital to our shareholders through dividends and share repurchases. In the first nine months of the year, we returned nearly \$0.25 billion. This includes \$75 million for repurchases of 1.9 million shares and \$27 million in dividends during the third quarter.

Our disciplined capital allocation philosophy, returning at least 30% of cash flow from operations through share repurchases and 20% via dividend payments, demonstrates our commitment to delivering shareholder value while maintaining flexibility for strategic growth investments. Attrition in the quarter was at 25%, 100 basis points lower than the prior period.

Now, let me turn to guidance. We are raising our guide with increased visibility for the remainder of the year. Our full year, we are increasing our revenue guide by approximately 150 basis points to 6% at the midpoint.

Additionally, we are raising our projected growth and AOI margin 10 basis points each, bringing them to 35.4% and 17.1%, respectively.

Our adjusted diluted EPS guide is also increasing by approximately \$0.08, now expected to reach \$3.24 at the midpoint. Operating cash flow for the full year is now being revised upwards by \$35 million, bringing our total outlook to \$560 million.

Now, I'll walk you through our full year and fourth quarter guide in detail, starting with the up-and-coming quarter. Fourth quarter, we expect to deliver total revenue in the range of \$1.222 billion to \$1.233 billion, with Data, Tech and AI and Digital Operations growth projected to be 9% and 5.4%, respectively, at the midpoint of the range. Our gross margin is expected to be 35.6%, and our adjusted operating income margin is expected to be 17.6%.

For the full year, we are projecting total revenue in the range of \$4.740 billion to 4.751 billion, as reported. This represents a 6% revenue growth at the midpoint of our range, up from 4.5% previously, driven by our solid year-to-date results and continued strength across our business. We now expect Data, Tech and AI and Digital Operations to increase 6.2% and 5.9% for the full year at the midpoint of the range.

We are raising our adjusted diluted EPS guide by approximately \$0.08 at the midpoint of the range to \$3.23 to \$3.24. This approximately \$0.26 year-over-year increase is expected to be driven by higher adjusted operating income of \$0.19, a \$0.09 benefit from reduced share count, partially offset by \$0.02, consisting of higher interest expense and expected tax impacts.

To conclude, we are pleased with our results, delivering profitable growth while making key investments in the future.

With that, let me turn the call over to Krista.

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## **Krista Bessinger**

*Head-Investor Relations, Genpact Ltd.*

Great. Thank you, Mike and BK. Sherry, we're ready to take questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] One moment while we compile the Q&A roster. Our first question, that will come from the line of Bryan Bergin with TD Cowen. Your line is open.

**Jared Levine**

*Analyst, TD Cowen*

Q

Yes. It's actually Jared Levine on for Bryan tonight. Over the last 90 days, has there been any improvement in the short-cycle projects in advisory work? It was good to see that strong DTA growth, but just curious if that benefited it?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yes. I think overall it is – can you hear me, okay?

**Jared Levine**

*Analyst, TD Cowen*

Q

Yeah.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Okay. So there has been, overall, I think, strong execution that is driving this result. I think we continue to see stable business environment. But stronger execution is helping us deliver better results.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

BK, maybe quickly just to add on to that. If you're referring to our DTI component of our growth, right, we're continuing to execute really well on advanced technologies led solutions that also are evolving a lot of generative AI and AI-related initiatives. So we're pretty pleased with our performance this quarter within Data, Tech and AI.

**Jared Levine**

*Analyst, TD Cowen*

Q

Okay, great. And then, can you provide an update on your progress on expanding partnership sourced revenue? Who are your most important partnerships currently and which are the fastest growing?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yeah. I think the way to think about it is, think of hyperscalers, so be it in AWS or Microsoft or Google, as you can imagine, they continue to be strong partner for us, or people like ServiceNow or Salesforce, and then very specific domain-led solutions, where we bring in a number of these partners. I mean, each of these partners, the differentiation is we are building our proprietary solutions on the top, which can act as a multiplier effect as we continue to enhance these elements and bring in our operational key stroke knowledge and key stroke understanding in these domain solutions for our clients.



**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

Yeah. Let me just quickly add on to that.

A

**Jared Levine**

*Analyst, TD Cowen*

Yeah.

Q

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

If you think of partnerships and how much revenues contributed to the business from partnerships, it's still relatively low compared to the industry as a whole. So our investments in partnerships and the ones BK alluded to a moment or so ago are really driving a lot of revenue for us currently, and we'll see how it goes going forward. Sorry to cut you off.

A

**Jared Levine**

*Analyst, TD Cowen*

Great. Thank you.

Q

**Operator:** Thank you. One moment for our next question, and that will come from the line of Maggie Nolan with William Blair. Your line is open.

**Kate Kronstein**

*Analyst, William Blair & Co. LLC*

Hi, Mike and BK. It's Kate on for Maggie. Congrats on the nice results today. My first question is what parts of the Data-Tech-AI business do you feel like are resonating the most with clients right now that's really driving that accelerated growth?

Q

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

It is all parts of the Data-Tech-AI. And I would not say that there is only AI or GenAI. Yes, that is certainly helping us. But with that, any of the AI – GenAI conversation is not complete without data. And then, obviously, it is the underlying technology and the various applications and our understanding there and how those applications need to evolve. So it is more holistic approach in Data-Tech-AI, point number one.

A

Point number two, I think in all of our Digital Operations, I do not know of any large deal or even medium-size deal, which we bring to our clients' attention and execute and book without Data-Tech-AI. In each of these Digital Operations deals, Data-Tech-AI is always a significant or a pretty strong component. And both of those attributes are changing our game in Data-Tech-AI.

**Kate Kronstein**

*Analyst, William Blair & Co. LLC*

Okay, great. Thank you, BK. And then, just going off of that a little bit. During the AI Day that you held, are you starting to get the sense that customers are getting a little bit more comfortable with the generative AI technology as time progresses?

Q

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yeah. I would still say it is early days, but clearly a lot more adoption is happening. Clearly, there is change from just the interest or proof of concept to more putting the solution in production environments. And what was quite endearing for us that we had a number of our clients on the stage and operators in our clients who were talking about how it is generating meaningful value, and that is always a little bit more credible because the clients are listening to those stories and how that replicability can happen. So yes, it is making a pretty good progress. I would still say it's early days.

**Kate Kronstein**

*Analyst, William Blair & Co. LLC*

Q

Okay, great. Thank you, guys. Congrats on the quarter.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Thank you.

**Operator:** Thank you. One moment for our next question, and that will come from the line of Robbie Bamberger with Baird. Your line is open.

**Robert W. Bamberger**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Yeah. Thanks for taking my question. So if we think about Q4, it implies about 6% year-over-year organic constant FX growth. Is that sort of a good starting point if we think about 2025 growth expectations or any one-offs that we should be thinking about as we look into next year?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Let me kick it off and hand it over to you, BK. So when you think about our business, right, I think you're referring to the guide for the fourth quarter and also for the full year, which does represent that 6% and 7% growth that we're projecting for the fourth quarter, if you kind of back into it from there. We'll provide formal guidance when we give our – when we meet three months from now. But we continue to see a stable buying environment that we'll be moving off of. Again, it was a good year for us, so it will be a stronger comp to grow off of there. But again, we feel pretty good about where we are for the fourth quarter and also for the full year.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yeah. I think what I would add, look, as Mike just said, certainly feel great about the progress on execution, how we are layering innovation. But I must also say that we are just beginning. And yes, we are a small company, but we are a large company, too. And while we are, heads down, in execution, it's still early days. And yes, we have a gift of delivering well this year, so that gets us to tougher comps. But we will give you a more specific guide in another 90 days for 2025, but feel really good as to where we stand. And yes, it is still a stable buying environment, and we will see as to how clients look at in early January. And we'll give you more specific guide as we meet in another 60, 90 days.

**Robert W. Bamberger**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Awesome. Thank you. And then, in terms of just outcome-based pricing, I remember last quarter, you noted about 20% was outcome-based. Give an update on what percent is outcome-based now in Q3? And then, I guess, what's causing this acceleration? Is GenAI – I think you noted last quarter talking about how GenAI type deals will be more outcome-based than time and materials. Maybe just thinking about that dynamic?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Sure. So starting at the second part of your question. That will absolutely drive more outcome-based alternative commercial model solutions. We had about 20% of our total revenue attributed to that classification of revenue. But it's important to look at – while it's relatively flat sequentially, 20%, 20%, it's up from 17% a year ago. So we're quite bullish on that. And we're also quite bullish on the industry itself continue to pivot to these alternative commercial models, particularly as generative AI point-based solutions and solutions in total continue to gain traction.

**Robert W. Bamberger**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Awesome. Thank you.

**Operator:** Thank you.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Thank you.

**Operator:** One moment for our next question, and that will come from the line of Surinder Thind with Jefferies. Your line is open.

**Surinder Thind**

*Analyst, Jefferies LLC*

Q

Thank you. BK, can you maybe provide a bit more color around your commentary that you're at this point expecting a larger TAM for the set of services. Just any color on how you think about that. Is it just there's a lot more breadth of services that you can look at from a client perspective, or is it just a broader range of technologies that you plan on working with? How should we think about that?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yeah. I think how we are observing in our pipeline, Surinder, is yes, increase in the scope of activity because certain attributes which were possibly our clients were not thinking, I think GenAI has expanded that scope. Even in the certain conversations that we were having, GenAI is helping us bring more end-to-end solutions to bear, point number one.

Point number two, then, as I reflected also for AI Day, a number of our clients are engaging us for bringing domain-led AI solutions, which they were not earlier thinking about. And they are also stand-alone as well as embedded solutions. So that is increasing the total addressable market as well.

And then, data was always at the sidebars and data has become a main actor conversation. And because none of the AI – GenAI, while all the clients understood it, but now it is very real. And therefore, data-led conversations and we have pretty strong franchise in data and analytics, and that is helping us grow the Data, Tech franchise. So it is more holistic approach that we are seeing in the pipeline is what we are sharing with you.

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**Surinder Thind**

*Analyst, Jefferies LLC*

Q

That's helpful. And then, when we think about the acceleration in the growth that you're seeing in what I think you're describing is a relatively stable demand environment, any color around maybe why now?

I understand or I hear you on the execution part of it, but is it that you feel like you've built certain proprietary solutions that you can take to the clients that are perhaps mature enough from an AI perspective or offering perspective where it's differentiated? Or are clients just a bit more willing to maybe open up the budget a little bit more if they see something that's interesting anyway. I'm just trying to understand the magnitude of the improvement that you're seeing and how we should think about that on a go-forward basis?

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**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

What I will go back to, Surinder, is our 3+1 framework. And in that execution as well as innovation, I think both of those elements in a stable demand environment is helping us deliver better. So when I say 3+1, including partnership, it is becoming a more stronger muscle and we are still at early days. It is clearly showing results, and that's what we are sharing with you, and a lot of that is sitting in Data-Tech-AI.

Similarly, in the Data-Tech-AI as our second pivot within our second key initiative in 3+1, there, be it the Data, be it AI, be it advanced technology that we are bringing in our solutions is helping us accelerate. And a lot of our clients find it really endearing that we are driving this transformation on ourselves too in plus one. And that was also quite intriguing for our clients at AI Day because we shared a number of these areas where we are. We have the entire control of data. We have been that control of infrastructure and how we are accelerating that journey. And that is still early days, beginning to act as an inspiration for our clients.

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**Surinder Thind**

*Analyst, Jefferies LLC*

Q

Thank you.

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**Operator:** Thank you. One moment for our next question, and that will come from the line of Bradley Clark with BMO Capital Markets. Your line is open.

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**Bradley Clark**

*Analyst, BMO Capital Markets Corp.*

Q

Hi. Thanks for taking my question. You've been mentioning sort of stable business demand for a number of quarters. Just turning the calendar year, what time are you looking for your customers that could perhaps suggest a budget influx and early signs of an improved business environment?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Yes. So let me kick that off. So what we're seeing from our side, I think what you're alluding to, are we seeing any signs in our definition of what a stable business environment is of budget flushes going through the remainder of the year and potentially into next year as people redo or refine their budgets. We have not seen that and nor are we assuming that in our guidance now. Listen, early days as we finish up the third quarter and, actually, enter into the fourth quarter. We'll provide additional guidance for next year when we meet in a quarter or so, but we hope to have some additional color from our clients as they really refocus on what they are going to be doing for 2025.

**Bradley Clark**

*Analyst, BMO Capital Markets Corp.*

Q

Okay. Thank you. And then, just as a quick follow-up. The percent of sole-source deals ticked down slightly. And sort of off the back of that, I wanted to just see what the sort of pricing environment has been like, if there have been any changes, or perhaps if there's been any sources of more competitive pricing, especially around generative AI projects? Thank you.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

So I didn't hear the first part of your question. I'll answer the second part, and maybe you can repeat it for us. Our pricing environment has remained relatively constant. We haven't seen anybody doing anything kind of dramatically different. So I'd say it's a stable pricing environment.

But I didn't hear the first part of your question, I apologize.

**Bradley Clark**

*Analyst, BMO Capital Markets Corp.*

Q

Yeah. The first part of the question, I just noticed that sole-source deals, I think, was 42% this quarter versus 45% last quarter. And I just was wondering if that tied into any sort of change in the pricing dynamic. [indiscernible] (00:57:50)?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

No, I wouldn't read much into that. Again, they are going to be lumpy in nature on sole-source deals.

**Bradley Clark**

*Analyst, BMO Capital Markets Corp.*

Q

Yes.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

When you look at things like disproportionately, larger deals are not sole-source versus – sole-source deals are typically on the smaller side. So there's nothing really to read into that on a quarterly basis, very lumpy.

**Bradley Clark**

*Analyst, BMO Capital Markets Corp.*

Q

Thanks for that. Thank you.

**Operator:** Thank you. [Operator Instructions] One moment for our next question, that will come from the line of Puneet Jain with JPMorgan. Your line is open. Puneet if you are on mute, please unmute your line. Again, Puneet, if your line is on mute, please open up your line.

**Krista Bessinger**

*Head-Investor Relations, Genpact Ltd.*

A

I think, Sherry, he might be in transit, so he may not be available to pick up.

**Operator:** Okay. I'm showing no further questions in the queue at this time. I would like to turn the call back over to management for any closing remarks.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

Thank you, Sherry. And before we sign off, I just want to say thanks to all of our clients for choosing Genpact and to all of our shareholders for their ongoing support. We are excited to keep innovating, and we look forward to talking to you again next quarter. Thank you.

**Operator:** Thank you for participating. This concludes today's program. You may now disconnect.

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