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IT-Enabled Services (C): GE Capital International Services

GE Capital International Services (GECIS) was established in October 1996 in Gurgaon, India as a wholly-owned subsidiary of General Electric Capital Services. The organization was established following an internal study which revealed that as much as \$10 billion in overhead costs were potentially “outsourcable.”

Raman Roy, who founded GECIS and managed it until mid-2000, recalls:

As you might imagine, this [the \$10 billion figure] really bothered Jack Welch. His solution was to start moving labor-intensive activities to low cost geographies—and there aren’t many places cheaper than India. GE recruited me out of American Express, where I had set up their captive operation in 1994.

We initially focused on migrating non-voice BPO work to India. We started with GE Auto Finance, which imaged loan and vehicle documents. We were responsible for data entry, database maintenance, and record keeping. After our initial success, we were quite aggressive about taking on more and more activities. Over the first half of 1997, we took on basic credit analysis, underwriting, loan dispersal, and posting payments. When we added voice capability in late ‘97, we took on customer support and delinquency calls. Within 12 months, we had created an end-to-end process, and GEAF was saving 60-70% on migrated processes. The lesson was that, if you take bite-size chunks and focus obsessively on execution, you can move many, MANY processes abroad. Much more than anyone imagined.

Things really took off when we added a satellite link in early 1998. Jack (Welch) started talking us up and pushing managers to take out huge chunks of overhead. For most, GECIS was the only game in town. We quickly began migrating transactions processing and voice support from all over the company. We were hiring about 150 people a month and my biggest problem was getting them all trained. By mid-1999, GECIS had grown to 4,000 people.

The CRM and BPO activities were growing rapidly, but the value proposition and operating issues were fairly straightforward for both. Our biggest challenge was hiring people, training them, and executing. Much of this could be delegated. I was much more interested in figuring out how to move up the value chain—thinking about how to move core functions abroad. Why be the back office when my people were just as talented as those anywhere in the organization.



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