


Our Take

# India's global capability centre market: Six imperatives to scale up further

October 2023







With India fast becoming a powerhouse of global capability centres (GCCs), **Rajesh Ojha** and **Vivek Prasad** examine the growing footprint of these centres and recommend ways in which they can innovate, build trust, transform business and align with the requirements of the recently released Digital Personal Data Protection Act, 2023.

An investment services group wanted to set up an in-house capability centre. The group needed a partner with strong knowledge of the GCC landscape in India and the capability to deliver a range of solutions around location assessment, facility and real estate, recruitment, HR policy and compensation, and payroll.

Our team worked with industry partners in real estate and recruitment to set up the GCC, benchmarked compensation for the client in accordance with industry standards, and offered recruitment support and payroll management services.

**Outcome:** The client was able to find a one-stop solution for an end-to-end GCC setup that capitalised on local market knowledge.

In the last couple of years, more than 150 multinationals have set up their GCCs in India.<sup>1</sup> Today, India is at the heart of the GCC growth momentum, but its offshoring story dates back to 1985 when Texas Instruments set up its office in Bengaluru.<sup>2</sup> In the 1990s, other companies followed suit with many airlines and technology companies starting their operations in India. Originally called ‘captives centres’, they have, over the years, come to be addressed as GICs (global in-house centres) or GCCs (global capability centres). In 2012, there were about 760 GICs operating out of India. In 2016, that number went over 1,000. Today, India houses over 1,600 GCCs. By 2025, the country is poised to have 1,900 such centres with the market size touching USD 60 billion.<sup>3</sup>

While these GCCs have been performing a variety of functions for their parent organisations and have grown significantly in number, headcount and stature, the needle has moved considerably over the past three decades or so. Consistent performance and a commitment to shared goals have helped GCCs build trust with all their stakeholders, including their parent companies, for long-term success and growth. As a result, silos have been broken, global roles are being anchored from the India offices and business has been flowing seamlessly across borders.

Today, GCCs operating across all service lines – IT services, BPO, engineering services and software product development – have gone up the value chain by delivering complex work requiring significant understanding of business context and imperatives. They have made a mark in key industry verticals such as banking and financial services, software, telecom and semiconductor with growing concentration in aerospace, automotive, oil and gas, healthcare and pharma.

1 June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint

2 Press release

3 June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint

## GCCs in India: The journey in numbers

**1,600+**

is the total number of GCCs in India, 65% of which are headquartered in the US.

**Of the 1.66 million+**

talent employed by GCCs, Bengaluru accounts for 42% of the total ER&D talent.

**Of the 11.4%**

CAGR of GCC market size, 42% of the GCCs were in the product hub state in FY22.

**Of the USD 46 billion**

GCC market size in FY 2023, ER&D alone has a market size of USD 25.6 billion.

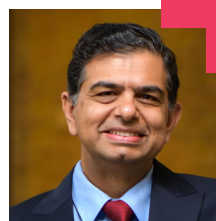
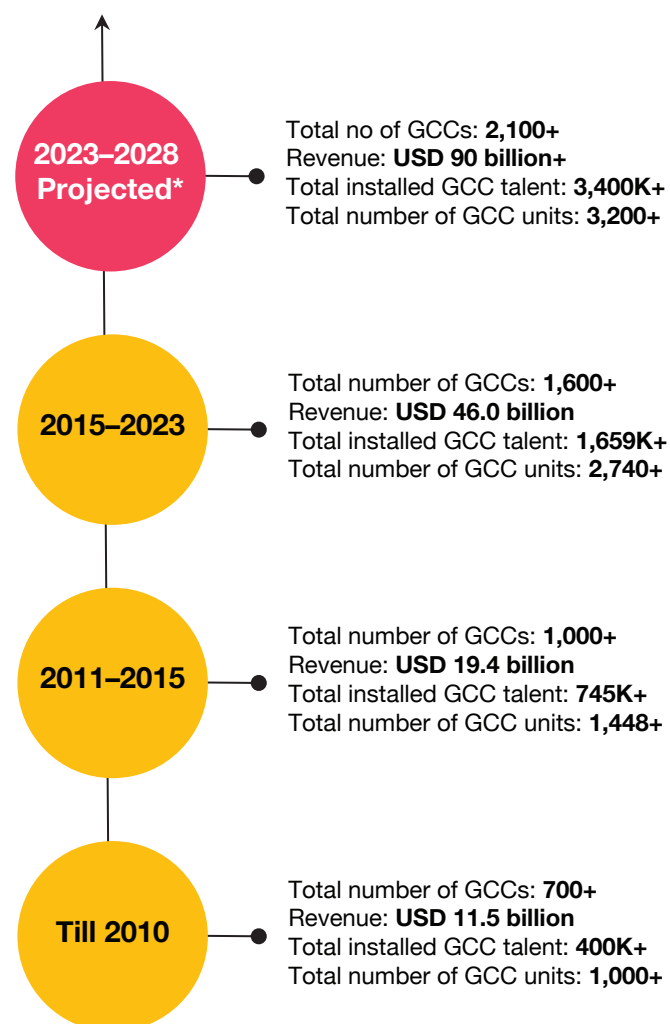
**960+**

GCCs work with a functional shared services model. IT, HR and F&A are key functions driving workloads.

**42%**

of the total talent added in the last two years was in ER&D which has been growing at a CAGR of 10.7%.

Source: Nasscom & Zinnov. India-redefining-globalization-blueprint, PwC analysis



**Sanjeev Krishan**  
Chairperson  
PwC India

“ India has shown tremendous growth in the GCC space over the last few years, moving from cost arbitrage to driving technological advancements and leveraging emerging digital capabilities and there is even more potential to be explored. With our rich ecosystem of people and technology, India has emerged as a transformation hub presenting immense opportunities for global investors. As an organisation, we are committed to creating value and positioning India at the heart of growth and innovation. It is our constant endeavour to pilot change, channel the best practices through the Indian GCC ecosystem and provide the best solutions to drive exponential growth for our global clientele. ”

Source: Nasscom & Zinnov. India-redefining-globalization-blueprint, PwC analysis

The good news is that the growth of the global sourcing sector has ensured the metamorphosis of GCCs into centres of excellence (CoEs), profit centres, programme management offices and an innovation hotbed for emerging markets. New GCCs are being set up to add latest capabilities to their global portfolio (beyond cost and scale) which, in turn, is enabling local market expansion for the parent firm and is helping them in managing strategic local partnerships. What's more, some of the disruptive changes such as digital, big data, analytics, mobility and cloud computing enable them to enhance value by creating a unique proposition for the parent firm.

This article examines the current state of the GCC industry in India, the country's burgeoning potential and offers recommendations for companies that consider GCCs as a strategic lever for their business and operating model.

## Current trends in the GCC landscape

### GCCs are focused on value creation in the post-pandemic world

The COVID-19 pandemic, coupled with inflation and geopolitical tensions, provided a significant flip to the GCC industry in India. After the pandemic, the share of services exports in India's GDP rose sharply, with the highest growth witnessed in business services exports between FY20 and FY23.<sup>4</sup> This increase in business services exports can be attributed to the sudden proliferation of GCCs in India.<sup>5</sup> The Russia-Ukraine conflict and global inflation exerted pressure on wages, encouraging global players to look towards India to set up their back office operations to balance their cost model.<sup>6</sup>

Fast forward to 2023, GCCs are no longer viewed as mere back-office support for multinationals; instead they are key to building global solutions and generating additional revenue streams. The following instances highlight how GCCs are driving value for parent organisations:

- An insurance company has repositioned its India GCC to drive new digital capabilities. PwC India is assisting the GCC with its digital transformation journey by helping it implement automation and data governance best practices, and developing new capabilities in artificial intelligence and machine learning.
- Another insurance company has set up a GCC technology hub in India that will develop digital solutions in the insurance domain to cater to the countries that it operates in.

### Partnerships with start-ups to support global technology needs

GCCs are leveraging India's strong engineering research and development (ER&D) service provider community, its mature start-ups, and peer-GCC ecosystem.<sup>7</sup> They have established more than 15 incubators, over 40 accelerators, and multiple partner programmes to drive collaboration with Indian start-ups.<sup>8</sup> Healthcare and pharma GCCs have seen an increased partnership with start-ups and academia to access newer technology. The GCCs have explored various forms of collaboration such as innovation labs, hackathons and start-up incubators.

In 2020, a healthcare GCC launched a digital innovation hub in the southern part of India to engage with start-ups and innovators who are passionate about healthcare. Another of its innovation hubs engages with start-ups to provide solutions in automation and talent intelligence.

PwC India has also enabled GCCs to collaborate with start-ups on emerging technologies. The team helped a financial services group to set up an accelerator-cum-co-creation platform to engage in partnerships with start-ups.

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4. Department of Economic Affairs

5. Ibid.

6. Ibid.

7. Nasscom report

8. Ibid.



## GCCs are tapping the talent pool in Tier-2 cities

India has significantly enhanced its infrastructural and technological capabilities, besides creating a superior talent pool which can leverage these capabilities. In fact, the rise of GCCs in India is a testament to the country's vast technology talent pool and the enabling environment for digital innovation.

With about 1.5 million engineering students graduating annually,<sup>9</sup> the country has positioned itself as a global magnet for tech talent and a prime destination for foreign companies that are willing to set up shared services centres. At 21.1%, the demand and supply gap in India's tech talent is the lowest among the top tech countries, including the US, China and the UK<sup>10</sup> and GCCs are taking note. Out of over 1,600 GCCs in the country, nearly 78% have established operations in India to augment or create a superior talent pool.<sup>11</sup>



**Sanjay Tolia**

Chartered Accountant  
PwC India

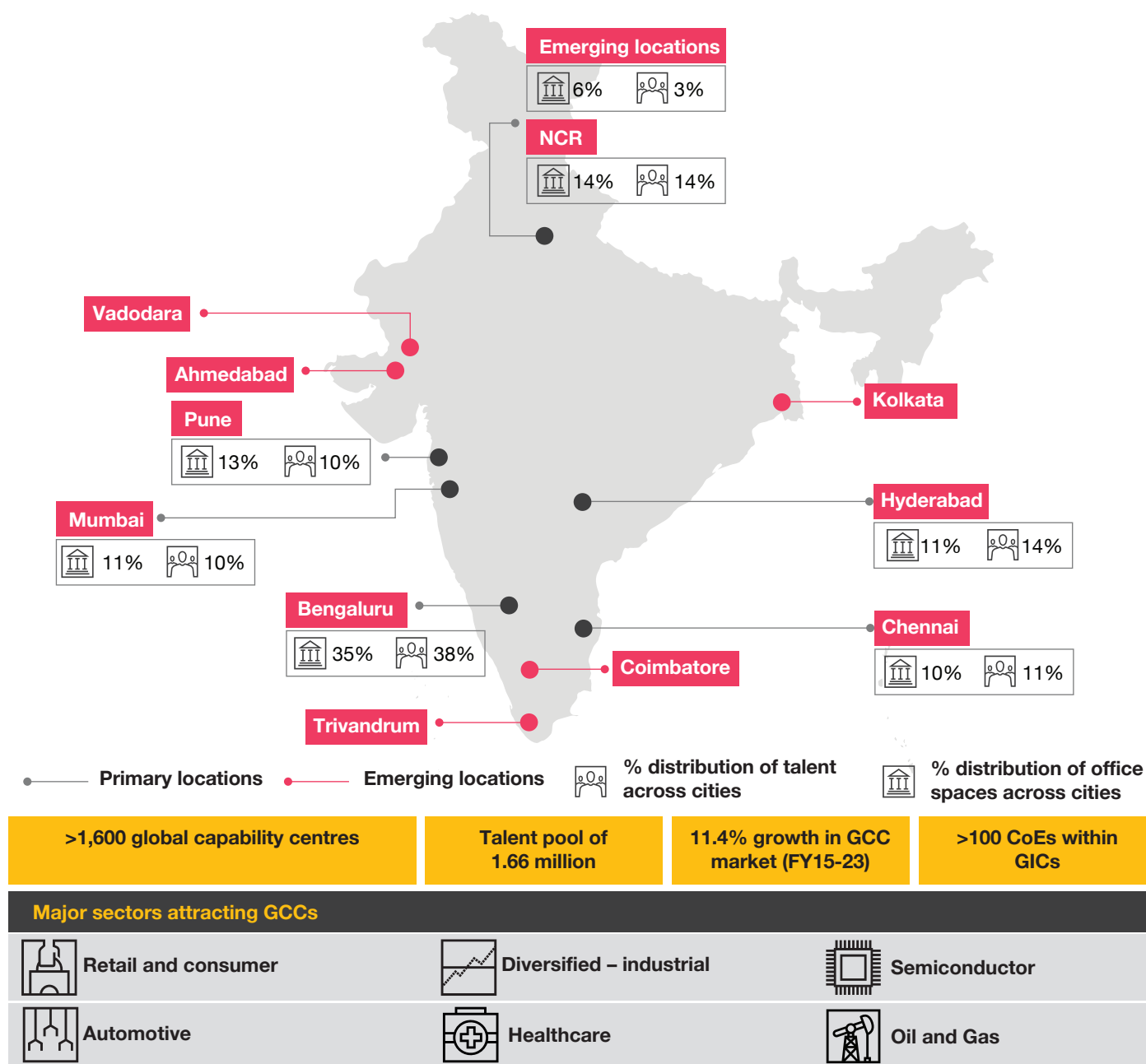
“ Tax is like a coin with two sides; on the one hand, it is a mandatory social contribution and on the other, it is a cost like any other cost. Businesses therefore have to balance paying their fair share of taxes while optimising their tax cost. GCCs can play a large role in helping businesses balance both the aspects. Centralising global tax compliance in a GCC enables the parent organisation to manage it in a consistent and timely manner, including usage of data analytics for business insights aligning with the tax strategy of the group. Moreover, centralising the same in a GCC brings in cost efficiency using the right mix of location and emerging technologies that are embedded within and around the ERP system. Partnering with a trusted advisor from the start could help in proactively planning and aligning tax strategies with a GCC's business objectives and global policies. ”

<sup>9</sup> Bloomberg

<sup>10</sup> Nasscom, February 2022. India's tech industry talent: Demand-supply analysis

<sup>11</sup> Indian GCCs to create 3.64 lakh jobs

## GCC proliferation across India



Source: NASSCOM and PwC analysis based on inputs from IT park developers and the IT/ITeS industry

The country is also among the top three in the world when it comes to producing the highest number of science, technology, engineering and math (STEM) graduates every year.<sup>12</sup> Its ER&D sector has evolved from providing only engineering support to end-to-end ownership of product development initiatives. According to NASSCOM, at 56%, ER&D holds a major share in India's GCC revenue pie with widespread digitisation and cloud adoption as its key growth drivers.<sup>13</sup>

12. GICs In INDIA – The dream destination for centers of excellence

13. June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint



This comes even as 8% of GCCs are expected to double their workforce in 2023, creating approximately 364,000 new jobs.<sup>14</sup> These jobs are unlikely to be confined to metro cities as GCCs are increasingly focussing on Tier-2 cities where government initiatives have resulted in improved infrastructure, real estate costs are lower, and skilled talent is available. While 92% of GCCs are in Tier-1 cities, the preferred Tier-2 destinations for GCCs include Ahmedabad, Kolkata, Vadodara and Coimbatore.<sup>15</sup> Other cities like Jaipur, Nagpur, Kanpur, Visakhapatnam, Chandigarh, Guwahati, Indore and Lucknow are also drawing the attention of GCCs. Bengaluru, Hyderabad and Chennai are the top choices for GCCs, owing to the availability of a talented workforce and the presence of a conducive ecosystem. At least 35% of GCCs have some presence in Bengaluru while 14% are based in Delhi/NCR, 13% in Pune, 11% in Mumbai, 11% in Hyderabad and 10% in Chennai.<sup>16</sup>



**Rajesh Ojha**

Partner and Leader - GCC Markets  
PwC India

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The boundaries between GCCs and their headquarters are being redefined rapidly, with GCCs taking on a central role in driving innovative business capabilities that enhance the value of the company's products and services. At present, GCCs in India account for more than 1% of the country's GDP and the share is expected to grow further. It's also enhancing the digital literacy initiative and prompting states to adopt GCC business-friendly policies. GCCs are reinventing themselves to become profit centres through proprietary products and services, and there is a growing emphasis on transitioning towards result-oriented organisational structures within GCCs. These GCCs are pioneers not only in India's tech ecosystem, but they are also venturing into tax, legal, marketing and procurement, and other core function areas while extending their operation in Tier-2 and Tier-3 cities, further fostering India's economic growth.

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14. Ibid.

15. June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint

16. Nasscom and PwC analysis



## Favourable policies by state governments for GCCs

Various Indian states are undertaking a multi-pronged approach to boost the GCC ecosystem by identifying high potential industries. These policy interventions are addressing the need for fostering high-end talent and boosting a research-oriented ecosystem. The policies aim to leverage the presence of the prevailing industrial ecosystem and IT/information technology enabled services (ITeS) industry, as organisations are investing in open innovation platforms and setting up digital enterprises to support their digital transformation journey.

### States in India are adopting a multi-pronged approach to attract GCCs through sectoral policy interventions, fostering high-end talent and boosting a research-oriented ecosystem



**Sector focus and ICT policies targeted** towards R&D, talent and infrastructure developments

- **Fiscal subsidies:** Land-related, IT park, additional FSI provision, training/employment, CoE CapEx, industrial power tariff



**Spoke-shore strategy** towards Tier- 2, 3 cities, foster R&D and tech-ready talent through academia and industry participation

- **Beyond Bengaluru initiative** (Mysuru, Hubballi, Mangalore), incubation parks in automobile clusters of Nashik, Aurangabad
- **Emerging locations** – Coimbatore, Vizag, Cochin, Jaipur



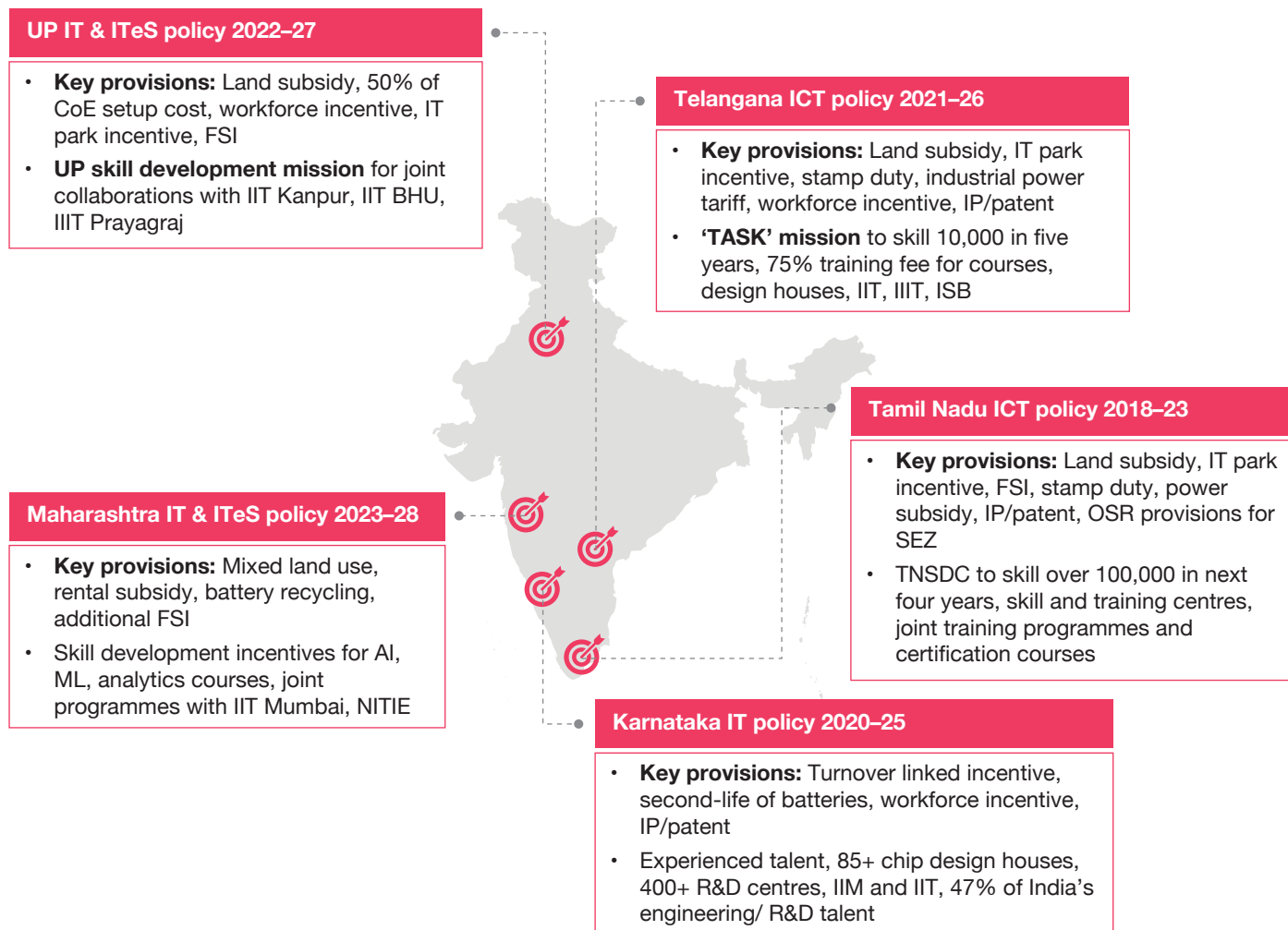
**CoE engagement with industry/start-ups,** innovation and product development for GVC integration and new revenue streams

- Heavy CapEx on R&D, IT/startup ecosystem and innovation parks in proximity to Auto, EV and electronics clusters
- **Karnataka digital economy mission (KDEM),** T-Hub, Hyderabad, mega electroprenuer centre (MEC), Chennai

Source: <https://karnatakadigital.in/about-us/>







**Source:** UP policy, Karnataka policy, Tamil Nadu policy, Telangana policy, PwC analysis

State governments of Karnataka, Telangana and Tamil Nadu have launched research and development (R&D) policies to accelerate the GCC landscape of sectors such as auto and electric vehicles, electronics, pharma and life sciences in the states. These policies aim to develop innovation hubs in the states by leveraging the existing industry presence, and the academic and R&D ecosystem. For instance, Telangana contributes to over 30% of India's pharma production and is home to more than 1,000 life sciences companies and over 200 FDA approved sites for producing both innovator and generic medicines.<sup>17</sup> In order to shore-up the product-innovation capabilities with a targeted focus on R&D and drug discovery, the state is promoting the Genome Valley and MedTech Park – organised clusters for life sciences R&D and clean manufacturing activities, with industry-relevant infrastructure facilities in the form of knowledge parks, special economic zones (SEZs), multi-tenanted dry and wet laboratories, and incubation facilities.

The Karnataka Digital Economy Mission (KDEM) aims to increase the state's contribution to India's digital economy to USD 300 billion by 2026<sup>18</sup> by enabling holistic growth of the tech sectors — IT, ITeS, GCCs, enterprise performance management (EPM) companies, and start-ups – by deepening partnerships with industry players and developing tech clusters beyond the state's capital to achieve higher contribution. Consequently, leading technology companies have started their operations in Mysuru, Mangaluru and Hubballi clusters, generating employment for more than 5,000 people. To drive this further, KDEM is enabling digital jobs across artificial intelligence, analytics and cyber security under the 'Beyond Bengaluru' initiative.<sup>19</sup>

17. <https://lifesciences.telangana.gov.in/wp-content/uploads/2020/12/Telangana-Life-Sciences-Vision-2030.pdf>

18. <https://karnatakadigital.in/about-us/>

19. Ibid.

Furthermore, there is a paradigm shift in the way governments are envisaging the development of Tier-2 and Tier-3 locations as emerging destinations for technology and innovation centres.

In the automobile and EV segments, Maharashtra and Tamil Nadu are investing in the creation of innovation and technology parks catering to EV and electronics manufacturing clusters in these states, offering grade A spaces and land allotments at subsidised prices to choose between development of standalone premises for shared services centres, CoEs or R&D hubs, and low upfront cost options such as plug and play, and warm shell properties. Emerging locations such as Hosur, Nashik, Aurangabad housing leading auto and electronics OEMs are being developed as twin cities to Bengaluru, Chennai or Pune due to the availability of a skilled workforce, cheaper land prices and the presence of diverse MSMEs contributing to innovation and product development for global value chains (GVC) integration and new revenue streams.

The key provisions offered within these policies include:

- enabling infrastructure for innovation clusters and research grants support
- incentivising R&D CapEx
- tax concessions
- enabling creation of IP and licenses
- product testing capabilities
- collaborative research
- ensuring availability of skilled manpower for future high-end manufacturing and research.



**Vivek Prasad**  
Markets Leader,  
PwC India

“ The growth of GCCs in India is a testament to the country’s vast technology talent pool and the enabling environment it provides for digital innovation. Today, the engineering R&D sector is making a significant contribution to India’s GCC revenue with widespread digitisation and cloud adoption as its key growth drivers. PwC India taps into this talent pool with multiple skill-sets to help GCCs strengthen their roots. ”





# Our take

Some challenges that GCCs often have to address include:

- transforming business while driving cost efficiencies
- identifying new business models for partnerships and being more solution-focussed
- leveraging the external innovation ecosystem locally to enhance value
- availability of talent in emerging technologies
- running complex multi-shore delivery models
- bridging cultural gaps.

Over time, by nurturing an environment of collaboration, learning and continuous improvement, they have been successful in overcoming such challenges. Today GCCs are not only contributing to their parent organisations' success but are also propelling India's economic growth. At present, GCCs in India account for more than 1% of the country's GDP<sup>20</sup> and the share is expected to grow further. As more global players eye India to set up their GCC operations, the government has a crucial role to play in facilitating their entry.



**Dheeraj Gangrade**

Partner and Leader – Consulting, GCC  
PwC India

“ India's ascent towards becoming a hub for GCCs is a testament to its skilled workforce, enabling environment for innovation and commitment to driving business excellence at a global scale. GCCs in India are moving up the value chain and have become a source of competitive advantage for the parent organisations. For them to play a much bigger role in driving complex digital transformation initiatives, it's important for GCCs to align their talent strategy and technology capabilities with the changing business needs of an organisation. ”



20. <https://www.scmp.com/news/asia/south-asia/article/3224005/indias-rise-worlds-back-office-spotlight-service-sector-booms>

## Recommendations

### Simplify the entry process

Navigating India's complex regulatory environment can be challenging. Lack of a cohesive regulatory framework can result in operational delays and increased compliance costs. The central and state governments need to work towards streamlining and simplifying regulatory processes making them transparent and efficient. This enables seamless implementation of the policies launched by various states. For instance, Tamil Nadu's Research and Development Policy 2022 offers special incentives to R&D centres and GCCs. These include a special capital subsidy, innovation lab incentive, and subsidies for software licences and product testing and prototyping facilities.<sup>21</sup>

The Government of Maharashtra has launched a new IT/ITES policy 2023 which includes provisions for GCCs and data centres and a special focus on establishing an integrated CoE and developing innovation clusters in line with the NASSCOM startup warehouse programme of Maharashtra Industrial Development Corporation (MIDC) in the state.<sup>22</sup>

While evaluating various growth paradigms to enable future expansions, GCCs also need to assess the state policies in alignment with the critical factors of business, ease and cost of operations in the long run.

### Build trust and secure data privacy within the organisation

With the Parliament's green light to the new Digital Personal Data Protection (DPDP) Act, 2023, navigating data protection regulations will be an added focus for the GCCs. GCCs in India often handle sensitive and personal data, including data which has originated within the country as well as data from other countries because a large amount of data is shared between the headquarters and the centres. The data points are usually stored in large data lakes in a personalised database that can be accessed for processing and carrying out the operations.

Moreover, many GCCs collaborate with third-party vendors and may need to review their contracts and agreements with service providers in view of the requirements of the Act. By demonstrating a commitment to data security compliance, putting data protection measures in place, and investing in robust security measures, GCCs can strengthen the trust quotient and increase stakeholder confidence.

In these circumstances, it is important to partner with an advisor to help navigate the granularity of the Act and its implications.

Three key steps that companies need to take to ensure adherence to the Act include:

1. Begin by evaluating the current situation and start building data privacy within the organisation.
2. Compile a list of applications and data repositories containing personal data.
3. Identify the network of data processors which are currently in use and communicate to the third parties about their obligations with respect to the personal data they are holding on behalf of the data fiduciary.<sup>23</sup>

21. <https://www.thehindubusinessline.com/news/tn-releases-policies-on-rd-and-life-sciences-promotion/article65599274.ece>

22. Maharashtra IT/ITES policy

23. PwC India, The Digital Personal Data Protection Act, 2023



GCCs could consider setting up a privacy organisation that consists of a data protection officer (DPO) and representatives of various functions along with their roles and responsibilities.<sup>24</sup> Additional actions they can take could include:

1. designing consent mechanisms to offer choices and options to data principals (individuals whose data is being processed),
2. establishing processes to address various rights which have been provided to data principals, and
3. setting up procedures to address data privacy breach management.<sup>25</sup>

GCCs could also implement data privacy technologies that can be leveraged for data protection.<sup>26</sup>

### Chalk out a strategic roadmap to enable end-to-end value creation and sustainability

To enable a smoother transition towards value creation, GCC leaders need to develop prudent strategies in the following areas:

- **Change management:** It is important to implement effective change management strategies to navigate organisational shifts smoothly. Clear communication, stakeholder engagement, and training are crucial to successful transformations. Some GCCs have started factoring that in.

A multinational bank needed to overcome bottlenecks in its GCC operating model that were exacerbated by fragmented business, system and data architecture. A team of PwC India specialists drafted a comprehensive work plan for the employees of the GCC availing of the latest technologies and adopting a people-centric approach to change management. The team also drew up a sustainable roadmap comprising a tiered leadership engagement model while simultaneously helping set up an enterprise resource planning (ERP) software CoE to enable the GCC to grow the expertise in-house and reduce operational costs.

- **Agility and flexibility:** Fostering an environment that encourages adaptability and flexibility would help respond swiftly to market changes, customer needs and keep track of emerging opportunities. This could involve research and development efforts, building strategic partnerships and tapping newer markets. By prioritising continuous improvement and innovation, an organisation can remain ahead of the curve.
- **Holistic performance metrics:** While near-term success hinges on operational efficiencies, the distant future requires a comprehensive shift in performance metrics. Beyond the financial indicators, GCCs must track innovation velocity, patent filings and partnerships with start-ups. Measuring the social impact, community engagement and environmental, social and governance (ESG) contributions is pivotal to align GCCs with the broader purpose-driven objectives of the organisation.

GCCs in India have already joined the sustainability bandwagon. From building sewage treatment plants and rooftop solar plants to using old smartphones as cameras for medical diagnosis, GCCs are finding unique ways to create sustainable value.<sup>27</sup> Sustainability metrics serve as indicators of an organisation's capacity for long-term resilience and its ability to thrive in a changing landscape.

24. Ibid.

25. Ibid.

26. Ibid.

27. June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint

## Empower the talent

India's proximity to other emerging markets is one of the key reasons why parent organisations are looking at India to house strategic global roles. This underscores the need for companies to invest in leadership development programmes to empower the Indian workforce to take on global responsibilities. Securing and retaining talent can also be a formidable challenge in a competitive job market. According to a recent PwC survey, 46% of employees in India are likely to switch jobs in the next year.<sup>28</sup> Last year, GCCs met 46% of their talent needs by absorbing employees from IT and new-age companies, according to a survey.<sup>29</sup> By 2030, nearly 20,000 global roles in GCCs will be housed in India as offshore units become strategic centres for the headquarters.<sup>30</sup> GCCs, therefore, need to create talent in-house, incentivise company loyalty and facilitate collaboration with the education industry to create specific training programmes.

## Focus on cultural integration and inclusivity

GCCs are increasingly focusing on inclusivity and diversity as a core aspect of their strategic charter. At least 55% of the GCCs have a diversity council at their India site.<sup>31</sup> Bridging cultural gaps between the parent company's culture and the local workforce can often be a tricky and sensitive job, especially in Tier-2 cities which may have entrenched local norms. Companies need to foster a culture of inclusion and collaboration at the workplace and facilitate cultural integration through sensitisation programmes and cross-functional interactions. Establishing clear key performance indicators (KPIs) is essential to help employees align their efforts with organisational goals.

A GCC delivery centre looking to evolve into a transformation hub has engaged PwC India to design a KPI cascade and key result areas (KRAs) for their employee performance management. Our team is helping provide the GCC's employees with a roadmap to enable them to understand their role in achieving organisational objectives.



**Kavan Mukhtyar**

Partner and Leader – Automotive,  
PwC India

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Automotive GCC leaders in India will need to re-orient their value proposition, be agile, flexible, and inspire India's highly capable and unique talent pool to build world-class capabilities and solutions. It is imperative that Indian automotive GCCs, the Government and academia collaborate to build a robust ecosystem that can deliver at scale to capitalise on the big changes that are now underway.

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28. PwC's Global Workforce Hopes and Fears Survey 2023

29. GCCs step up hiring

30. June 2023. Nasscom & Zinnov. India-redefining-globalization-blueprint

31. Ibid.



## Adopt intelligent automation

Companies looking to grow in terms of size and revenue need to reinvent their digital strategy. GCCs will have to strategise technology adoption, from selecting the right platforms to implementing robust cybersecurity measures and ensuring a secure, tech-enabled environment. At present, nearly 30% of the GCCs have dedicated CoEs for intelligent automation in India, while 50% of the companies are in the test phase.<sup>32</sup> GCCs need to leverage the capabilities of cloud computing and data analytics to drive their expansion.

PwC India collaborated with the GCC of a software company to reconfigure its operating model around data and customer insights. The outcome of this endeavour was a deeper customer engagement through data-driven customer insights, and strategic planning and throughput based on data-driven decision making.

In another instance, our team helped the GCC of a beverage manufacturer in their digital transformation journey by bringing the right mix of technical and management skills which enabled the client to automate its key processes and obtain data driven insights for its HR, supply chain management and procurement functions.

Our team also collaborated with the GCC of a multinational retailer to provide finance record-to-report (RTR) process consulting along with a roadmap for data analytics. The engagement aimed to identify processes, technology improvements and new interventions across the RTR process for simplification, standardisation and automation while creating a transformational roadmap for technology interventions.



32. Ibid.



## Managing risks and developing mitigation strategies

The world we work in today has witnessed disruptions in nearly all areas – health, economics and markets, including labour market and supply chains. The current geopolitical scenario and sanctions, among other factors, are adding to the complexity of the environment. The rapidly changing business environment demands agility, cooperation and a panoramic view of risk among the C-suite.

Given these circumstances, the interconnectedness and velocity of risks have increased. Managing risk today is about changing the way we perceive things, shifting our perspective and considering different angles to anticipate risks. As organisations undergo digital transformation, it is important to consider risks beyond the traditional ones to ensure that the transformation programmes deliver on their expected potential.

GCCs will play a key role in driving and operationalising risk management programmes for their parent organisation, as they focus on standardisation and transformation of processes and technology, enabling the effective adoption and success of change initiatives. GCCs will also play a pivotal role in ensuring that risk management approaches are part of large change initiatives within the organisation. To effectively manage risk during digital transformation, organisations need to:

- adopt a proactive approach to identify risks and develop mitigation strategies
- equip employees with the skills and knowledge needed to navigate change
- continually monitor progress to ensure all key risks are managed through the transformation journey.



**Manu Dwivedi**

Partner and Leader – Cybersecurity and Risk Consulting, GCC  
PwC India

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The growth story of India's GCCs continues on a positive upward trajectory, supported by the country's unique ecosystem comprising a skilled workforce, favourable business and policy environment, and growing infrastructure. These factors are fast becoming the key drivers of the parent organisation's innovation and digital transformation agenda. As GCCs transform themselves to create and deliver additional value, it is the need of the hour to ensure that the risk functions step up as effectual partners for businesses, helping them to navigate these changes and acclimatise to the emerging risks, innovations and disruptions – at the same pace.

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# Fast forward

GCCs evidently are gearing up to be able to think ahead of their parent companies to drive growth and innovation, and to continue to upskill their workforce to avoid losing top talent. The road ahead holds much promise:

- GCCs are fast becoming the hub for digital and futuristic products for global corporates.
- They are evolving from enablers of business to strategic business partners.
- Single-function GCCs are expanding into multi-function centres.
- Partnerships between GCCs and ecosystem players are becoming deeper and wider.
- Transforming into a global sourcing hub for the entire organisation's IT and business process needs has become a key aspect of the GCC's charter.
- The focus is now on business value and innovation supported by high-quality talent, technology and leadership.

As GCCs continue to realign their purpose and strategies with changing business needs, the following are a few key aspects that are likely to shape their transformation and impact.

- **Data-driven decision making:** GCCs will have to harness the power of data analytics to inform strategic decision-making. By analysing vast datasets, these centres will gain actionable insights that guide operational improvements, resource allocation and innovation strategies.
- **Cybersecurity guardrails:** As technology integration intensifies, cybersecurity will become a cause for concern. GCCs will need to prioritise robust cybersecurity measures to protect sensitive data in the light of the new DPDP Act.
- **Talent development and upskilling:** Offshore units will focus on nurturing a culture of continuous learning and upskilling. Investing in employee development and providing opportunities to acquire new skills will be crucial to attract and retain specialised talent.
- **ESG initiatives:** Given the heightened emphasis on ESG considerations, GCCs need to walk that extra mile to position themselves as champions of sustainability and responsible business practices.
- **Redefining the organisational structure:** Clients are now looking to redefine their organisational structures to be coherent with the parent organisation and redefine their operating model which is fit-for-purpose.

While GCCs have been evolving into strategic enablers, driving organisations to new successes, they are also demonstrating an ability to seize opportunities that lie at the intersection of local dynamics and global strategies.

As macroeconomic headwinds force companies to become more cash conservative, they will increasingly turn to GCCs to build systems at scale with a well-defined roadmap outlining goals and KPIs. As the line between GCCs and their headquarters gets redefined, these offshore units will be required to embrace a forward-looking approach that can anticipate market trends, identify emerging opportunities and show resilience in the face of possible disruptions.

## PwC India's framework to set up a GCC in India

Before setting up a GCC, it is necessary to have a comprehensive methodology in place, combining strategic foresight, rigorous assessment and meticulous planning to create a framework that is agile, adaptable and positioned for long-term success.

PwC India, with its tailored strategies and extensive experience, empowers companies to

- set up GCCs by being a one-stop solution in the entire journey
- scale operations
- integrate advanced technology in functions
- navigate tax and legal complexities
- undertake a smooth transition journey.

## Step-by-step guide

### 1 Strategy development

- Strategy development
- Identification of options
- Business model preparation
- Service approach decision
- Sponsorship and steering committee design

### 2 Feasibility analysis

- Scope/process analysis
- Target operating model design
- Location analysis
- Organisation design
- Business case development
- Vendor/partner provider selection
- High-level implementation plan
- Risk assessment
- Change and communication management

### 3 Design

- Detailed process/service scope analysis
- Service-level management framework design
- Governance design
- Organisation structure design
- KPIs and metrics design
- Facility design
- Training strategy development
- Recruitment and retention plan
- Transition approach development
- Detailed implementation plan development
- Risk assessment

### 4 Implementation and transition

- Implementation
- Transition management
- Recruitment and hiring
- Training delivery
- Process documentation development
- Office and IT set-up
- Risk assessment
- Business case tracking

### 5 Optimisation and transformation

- Health check
- Robotic process automation (RPA)
- Digital finance diagnostic
- Vendor/partner contract review

### 6 Reassessment

- Service delivery review
- Business case reassessment
- Operating model review
- Redefining relationships
- BPO contract review
- Process ownership review



## Step 1: Strategy development

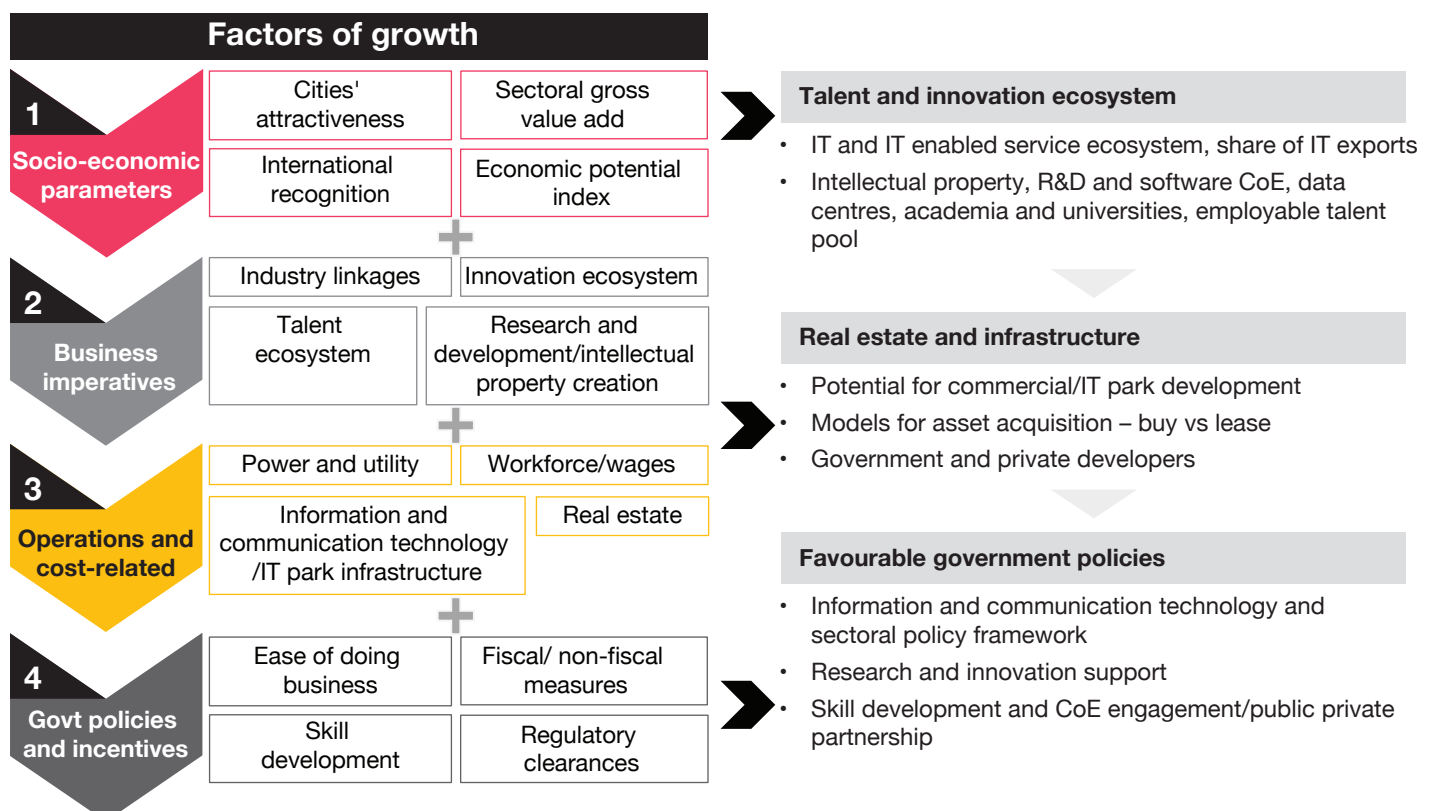
Central to designing a strategy is process optimisation. By outlining end-to-end operations, considering right sizing, span of control and governance model, the firm can ensure collaborative workflows in the GCC, embedding the necessary technology stack. As part of crafting the strategy, a business case is developed, taking into account financial projections, operational benefits and the risks associated with setting up GCCs.

## Step 2: Feasibility analysis

Assessing the scope of the business case developed is crucial to enhance process optimisation. The defined scope and feasibility study act as feedback to develop a target operating model. Ecosystem and risk assessments can further adjust the model to fit business needs. Changes made here are like a double-edged sword, as they can either optimise or push back the process. Having a strong change management system in place helps in designing a strong implementation plan.

Organisations need to evaluate various parameters of growth as they plan to undertake their growth journey in India. In addition, they must identify the right states and locations which will enable long-term and sustainable operations.

### GCCs need to evaluate various parameters to drive growth and transformation



## Step 3: Design

In the third step, the unique value proposition of the GCC's services is defined, along with the key performance indicators (KPIs), enabling effective monitoring of outcomes. This is followed by developing a talent acquisition and retention plan encompassing details of the organisational structure and job descriptions. This stage is vital for enhancing the capabilities of the GCC workforce and facilitating training workshops and staff orientation. Devising a phased implementation roadmap, including activities and milestones, helps the centre identify dependencies between various phases and functions, and allocate necessary resources for each phase.

#### Step 4: Implementation and transition

As the blueprint for building an offshore centre takes shape, the transition phase emerges as a critical juncture in realising the full potential of the GCC. Fit gap analysis assumes centre stage for identifying the gaps between the GCC's functions and the parent organisation's expectations, further paving the way for targeted interventions. Evaluating prospective office space requirements based on workforce dynamics, occupancy patterns, and demand management sets the stage for the meticulous selection and eventual finalisation of the ideal location. During this phase, meticulous planning and creation of office layouts, along with the installation of furniture, equipment, and essential IT software and hardware all come to fruition. The recruitment process follows shortly. Facilitating a hassle-free onboarding process that acclimatises employees to the organisation's vision and goals is paramount for building a cohesive workforce ready to drive the transition.

#### Step 5: Optimisation and transformation

Every organisation is unique, and its operational requirements differ. Collaboration with stakeholders to understand the pain points, expectations and areas of improvement will ensure that the GCC's process aligns with the company's objectives. Next, business case tracking based on baseline data collected provides the GCC with actionable insights for informed decision making and desired outcomes. Assessing digital readiness is imperative for understanding the scope of technology interventions, technology gaps and areas of enhancement. This assessment helps identify opportunities where technology can amplify the centre's efficiency.

In this stage, revisiting and refining the operating model, encompassing cost-effectiveness, governance structures and communication channels, ensures that necessary adjustments are made for the GCC's optimal performance. As part of the evaluation process, employee perception is also sought and analysed, and their views factored in. Organisational relationships are also reviewed to enable effective knowledge sharing and a collective effort towards achieving GCC's strategic goals. This step also becomes the first stage of assessment for any further strategic changes and new implementations along the way.

#### Step 6: Reassessment

Engaging key stakeholders to conduct GCC visioning workshops and data collection interviews is key to framing a strategy that will align with the firm's objectives. This is followed by a thorough talent evaluation process, business case reassessment and strategy development to ensure seamless integration of capabilities. A thorough review of the operating model, vendor/partner contracts and process ownership is also conducted to ensure a seamless implementation of the strategy.





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## Contact us

### Vivek Prasad

[vivek.prasad@pwc.com](mailto:vivek.prasad@pwc.com)  
Markets Leader, PwC India

### Rajesh Ojha

[rajesh.ojha@pwc.com](mailto:rajesh.ojha@pwc.com)  
Partner and Leader - GCC Markets

### Manu Dwivedi

[manu.dwivedi@pwc.com](mailto:manu.dwivedi@pwc.com)  
Partner and Leader - Cybersecurity and Risk Consulting, GCC

### Dheeraj Gangrade

[dheeraj.gangrade@pwc.com](mailto:dheeraj.gangrade@pwc.com)  
Partner and Leader - Consulting, GCC

Also contributing to this article were **Unnikrishnan Padinjaroot, Vishnupriya Sengupta, Shruti Kumar, Savan Tirth, Ruchika Uniyal, Rumela Sinha and Jhanvi Sharma.**

## Design

**Kirtika Saxena**

**pwc.in**

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