Beyond Boundaries: GCCs Shaping Tomorrow's Enterprises

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SSF Global | A Global Association of Enterprise Functions, Technology & GCC Leaders

Everest Group®

Contents

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Setting the context

In today's fast-paced world, it is easy to overlook the significant progress global sourcing has made. GCC models represent a profound disruption to traditional enterprise processes, shifting from personalized support to shared services and driving value addition through processes, technology, and even business model innovations.

This transformation often poses considerable challenges for organizations that prioritize factors such as reputation, customer-centric approaches, strong client relationships, and individual performance – elements critical to revenue generation. What began as a cost-savings measure has evolved into a strategic force for global organizations.

Today, GCCs play a pivotal role in managing rules-based processes at scale while fostering innovation and digital transformation.

Over time, the GCC model has evolved from merely adapting to disruptions to becoming a key driver of innovation, underscoring its significant growth and impact on global operations.

This report highlights the evolving role GCCs are playing today and the critical success factors that will likely drive the next wave of evolution.

GCCs have evolved significantly over the past decade, transitioning from captives to Global In-House Centers and now to Global Capability Centers, with rising enterprise expectations

Parameters	Expectations then	Expectations now
Focus	Capacity	Capability
Positioning	Test the GCC model, cost arbitrage	Value-first, outcomes centric, HQ2?
Manage	Exchange of work	Exchange of work + talent + accountability
Skills	Process expertise	Process expertise + business context
Performance philosophy	SLAs	Same definition of success as global
Leadership expectations	Authoritative	Collaborative
Talent	Doing	Thinking
Innovation or digital capabilities	Support specific initiatives	Part of organizational DNA

The GCC Story

Elevating From Good To Great – Now, Next And New

The GCC model continues to grow, mature, and unlock new levels of value creation

In 2024, GCC organizations continue to…

- …adding new centers
- …expanding scale
- …increasing penetration
- …prioritizing transformation
- …building digital capabilities
- …adding value beyond arbitrage

2024 GCC market by the numbers

27%
Share of the offshore/nearshore global services market that is the in-house GCC model[1]

5,300+
Number of offshore/ nearshore GCC centers[1]

7%
Year-on-year growth for in-house center setups in 2023 over 2022[1]

76%
Offshore/nearshore GCC centers located in tier-1 cities[1]

2.6 million+
FTEs deployed by in-house GCC centers

~11%
CAGR[1,2] for in-house GCC headcount

~13%
Share of the total global workforce that is GCC FTEs in companies with a GCC model

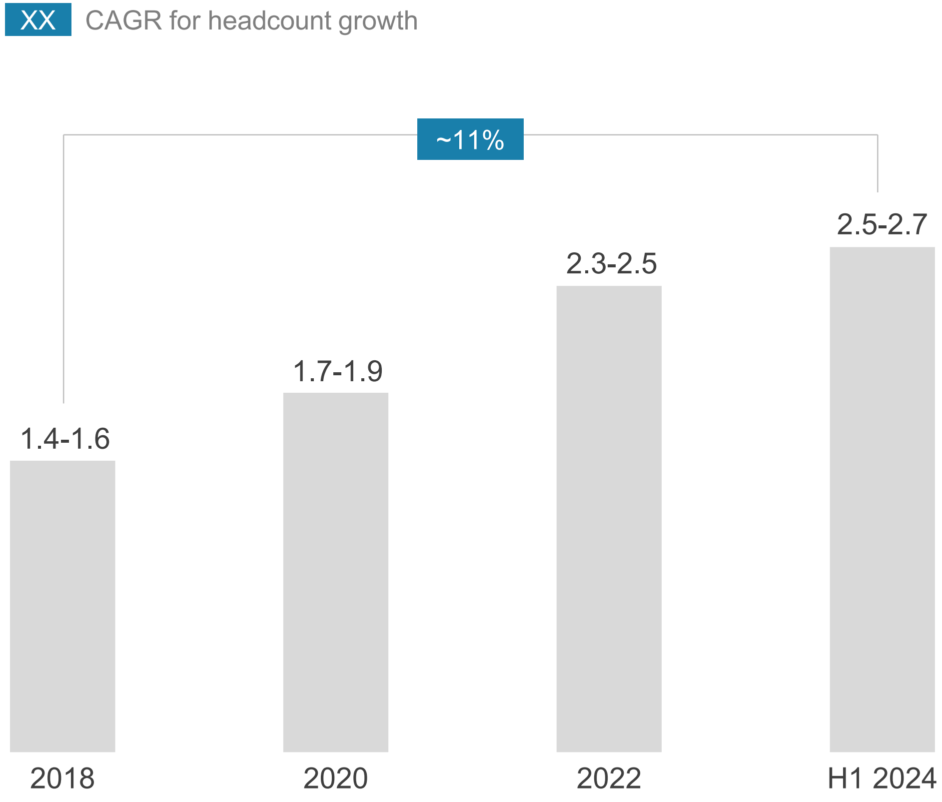
491
New in-house GCC center setups 2023-Q3 2024

60%
New in-house centers set up by first-time adopters in 2023-H1 2024[1]

1 As of Q3 2024; represent offshore/nearshore location
2 CAGR (FY 2018-23)

In-house GCC teams continue to expand scale in both existing centers and add new centers

Offshore/nearshore in-house GCC headcount
2018-H1 2024, FTEs (in millions)



GCC organizations' **headcount has grown significantly**; in-house headcount across capabilities accounts for **27%** of the offshore/nearshore global services market

Expansion in tier-2/3 cities is also fueling GCC headcount growth, with **around 27% of the new center setups** in 2023-H1 2024 were in tier-2/3 cities

Going forward, we expect GCC organizations to sustain this strong growth in their in-house teams on the back of **investments in new capabilities** such as digital services, risk and compliance, and Environmental, Social, and Governance (ESG)

There are several models being leveraged by enterprises for setting up GCCs

De Novo

The center is set up, funded, operated by the enterprise without any provider resources

Joint Venture

Co-invested operations and management control between the enterprise and the service provider

Assisted/Virtual captive

Buyer retains management control and provider manages operations or may just provide delivery resources

BOT

Provider provides capital and runs operations in initial stages; option for transfer back to buyer at later date

GCC organizations are increasing penetration in line with a growing propensity to house more judgment-intensive/strategic work

[NOT EXHAUSTIVE]

Change in penetration and propensity to insource, 2021-24 Decline | No change | Marginal increase | Significant increase

	Functions	Offshore/nearshore penetration[1] Median	Offshore/nearshore penetration[1] Best-in-class	Change in penetration over 2021-24
Operations	Industry-specific operations	20-30%	50-60%	Marginal increase
Contact Center	Contact center (voice)	20-25%	35-40%	No change
IT services	IT ADM	52-57%	70-80%	Significant increase
	IT Infrastructure	55-60%	70-80%	Significant increase
	Digital services and analytics	22-27%	45-55%	Significant increase
Corporate functions	Finance and accounting	30-35%	70-80%	Marginal increase
	HR services	8-15%	25-35%	No change
	Supply chain	30-35%	55-65%	Marginal increase

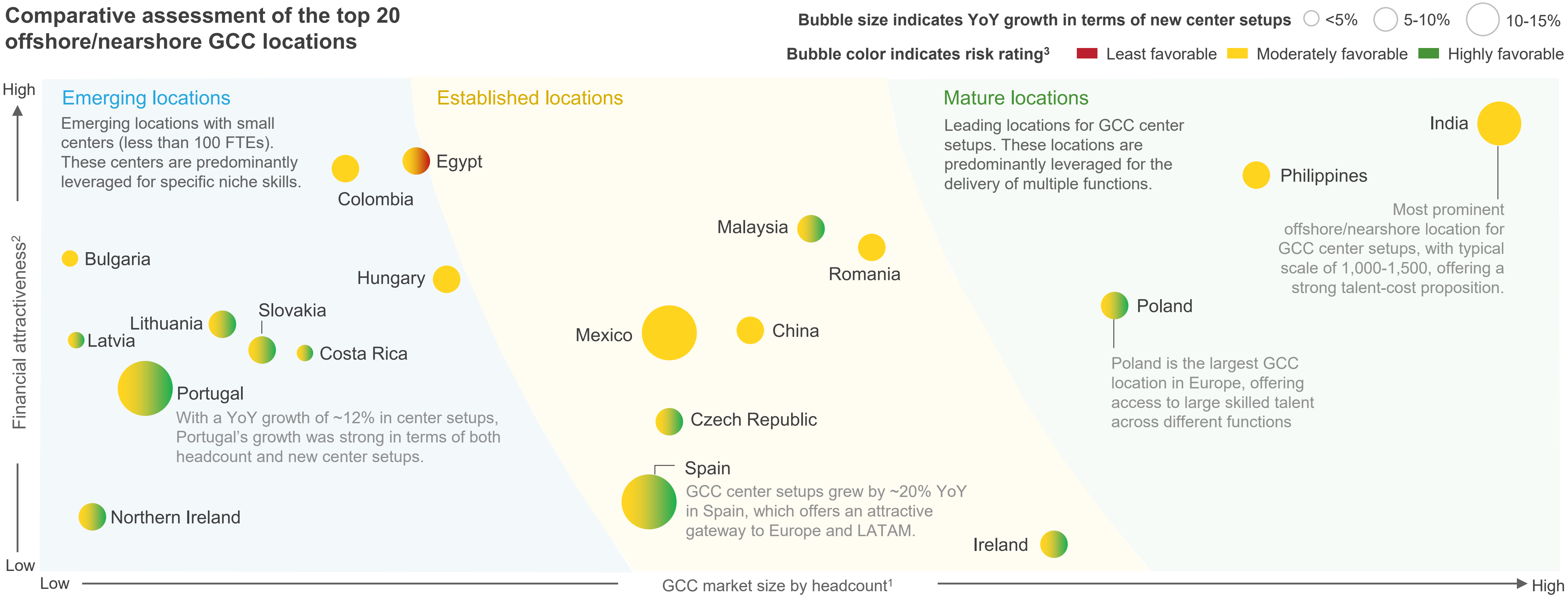
- Increasing penetration across functions
- High degree of cross-functional collaboration
- GCCs moving from "helper" to "shaper" to "leader" across service areas
- Leading technology domain
- Focus on innovation and value creation
- Drive end-to-end ownership of processes
- Incubate the talent of the future

1 The ratio of offshore/nearshore GCC center and service provider headcount to the overall global headcount for a specific function

Key locations dominate, with the top three GCC locations (India, the Philippines, Poland) accounting for ~75% of the market

[NOT EXHAUSTIVE]

Comparative assessment of the top 20 offshore/nearshore GCC locations



1 GCC headcount for in-country operations is excluded from the assessment for each location
2 Reflects market average annual costs for steady-state operations for IT ADM for tier-1 cities in each country
3 Favorability of operating environment (general infrastructure, digital infrastructure, safety and security, quality of life) and business environment (macroeconomic, geopolitical, regulatory risk and ease of doing business, start-up ecosystem)
4 The headcount for China is only reflective of global services and not for China-to-China delivery

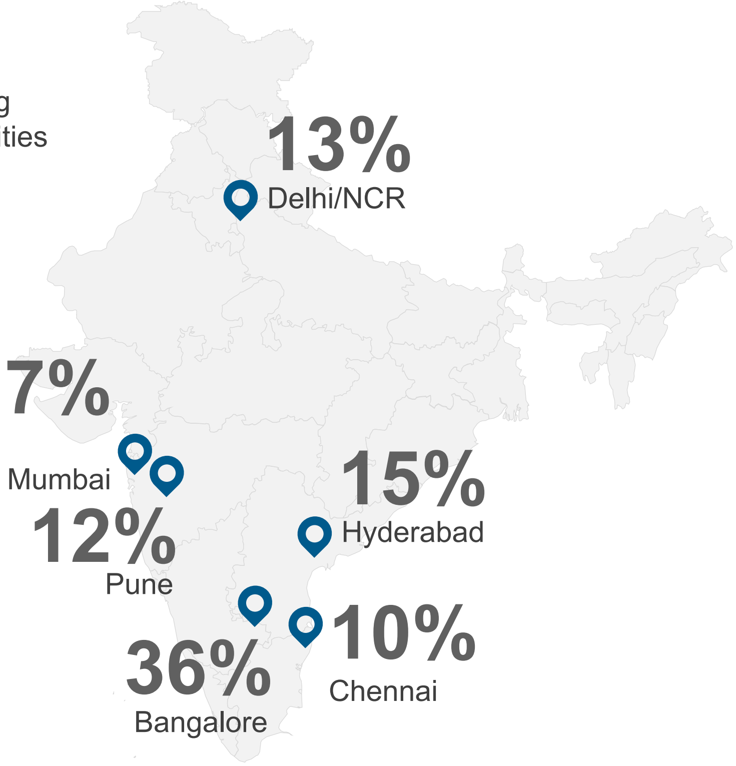
GCC landscape in India (page 1 of 2)

[NOT EXHAUSTIVE]

Distribution of in-house centers by cities
As of H1 2024; number of GCC centers
100% = 1,742

92% Leading tier-1 cities

8% Others



1,742
Total number of in-house centers as of H1 2024

1,300,000+
Total FTEs employed in the GCC market as of 2023

~12%
CAGR[1] for GCC market size (FTEs)

700-1,000
Typical scale achieved by GCC organizations

Recent center setups

BlackBerry, Fidelity International, Goldman Sachs, Honeywell, Johnson Controls, KraftHeinz, MetLife, Panasonic, PHILIPS, Qualcomm, Roche, SAMSUNG, SAP, Sun Life, Walmart

With over 1.3 million FTEs, India continues to be at the forefront of the GCC market.

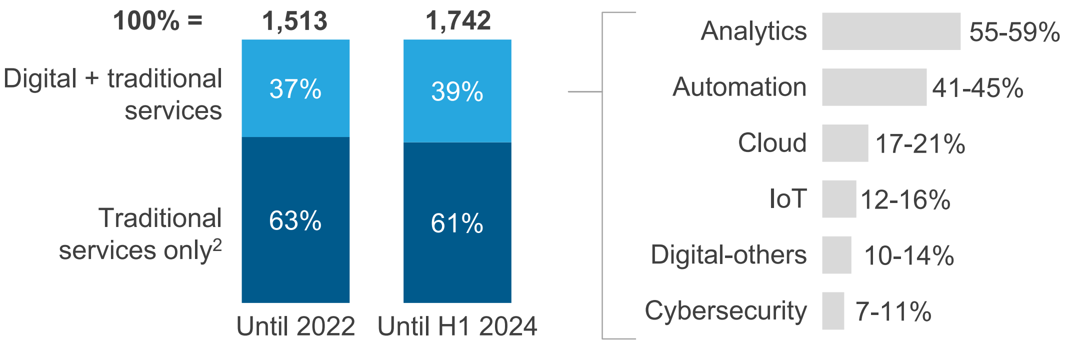
1 CAGR estimated from 2018-2023

GCC landscape in India (page 2 of 2)

Distribution of centers by digital services[1]

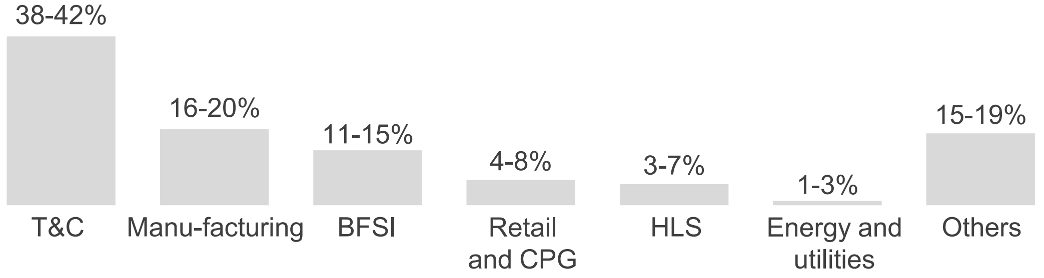
Number of in-house centers
2022-H1 2024; number of in-house centers

Distribution by digital services[1]
As of H1 2024; percentage



Distribution of centers by industry vertical

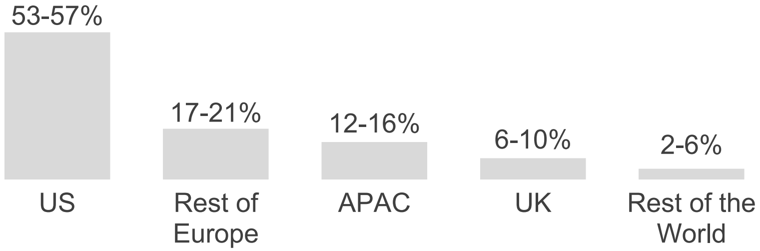
As of H1 2024; number of in-house centers



1,742 GCC centers

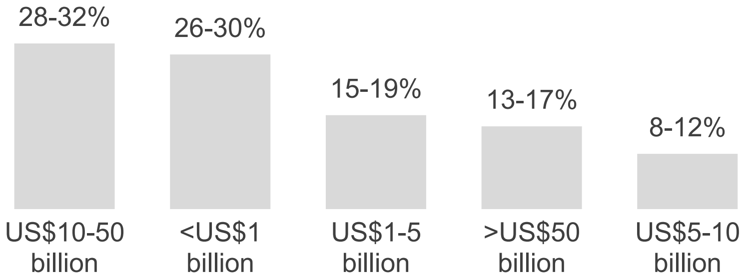
Distribution of centers by parent HQ geography

As of H1 2024; number of in-house centers



Distribution of centers by size of parent company

As of H1 2024; number of in-house centers



GCC organizations are continuously evolving to deliver greater value to the enterprise

Everest Group has defined five GCC evolution personas by examining the attributes of capability and measuring the impact delivered.
Everest Group's GCC Evolution Personas Framework

Arbitrageur
- Focus on cost savings
- Work on transactional back-office functions
- Low value beyond arbitrage

Service provider
- High-quality delivery for transactional functions
- Focus on expanding the services portfolio to deliver complex services

Optimizer
- Focus on operational efficiency
- Mix of transactional and high-skill delivery
- Support in transformation
- Niche/digital skills

Transformer
- Focus on advanced digital and innovation capabilities
- People, process, tech ownership (GPOs)
- Seat at the table in sourcing decisions
- Global talent hub

Integrator
- Focus on end-customer experience, revenue growth, and innovation
- Borderless operating model
- Global leadership hub
- Focus on future of work

One path does not fit all. The personas do NOT indicate a linear progression for GCC evolution. Different GCC organizations take different paths - not all follow the evolution one step at a time

GCC organizations would need to develop a holistic view of value creation for growth

Traditional levers of GCC value creation

Additional levers of value creation to develop a holistic view

Provide labor arbitrage	Build deep process, domain, and technology expertise	Impact customer journeys	Drive product/service innovation
Contribute to the top-line growth	Provide strong governance (reduce risk) and control over service delivery	Align with the culture and business goals	Create a competitive advantage for the enterprise
Provide enterprise business continuity	Build internal and external partnerships	Enable cross-pollination of ideas and best-practices across business units	Standardize and harmonize
Drive productivity (including automation)	Accelerate the shift toward new business models	Improve talent management for the enterprise	Act as a global hub for critical and niche capabilities

GCC evolution persona: recent market entrants are taking an accelerated path to success

A leading Europe-based manufacturing company's GCC organization evolved from an arbitrageur to a transformer in less than three years

GCC evolution persona: accelerated path

2018

Transition and stability

- GCC takeover from a leading service provider
- Employed ~1,400 FTEs

2019-20

Transform into a value center

- TechOps, DevOps, CloudOps/ engineering, automation, and analytics Centers of Excellence (CoEs) established
- Employed ~1,700 FTEs

2021 and beyond

Excellence in business service delivery and international servicing

- Recognized and awarded for being one of the best GCC organizations in India
- Recognized as the top four employers in analytics
- Employed ~1,800 FTEs

Accelerated path

Some GCC organizations have evolved much more quickly than others, using a variety of methods

- Shifting vision from cost arbitrage-led GCC to business-value-delivering GCC
- Efficiently expanding from transactional into complex service delivery across most processes
- Driving digital transformation
- Setting up CoEs to drive strategic engagement
- Launching conscious brand management and business development efforts
- Developing customer-centric products/services

GCC evolution persona: some exploring breakthrough journey to skip evolution stages

A leading US-based insurer's GCC organization started at the optimizer stage and quickly evolved to be a transformer

GCC evolution persona: breakthrough path

2018

Set up as a transformation partner

Established business services centers in Bangalore and Hyderabad to provide technology, digital, and analytics support

2019-20

Strengthened capabilities

- Invested significantly in developing talent in-house and collaborated with start-ups/vendors to accelerate the development of data analytics, machine learning, digital technology, intelligent process automation, catastrophe modeling, and risk management capabilities
- Employed ~100 FTEs

2021 and beyond

Emerged as an integrated business partner

- Generates significant revenue and business impact
- Acts as a business partner for digital CoEs for business and innovation operating in onshore locations
- Employs 100-200 FTEs

Breakthrough journey

A few GCC organizations (especially newer ones) have skipped the initial personas altogether, literally starting out as optimizers or transformers. The primary reason behind their success is the outcome-centric mindset with which they were set up.

GCC evolution is associated with conscious decisions across areas such as value proposition, scope of work delivered, operating model, performance philosophy, and talent model

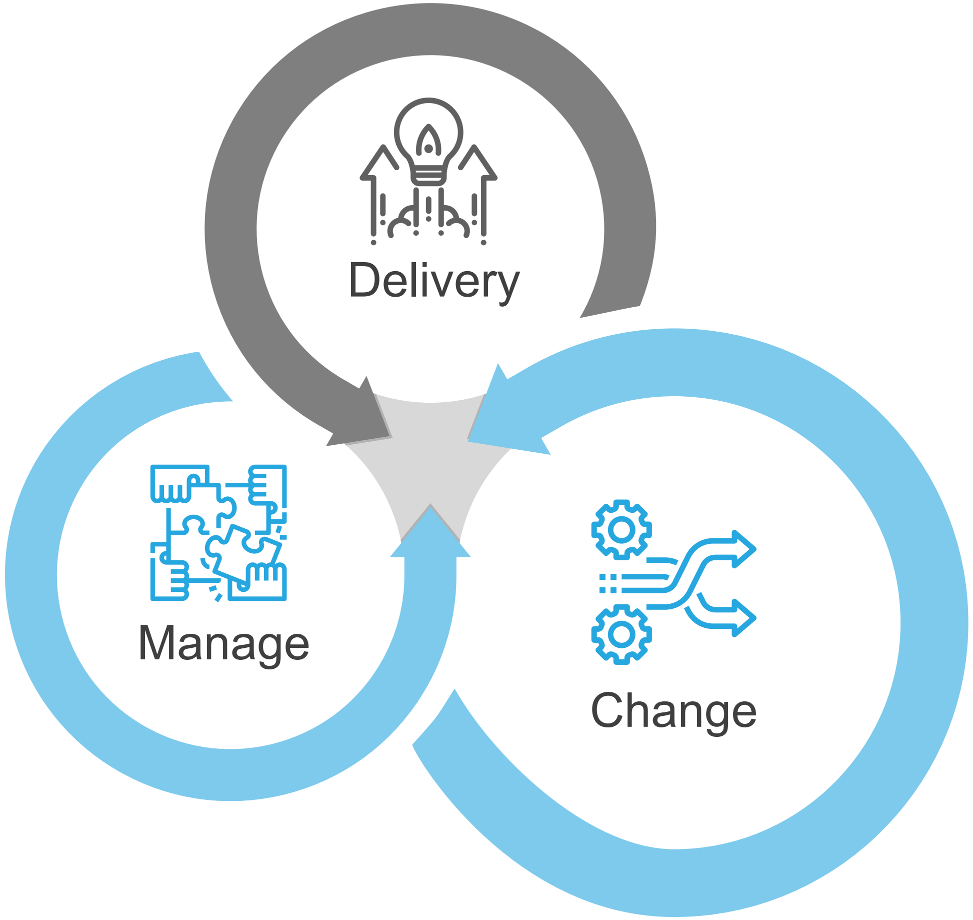
In this section, we cover five key levers

1. Investing in enabling capabilities
2. Developing global leadership roles/avenues
3. Collaborating with third parties
4. Investing in the right talent models
5. Improving business context; having same definition of success

Investing in enabling capabilities – moving up the maturity curve is complex, with multiple moving parts centered around service delivery, and running and changing the GCC

A GCC must demonstrate various capabilities to accelerate the value delivered as they evolve; **how they change the GCC is where the value lies**

Focus area for accelerating & expanding value
Focus area for execution



Enabling Capabilities – Manage GCC

- Program Management Office (PMO)
- GCC-level governance
- Third-party management
- Continuous improvement
- Migrations/transitions

Enabling Capabilities – Change GCC

- Change management
- Global process management
- Communications
- Business relationship management
- Transformation

To achieve the long-term vision for GCC's role in enterprise growth – to evolve from a delivery hub to an end-to-end owner – it is critical to develop global leadership in GCC

Four stages of global ownership development in GCC organizations

Low ○○○○○ High

	Delivery ownership	Capability ownership	Global process/ function ownership	Global business unit (BU)/product ownership
Key highlights	• Owns the process/project delivery • True for processes with high GCC penetration • Acts mainly as a service provider	• Owns one or more critical capabilities beyond delivery • Has robust processes, structure, and governance	• Becomes global owner for a set of processes • Acts as the global talent and capability hub (CoE) for the process/function	• Global business/product owner is based in the GCC • Transforms into the global capability hub for the BU/product • Is a strategic entity • Has a seat at the global leadership table
Prevalence	●●●●○	●●●◐○	●●◐○○	●○○○○

Target-state

Increasing degree of ownership →

Housing global leadership roles in GCC is dependent on multiple factors – with scale, maturity, and integration levels being the most critical success factors

Factors assessed for housing global leadership roles within GCC

GCC characteristics

- Tenure
- Function area penetration
- Extent of services supported
- Extent of business context and customer centricity
- Capability expertise
- Extent of influence on product development / customer success

GCC leadership attributes

- GCC leader tenure in the organization
- Corporate context – GCC leaders' experience in the domain / core business area
- Soft skills such as emotional intelligence, change enablement, creativity

Other factors

- GCC organization structure enabling leadership roles across locations
- Extent of integration with the enterprise
- External events, e.g., pandemic
- Attrition backfill from GCC
- Limited talent availability globally

Case study | multiple global technology roles reside in the India GCC organization of a leading UK-based bank

Factors assessed for housing global leadership roles within GCC

Context

- A top-10 UK-based bank has GCC centers spread across multiple Indian locations such as **Bangalore, Chennai, Delhi, and Hyderabad, employing 35,000-40,000 FTEs**
- The centers in Pune, Bangalore, and Hyderabad, predominantly focused on delivery technology services, have evolved to house their own **innovation labs**
- Several **global ownership roles** reside in the India GCC center:
  - Global CIO for ADM technology transformation
  - Global head for ADM technology transformation (retail banking)
  - Global head for testing services

Experience / role of global owner

- The global owners are **highly tenured with a long-term association with the company** (over 10 years)
- The key responsibility of the global heads is to **lead and drive transformation programs globally, across their domain**
- They offer subject matter expertise to enable **strategic decision-making, across the GCC organization as well as the enterprise**, to ensure optimal performance of the organization

Other key initiatives that enabled GCC organization to obtain global ownership

- **Redesigning the sourcing mix,** outsourced versus in-house for IT services from **30:70 to 10:90** for better control over the quality of work delivered and enabling independent decision-making
- Played an active role in driving digital agenda for the parent organization. For example, the India **GCC organization assisted the parent in developing two of its pilot blockchain projects**
- Focus on collaboration with external partners by setting up **an innovation lab in Bangalore to boost engagement with start-ups**

Enterprises are strategically leveraging both GCC (in-house) and outsourcing models to meet their priorities

Different entities that enterprise CXOs leverage to meet their priorities

Enterprise (onshore)

Enterprise is defined as the onshore business organization where the core business resides.

GCC

GCC's are defined as entities, typically in offshore/nearshore locations, that exclusively provide IT-BP services to the enterprise only

Note: Some companies define GCC organizations as centralized entities that manage the overall sourcing portfolio across third-party service providers and in-house centers; however, for the purpose of this report GCC refers to only the in-house capability centers of enterprises (also known as GICs, shared service centers, and captives).

Service providers

- Service providers are entities that provide outsourced services to a customer/buyer (includes transfer of complete or part of processes from an enterprise)
- Third-party providers support multiple companies and are not restricted to leverage their employees for only one client

Key considerations guiding CXOs' decisions on resourcing strategy

Extent of model suitability: Low High

Key parameters	GCC	Service provider
Control and flexibility	GCC organizations are better aligned to control requirements (e.g., regulatory control) and provide greater flexibility	Potential loss of control in case of third-party service providers and low flexibility (as they strictly follow and work as per the contract)
Technical and domain knowledge	Lower attrition in GCC organizations enables knowledge retention in the organization, especially in areas that are core to the business	Risk of losing technical, domain, and institutional knowledge, especially which involves customer data or company IP
Tight organizational / cultural integration	Better suited to achieve tight cultural integration (e.g., way of working) as GCC organizations are part of the same organization	Likely challenges in achieving deep organizational/cultural integration (i.e., inherent nature of a third-party relationship)
Faster time-to-market / flexibility to scale or ramp-up	Could increase time-to-market, especially in areas with limited existing foundation	Faster time-to-market given access to readily deployable talent, which also helps in easy ramp-up
Cost-effectiveness	Likely to command some premium compared to complete outsourcing (due to lower scale and better talent pool)	• Benefits from economies of scale and better technology play • Adds cost of management oversight
Non-strategic areas (e.g., sunset technologies)	• Less suitable for non-strategic areas as companies may want to limit investment in areas which may eventually fade away • High-end activities (e.g., actuarial) performed mostly in GCC organizations	Better suited for non-strategic areas, e.g., sunset technologies such as mainframe

As GCC models become more mature, they must work with third-party vendors to drive outcomes that are aligned with enterprise strategy/goals

Evolution of the relationship between in-house teams and third-party vendors

Strategic Focus:
- Business context and ownership
- Talent and capability
- Cost and process expertise

COMPETE

Description

In-house model competes with vendors for enterprise service portfolio penetration

Emphasis

- Cost reduction and operational efficiency
- Process streamlining; redundancies reduction
- Services portfolio expansion

COLLABORATE

Description

In-house collaborates with vendors to achieve enterprise goals

Emphasis

- Portfolio rationalization: keeping strategic work within in-house model and outsourcing transactional services
- Identification of niche skill domain in which vendors have strong capabilities

ORCHESTRATE

Description

In-house model has end-to-end ownership of the process, including vendor utilization

Emphasis

- End-customer experience
- Product development and innovation
- People, process, and technology enhancement ownership
- Sourcing/operating model decision influence

GCC maturity timeframe

GCCs today face multiple talent-related challenges

[NOT EXHAUSTIVE]

Addressing rapid technological innovation's shaping of future talent needs

Intensifying competition for "good" talent (especially for hot skills and high-value roles)

Creating homogenous experience across GCC sites and with hybrid models (WFH, WFO)

Adjusting to evolving expectations from next-gen talent

Leveraging on-demand economy and integrating gig-workers

Leveraging on-demand economy and integrating gig-workers

As global work environment evolves, the definition of Employee Value Proposition (EVP) is also evolving, transcending traditional boundaries

Traditional levers of EVP

Compensation & benefits	Work / career	Work environment	Culture	Work policies	Affiliation
Competitive salary Variable pay Health and wellness Annual leaves Ancillary benefits	Defined work profile Global exposure Leadership roles Work life balance Strong growth prospects	Modern/green workplace Recreation zones On-site health facility	Sense of belonging Entrepreneurial setup Top management influence Outcome linked evaluation Innovation	Flexible employment models Equal opportunities Diversity and inclusion Rewards and recognition Flexible/No dress code	Employer brand recognition Social impact & responsibility

Modern levers of EVP

Compensation & benefits	Work / career	Work environment	Culture	Work policies	Affiliation
Flexible compensation Flexible/uncapped leaves Training & skilling allowance Employee well-being and family/health benefits	Multiple career options Autonomy at work Cross-functional exposure Skills based incentives Exit support	Mental wellness Safe, connected workplaces Home-office support Social networks	Flexibility to choose Homogenous experiences Internal influencers Top management behaviors	Responsiveness & feedback WFH policies	Development of employee brand Personalization Global recognition Build/expand network

Definition of EVP is continually evolving with the relative importance of various levers varying across organizations and locations

GCCs are building multi-pronged action plans to improve talent pipeline sustainability

ACTION #1	ACTION #2	ACTION #3	ACTION #4	ACTION #5
Diversify supply, hire ahead of demand	**Create a differentiated GCC-specific EVP**	**Upskill existing talent to augment the external supply**	**Improve productivity to deliver more with less**	**Focus on diversity and inclusion**
GCC organizations are expanding their ability to access talent, diversifying beyond traditional options (mega-cities, campus model, etc.) and leveraging tier-2/3 locations, acqui-hiring, and using contingent, gig, remote workers more programmatically.	GCC organizations are reconsidering their EVP strategies to include talent attraction and retention levers that are relevant to the type of talent being targeted to help the GCC organization compete and differentiate in local markets.	Given the shortage of project-ready talent in external markets, best-in-class GCC organizations are investing in reskilling/upskilling initiatives with the goal of meeting 20-50% of the demand for next-generation skills internally.	Employee productivity improvements – a mix of continuous improvement techniques, automation, use of emerging technologies, and an outcome-based performance approach – remain critical to best-in-class GCC performance.	D&I remains an under-utilized lever for employee productivity. Leading GCC organizations are going beyond the traditional definition of diversity to include neuro-diversity, gender diversity, skill diversity, and more to build more diverse, inclusive, and equitable teams.

Case study | a leading global financial services company took a three-step approach to increase diversity in its India GCC

Consistent communication

- Re-created how its brand and culture are presented at campus events by sending employees with diverse gender identities to represent the firm
- Revamped its communications to ensure that corporate advertising and communications emphasize the firm's inclusive culture by featuring women/LGBTQI executives in marketing posters and website materials

Proactive outreach

Proactively participated in local campus activities, particularly those targeted at women:

- Interacted with students on careers in different industries by sharing personal experiences
- Awarded prizes to the top two women students

Focused initiatives

Conducted several programs specifically designed for women:

- A 12-month program targeting high-potential women employees and managers to address gender-based myths
- A two-year global mentoring program, in which high-potential women employees are mentored by executive board members to support the employees in their careers
- A network for women, where women leaders share inspiring personal experiences

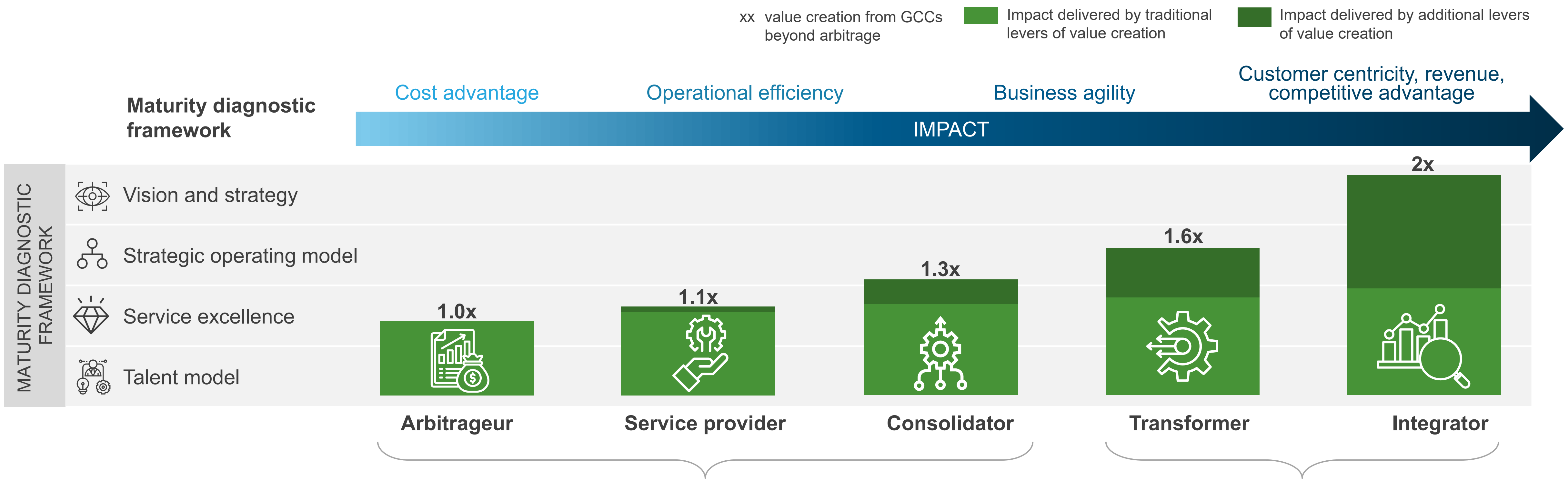
IMPACT CREATED

Has attained the **status of a dream company** at campuses, giving it preferential access to top talent.

Hires more than one-third women graduates from campus recruitment, a 1.5-2x increase over the last few years.

Has been able to **retain 80-85% of women** employees hired through campus recruitment versus 70% of male hires.

As GCCs evolve, the value delivered beyond cost savings also increase; the journey to a true "Transformer" and beyond goes beyond process expertise



- Cost savings and efficiency-centric approach
- Process and domain expertise-driven outcomes
- Limited influence on business goals/strategies
- Focus on developing niche skills

- Business impact-centric approach
- Business and process expertise-driven outcomes
- People, process, and tech ownership (GPOs)
- Significant influence on enterprise growth
- Focus innovation and next-gen capabilities

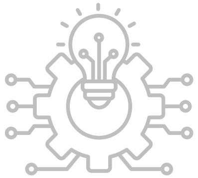
Improving customer centricity and strengthening business context within the GCC is critical

- Same definition of success
- Build domain expertise / business context
- Proactive approach to impact customers journeys
- Access and visibility for GCC
- Anticipate enterprise needs

Examples of initiatives peer GCC organizations have undertaken to build/improve business context within the GCC

Structured programs to improve business context
GCCs have introduced specific programs to develop business context among middle and senior managers

Focused assignments with business teams
Multiple GCCs have created global teams (with employees across GCCs and global business teams) for various transformation and new initiatives, to allow GCC teams to strengthen business context



Technology-based solutions
Some GCCs have introduced a VR-based solution for their employees to help them understand front-office employees' day-to-day routines and develop better understanding of processes and customers

Most GCC's still measure performance based on cost and operational (i.e., effectiveness) metrics; mature adopters of the model are increasingly moving toward business impact metrics

Adoption within GCC: Low / High

Category	Cost-related metrics	Operational metrics		Business/strategic metrics
Traditional KPIs/metrics for GCC organizations	• Total operating cost per FTE • Annual cost improvement per FTE • Cost savings from arbitrage • Variable cost per FTE • Fixed/total cost	• Internal NPS • SLA attainment • Actual vs. planned FTE headcount growth • Number of RPA bots deployed / extent of automation achieved • FTE reduction due to workforce optimization and efficiency improvement • Number of innovation projects undertaken	• Attrition • Rate of employee absenteeism • Employee satisfaction levels • Average employee tenure • Average recruitment time • Share of women in the GCC center workforce • Share of women in senior leadership	• Revenue growth (top-line impact) • Number of global process owners within GCC firms • Role of GCC centers in new concepts/ideas for growth of business • Vendor spend managed by GCC • CSAT (end-customer)
Adoption within GCC				

Focus section – technology as a key enabler in GCC evolution

GCCs are playing an increasing role in shaping enterprise strategy

Technology is playing a key role in enterprise journey of "doing more with less"

Gen AI has risen to prominence as a key focus, while the momentum in cybersecurity and big data is likely to persist

Top digital/next-generation investments for the next 6-12 months
Ranking based on percentage of enterprise respondents selecting as high priority

Growth in spend Low (2 to 3%) Moderate (4 to 5%) Significant (more than 6%)

	Cybersecurity	Cloud solutions	Advanced automation, cognitive	Big data analytics	Generative AI
2024 rank	1	2	3	4	5
2023 rank	2	1	4	3	*New addition in 2024*
Expected growth in spend					

Note: Above data is based on responses of GCC organizations who are playing an active role in enterprise-wide generative AI initiatives

Beyond traditional IT services, GCCs are investing in multiple technological capabilities that are critical for their organization's digital agenda

Growth 2021-24 Low growth | Moderate growth | High growth

GCC model evolution for digital services

Established capabilities

Analytics	Moderate growth
AI/ML	High growth
Cloud	Moderate growth
Automation	Moderate growth

Key features

- Greater scale, penetration, and maturity; more than 40% of digital centers deliver these services
- Mature capabilities; continue to sustain growth
- Depth of services delivered and domain capability

Emerging capabilities

Augmented / Virtual Reality (AR/VR)	Moderate growth
Blockchain	High growth
Natural Language Processing (NLP)	High growth
Social and mobility	High growth
Internet of Things (IoT)	High growth
Cybersecurity	High growth

Key features

- Limited GCC adoption and penetration; less than 20% digital centers deliver these services
- Nascent capabilities; significant growth witnessed over last few years
- Selective processes delivered from GCC

With emerging technology capabilities, there are changes in talent demand – demand for new skills

New technologies like Gen AI are not only altering the requirements for existing roles but also generating demand for future roles

(Pre-2010) Roles of yesterday

Application	• Software developer • Software tester • SAP architect
Datacenter	• Mainframe engineer • Server admin • Datacenter support specialist • Storage admin
Network	• Network architect • Network administrator • Network engineer • Telecoms specialist
End-user	• Service desk agent • Desktop engineer • Desktop support admin • Field engineer
Security	• Information security analyst • Identity and access management specialist
Data	• Data quality analyst • Database admin • Database engineer
Operations & planning	• Business analyst • Systems analyst • Telecoms specialist

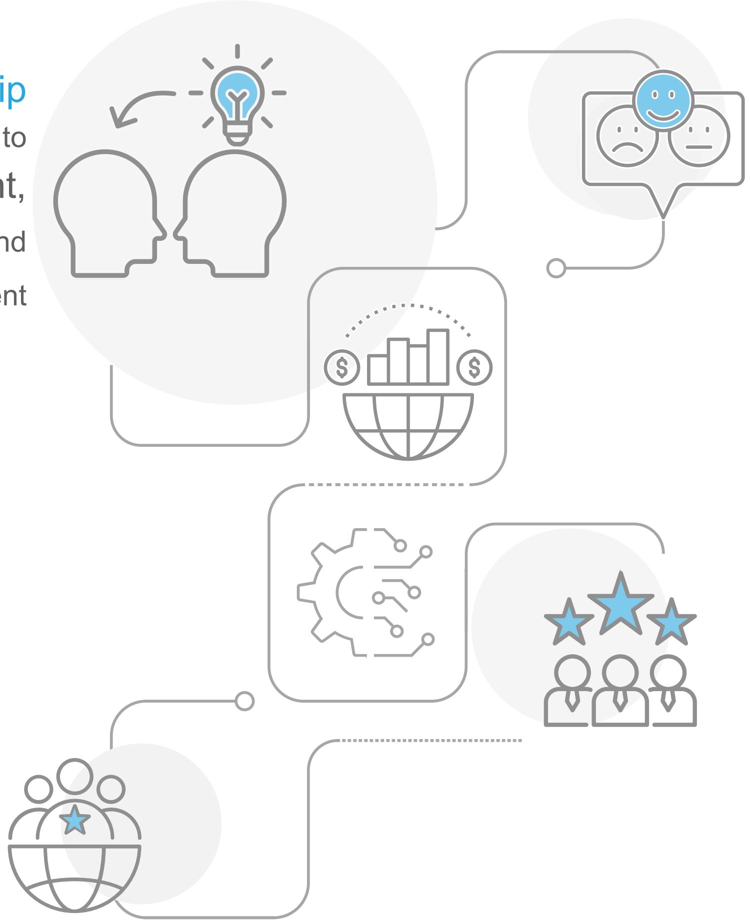
2010-23 Roles of today

- Web developer
- UX designer
- Blockchain developer
- Scrum Master
- SAP S/4 HANA architect
- DevOps engineer
- Cloud architect
- Cloud support admin
- Cloud security engineer
- Digital workplace engineer
- Enterprise mobility architect
- Data security architect
- Data architect
- Data analytics consultant
- Text-to-speech engineer
- AIOps consultant

Post 2023 Roles of tomorrow

- 5G Systems engineer
- AR/VR developer
- AI Engineer
- AI Architect
- ML/NLP engineer
- Gen AI specialist
- Prompt engineer
- AI moderator
- Intelligent cloud architect
- Connected ecosystem architect
- Data Ethnographer
- Edge computing AI architect
- Machine learning
- Data scientist
- Quantum machine learning analyst

Key enablers of tech growth in across mature GCCs



Mentoring/guiding GCC leadership

Enterprise sponsorship – guiding GCCs to better achieve strategic alignment, scale teams, foster BU support, and drive enterprise buy-in and commitment

Value-adding mindset

While cost remains a focus, GCCs are increasingly showing a value-add-first mindset, pushing for innovation and continuous improvement at the enterprise level

Talent success

Proactive initiatives by GCCs to attract, develop and retain diverse tech talent

Global leadership roles

Global leadership roles within the GCCs have helped the peers blur boundaries between enterprise and GCC, and drive consistent global standards

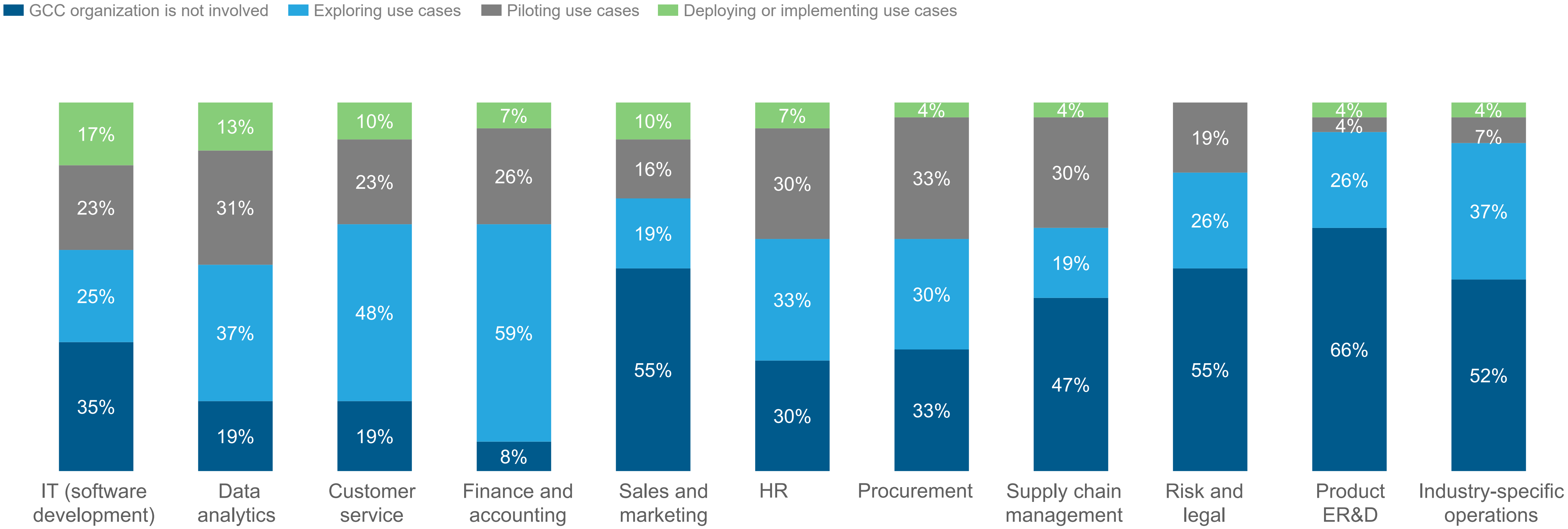
Role of GCCs in supporting gen AI initiatives

Current state of GCC involvement and adoption of generative AI across functions (page 1 of 2)

Most GCC organizations are deploying use cases for IT services and data and analytics. Further, most of the use cases for HR, supply chain, and procurement are currently in the pilot stage

Role of GCC in generative AI adoption across functions

2024; Percentage of survey respondents



Note: Above data is based on responses of GCC organizations who are playing an active role in enterprise-wide generative AI initiatives

Current state of GCC involvement and adoption of generative AI across functions (page 2 of 2)

Generative AI use cases across different functions

[NOT EXHAUSTIVE]

IT services

- Automated code generation and debugging
- Ticket creation, escalation, and resolution
- Technical support
- Automated testing
- Self-healing systems

Customer service

- Intelligent self-service chat and voice bots
- Information retrieval for agents
- Response fine-tuning for agents
- Call summarization
- Customer analytics
- Personalized helpdesk

Sales and marketing

- Targeted promotion and pricing
- Creative advertisement content generation
- Proposal creation
- Brand/Product inquiry resolution

Finance and accounting

- Anomaly detection
- Regulatory and tax reporting
- Knowledge management
- Algorithmic trading
- Generation of invoices, financial reports, and executive summaries
- Risk assessment
- Reconciliations

HR

- Recruitment
- Employee support and engagement
- Policy drafting
- Language translation
- Improved hiring decision-making
- Profile screening and resume triaging

Procurement

- Purchase Order (PO) and invoice processing
- Contract assessment
- Request for Proposal (RFP) generation
- Vendor assessment and comparison
- Vendor onboarding and engagement
- Duplicate product finder

Logistics and supply chain management

- Inventory management
- Demand forecasting
- Route optimization
- Real-time tracking

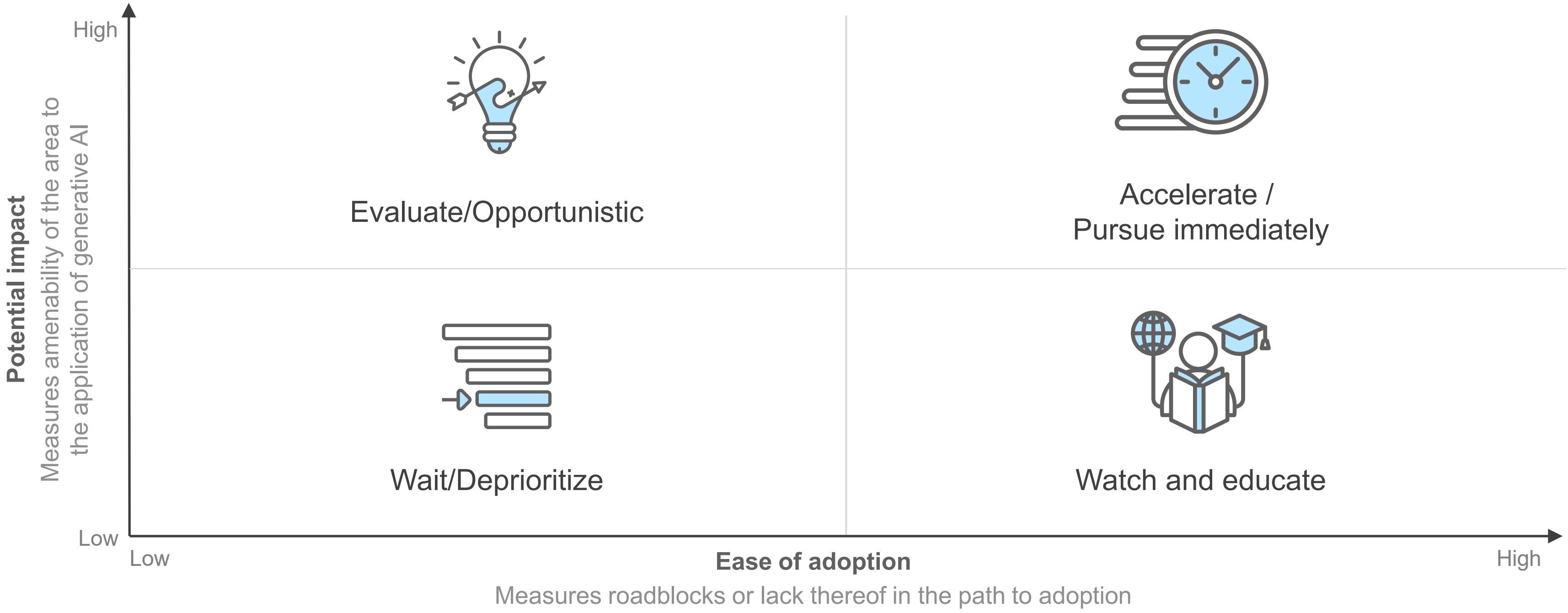
Best-in-class GCC have established frameworks prioritizing use cases based on potential impact and ease of adoption

Accelerate the quick-wins use cases with the highest impact and ease of adoption

Operational agility
Measure of how generative AI can maximize productivity and optimize processes to enhance speed to change/respond

Cost optimization
Maximizing efficiency and minimizing expenses to achieve optimal financial performance

Customer experience
Encompasses the entire journey of a customer's interactions, customer service, support, and assistance provided to address customer needs and resolve issues



Need for generative capabilities
Creation of text, video, images, code, audio, datasets, etc.

Dynamism of knowledge
Measure of the rate of change of the knowledge based on which a task is performed

Reasoning
Nature of reasoning involved – more complex reasoning makes tasks less amenable to adopting generative AI fully

Data availability
Data for training generative AI (e.g., foundational models fine-tuning or building models)

Criticality
Criticality, as relates to the cost/penalty of task failure - highly critical tasks and processes, would require a higher human touch

Checklist for success

A GCC leader's guide to adopting and scaling generative AI

Assess before you enable: assessing generative AI readiness in terms of resources, infrastructure, and compatibility is important before embarking on the journey of enablement

Identify and prioritize the right use cases: identify specific use cases through internal assessment and review of immediate business needs. Further, prioritize three to five use cases to experiment (focus on quick wins)

Integrate with existing systems: integrate generative AI solutions with existing IT systems, workflows, and applications. Ensure compatibility and interoperability to maximize the impact of AI across the organization

Build prototypes and PoCs: start with small-scale PoCs to validate he feasibility and effectiveness of generative AI solutions. This helps in gaining stakeholder buy-in and refining the implementation strategy

Forge strategic partnerships with AI innovators: collaborate with cutting-edge AI start-ups, research organizations, and service providers and leverage these partnerships to access emerging technologies and insights

Evaluate risk carefully: address ethical considerations, data privacy concerns, and regulatory requirements associated with generative AI implementation. Implement robust governance frameworks to ensure responsible AI use

Measure impact with advanced metrics: develop advanced KPIs to measure the impact of generative AI on business outcomes. Move beyond traditional RoI calculations to assess value creation

Invest in AI talent as a strategic asset: go beyond traditional recruitment by building an in-house AI talent pipeline through partnerships with academic institutions, research labs, and AI communities

Elevating From Good To Great – Now, Next And New

Imperatives for GCCs

As GCC organizations evolve, they are focusing on three strategic areas – grow, evolve, and optimize – which are critical to meet changing enterprise expectations

Key GCC priorities for 2023-24

Grow

- Expand scope of services
- Expand penetration across BUs and geographies
- Move up the value chain
- Build end-to-end global ownership

Evolve

- Accelerate enterprise-wide digital transformation and innovation
- Build CoE
- Improve talent model sustainability
- Evolve operating and governance model

Optimize

- Optimize global services sourcing portfolio
- Strengthen locations portfolio sustainability
- Support enterprise-wide ESG initiatives
- Ensure cost competitiveness

The relative significance of these action items will vary by persona.

Summary | actions steps for GCC organizations to GROW

Expand penetration across BUs and geographies

Significant focus on increasing the adoption of the GCC model for established services (e.g., finance, IT, supply chain, and HR services across under-served business units and geographies (e.g., APAC, Latin America, and Middle East & Africa)

Expand scope of services

60% of GCC organizations grew their services portfolios and penetration in 2021-22. While GCC organizations are extending scale and penetration across traditional services, they are also expanding their services portfolio

Move up the value chain

GCC organizations are moving up the value chain and delivering niche and high value-add services such as automation, cybersecurity, actuarial, and data and analytics to create value beyond arbitrage

Build end-to-end global ownership

>40% of GCC organizations added global ownership roles in 2021-22. Given its evolving role to support the parent entity, GCC organizations are focusing on building end-to-end global ownership roles

Summary | actions steps for GCC organizations to EVOLVE

Build CoEs

>50% of new GCC centers are focused on building digital global CoEs GCC organizations should focus on building CoEs to drive next-generation solutions integrating front-, middle-, and back-office functions

Accelerate enterprise-wide digital transformation and innovation

>25% of GCC organizations are investing in innovation initiatives focused on supporting top enterprise CXO priorities

Improve talent model sustainability

Talent model sustainability is **#1** concern for GCC leaders globally. Focus on improving access to talent, internal talent development, acquisition and retention strategy, and improving GCC brand as a preferred employer in local markets

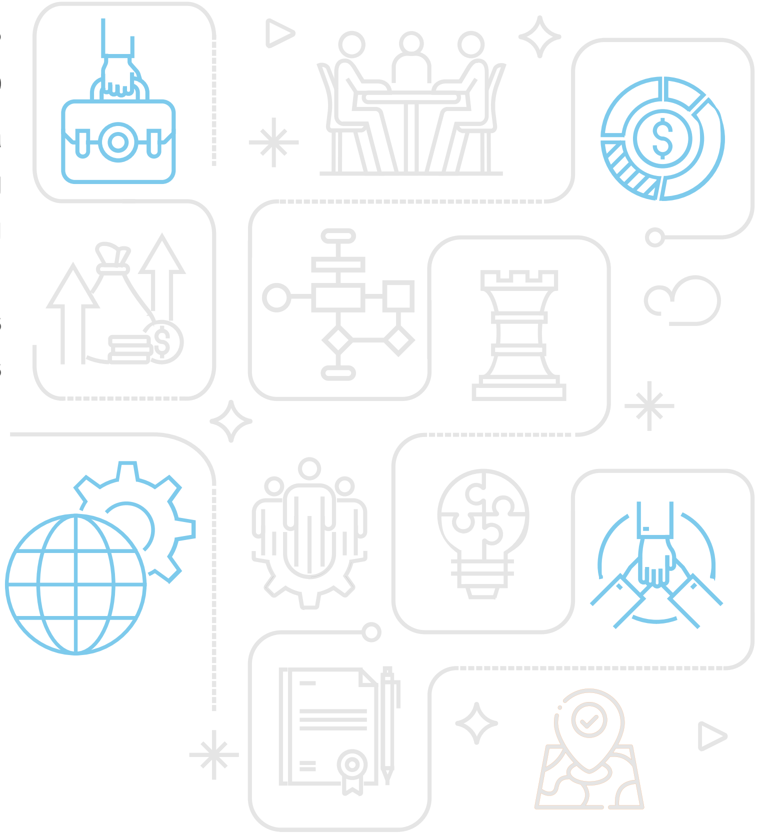
Evolve operating and governance model

>50% of GCC organizations believe significant improvement is needed to create an integrated global delivery model, especially to adapt to the future hybrid working model

Summary | actions steps for GCC organizations to OPTIMIZE

Optimize global services sourcing portfolio

GCC organizations should focus on becoming a strategic sourcing advisor and guide the sourcing decisions for the enterprise. In fact, multiple leading companies have established formal forums – Global Sourcing CoEs – to centralize governance across GCC organizations and third-party service providers



Ensure cost competitiveness

While GCC organizations are evolving to focus on value addition beyond cost arbitrage, they should continue to ensure cost competitiveness for the parent

Strengthen locations portfolio sustainability

GCC organizations are focusing on improving their locations portfolio. While they are continuously expanding into existing locations, they are extensively leveraging new locations (e.g., tier-2/3 locations). In fact, 25% of the new GCC center setups in 2021-Q1 2022 were in tier-2/3 location

Support enterprise-wide ESG initiatives

GCC organizations should optimize their role to support enterprise-wide ESG initiatives. Further, GCC organizations are driving/implementing ESG initiatives across various domains such as education, environment, and impact sourcing

Actions to prepare for 2025 and beyond

Capitalizing on the untapped potential of the global service delivery model – implement structural changes to optimize your model

Pivoting to a capability-first mindset – focusing on building niche and technological capabilities (such as gen AI), would be the key to accelerating the benefits of the GCC model

Developing talent should be the focus – prepare for skills of the future; leverage the stabilization in the talent war as an opportunity to access high-quality talent at affordable rates

Go where the talent is – be prepared to bet on some dark horses (e.g., tier-2/3 locations) for future growth

Investing in efforts to drive and articulate value (beyond cost arbitrage) delivered from GCC

SSF Global | A Global Association of Enterprise Functions, Technology & GCC Leaders

About SSF Global

Incepted in 2011, SSF Global (Shared Services Forum) is a Pioneering Industry Association for GCC, Global Business Services, Enterprise Functions, and Technology Leaders. It is an **exclusive forum, 'of Practitioners, by Practitioners, for Practitioners'** in the Enterprise Services Space. The association brings together GBS/ SSC/ GCC/ ERD and all forms of in-house captive or shared services organizations, and Corporate Functions with the strategic intent, inter alia, to include the following purposes:

- **GCC/GBS & BPM Strategy:** Help spread Shared Services adoption and Business Process Management in organizations across private/public sector, large/medium/small enterprises and multiple domains/ verticals.
- **Winning Practices:** Enable exchange of best/ next and winning practices from practitioners and industry leaders, and adapt global practices to apply to requirements of Indian Organizations
- **Community Network:** Build industry network of leaders and help nurture/develop the capabilities of leaders to become successful.
- **Excellence Awards & Recognition:** Honor, recognize and promote transformative strategies for Shared Services as well as Leaders who enable such transformation.

SSF Global's Journey

Organizations join this unique Industry association as Members to stay abreast with the latest trends/ best practices/ success stories/ Practitioner's perspective, thereby enabling creation of 'best-in-context' for their respective organizations. Briefly, the key highlights of SSF's journey are as follows:

- 12 Annual Global Business Services Conclave events, with participation of more than 10000 delegates, and 500 plus speakers presenting Industry insights and case studies;
- Multiple Annual Finance Leadership, HR Leadership, Digital Leadership Summits in different cities;
- Multiple Periodical Leadership Interactions/ Round Tables for focused groups held in different cities every year.;
- 21 Pioneering Leaders & BPM achievers felicitated for their invaluable and stellar contributions to the Industry & Society;
- 95+ organizational awards and recognition given for Excellence;
- Published 10+ pioneering Research Reports, Process Edge (SSF Journal), and 2 first-of-its-kind BPM books

For membership, partnering or any other query, write to info@sharedservicesforum.in
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