



Genworth®
Financial



Globalization

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Key Questions

What Has Genworth Financial Learned From Our Evolution Beyond Outsourcing to Globalization?

- Outsourcing's three generations
- Generation 1 and 2 limitations
- Differentiating outsourcing from globalization

What Are Key Globalization Execution Considerations?

Why Does Business Process Globalization Create a Sustainable Competitive Advantage?

Genworth Financial

**Help Individuals Succeed Financially
in a World of Shifting Burdens**

Home Ownership



**Begin Building
Equity...Sooner**

Protection



**Financial
Safety Net**

**Retirement
Income**



**Pay Check People
Can't Outlive**

Genworth Financial

Largest IPO of 2004

- 4th largest publicly traded life and health insurance company
- 15+ million customers
- 7000 associates in 24 countries

Key Product Leadership Positions

Global Operating Model

- Working with India since 1994
- ~30% of revenues outside of US

First Generation Outsourcing

Outsourcing is the Strategy

- Driven by ease, speed, cost
- Success is closing the deal

Second Generation Outsourcing

Outsourcing is a Tool

- Lifecycle approach



- “Sourcing” practices emerge
- Success is stable processes

Genworth's Outsourcing Generations 1 & 2



Single and Multi-Source Models

Managed Operational Risk

- Cost productivity and variable pricing
- Business continuity

Designed for Future Flexibility

- Infrastructure facilitates supplier migration
- Pre-negotiate exit and transfer rights

Financial Limitations

Financial Structure

- Model cost out
- And cost in
- Identify sources of real value

Cost of Flexibility

- New product and service capabilities

Risk Premiums

- Transaction based or headcount based pricing

Business Limitations

Brand Experience

- Differentiation challenges
- Associate conflicts

Conflicting Business Strategies

- Natural paradox

Innovation and Intellectual Property

Third Generation Outsourcing

Globalization is the Strategy

Business Processes are Competitive Weapons

- Sustainable advantage is the goal
- Success is business growth

“Virtual Captive” is the Approach

- Solves for limitations
- Delivers adequate scale
- Drives mutual growth

Globalization Versus Outsourcing

Outsourcing

Globalization

Business Model

Vendor

Virtual Captive

Planning Horizon

1 – 3 Years

5+ Years

Footprint

Regional

Global

Globalization Versus Outsourcing

Outsourcing

Globalization

Process Model

Transferred

Integrated

People Expertise

Horizontal

Deep Vertical

Career Paths

Unclear

Fully Developed

Genworth's Globalization Vision

Global Intellectual Capital

- Growth capacity
- Ideas

Leverage Time Zones

- Speed
- Service differentiation

Service Global Customers and Markets

Fund With Near Term Labor Arbitrage

Genworth Globalization Example

India is the Night Shift



Process Built on Robust Globalization Foundation

- Culture, organization, process excellence, leadership

Culture

Awareness

- Holidays, sports . . .
- Pictures, videos . . .
- Travel experiences . . .

Link to Employee Experience, Value Relationships

Focus on Careers

- Competency models
- Career paths
- Job descriptions

Organization

Integrated Teams

Operational Communications

- Shift practices
- Operating reviews

Foundational Knowledge

- Formal training
- Informal sharing

Practice Development

- Creating global translations

Process Excellence

Process Management Disciplines

- Process based accountabilities
- Critical measurement system
- Values linkage

Complete Process Toolkit

- Operating . . . LEAN, Debrief
- Improving . . . WorkOut, Six Sigma, CAP,
- Building . . . DFSS, Innovation

Teams of Experts

- Senior Change Program Leaders
- Mid-Career Project Leaders
- Technical Experts

Leadership

Global Team Responsibility

- Communicate broadly with new tools
- Shift management mindset
- Shared goals and rewards

Technology Strategy

- Utilize benefits to fund ~24X7 capabilities
- Requires distributed worker approach

Creates New Leadership Paradoxes

- Act simpler with more complex operations

Critical Tool - Resource Models

Model All Resources

- Associates
- Global development on-shore and off-shore
- Domestic contractors and expert consultants

Three Year Projections

- Positioning for change

Visible and Inclusive Planning Process

Critical Tool - Global Process Design

Requires Top Down Vision – “Project Daylight”

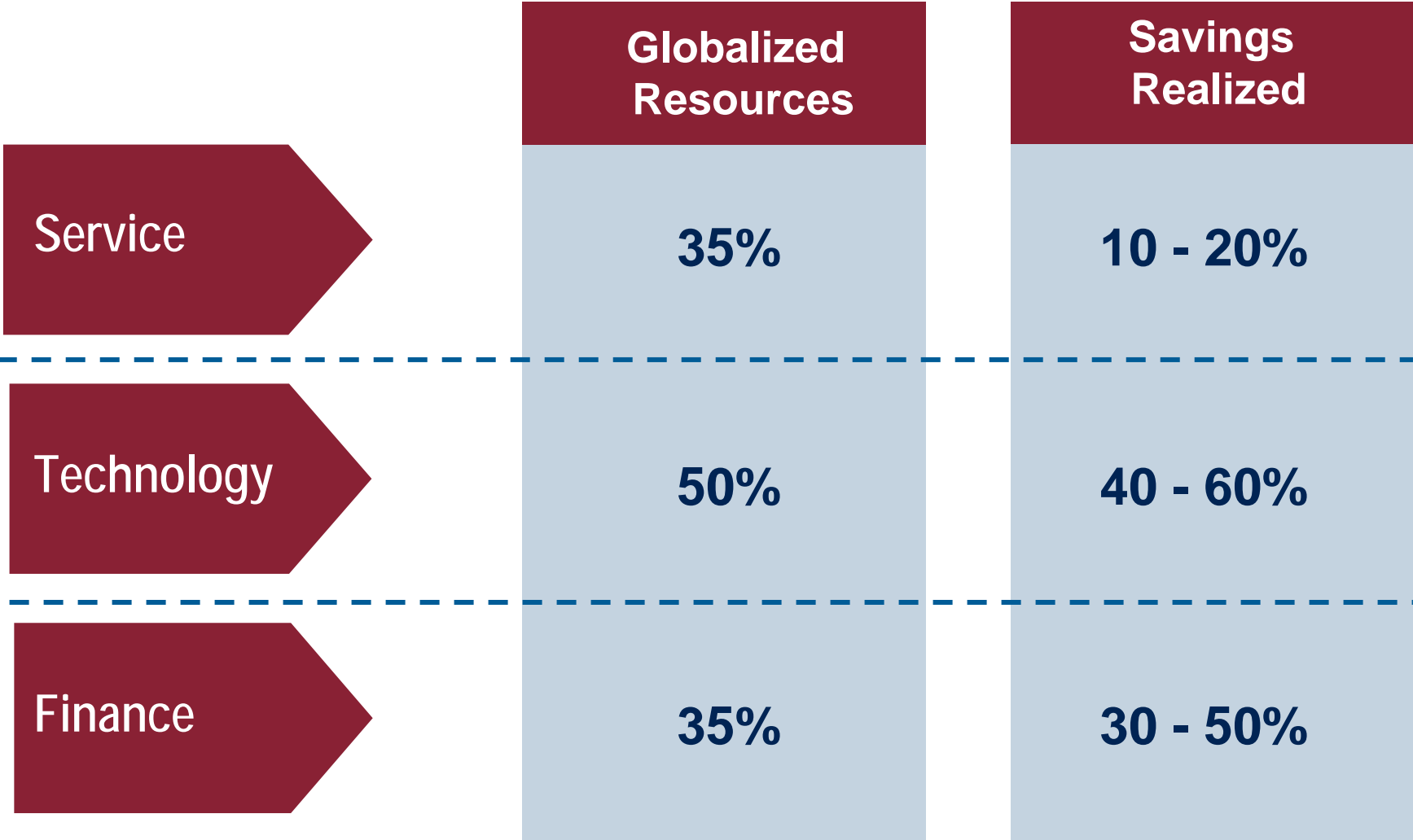
Solves for the Human Aspect

- Night work is not sustainable
- 80% day work goal
- Daytime broadly defined

Requires Transitions

Applicable to All Processes

Genworth's Globalization Results



Additional Globalization Benefits

Improved Customer Service

Global Scale

Strong, Experienced Teams

- Managed attrition

Global Best Practices and Innovations

Reduced Operational Risk

Successful Globalization Strategies

From

To

Goals

Labor Arbitrage

Sustainable Competitive Advantage Processes

Footprint

Low-Cost Regions

Globally Positioned

Capabilities

Service, Technology, Some Finance

Full Functional Support

Scale

Defined Locally

Defined Virtually Around Core Centers

Successful Globalization Strategies

From

To

People & Expertise

Some Industry Knowledge

Deep Industry Expertise

Attrition

30-45+%

<15%

Legal and Compliance

Local Compliance

Global Standards and Philosophy

Operational Planning

Basic Capacity Planning

Manufacturing Standards

Summary

Globalization is the Strategy

The Goal is Sustainable Competitive Advantaged Business Processes

Multiple Paths to Success

- Put people first
- Plan for sustainability
- Learn to manage new paradoxes
- Maintain a clear, inclusive vision