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Genpact Ltd. (G)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the 2026 Second Quarter Genpact Limited Earnings Conference Call. My name is Carmen, 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 Kyle Vikström, Head of Investor Relations at Genpact. Please proceed.

Kyle Vikström
Head-Investor Relations, Genpact Ltd.

Good afternoon, everyone, and welcome to Genpact's Q2 2026 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 an overview of our results, 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.

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.

Supplemental investor information can also be found in our earnings press release, factsheet and investor presentation posted to our Investor Relations website.

And finally, this call in its entirety is being webcast from our website. An audio replay and transcript will be available shortly after the call.

With that, I'd like to turn it over to BK.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

Thank you, Kyle. Hello, everyone, and thank you for joining us today.

Q2 was another strong quarter for Genpact. We delivered $1.343 billion in total revenue, up 7.1% year-over-year. Advanced Technology Solutions revenue grew 24.1% year-over-year, demonstrating that our flywheel is firing on all cylinders. We expanded gross margin for yet another quarter, providing continued leverage for significant investments to drive future growth. Adjusted diluted EPS again grew double digits, faster than revenue, up 13.6% year-over-year. And non-FTE revenue surpassed 50% of total revenue for the first time.

Last quarter, I spoke about something rare, a moment when a structural shift in the market, our differentiated capability set and the right strategic positioning all converge at the same time. I want to build on that today. First, at the macro level. Demand continues to remain very strong, even as AI is regrowing markets. Enterprises want autonomous workflows that do the work, not just support it. Every function now has a mandate to leverage AI with clear ROI. This is opening new buying centers with new sets of requirements and complexities.

At the same time, one universal truth has not changed. There is no artificial intelligence without process intelligence. And yes, frontier models are getting better by the week, but they are also beginning to converge on interchangeability, with switching costs getting lower. But models do not know how a global enterprise actually runs; the exceptions, the controls, the handoffs and the actual flow of work, the last mile. This is where the outcome is actually won or lost. This is where the actual differentiation sits. And among enterprise clients, we continue to observe that readiness is low, even if aspiration remains very high.

The foundational work, the data harmonization work, the process intelligence work still has to happen first to get ROI from investments in AI. That is why AI has not scaled for most companies, and it is precisely why clients are looking to Genpact and our differentiated IP solutions.

I said earlier, when such a rare structural shift is presented and a company can sharpen its differentiation and has the courage and discipline to act, the resulting advantage compounds in ways that are difficult to replicate. And this is our moment. We are intentionally disrupting ourselves to be the leader in Agentic Operations. Genpact is not the company you knew.

We are entering a new category with expanding TAM, building a higher-quality, more durable and structurally more valuable business.

At Investor Day last June, when we first outlined our ambition for the year, we expected to deliver revenue growth of 7%, with Advanced Technology Solutions growing mid-teens. Since then, our conviction in the opportunity ahead has only strengthened. The momentum we are seeing makes it clear that the shape of our business is changing for the better, and the strategic pivot is taking hold much faster. As a result, we are leaning in and embracing this moment to further accelerate durable, long-term growth; and we are allocating our capital against this opportunity. Most importantly, we are doubling down in areas where we see the greatest long-term opportunity and the strongest returns.

We are known for running mission-critical client operations at scale. We are moving from running business operations to running Agentic Operations. Therefore, we are codifying this process intelligence into a stronger moat and allocating even more capital here. We are investing behind the flywheel that is already accelerating, with an even greater focus on Advanced Technology Solutions, where we believe growth is durable, margins are attractive and client demand continues to build with expanding TAM.

This momentum also gives us the opportunity to review components in Core Business Services that are not aligned with our Agentic Operations strategy. We apply the tests across our book of business with three simple questions. One, does combining our process intelligence with frontier models create durable value and an advantage that clients cannot easily replicate? Two, does it provide a compelling ROI for both the client and Genpact? And three, is it aligned with expanding TAM? Where the answers are yes, we are agentifying at speed. This is vast majority of our book across finance, supply chain, insurance, banking and many other mission-critical workloads. And this has expanding new TAM, which we have begun to capture already. And where the answers are no across the board, we are working with clients to transition work back and redeploying investments. These are very small parts of our business, like certain areas of content management and commoditized parts of contact centers. This clarity is at the heart of becoming the Agentic Operations company.

Even with this intentional disruption, we still have line of sight to deliver at least 7% year-over-year revenue growth in 2026. On a full year basis, we expect the transition away from this work not aligned with our Agentic Operations strategy will have nearly 2 points of impact to total revenue growth. Despite this, Core Business Services revenue is still expected to grow for 2026. At the same time, we now expect Advanced Technology Solutions revenue to accelerate, growing at least 25% for 2026. This acceleration underscores the rapid pace of adoption and how our investments are paying off.

While timing will be a factor for both 2026 and 2027, for 2027, we currently expect the dollar impact to be slightly larger though offset by continued momentum in areas aligned with our strategy. Our deliberate focus and prioritization continue to show up in top and bottom line growth and in our demand signals. Demand for our deep domain and industry expertise is healthy and growing, as evidenced by our booking, backlog and pipeline all increasing across both Core and Advanced Tech.

This quarter marked our largest ever quarterly bookings. We signed another six large deals with a large pipeline of other transformational deals, setting us up for a healthy close to the year. And our revenue retention continues to be strong. The mix of our business continues to move towards higher-value Advanced Tech offerings as we make meaningful progress against our 2x, 2x, 70%, 70% metric frame. Advanced Technology Solutions deliver more than 2 times the revenue per head count and more than 2 times the revenue growth of the total company, with more than 70% annuitized revenue and more than 70% for non-FTE commercial models.

As we fundamentally change how we contract and deliver, we are creating a robust, durable base to build on that is no longer tied to head count. This includes more multi-year, recurring annual revenue streams and margin leverage from agentic and AI driving more meaningful scale.

Over the past few years, we have systematically expanded our Advanced Technology capabilities in areas of our core strength. This has effectively created a powerful flywheel that is fueling Agentic Operations. The flywheel starts with our core, expert operators, decades of client trust, clear domains, last mile knowledge in a sense, process intelligence you cannot buy off the shelf. Then the flywheel turns with the expanded capabilities in data and AI and through our partner ecosystem that power the Advanced Technology Solutions of today. And that enriches process intelligence further, which earns trust to deliver the agentic mandate. The mandate expands our scope, which deepens our intelligence, and deeper intelligence makes the mix solution better. This flywheel compounds building agentic operations at scale, making our success hard to replicate.

We are actively moving from human-processed and human-validated to machine-processed and human-validated, all wrapped in responsible AI, driving compounding advantages from autonomous agents with the context, governance and oversight that only last mile experts like Genpact can provide. All of this is further accelerating Advanced Technology Solutions, and that's playing out with the significant momentum we are seeing. Advanced Technology Solutions revenue grew another 24% in quarter two, now accounting for 27% of total revenue. This quarter, Advanced Technology Solutions represented nearly 40% of our bookings, and our pipeline increased meaningfully across all capabilities quarter-over-quarter, highlighting the significant demand our flywheel is driving. We are not adding a fast lane to the past. We are changing what the whole business is and moving to a new category. This is where it all comes together.

Clients do not come to us to buy Core or Advanced Tech. They come to us with a vision for the future and the reality of where they are today. We are enabling the journey to agentic-led autonomy that enterprises can trust. We call it Agentic Operations. Domain experts and AI agents working side-by-side through remagine processes, to execute transactions, model agnostic built for enterprise governance, and clear auditability, learning that compounds delivered through multi-year annuitized recurring revenues. And the traction and demand are real.

In Agentic Solutions, we are on track to book over $1 billion in total contract value just in 2026. This is not a trivial number and it is not agentic washing. This represents just our productized AI offerings built with Genpact IP to run mission-critical business processes at enterprise scale, and it is delivered with multi-year annuitized recurring revenues through a commercial model that is not tied to head count.

Looking at Agentic booking to date, more than half has come from new clients, moving the additional TAM we are capturing at speed. And from the clients who rotate, we have seen more than 3% net revenue growth and more than 300 basis points of gross margin expansion. More clients, bigger wallets, a larger market, and richer margins, all at once. And we are quickly building our robust road map that aligns where our clients are going with what we can uniquely deliver.

We recently announced Genpact Transaction Monitoring Analyst, the first module of our new Genpact Banking Analyst Suite to help banks complete routine investigations faster and more consistently, with full auditability and human oversight built in. We also recently launched the Genpact Deduction Recovery Solution (sic) [Genpact Deductions Recovery Solution], our agentic offering designed to help consumer goods companies recover millions in lost revenue by automating the identification, validation and resolution of disputed deductions with faster cycle times and enhanced compliance. Adding to our existing agentic portfolio, which includes accounts payable, record to report, source-to-pay and insurance, these are just two additional examples of how we are actively delivering the outcomes client need to reshape their operations.

As clients see the compounding effects of our flywheel and expanding Agentic Operations, they are choosing Genpact over legacy and new competitors to work across even more workflows and the additional parts of their transformation. As a case in point, we recently embarked on a journey with Lumen, a global networking and technology company, to agentify their accounts payable operation. And Mondelez International, one of the world's largest snacking companies, expanded our relationship to build an enterprise-wide agentic operating model across their source-to-pay processes, spanning procurement to accounts payable. These are just a couple of examples.

Partners also continue to be an important part of our strategy. In quarter two, our partner-related revenue growth accelerated as we continue to deepen relationship with partners core to our clients' infrastructures. This quarter, we achieved the Databricks Builder Specialization for Manufacturing, Transportation & Energy. ISC recognized Genpact as a leader in the ServiceNow ecosystem partners for 2026 and as a rising star in the Databricks Ecosystem Report for AI/ML and Managed Data Optimization. And earlier this week, NelsonHall identified Genpact as a leader in all six of their F&A transformation need market segments for 2026, including agentic AI, procure to pay, record to report, order to cash, CFO advisory and finance transformation overall. These are just a few recent examples that highlight how focus in our strategic areas is having a clear impact.

In closing, this quarter is a significant proof point for Genpact as we shape what comes next as a leader in Agentic Operations. We are changing our business in ways that matter; building a new Genpact in a fundamentally different category; doubling down on our most strategic priorities to accelerate the flywheel for Agentic Operations; building high-quality, durable revenue that compounds and is harder to replicate; driving structurally richer margins; and, ultimately, opening daylight between Genpact and the market around us.

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

Michael Weiner

Chief Financial Officer, Genpact Ltd.

Good afternoon, everyone, and thank you for joining us today.

We delivered a strong second quarter, highlighting how our focus and investments are strengthening our position in Agentic Operations. Total revenue grew 7.1% year-over-year to $1.343 billion, as momentum in Advanced Technology Solutions continues to build. Advanced Technology Solutions revenue, which includes data and AI, digital technologies, advisory and agentic, reached $363 million, growing again over 24% year-over-year, with broad-based strength across our flywheel. Demand for our Advanced Technology Solutions is scaling quickly, and our strategic investments are delivering results. Our Advanced Technology capabilities are compounding with agentic and AI-led innovation showing up across a growing set of offerings. We are focused on exponentially expanding our totaladdressable market, delivering more value for clients across end-to-end workflows, and driving higher value, more durable revenue for Genpact. As BK mentioned, we're doubling down on our most strategic priorities to accelerate the flywheel for Agentic Operations, and we can start seeing the payoff. In the second quarter, our Agentic bookings grew significantly quarter-over-quarter.

For 2026, we are tracking to deliver over $1 billion in Agentic TCV 5 times more than 2025. And as BK noted, our agentic business continues to capture a broader TAM and wallet share, with meaningful traction across both new and existing clients. To date, more than 50% of our cumulative awarded contract value is coming from new clients. For existing accounts that are rotating from traditional to agentic delivery, both net revenue growth and gross margin expansion continue to be above what we reported at Investor Day in June of last year, as we continue to drive higher volumes, increased scope or both within our existing clients. This momentum is compounding into what we believe is a more durable revenue base with higher gross margins that continue to improve with scale.

Core Business Services revenue, which includes digital operations, decision support services and technology services, grew 1.9% to $980 million in the second quarter. We continue to see strong demand for our deep domain and industry experience built from decades of client trust as we help clients navigate through the different stages of their transformational journeys. Our sales team continued to execute well, with strong demand for our Core and Advanced Technology capabilities across new and existing clients. Net revenue retention remains accretive, and we continue to feel good about our pricing as we deliver incremental value for our client base.

In 2Q, our large deal momentum also continued. We signed six large deals compared to three in the same period last year. This brings us to 12 large deals year to date, double of what we did in the same period last year. As a reminder, large deals are $50 million or greater in total contract value. Our bookings performance in the quarter was also the largest ever, with nearly 40% coming from Advanced Technology Solutions. And we continue to have a strong pipeline of additional large deals. With the record backlog and pipeline, we're in a very strong position for the second half of the year.

This quarter, non-FTE revenue surpassed 50% of total revenue, reflecting our disciplined focus on shifting to fixed fee, consumption, and outcome-based models. And we are building a meaningful recurring annual revenue base that is decoupled from FTEs. At a segment level, Consumer & Healthcare grew 9.5%, followed by High Tech & Manufacturing growth of 7.6% and Financial Services growth of 3.3%.

Turning to profitability. Gross margin expanded for the 13th consecutive quarter to 36.5%, up approximately 60 basis points year-over-year. Our margin profile reflects our continued operating and pricing discipline, as well as revenue contribution from our high-value Advanced Technology Solutions. Notably, we are also seeing revenue growth decoupled from head count as we embed these solutions in our own operations and delivery.

Moving down to the P&L. SG&A expense as a percentage of revenue was 21.9%. Adjusted operating income was $234 million, up 7.5% year-over-year, faster than our revenue growth. Adjusted operating income margin was 17.4%, as we continue to self-fund our strategic investments. Our effective tax rate in the second quarter was 23.7%. Net income was $146 million and diluted EPS was $0.86. Adjusted diluted EPS increased 13.6% to a $1 per share, growing significantly faster than revenue for yet another quarter.

Shifting to cash. We generated $72 million of cash from operations, ending the second quarter with $517 million in cash and cash equivalents. This was impacted by timing of collections, as well as prepayments made in 2025. Credit quality remains high. In the quarter, we returned $82 million to shareholders, $50 million in share repurchases and $32 million in dividends.

Turning to the outlook. As BK noted, the momentum we're seeing in Advanced Technology Solutions is significant. As a result, we are doubling down behind the flywheel that is already accelerating, focusing resources on where we can drive durable value and demand over the long- term. With a strong backlog, pipeline and demand for our differentiated capabilities, we have line of sight to deliver at least 7% revenue growth on an as-reported basis in 2026, even with nearly 2 points of impact from our transition away from work not aligned with our Agentic Oerations strategy.

Given the exceptional demand, we now expect Advanced Technology Solutions revenue growth to accelerate in the second half of the year, increasing at least 25% for the full year. In Core Business Services, we still expect 2026 to grow, even after roughly 2 points of impact from the transition noted earlier. From a timing perspective, the impact of the transition will be concentrated in the second half numbers.

On margins, we continue expect full year gross margin to expand by 50 basis points to 36.5%, with adjusted operating income margin expected to increase approximately 25 basis points to 17.7%, reflecting our continued commitment to self-fund investments for growth. And we now expect adjusted diluted EPS to grow at least 12%.

Turning to the third quarter on an as-reported basis. We expect to deliver total revenue between $1.369 billion and $1.382 billion or 6.5% growth at the midpoint. We expect Advanced Technology Solutions revenue growth to accelerate to at least 25% year-over-year. We expect Core Business Services to be flat to slightly down, even after about 3 points of impact from the transition away from work not aligned with our Agentic Operations strategy. We expect gross margin to expand to 36.6% and adjusted operating income margin to increase to 17.8%. Finally, we expect adjusted diluted EPS of $1.04 to $1.05 for the third quarter.

In closing, as BK made it clear, a new Genpact is taking shape. To capture this enormous opportunity, we are reshaping how businesses operate, leveraging our unique strengths rooted in domain and industry expertise with significant advancements in our Advanced Technology Solutions. We are focused on differentiating our position in the market, expanding our TAM dramatically, accelerating high-quality revenue growth, and consistently expanding margins, all of which will allow us to continue deliver double-digit growth in adjusted diluted EPS and long-term client value.

With that said, let me turn the call back over to Kyle.

Kyle Vikström

Head-Investor Relations, Genpact Ltd.

Thank you, Mike. Operator, we're ready to go ahead and take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you so much. [Operator Instructions] Our first question is from Bryan Bergin with TD Cowen.

Bryan C. Bergin Q

Analyst, TD Cowen

Hey, good afternoon, and thank you. So, on this strategic prioritization that you're taking here, maybe the segment dynamics, just based on this conscious disruption to the business with the 2 point EPS headwind this year and what sounds like a similar headwind next year, what does the target growth model kind of look on the other side of these changes? And if I adjust for the 2% that's second half weighted, it seems like you're still somewhat in the CBS target model, but I want to confirm whether you do have a different view of the target model versus the Investor Day kind of the 4% to 5% CBS and the 15%-plus ATS? And if it is different, maybe speak to the sustainability of the very strong ATS growth.

Balkrishan Kalra A

President, Chief Executive Officer & Director, Genpact Ltd.

Yeah, I'll take that, Bryan. Thanks. Overall, we feel exceptionally good about how we are ramping the business, not just in Advanced Tech, but also Core Business Services, because this is how the flywheel is delivering, which starts from core and data and AI advisory partner solutions and lending and Agentic Operations, which we are building and delivering on a new category. So, if I see the demand signals, demand signals are obviously exceptionally high in Advanced Tech, continue to be very, very strong. In Core, our backlog is really building up very strongly. We mentioned highest ever quarterly booking just previous quarter, and pipeline continues to be strong. So, fundamentally, we are shaping the business to become a far higher growth and more durable richer business as we cycle through 2026-2027.

Mike?

Michael Weiner
Chief Financial Officer, Genpact Ltd.
A

Yeah. So, the only thing I'd add to that, first of all, let's level up the discussion a little bit. Our clients don't really come to us to buy Core Business Services or ATS really. These are just revenue classifications of the services and the products that we offer, right? They come to us to solve problems and run critical operations. We're working aggressively to agentify those operations, as BK just spoke about. So, when you think about it, we still continue to feel very, very good about the guide we put forth through this year and our long-term guide, which we articulated at our Investor Day, arguably, I guess it was in June of last year.

Bryan C. Bergin
Analyst, TD Cowen
Q

Okay. Understood. And my follow-up on bookings and backlog visibility. You highlight here record bookings, backlog growth and obviously strong pipeline still. Just at this juncture, how much visibility is that base providing you into 2027 growth?

Michael Weiner
Chief Financial Officer, Genpact Ltd.
A

Yeah. So, I'm not going to really talk about 2027 specifically. Let me just build up on how we're thinking about our guide this year and you can extrapolate that into next year. I think that would be somewhat helpful, right? So, as you correctly repeated, we had record bookings and backlog from just a tremendous first half of this year, right? So, if you think about it, because this will help perpetuate us into next year as well, we had 12 large deals in the first half. That's double what we had in the first half of last year, right? Add on to that the incredibly strong pipeline which we're working hard to execute on, right? So, we're seeing continued strength and demand across both Core and ATS.

With regard to the work that we're transitioning back to our clients, correct, that will manifest itself over the next four to six quarters with 2 points being affected full year this year, right? And I would also just continue to think through how the business continues to roll out and execute. So, again, we feel very good about where we are. We have good line of sight to driving these results for this year and then through into next year.

Bryan C. Bergin
Analyst, TD Cowen
Q

Okay. Very good.

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

Yeah. And I think if I was to add, there is a strong momentum building up in Advanced Tech, and Advanced Tech is also annuitized business, and therefore the flywheel from Core to Advanced Tech which lands into Agentic Operations is creating a pretty strong momentum and durable richer revenues.

Operator: [Operator Instructions] Comes from Maggie Nolan with William Blair. Please proceed.

Maggie Nolan
Analyst, William Blair & Co. LLC

Q

Hi. Thank you. Another one, maybe on the non-strategic work. Can you help us understand where these fall in terms of margins versus other offerings within your portfolio, and then maybe how that would show up this year versus next year? And then, is this process sort of complete for now?

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

A

Yeah. Maybe I'll take it. And, Mike, feel free to add. First, what you can see, Maggie, consistently with the 13th quarter of our gross margin expansion, I think that trajectory is not changing, that momentum is not changing. So, I think we are shaping the business, as I mentioned, with more durable and more richer revenues. And therefore margin profile, we are expecting the gross margin or AOI continue with the trajectory that we are talking about. And I think just more specifically, this is, again, a very small portion of our business that didn't stood the test of the three tests that we talked about. How do we create a durable value that can be easily replicated? Or does it provide a strong ROI, both for Genpact and obviously for our clients? And is it aligned with large fast-growing market and an expanding TAM? And these are, again, a very small portion of our business, as I mentioned, small portions of content management or some of the commoditized contact center play, which is what we are walking away from.

Maggie Nolan
Analyst, William Blair & Co. LLC

Q

Understood. And then as we get comfortable with sort of the new Genpact with new pricing models, I'm wondering if you can help us better understand on the agentic workflows what happens to pricing and margins as token prices increase and how that impacts your ability to drive margin expansion?

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

A

Yeah. So, maybe I'll quickly take that again. Agentic Solutions, one, we are leveraging the scale and these are not bespoke agents that we built. And I think that's a very, very important distinction versus what you see elsewhere, and because there's a component of a compounding learning within the solution set and the scale from an economic perspective as well. And these are annuitized recurring revenues with minimum volume commit. So, there's a floor on the revenue we earn, and then upside our client expands use cases or add agentic workflows. And obviously, very high retention, multi-year and far more stickier relationship.

And again, from a margin standpoint, structurally we expect to gain from both sides of the equation technology cost decline over time, as compute advances. We own the stack, so efficiency gains flow to us and then labor cost decrease as agents handle more of the workflow. And humans are brought only for high judgement situation and not for volume processing.

As far as tokens economics is concerned, it is also how we are building the architecture that allows dynamic switching, model flexibility without any client disruption, and I think there is a strong, I would say, token spin-offs that we have. So, we procured well. There isn't overall under-provisioning or what have you. So, feel really good about as to where we are taking the company.

Maggie Nolan
Analyst, William Blair & Co. LLC

Q

Very thorough. Thank you, BK.

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

A

Thanks, Maggie.

Operator: Our next question is from Surinder Thind with Jefferies. Please proceed.

Surinder Thind
Analyst, Jefferies LLC

Q

Thank you. BK, when we think about the Advanced Technology Solutions segment and the acceleration that we've seen there in the work or the revenue growth, can you maybe talk about, like when I think about the Agentic Solutions that are available, how much of that is being driven by just more products that you have, more services that tie into that business line item versus what I would call just accelerating demand for an existing product set of sorts. I'm just trying to understand that as you build and create more Agentic Solutions, should we expect to see Advanced Technology Solutions continue to maybe accelerating rate growth rate? Or how do we characterize or understand the context from what the current growth rate is and maybe the sustainability of it?

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

A

Yeah. Short answer, yes, you should expect it to accelerate. And I think it is the flywheel effect that we are talking about, and the flywheel builds actually from the strength of our core, the deep process intelligence, domain expertise, decades of operational excellence. And then that brings in process, data, enterprise, technology, all of that together in a room. And then we own the driving chain management at the client end as well. It also opens up new workloads for us. And we are moving from just running client operations to getting to own the entire part of transformation for them, be it the foundational work or the data modernization, enterprise architecture as I mentioned, and therefore building these scale Agentic Solutions that will create the exponential effect as we go along. So, yes, you should expect that this acceleration will continue and it is firing across all the components.

Michael Weiner
Chief Financial Officer, Genpact Ltd.

A

If I can just add one thing to that, BK. When you talked about Advanced Technology Solutions revenue in the quarter grew 24%, right, and so the $360-ish million, very little of that is agentic-related revenue while we talk a lot about the bookings. So, that's going to just support the growth, particularly on a go-forward basis. We're very pleased with the Agentic bookings and we laid out – we're looking forward to that getting to about $1 billion this year.

Surinder Thind
Analyst, Jefferies LLC

Q

That's helpful. And then, BK, over the last couple of years, the partnership sourcing revenues have been an important part of this strategy. Can you maybe provide a bit more color there, maybe in terms of there's some commentary in the prepared comments. Like when you think about the bookings that you're realizing now, how much of that is coming through your partners and maybe how does that compare over the past year, and how we should think about it on a go-forward basis?

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

A

Look, partners are an integral part of the flywheel, and I constantly believe that you could be anybody, but all solutions don't exist in just any four wall even if you are a coolest model company. And therefore, the tech and partner ecosystem is integral to how you bring value to clients. And we have invested heavily here. And I think I'll say we are in the early stages of the journey and there's a significant opportunity ahead. And if I give you a very quick example, in a recent case for our supply chain where we partnered with ServiceNow, this is for a leading energy equipment manufacturer, and they wanted to transition heavily-customized legacy platform into a new domain-specific platform that is supported by ServiceNow. And they chose Genpact to drive that transformation, where we built the data model, standardization, governance, workflows, almost 100 segmented workflows got integrated, and a lot of customizations that we resolved and then built a future-ready platform. Now, all of this was a combination of our supply chain domain expertise and a strong relationship with ServiceNow. And all of this is showing up in our results and actually, hopefully, in their results, too.

Surinder Thind
Analyst, Jefferies LLC

Q

Thank you.

Operator: Our next question is from Sean Kennedy with Mizuho. Please proceed.

Sean Kennedy
Analyst, Mizuho Securities USA LLC

Q

Hi, everyone. Congrats on the results and for taking my questions. I wanted to ask if you're seeing any incremental pressure from customer in-sourcing trends or crowding out to the AI token infrastructure spend as some of your peers are experiencing? Thank you.

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

A

Thanks, Sean. Look, I think, overall, all of this is rooted into the strategy as to what we are driving and how we are wanting to shape the future of this company. If I think about where our clients prioritizing their engineering resources, it is more of the harder problems that is hard to their company strategy. As an example, for a pharmaceutical company that is sitting in a how do they develop a new molecule or a food or beverage company that's kind of what is the next best drink or the next best brand that they can bring to the market. And for running mission-critical operations, finance, HR, supply chain,procurement, which is core to Genpact, that's where we are taking the company. That's where we are bringing in all of these Agentic Solutions that our clients are taking in a significant way.

Sean Kennedy
Analyst, Mizuho Securities USA LLC

Q

That's great to hear. And then, for those Agentic bookings, are you seeing particular success with any specific type of customer?

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

A

I would say it is actually across the board, including new. And we are capturing the new TAM, as we mentioned, that we expect greater than $1 billion of booking just in agentic and with no agentic washing, sold as annuitized recurring revenues, greater than 50% of it is from newer clients. And also, we are rotating our existing clients, and that's based on the domain and industry-specific expertise that we have, that we are bringing our new and existing clients and capturing the TAM. So, Core gives us this right to win. And that is the reason we have built the strategy that we talked about. And it is therefore building a very long runway in clear chosen areas of our domain industry expertise. And the client trust is building further.

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

A

Q>: Great. Thanks so much.

Sean Kennedy
Analyst, Mizuho Securities USA LLC

Q

Thanks.

Operator: [Operator Instructions] It comes from Puneet Jain with JPMorgan. Please proceed.

Puneet Jain
Analyst, JPMorgan Securities LLC

Q

Hi. Thanks for taking my question. I also wanted to follow up on this non-strategic portfolio. So, are these contracts typically – like, do these contracts typically stem from standalone client relationships? Or are these the processes you service as part of larger clients? And where do you think, like, the work that's transitioning away will go? Will it go to any of your competitors or clients are taking them in-house?

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

A

Yeah. I would say it is more one-off contract that we have had, but I'll first step back and just ground you, Puneet, and thanks for asking that. Look, the investments that we've been making for last couple of years, that has created this incredible opportunity to participate across more parts of clients' end-to-end operation and transformation journey. And at the center of this flywheel that we are building is applying Advanced Tech to Core, that drives these Agentic Operations long term. And we are doubling down there and continuing to partner with clients more broadly, more deeply.

Now, having said that, there are certain parts of – where it is more one-off, I'll call it a little bit undifferentiated tail, which is not connected to the transformational work we do. Commercial is only tied to maybe per hour basis, not wanting that. And I think that's where – and it's a very small portion of our book, and therefore shaping the business to become far more durable, far higher quality, structurally higher margins for long term.

Puneet Jain
Analyst, JPMorgan Securities LLC

Q

Got it. And can you share more details on the timelines of this transition? Like, when did you engage with clients to kick-start this process and when will these 2 points will advance, like when will that kick in? Like, has that already kicked in in 2Q and continuing in second half or will that happen sometime in 3Q or 4Q?

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

A

So, Puneet, so maybe I'll take the first part. Mike, you can take the timing portion of it. And I think, one, you should know that we are a pretty active and intense company, so constantly are talking to the clients. And as we build these strategies, we are not built in vacuum. We are built by validating a lot of these questions with the clients, too. So, it's a constant dialogue that we are having with the clients.

And I think, just from a timing standpoint, Mike.

Michael Weiner
Chief Financial Officer, Genpact Ltd.

A

Yeah. So, the way I would kind of think about it is from a perspective standpoint, right, we'll be transitioning that work over the next four to six quarters. And I think we've quantified the impact from a points perspective of 2 points for the full year impact for 2026.

Puneet Jain
Analyst, JPMorgan Securities LLC

Q

Got it. Thank you.

Operator: Our next question comes from David Koning with Baird. Please proceed.

David John Koning
Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Hey, guys. Great job. One thing that I noticed in the supplemental materials, employees were down maybe a couple percent sequentially, I think a few percent year-over-year. And it's really impressive. You're growing revenue, 7%, employees down 3%. So, you're getting, I guess, 10% efficiency growth. We haven't seen anything like that in years. And just wondering, maybe the dynamics of that, I assume that's driving margins, et cetera. And I saw attrition also ticked up to the highest level in a handful of years. And, if any, that's forced attrition or voluntary? But just maybe that whole dynamic.

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

A

Thanks, David. I'll take that. Look, I think we are taking a very disciplined approach to head count, but I won't say that we are at any inflection point. I'll just say we are getting started and we are making significant investments in Advanced Tech, and we'll continue to do that. I'm really proud how the team is driving change and reskilling our workforce at scale. And as we said June last year, the longer term, we do expect revenue and head count growth to decouple. I would say we are still in the early stages of that becoming a leaner, highly productive talent base that is powered by solution, not some linear hiring. So, early signs of leverage, but pleased that we are making that progress.

Michael Weiner
Chief Financial Officer, Genpact Ltd.

A

Yeah. Just one other thing to add on to it. So, you heard in BK's prepared remarks, when we think of our ATS revenue, right, and you talk – think about it, and it's growing, as we just said, this quarter, 24-ish-percent, that revenue cohort, revenue per head count is double, right? So, that continues to leverage up, that's going to continue to support that decoupling when we get to whatever that inflection point might look like.

David John Koning
Analyst, Robert W. Baird & Co., Inc.

Q

Yeah, that's helpful. And then just as a follow-up. What prohibits or what type of work would never leave CBS, like maybe examples or even like what percent of the pie? Like, you run about $4 billion or so run rate, but is $1 billion of it could never, ever be moved because of a reason? Or maybe just talk through that to.

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

A

Yeah. I think maybe how I'll respond to that, David, is that whenever we are onboarding, we talked about now we have onboarded dozen large deals that we will be onboarding as we go along, clients need foundational work to begin with. So, while some of it might be leaving in kind of where clients want to go, a lot of foundational work first starting at the bottom of the flywheel, if you will. And a lot of foundational work that we need to do being the data work or the process foundational work that we need to do.

And therefore, Core is also a bucket that constantly fills, is also an element. Now, we are building solutions where we want to take the clients more quickly to Advanced Tech. But it also depends upon what is the starting point of a client, and a lot of time the starting point for the clients need some of that foundational work, which is Core.

Michael Weiner
Chief Financial Officer, Genpact Ltd.

A

Yeah. So, if I can just add one thing, BK, if you don't mind. So, if you think about when – again, if we think about it from a higher level strategic perspective, we're developing, we're becoming an agentic operating company, right? So, we're just not sitting still, right? We're developing products identified to continue to transition that work into more meaningful business models for us and for our customers. So, that will continue to evolve, not just quarters and years, and that's really the hypothesis on everything that we're doing here, on how we're pivoting this company. And again, early days, but signs are quite positive.

David John Koning
Analyst, Robert W. Baird & Co., Inc.

Q

Great. Yeah. Thanks, guys.

Kyle Vikström
Head-Investor Relations, Genpact Ltd.

A

Thank you.

Operator: Our next question comes from Nate Svensson with Deutsche Bank. Please proceed.

Nate Svensson
Analyst, Deutsche Bank Securities, Inc.

Q

Hey, thanks for the question. BK, I wanted to talk about the 70% x 70% framework you mentioned in your prepared remarks. So, ATS more than 70% annuitized revenues and more than 70% non-FTE commercial models. I guess I'm interested in maybe kind of the 30%, 30% portion of that book. So, those projects that aren't annuitized or are still using FTE models, could you maybe give some more color on why clients may be anchoring towards those legacy structures? Is it inertia? Are they pushing back on pricing, something else? And then maybe going forward, can you talk about if 70%, 70% becomes 80%, 80% or 90%, 90%, I guess why or why not?

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

A

Yeah. Directionally, Nate, we are headed to far bigger than 2x, 2x, far bigger than 70%, 70%, you should know that. And it is already greater than that. Now, sometimes, and we see annuitized, sometimes there are projects which are eight months, nine months, four months, right, and they need to advise project on data strategy. So, it starts with a four-month project and the client is then thinking about what it is. So, there is a portion of that book also. And because that enables further annuity. But directionally, are we wanting this 2x, 2x, 70%, 70% to look much better numerics? The answer is yes.

Nate Svensson
Analyst, Deutsche Bank Securities, Inc.

Q

Got it. That's helpful. And then, Mike, in response to a couple of the other questions, you talked about the revenue headwinds associated from this shift lasting four to six quarters. I guess just thinking about that in light of the 3-point headwind for 3Q and 2 points for 2026, is that 3-point per quarter headwind kind of the right level to think about for the entirety of that four to six quarters? Or are there factors that push that higher or lower in the early stages of this shift? And then the related question, just on the offsets from kind of faster AFS growth, are there any dynamics for you to consider on ATS bookings and the timing of those that may impact the offsets? I'm thinking about things like ATS duration, how long the projects take to ramp, maybe they could be shorter, longer, faster or slower. Just trying to think about the moving pieces on the offsets as we think about overall growth for the company.

Michael Weiner
Chief Financial Officer, Genpact Ltd.

A

Yeah. So, I'll work my way backwards, Nate. So, ATS we raised our guide to 25% for this year, right? And it will continue to build off of that, right? So, we'll continue. And obviously, the pipeline, the bookings and all the momentum particularly on agentic as that starts turning into revenue, we'll continue to accelerate that growth on a go-forward basis.

And then going back to the last question we just got, we also talked about the durability and the quality of that revenue. So, that's one thing.

With regard to, ostensibly, how do I think of the four to six quarters? What – we've given you the numbers, by definition, for the remainder part of this year. We'll ultimately see how it pans out on a prospective basis in 2027, on how it calendarizes its way out. But I would continue just to elevate the discussion, really think about our guidance in totality. And so, also think about where our views were from we gave our longer-term views from our Investor Day back in June of 2025 of at least 7% growth.

Nate Svensson
Analyst, Deutsche Bank Securities, Inc.

Q

Thanks, Mike.

Operator: Thank you. Our last question comes from Bryan Keane with Citigroup. Please proceed.

Bryan Keane
Analyst, Citigroup Global Markets, Inc.

Q

Hey, guys. Thanks for fitting me in here. BK, just looking at that chart showing the ATS growth rates, kind of your expectations going from mid-teens to high-teens, at least 20%, now we're going to 25% or at least 25%. What surprised you there that the solution is resonating so much? What's reason why we're seeing the growth rates accelerate like that versus your original expectations?

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

I think what is positive surprise, Bryan, I would say, is how it is resonating with both existing, but more importantly new clients; and how we've been able to capture the new TAM in a number of instances. We picked it up from a few of our peers because we now have this Agentic Solution, which is more machine-processed and human-validated, wrapped in responsible AI. So, I think the traction that it is taking hold not only with our existing clients, but more importantly with new clients, is clearly helping. And then I think how the flywheel is shaping is another – we've been making these investments, and I think we'll continue to. But the shape of the flywheel and how the flywheel investments in data and AI investments, and last year we bought maybe – did the transaction of exponential that has gone exceptionally well, investments in partners that I spoke about. So, I think the combination of all of those things, everything is coming together. And that's why we are taking a little bit more bolder step ahead to move in the direction we need to go in any case.

Bryan Keane Q
Analyst, Citigroup Global Markets, Inc.

Yeah. And then just to follow on to that. Is there a way to think about win rates versus peers in the ATS book of business? Like, is it much higher than Genpact historically? And just trying to figure out, are you just taking share from some of the legacy providers for the ATS business?

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

Look, I think our moat is – we're just shaping further is process intelligence with rich context, and most of our – and that has come from running mission-critical operations where we are bringing operations, data, technology, architecture, people, our people, our clients' people, all of that together in a room, and that is showing up as a differentiator. That is showing up a big differentiator. This is what our clients are telling us. And then, a little bit one of the proof points is, 6 large deals in the first half of last year, 12 large deals first half of this year. And then, continued progress on gross margin is telling us the direction we are taking the company to.

Bryan Keane Q
Analyst, Citigroup Global Markets, Inc.

Great. Thanks for taking the questions.

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

Thank you.

Kyle Vikström A
Head-Investor Relations, Genpact Ltd.

Thank you.

Operator: And this will conclude our Q&A session. I will pass it back to management for final comments.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

Thank you all for joining today. And I want to extend my sincere gratitude to our employees around the world whose discipline and innovation keeps our flywheel turning. And most importantly, to our clients who are trusting Genpact as their partner on the journey on this Agentic-led transformation. And yes, to our shareholders for their continued confidence. This is our moment and we have so much more to come. Thank you. Operator: This concludes our conference. Thank you for participating, and you may now disconnect.