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

A KNOWLEDGE PAPER BY SSF RESEARCH DESK

SCALING THE GCC IMPACT

Reimagining Leadership, AI-First Culture Business Outcomes

www.ssfglobal.in

GLOBAL CAPABILITY CENTRES
IN INDIA'S TIER 2 CITIES

EXECUTIVE SUMMARY

India's Global Capability Centres (GCCs) have rapidly evolved into strategic engines of innovation and growth. By 2024, India has hosted over 1,700 GCCs employing~1.9 million professionals and contributing roughly $64.6 billion in exports.

Crucially,future growth is shifting beyond the traditional tech hubs to tier-2/3 cities. Leading firms (e.g. Pernod Ricard in Nashik, Metso in Vadodara) are already setting up GCCs outside metros/ tier-1 cities. Tier-2 cities like Jaipur, Indore, Kochi, Bhubaneswar, etc.offer large, untapped talent pools, up to 35% lower operating costs than metros, and growing infrastructure.

A report projects India's GCC workforce to hit **3 million by 2030** (from ~1.9m today),with **30-40% of new GCC roles** in tier-2/3 over the next 3-4 years. To fully realize this potential and support India's *Viksit Bharat @2047* vision, GCC leaders must reimagine Leadership, to embrace an "AI-first" culture, and tie every initiative to measurable business impact. Collaboration across industry, government and academia will be a catalyst for progress.

Global and Indian Context for GCC Expansion

Global Capability Centres are proliferating in India's Tier-2 cities, driven by cost efficiency and talent availability. Multinational companies are increasingly relocating complex functions (R&D, data analytics, digital services) to India. Global analysis confirms India is the **world's preeminent GCC hub**. As of early 2024, India had ~1,700 GCCs (growing 40% year-on-year), expected to reach ~2,200 by 2030. By 2030 the GCC market is forecast at ~$105–110 billion. India's expansion is powering IMF predictions that it will become the world's third-largest economy by 2027.

Within India, the GCC ecosystem has shifted up the value chain: what were once back-office BPO functions are now high-tech innovation centres handling AI/ML, cyber-security, fintech, and engineering R&Ds. Over 60% of Fortune 500 companies already have an India GCC. By 2030 India is expected to host 2,400–2,550 GCCs (vs ~1,700 today), creating ~115 new setups per year. Notably, several Western countries are also developing secondary-city centres (e.g. Poland, Mexico). In emerging markets, the Philippines and Vietnam are expanding shared-services hubs, and Brazil's tech sector is surging. These global comparisons are proofs that diversifying locations – tapping regional talent – is an international trend.

Despite this growth, GCCs have been concentrated in India's Tier-1 cities or metros (Bengaluru, Hyderabad, Pune, Chennai, Mumbai, Delhi, Ahmedabad). Recent data, however, shows a decisive shift toward Tier-2/3. For example, a report states that **30-40% of new GCC jobs** over the next 3-4 years will be in Tier-2 cities.

Another report highlights that ~150 GCCs already operate in Tier-2 cities, with another 30-40% expected demand there soon. Industry analysts highlight emerging Tier-2 hubs like Visakhapatnam, Jaipur, Vadodara, Kochi, Mangalore, Indore, Mohali, Bhubaneshwar, Chandigarh, etc. Today the top 15 Tier-2 cities collectively harbour over **2 million skilled workers in IT**, engineering R&D and business process sectors – a large talent base that global firms are eager to access.This trend must accelerate if India is to "Make Jaipur an epicentre of global capability excellence" and achieve *Viksit Bharat @2047* as envisioned by national development goals.

Reimagining Leadership for Tier-2/3 GCCs

Succeeding in non-metro hubs requires **new leadership approaches**. GCC leaders must blend global vision with local insight. Crucially, more senior and strategic roles are migrating to India: the count of India-based "global leaders" (executives managing cross-border functions) jumped from ~115 in 2015 to **6,500 in 2025** and is projected to reach 30,000 by 2030. This reflects a shift from India as simply a labour arbitrage centre to a **skill and leadership arbitrage centre**. Therefore, GCC leadership must be globally capable – overseeing cross-cultural, distributed teams – while also nurturing local talent into future global roles. As one industry expert notes, "future global leaders will not simply manage teams in one location but oversee diverse, crssultural teams worldwide".

In practice, this means investing in robust leadership development and retention programs in Tier-2/3 locales. Companies should appoint experienced managers who can translate corporate strategy into local action and build a culture of empowerment. Leaders must be inclusive, engaging younger workforces (60% of India's population is under 35) with purpose-driven initiatives. They should also champion upskilling and career pathways so that Tier-2 employees can grow into technical and managerial leaders. For instance, by embedding AI/ML and advanced analytics in GCC roles, Indian centres have repositioned themselves as innovation hubs – a trend that requires visionary leaders who can drive such digital transformations end-to-end.

At the same time, GCC heads must collaborate closely with government and academia to strengthen local talent pipelines. Rajasthan's draft GCC policy, for example, highlights the state's premier institutes (IIT Jodhpur, IIM Udaipur, MNIT Jaipur) and skill universities as assets. GCC leaders can partner with these institutions on internships, labs and curriculum tailored to emerging needs (AI, data science, cyber-security). They can also advocate for quality-of-life improvements (international flights, safety, lifestyle) that make Tier-2/3 cities more attractive to skilled professionals relocating there.

Building an AI-First Culture

A critical dimension of GCC evolution is AI and digital adoption. India's GCCs are increasingly "AI-first" centres, embedding advanced digital tools into every function. According to recent industry data, 78% of Indian GCCs have launched GenAI training programs and 37% are piloting AI-driven applications in real time. AI is no longer optional – it is poised to define the next era of leadership, innovation, and enterprise value creation

For GCCs in Tier-2/3 cities, fostering an AI-first mindset is both a challenge and an opportunity. Leaders must invest in cloud infrastructure, data platforms and cybersecurity, ensuring local centres can deploy machine-learning, analytics and automation tools effectively. This requires hiring or training specialists (AI/ML engineers, data scientists, cloud architects) who may still be a minority in smaller cities. To bridge any skill gaps, GCCs should leverage remote collaboration with HQ and other centres, while upskilling local talent. Orange Business notes that next-generation GCCs must offer "business intelligence (BI) services, connectivity, cybersecurity and cloud" alongside traditional contact-centre functions – a vision only achievable with an AI-first culture.

Embedding AI yields concrete outcomes. For example, Diebold Nixdorf's GCC deployed an AI chatbot to improve customer support, resulting in **60% faster issue resolution** and **a 40% rise in efficiency** for knowledge management processes. Such results highlight how AI tools amplify productivity and service quality. GCCs should therefore encourage experimentation: running pilot projects in areas like intelligent automation, RPA (robotic process automation) for routine tasks, and generative-AI copilots to support employees. With AI-Integrated Enterprise Services, GCCs become "global innovation hubs" and can easily transcend the back-office role.

Cultivating an AI-first culture also means fostering continuous learning. Leaders should incentivize engineers and analysts to certify in the latest platforms (TensorFlow, Azure AI, AWS ML services, etc.) and attend hackathons or innovation challenges. By celebrating AI-driven wins and sharing best practices across centres, GCCs in Tier-2/3 cities can build momentum. In sum, adopting an AI-first approach across functions – from finance and HR to R&D and customer support – will empower Tier-2 GCCs to drive strategic value for their parent MNCs, not just cost savings.

Driving Business Outcomes and Metrics

Ultimately, GCCs must **demonstrate tangible business impact**. Tier-2/3 centres should be integrated into the strategic goals of the business, with clear KPIs (cost efficiency, revenue contribution, innovation metrics) tracked rigorously. For example, cost savings are a primary driver of Tier-2 expansion: hiring costs in these cities are typically **25–30% lower** than Tier-1 locales, yielding immediate opex reductions. These savings can be redirected into higher-value initiatives (R&D spend, AI labs, upskilling programs) that boost overall competitiveness.

Measuring outcomes also involves tracking productivity and innovation. GCC leaders should highlight wins such as faster project cycle times, quality improvements, and revenue from new product features developed locally. The success story of AI chatbots above (60% faster service, 400% efficiency gain) is one example of a metric-driven narrative. Similarly, deploying analytics pipelines could be measured by business questions answered or decision-making speed. Tracking diversity, employee retention, and skill development are other important metrics: as India's GCCs grow, Women now comprise ~40% of their workforce, and improved DEI correlates with higher innovation.

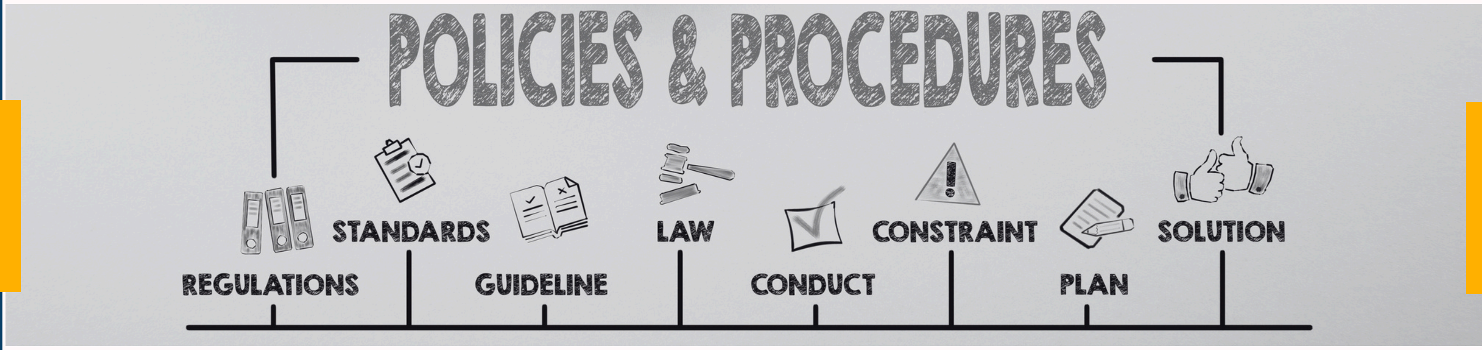
Key metrics for FY2025–26 should include – number of Tier-2/3 GCCs established, jobs created (especially in strategic roles), percentage of GCC revenue from new services, and improvements in service-level KPIs. Industry forecasts provide context: India is expected to generate **~150,000 new GCC jobs by 2026**. If Tier-2/3 cities capture even 30% of these jobs, that is ~45,000 roles. Reporting how Rajasthan or Jaipur contributes to these national figures (e.g. "X new GCCs in Jaipur this year") will help stakeholders see progress.

CHALLENGES FOR TIER-2/3 GCCs

Despite the promise, Tier-2/3 GCCs face specific challenges that must be addressed:

- **Talent Gaps:** While the quantity of IT/engineering graduates is high, there may be shortages in specialized skills (AI/ML, cybersecurity, advanced R&D). Training and certification programs are needed. With skill gap in areas like AI and advanced engineering in non-metros, GCCs must invest in local talent development through their academia ecosystem and, if necessary, rotate in experts from metros for knowledge transfer in experts from metros for knowledge transfer.
- **Infrastructure & Connectivity** – Some Tier-2 cities still lack world-class infrastructure. Direct international flights are limited (affecting travel to/from HQ), and broadband or power can be inconsistent. Governments and industry must collaborate on smart city projects, airport upgrades and redundant networks. Many cities now have dedicated IT parks/SEZs (e.g. Jaipur's Mansarovar IT Park, Indore's Crystal IT Park) but ensuring these have premium fibre and power stability is key.
- **Perception & Awareness** – Many MNC decision-makers still perceive India primarily through its big six cities. To change mindsets, success stories from Tier-2 must be broadcast widely (for instance, how Bosch in Jaipur serves European R&D).Events and marketing campaigns highlighlting local advantages can help overcome inertia.
- **Quality of Life and Safety** –Attracting talent often depends on factors like urban amenities, schooling, and personal safety.While Tier-2 cities generally offer lower living costs and less congestion, quality-of-life enhancements (international schools, hospitals,cultural venues) can further entice GCC employees. Continued improvements in women's safety and civic services will broaden the talent pool.
- **Only BCP/Back-office vs R&D –** Historically, many Tier-2 centres were set up for Business Continuity or back-office functions due to risk aversion. Elevating them to full-scale R&D/innovation hubs requires trust and capability building. Companies should pilot innovation labs or engineering teams in Tier-2, gradually expanding scope as maturity and success is proven.

By acknowledging these challenges upfront, GCCs can apply tailored solutions. For example, Bangalore's prestige once masked attrition issues; Tier-2 cities can now offer stable careers. Building co-working spaces and innovation clusters can mitigate the perception of remoteness. In short, a coordinated effort between corporate leaders and local stakeholders is needed to turn each challenge into an enabler of growth.



Role of Government and Policy Initiatives

State and central policies will play a pivotal role in accelerating Tier-2/3 GCC expansion. India's experience shows that **targeted incentives** spur investment. At the state level, *Karnataka's GCC Policy 2024* aims to establish *500 new GCCs* with in output, explicitly promoting sites **"beyond Bengaluru"** like Mangalore and Mysuru. Gujarat offers GST and tax breaks in the GIFT City international finance hub to attract GCCs. Nationally, proposals for a unified GCC policy are being discussed, recognizing the sector's strategic importance.

Rajasthan's draft GCC Policy (2025) provides a roadmap for Jaipur and the state: it envisions **hosting 200+ GCCs by 2030** and targeting ~$20 billion in economic output from these centres. It promises incentives (land subsidies, power tariff relief, skill development support) and highlights Rajasthan's strengths (connectivity, engineering colleges, cost-competitiveness). By leveraging such frameworks, states can motivate global companies to look beyond metros.

Key policy features that drive location decisions include:

- **Financial Incentives**: Grants or tax holidays for setting up in Tier-2 areas (e.g. capital investment subsidies, subsidized land/rent).
- **Infrastructure Support**: Development of world-class IT parks and SEZs, public transport, and digital broadband in target cities.
- **Ease of Doing Business**: Single-window clearances, labour law flexibility, and quick approvals can make expansion smoother.
- **Skill Initiatives**: Funding for upskilling institutes (digital academies, AI labs) and aligning curricula with industry needs increases local employability.
- **Promotion & Branding**: Showcasing success stories and organizing investment conclaves (like Rajasthan's "Rising Rajasthan Partnership Conclave") puts Tier-2/3 on the global GCC map.

Policymakers will need to address soft factors. For instance, improving international flight connectivity to Jaipur and other emerging hubs would facilitate high-level talent exchange. Safety and pollution control enhance liveability for expat managers. Government-backed incubators and innovation challenges can further link GCCs with local startup ecosystems. In sum, a proactive "talent-forward, tech-forward" policy approach will encourage MNCs to build ER&D and innovation centres (not just back-up operations) in smaller cities.

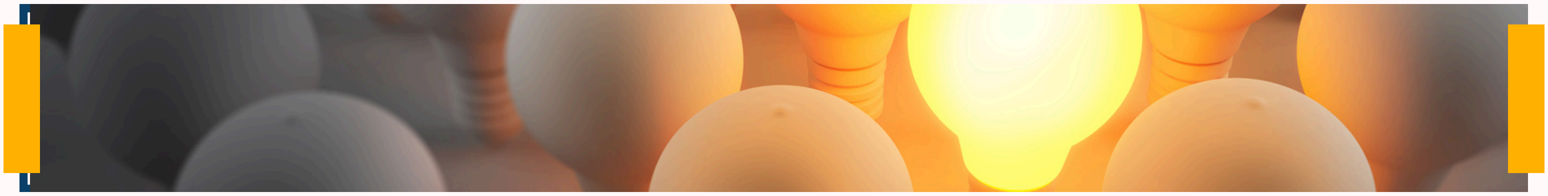
INTERNATIONAL PERSPECTIVE

Global comparisons show that many countries are now developing secondary-city hubs to diversify risk and tap new talent. In Poland and Romania, cities like Krakow, Warsaw, Bucharest and Cluj-Napoca have attracted major GCCs (Google, UBS, Accenture). Mexico's Guadalajara and Monterrey serve North American firms with nearly 80 large captives (earning "Silicon Valley of Mexico" fame). Southeast Asian hubs like Manila, Cebu (Philippines) and Ho Chi Minh, Hanoi (Vietnam) are growing their AI and IT centres. Even Cairo and Rio de Janeiro are on the rise, backed by government training programs and expanding tech workforces.

These examples highlight best practices India can emulate:

- I**ncentivize Industry Clusters**: E.g., Poland's "SPOKs" (centres of excellence) get special status, similar to India's IT parks/SEZs.
- **Leverage Local Strengths:** Mexico capitalized on near-shore location; similarly, India can market its 75% time-zone overlap with Europe (for Middle East/EU markets) and US (overlap from western India).
- **Branding**: Countries create "City X – Tech City" branding (e.g. Cebu as fintech hub). Indian states should brand emerging hubs (Jaipur – innovation city?).
- **Global Investment Promotion:** Active roadshows by state governments can help (e.g. Rajasthan attracting Japanese firms as it did for other sectors).

While the contexts differ, the underlying message is uniform: secondary cities can be growth engines. India's scale and talent advantage remain unmatched, but we must borrow global lessons on creating fertile ecosystems outside capitals. Collaboration with foreign missions and industry groups (GCC Confederation, NASSCOM chapters, etc.) can attract a wider array of investors



CONCLUSION

Tier-2 and Tier-3 cities present a huge and still under-exploited opportunity for India's GCC ecosystem. By reimagining leadership, allaying regional challenges, and adopting an AI-led culture, companies can transform these centres into strategic outposts – not just cost centres. Data-driven planning and robust collaboration are crucial. Every insight reinforces that cooperative efforts (industry + government +academia) will unlock the true potential of places like Jaipur,making them pillars of India's Viksit Bharat 2047 vision. With concerted action, we can ensure that high-value ER & amp;D, digital services and innovation labs flourish far beyond the old metros, spreading economic growth more evenly and achieving a new benchmark for global capability excellence.

Key Actionables

- **Develop Visionary Leadership:** Train GCC heads in cross-cultural management and digital leadership. Establish mentorship and rotation programs so Tier-2/3 talent gain global exposure. Encourage executives in India to take global roles.
- **Invest in AI and Digital Infrastructure**: Allocate budget for AI platforms (cloud, analytics) and RPA tools in new centres. Create GenAI upskilling programs (target ≥75% workforce trained by 2026). Track metrics like AI-enabled process improvements (e.g. % reduction in cycle times).
- **Align GCC Goals with Business Outcomes:** Define clear KPIs (cost savings, revenue from local products, customer-NPS, innovation patents) for each GCC. Publish annual impact reports (jobs created, value added) tied to national goals (e.g. contribution to Atmanirbhar Bharat).
- **Enhance Talent Pipelines:** Partner with local universities/ITI's for customized curricula. Set up GCC-funded labs or innovation scholarships in Rajasthan, Kerala, Odisha etc. Promote GCC career paths in schools. Address skill gaps (e.g. cybersecurity bootcamps).
- **Strengthen Tier-2 Ecosystems:** Work with state governments to improve air connectivity, metro projects, and urban amenities in target cities. Advocate for better broadband backhaul. Support co-working and incubation spaces to build tech clusters.
- **Leverage Policy Incentives:** Take advantage of new state GCC policies (e.g. Rajasthan's draft incentives). Apply for grants/tax breaks and stay engaged in shaping GCC policy at the federal level.
- **Showcase Success Stories:** Publicize high-impact projects from Tier-2 GCCs in media and at conferences. Use events like the Rajasthan GCC Conclave to highlight local wins. Invite global CXOs on fact-finding missions to Tier-2 campuses.

By pursuing these actions with rigor and collaboration, the GCCs in India can scale sustainably, spreading opportunity and innovation to every part of the country.

ACKNOWLEDGEMENT

This knowledge paper is the result of collaborative insights from business leaders, GCC & GBS Practitioners, and Transformation experts who are shaping global enterprise services strategies.

We extend our sincere gratitude to esteemed leaders for their invaluable insights and innovative case examples, captured at interview interactions as well as contributions from leaders at the Jaipur Leadership RoundTable Interaction – ***Akhil Tulshyan, Anirban Roy, Anshul Bansal, Atul Pratap, Dinesh Chandra, Dr Sanjeev Rastogi, Harpreet Duggal, Kailash Jain, Lovelish Rupani, Meenakshi Vijh, Pooja Agarwal, Prayas Sharma, Ritesh Chhabra, Sudesh Jain, Sudhir Banerjee, Surendra Verma, Sushil Kumar, Vandana Sharma, Abhinav Goel, Pallavi Jayaswal, Shilpa Dandona and Rakesh Sinha.***

Sources: Authoritative reports, news, industry and research publications on GCC/GBS transformations were used throughout, including consulting firm insights, sector surveys, and case studies from Inductus GCC research; Orange Business analysis; Zinnov and EY insights; Rajasthan Govt. policy draft; industry analyses; Wisemonk consulting; among others.

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

Email: publications@ssfglobal.in

Website: www.ssfglobal.in

Follow us on :