How Enterprises Can Unlock Latent Value by moving from COCO to COPO

A Strategic Perspective on Ring-Fenced GCCs, AI-Led Transformation, and the Dual-Partner Model

JULY 2026

The Quiet Crisis Inside a GCC

Here's a paradox playing out in boardrooms across the world: the Global Capability Center which has been enterprise's proudest transformation story is quietly but rapidly evolving to next generation.

A decade ago, building a Company-Owned, Company-Operated (COCO) i.e. a 'pure-play' captive GCC was an obvious move. It delivered control, cultural alignment, IP protection, and predictable cost arbitrage. For many enterprises it still does. But the operating environment that made COCO the default has shifted underneath it:

Technology including AI has muted the value of pure scale

A 1,000-person captive built for process volume is now competing against AI-augmented teams a third its size. Secondly, all companies (big or small) have access to the same technology stack without differing set-up costs

Capped benefits from Cost arbitrage

Wage inflation in Tier-1 Indian cities, rising attrition costs, and the sheer overhead of running an HR, facilities, compliance, and vendor-management function in a non-core geography rapidly erodes benefits from "cost-arbitrage captive" thesis.

Capital and management bandwidth are scarce

CXOs are being asked to fund AI transformation, not real estate and back-office administration.

Boards Are Asking a Harder Question

Is the GCC still core to our IP and expands the enterprise capability to innovate, or has it quietly become an operations business we happen to own?

> For a growing number of enterprises & its GCCs, they need **strategic IP, innovation capability and governance must remain fully owned.** However, **day-to-day operations and talent management are possibly becoming a kind of a distraction from the above core objective of the business.** More specifically, the enterprise value gets 'locked' when the strategic need becomes a second or a lower priority to operations and talent management! In a way, the latent value even becomes 'trapped value' as the purpose is often NOT driven by 'what you do' but by 'how you do'.
>
> **That too, in this current era of AI / AI led Transformation, and surely not moving away from the 'core essence of GCC', the combined expertise towards this purpose can deliver guaranteed outcomes at higher speed, both for unlocking value and expanding innovation capability.**

That realization is driving the shift from COCO **to COPO – Company-Owned, Partner-Operated** – and, more specifically, towards a 'ring-fenced GCC' executed with a dual-partner combination: a global technology (including AI) and operations major (an IBM-type partner) working alongside a specialist GCC capability catalyst & orchestrator (a Quintes-type partner).

This article lays out why this COPO model brings the best of both worlds to achieve the **end objective** and how it actually works, and - most importantly - how AI-led transformation inside a ring-fenced structure creates value that goes well beyond cost, without diluting the two things enterprises fear losing most: **their intellectual property driven innovation capability, their culture and of course control of their destiny.**

1. COCO vs. COPO — What Actually Changes

It helps to be precise about what a model shift does and does not change, because COPO model is clearly not "outsourcing any part of the GCC" which is the biggest reason Boards hesitate.

Dimension	COCO (Captive)	COPO (Ring-Fenced GCC)
Legal ownership of the GCC entity	Parent company	Parent company (unchanged) Or, a Separate & Dedicated Legal Entity from Quintes Global
IP, data, and proprietary technology	Parent company	Parent company (unchanged)
Strategic direction and governance	Parent company	Strategic direction Parent company (unchanged) with supportive governance with COPO Partner
Day-to-day operational execution	Parent company's own management layer	Specialist operating partner
Talent employment	Directly employed by parent	Partially transferred to partner entity or talent exchanged from one to the other under service agreement, ring-fenced to the account
Capex and infrastructure	Parent-funded	Shared or Partner-funded, reducing parent capex
Technology and AI stack delivery	Built internally, often across multiple partners and slowly	Delivered by global tech major (AI, platforms, engineering depth, proven outcomes)
Cultural and brand alignment	Native	Safeguarded through ring-fencing
India GCC Compliances	Full responsibility with Parent	Majorly led & supported by specialist Partner
Risk of Transformation	GCC and Parent	Delivered through global partner in a risk mitigated manner

The critical design principle is **ring-fencing**: the operating partner runs a dedicated, exclusive unit for the client - not a shared delivery pool - under the client's brand, security perimeter, and governance cadence. This is fundamentally different from traditional BPO/IT outsourcing, where a vendor runs the client as one account among many in a shared bench.

2. Why the IBM + Quintes Combination Is the Template Worth Exploring

The reason a dual-partner combination outperforms a single-vendor takeover is that a captive GCC spin-off to COPO model has two distinct roles to combine, and very few organizations are excellent at both.

Role 1 — Secure the GCC operating model:

Ensure and secure the essence and the specific nuances of GCC - One Enterprise Mindset, Collaborative Capability Chain and Value Maturity Continuum – connecting the GCC and the Enterprise are in place under the COPO model and are sustained as part of the Transition to the COPO partner, eventually becoming part of the ongoing steady state governance of the ring-fenced GCC operations. The GCC essentials have to be secured by addressing the following requirements:

How do I ensure the ‘One Enterprise’ Mindset?

Not become just an extension but a digital twin of the Enterprise, adopting the transformation centric mindset that constantly connects the GCC with the larger Enterprise.

How do I build Collaborative Capability Chain?

Connecting capabilities as a chain across the three key organizational capability dimensions - Talent (people), Technology (business) and Transformation (value) between the GCC and the Enterprise.

How do I drive Value Maturity Continuum?

A virtuous cycle starting with ‘unlocking value’, and continuing with delivering value from the ring-fenced GCC, ‘creating value’ with the Enterprise, to becoming a Continuum of the value chain connecting the GCC & the Enterprise

This is the domain of a specialist GCC capability catalyst like Quintes - firms whose entire business model is built around standing up and running dedicated GCC units for global enterprises across BFSI, healthcare, manufacturing, and technology clients, with mature playbooks for talent, location strategy, one team and value mindset. This includes outcome or value focus across initiatives, hiring & retention, facilities, compliance, payroll, specialist GCC leaders, career pathing, SLA & delivery governance, and innovation practices.

Role 2 — Driving synergy between Emerging Technology and Operations: Conundrum for GCCs

With AI, Analytics, Automation advancing, maturing and scaling in their sophistication it is clear this is NOT a buzzword which will die-out naturally. While technology matures, challenge usually is that the processes do not evolve fast enough to benefit from the technology. GCCs are expected play a pivotal role in not only re-imagining their operating model and processes but also serve as a catalyst for the parent enterprise to unlock value for the whole enterprise. In fact, GCCs in India can be the harbinger of value creation for their parents at a scale and speed which has never been seen before. However, we all know that this is easier said than done. All of us are often faced with challenges:

How do I optimize investment needed?

Finding the money for investments when budgets are slashed every year.

What is the right model to scale AI?

How do I get this executed?

How do I ensure that the AI Capability at scale augments my own IP?

Ensuring AI capability is accretive to the enterprise.

How do I future-proof tech investments when things are evolving fast?

Securing data and staying current as technology evolves rapidly.

How to drive the synergy between tech and ops?

How to I attract and retain the requisite talent needed?

Essentially, while the end-state is visible, the journey is challenging Legacy application rationalization, cloud and hybrid infrastructure, agentic AI and automation, cybersecurity, and the platform engineering needed to make the GCC AI-native rather than AI-adjacent. This is the domain of a global IT major like IBM, which brings delivery depth, enterprise grade AI-platforms IBM Enterprise Advantage, BOB, and suitable Governance Models which most captives - even large ones - cannot replicate internally within a reasonable time or cost.

On top of that, IBM brings the **'Client ZERO' experience of delivering north of $4.5bn annual savings** from its own enterprise operations like Finance, Procurement, HR, IT, etc. This has been delivered since 2023 leveraging AI, Automation and Analytics. It is important to highlight that IBM had set-up its internal GBS many years back and had already consolidated operations to a large extent. This savings is purely based on Eliminating, Simplifying and Automating end to end workflows using emerging tech.

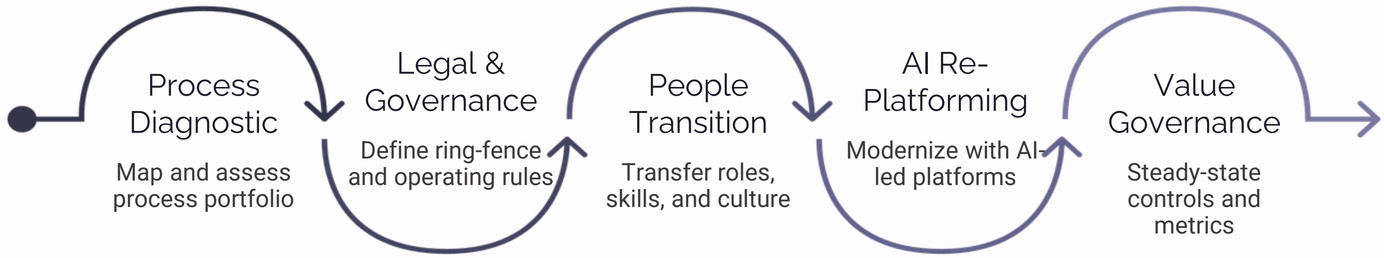
IBM + Quintes arrangement can be extended to the GCC in a COPO model and the enterprise can build on this to further innovate core operations and showcase this as their AI Capability and communicate to the wall street in line with Board/ CEO's vision (best described as part of the Collaborative Capability Chain).

Put together, the partner combination gives the enterprise something a single outsourcing vendor rarely can. **Operational Intimacy plus Technology Depth** delivered through one ring-fenced, accountable structure, while the enterprise itself steps back from running the operations room and refocuses on strategy, product, IP, innovation and the competitive advantage for the core business.

This "co-creation, co-operation, co-execution" pattern - global technology major plus GCC specialist, working jointly under the enterprise's governance – is exactly what enterprises need and have been asking for.

3. Transition to COPO — The Playbook

A ring-fenced COPO is a structured transition, not an overnight outsourcing vendor swap. The enterprises that get this right typically move through FIVE stages.



Stage 1 — Process Portfolio Diagnostic: Separate "Core IP" from "Operations Hub"

Before any transition conversation, the enterprise must map its GCC's activities across two: **strategic differentiation** (does this function embody proprietary domain knowledge, advanced technology, or competitive advantage?) and **operational complexity** (does this require process expertise with AI at scale, to deliver simplicity and/or connect with upstream business to enhance/ intensify innovation?). This produces two buckets:

- **Retain and deepen** — strategic architecture decisions, data science IP. This stays fully inside the enterprise, COCO-style, non-negotiable.
- **Transition to COPO** — operations and business services of finance/HR/ procurement/ service operations, platform operations, application maintenance, testing, service desk, data engineering, product engineering, algorithms, pipelines, Tier-2/3 support - high-volume, execution-heavy, technology intense work where a specialist partner's maturity outperforms the best internal management.

Stage 2 — Legal and Governance Architecture

This is where "ring-fencing" is made real, not just promised. Key elements:

- **IP assignment and licensing clauses that make explicit** – in the master services agreement, not just intent - that all code, models, data, and derivative work created by the ring-fenced unit belong to the enterprise, with the operating partner holding no residual rights. Dedicated legal entity or ring-fenced unit within the partner's structure, with segregated access controls, dedicated servers/tenancy, and a security perimeter that meets the enterprise's own compliance standard (not the partner's generic standard).
- **Governance council** with joint enterprise-partner representation, meeting on a fixed cadence, with escalation rights for which the veto sits with the enterprise, not the partner, while ensuring the journey towards value maturity as a priority
- **Exit and reversibility clauses** – the enterprise must always retain the contractual right to bring the unit back in-house or re-tender it, with a defined transition period and full knowledge transfer obligation. This single clause does more to protect enterprise leverage than almost anything else in the contract.

Stage 3 — People Transition, Done Right

The single biggest cultural risk in any spin-off is how people experience the change - during and post the transition. Best-practice transitions:

- Offer **transparent, opt-in transfer terms** with protected compensation, tenure recognition, and continued access to enterprise-branded career frameworks where feasible.
- Service assurance to the **key leadership layer** inside the ring-fenced unit - typically the GCC head and a few functional leads, acting as the cultural and strategic bridge.
- Preserve **brand identity on the ground** – badge, floor branding, town halls, leadership visits - so employees experience continuity of mission even as the employer of record changes.
- Drive **Scientific Restructuring**: Partner will Invest in Tech / AI enablers helping in migrating human workers to hybrid workforce - leading to reducing humans or deliver more work with same humans. In a way, the people restructuring will be more scientific and tech based that combined 'hi-tech, hi-touch' rather mere cost optimization without the human touch. The COPO GCC can become 'AI First' driven operations.
- Build-in **Talent Exchange Chain**: Deputation or exchange of talent from the Partner to the Company and vice-versa to ensure that Talent is embedded in the 'collaborative capability chain' benefitting the Enterprise.

Stage 4 — AI-Led Re-Platforming

This is where the partner combination earns its premium. Instead of simply running the GCC as-is under a new vendor management (which only captures cost savings), the technology partner under COPO re-architects the operating model around AI:

- **Agentic AI for Tier-1/Tier-2 support and transaction processing,** freeing human capacity for judgment-heavy work or bring in more workloads from global enterprise
- **AI-assisted software engineering** (code generation, testing, refactoring) that compresses delivery cycles.
- **Unified data and AI platforms** that give the enterprise a single governed view of the GCC's output, quality, and IP lineage - critical for maintaining oversight in a partner-operated model.
- **Predictive workforce and capacity planning,** replacing static headcount models with dynamic, demand-linked staffing.
- **Technology capability chain:** Through this collaborative arrangement, the enterprise can work with the partner to extend the Tech/ AI capability to GCC operations beyond the COPO model to the company operated GCC model (COCO) as well as to the enterprise as a whole for driving the core business – leading to 'Collaborative Capability Chain'Chain'

Stage 5 — Steady-State Value Governance

Once transitioned, value governance and value tracking become essential. Value governance shifts from operational governance to align with the strategic direction of the Enterprise and the essence of the GCC - One Enterprise Mindset, Collaborative Capability Chain and Value Continuum - while value tracking shifts from a project mindset to a continuous operating rhythm: quarterly business reviews tied to outcome metrics (not just SLA adherence), joint innovation roadmaps, and a standing "IP audit" that confirms all new work product remains correctly assigned to the enterprise..

4. The Value Unlock — Why This Is Bigger Than Cost Efficient Operations

Enterprises that treat a COCO-to-COPO transition purely as a cost play typically capture **15–25% opex reduction** and stop there. That is real money, but it is not the ceiling. The organizations extracting the most value are targeting six additional, larger levers.

1. Capital Reallocation

Every dollar the enterprise no longer spends on GCC facilities, HR infrastructure, and operational management headcount is a dollar redeployable to core product R&D, M&A, or AI capability building elsewhere in the business. For many enterprises this capital-freeup effect **exceeds the direct opex savings.**

2. Speed to AI Maturity

A captive GCC trying to build agentic AI, MLOps, and modern data platforms alone typically takes **18-36 months** and multiple failed pilots to reach production maturity. A partner combination with existing AI accelerators, reusable frameworks, and platform IP can compress this to a fraction of the time - because the enterprise is buying proven capability, not building it from scratch.

3. Talent Capacity Elasticity Without Dilution Of Core Teams

A ring-fenced, partner-operated structure can scale up or down **20-30% in a quarter** to match demand, something a COCO captive structurally cannot do without painful hiring/layoff cycles that damage employer brand and morale. This elasticity is itself a strategic asset in volatile demand environments. The Capacity is elastic. The Capability is expanding.

4. Risk Transfer on Execution, Not Strategy

Attrition risk, compliance risk, facilities risk, and delivery-SLA risk shift substantially to the operating partner, whose core competency and commercial incentive is managing exactly those risks – while strategic risk (what the GCC should really be focused on) **stays fully with the enterprise**, where it belongs.

5. Collaborative Capability

COCO to COPO model is designed to drive collaboration between the Partner and the Enterprise across the **three organizational capability dimensions – Talent, Technology and Transformation**, resulting in a capability chain that builds momentum to achieve core business growth.

6. Value Maturity Journey

While the COPO model starts with unlocking value, this triggers the virtuous cycle, progressing with **delivering value from the ring-fenced GCC** to creating value with the Enterprise and reinforcing the journey of enhancing value towards a process of growth and outcomes.

> Taken together, these six levers routinely produce **huge value under the COPO model**, a minimum of 2-3x the direct cost savings alone – with the AI transformation is predicated on the ‘operating model that segregates operations and people’ and is designed as the centerpiece of this transition, not bolted on afterward.

5. Protecting What Enterprises Fear Losing

The two objections that stall almost every COCO-to-COPO conversation are IP dilution and cultural erosion. Both are manageable with deliberate design - but only if addressed structurally, not just assured verbally.

On IP.

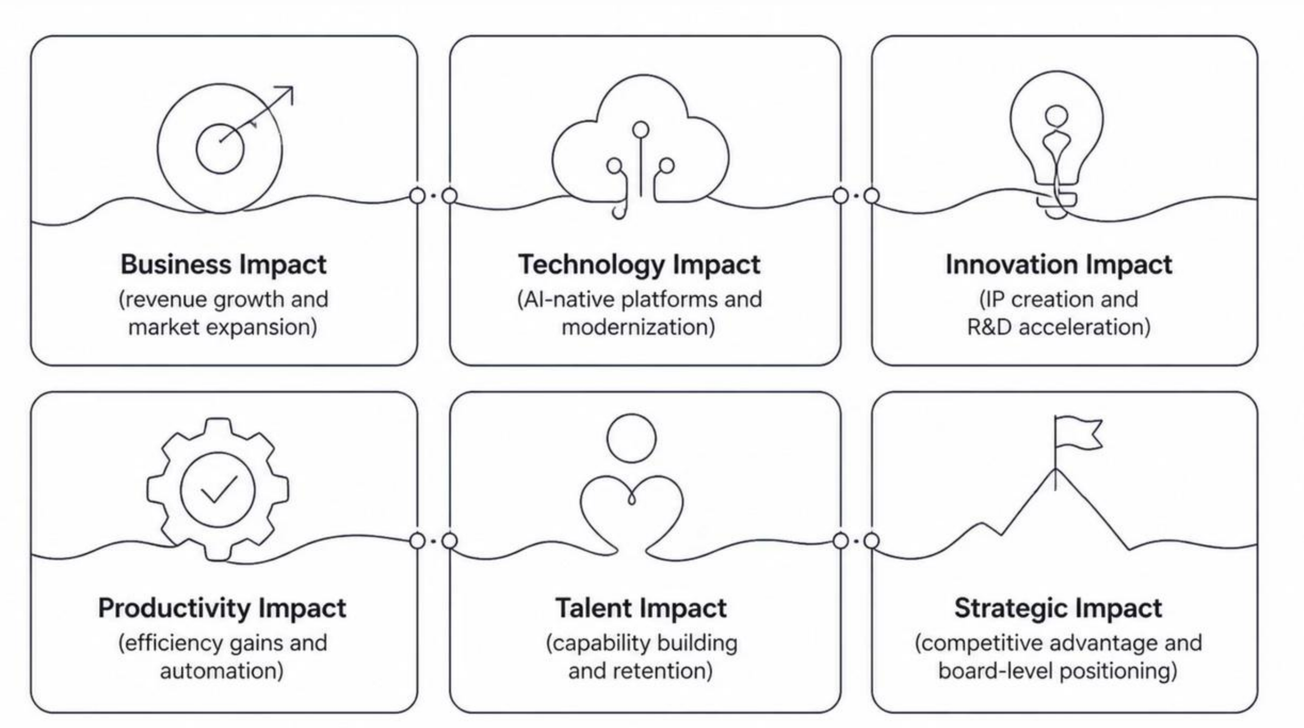
The discipline here is legal, technical and technological, not aspirational. Enterprises should insist on segregated code repositories and model registries under enterprise-controlled access, contractual IP assignment with no ambiguity, and regular independent IP audits as part of governance.

The biggest differentiator is really the protection, ownership and expansion of the intellectual property and the innovation dividend resting with the enterprise with the operating partner holding no residual rights.

On Culture.

Culture erodes when people experience change as abandonment, not when their employer of record changes on paper. The antidote is visible enterprise leadership presence inside the ring-fenced unit, continuity of mission and brand experience for employees, and treating the transition as a co-created operating model redesign - with the people informed and, where possible, consulted - rather than a decision imposed on them. Enterprises that invest in this transition experience typically see engagement metrics better than pre-transition levels within two to three quarters. Culture remains enterprise-led. Employees continue to: Support the same business objectives, Work with the same stakeholders, Operate under enterprise values, Participate in enterprise programs – all with hybrid skill sets that can connect GCC to the Business as One Enterprise.

This distinction is critical. The objective is not outsourcing. The objective is transformation amplification. Beyond Cost Optimization: The Real Value Equation – Business Impact, Technology Impact, Innovation Impact, Productivity Impact, Talent Impact, Strategic Impact. The organizations that embrace this shift will move from viewing GCCs as cost centers to recognizing them as strategic growth hubs and platforms.



The objective is not outsourcing. The objective is **transformation amplification**. The organizations that embrace this shift will move from viewing GCCs as cost centres to recognizing them as strategic growth hubs and platforms.

In Summary — The Bottom Line

The COCO captive model was the right answer to a cost-efficiency or even cost effectiveness question a decade ago. The question that enterprises are actually asking today is different: *how do we stay owners of our IP and culture while handing off the operational weight that has to be simplified using advanced Tech & AI at scale to merge into our core competitive advantage, and use that freed-up capital and management bandwidth to move faster on AI for the enterprise?*

> A ring-fenced COPO GCC unit, executed through a dual-partner combination that pairs deep GCC capability expertise with global technology, scalability and AI depth, is the structural answer to that question. Done with rigorous legal ring-fencing, a genuine people transition, essence of GCC and AI transformation built into the redesign from day one - not layered on after – it turns the GCC from a cost center the enterprise merely runs into a strategic asset the enterprise actively leverages, without giving up an inch of what makes it defensible: its IP, and the culture that built it.

Summarising Benefits

No Business Disruption

No significant change in the way the captive was organised

Limited People Impact

With site leaders & functional leads becoming the operating partners with job assurance

Guaranteed Savings

Savings spread over the contract period & if required financial engineering with upfront joining bonus, reducing charges YoY

Collaborative Capability Chain

Driving core business growth

Market Position

Strong market position to Wall Street; based on strategic partner to support rapid AI adoption at scale

The COPO Transformation Journey at a Glance

From latent value to becoming a strategic asset – the transformation arc across seven dimensions:

#	Dimension	From	To
1	Ownership	Stays with the Parent Enterprise throughout	Stays with the Parent Enterprise throughout
2	Operations	Shifts from Internal Management	Shifts to a specialist partner like IBM
3	Technology	Shifts from internally built	Shifts to AI-Native via IBM
4	Talent	Shifts from static or growing headcount	Shifts to elastic ring fenced hybrid resources
5	Transformation	Shifts from the GCC	Shifts to the One Enterprise via the IBM-Quintes
6	Value	Shifts from Cost	Shifts to Value Maturity Continuum via Quintes
7	Impact	Shifts from Operations	Shifts to Strategic Growth Hub

What the Enterprise Retains

- Full legal ownership of the GCC entity
- All IP, data, and proprietary technology
- Strategic direction and governance with veto rights
- Brand identity and cultural mission on the ground
- Exit and reversibility rights with full knowledge transfer

What the Enterprise Gains

- 15–25% direct opex reduction — and up to 2–3x total value
- Compressed AI maturity timeline from 18–36 months to a fraction
- 20–30% quarterly capacity elasticity without employer brand damage
- Transfer of attrition, compliance, facilities, and SLA delivery risk
- Access to $4.5bn+ proven AI savings frameworks via IBM Client ZERO

1 — Today

COCO captive: operational weight consuming management bandwidth and capital

2 — Diagnostic & Design

Portfolio mapping, legal ring-fencing, governance charter, partner selection

3 — Transition

People transition, AI re-platforming, brand continuity, SLA handover

4 — Steady State

COPO ring-fenced GCC: AI-native, elastic, IP-protected, culture-preserved

5 — Strategic Horizon

Collaborative Capability Chain: GCC as enterprise-wide AI innovation hub

About the Authors

This paper was developed by practitioners with deep expertise in GCC strategy, AI-led transformation, and enterprise operating model design. It reflects the combined perspective of **Quintes Global** and **IBM** — two organizations whose partnership model is built around the principles described in this article.

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Bringing over two decades of expertise in guiding global enterprises through complex digital and operational transformations, Ramit has throughout his career, successfully partnered with clients not only to articulate growth strategies, M&A initiatives, operating model reviews, and technology roadmaps, but also to actively implement these strategic recommendations end-to-end. Over the past five years, his focus has centered on leveraging emerging technologies and AI to create new value and launch innovative business models. He currently leads IBM's Cognitive Process Services (CPS) in India a $1+ billion industry-leading outsourcing business focused on Finance & Accounting, Procurement, and HR operations where he continues to drive comprehensive digital reinvention and back-office excellence.

COPO Transition Assessment

Explore a structured diagnostic to map your GCC's process portfolio, identify ring-fencing opportunities, and model the value unlock potential for your enterprise.

Partnership Inquiries

For further information or to explore the dual-partner model for your GCC, please reach out to your Quintes or IBM relationship contact.

Collaborative Capability Chain

Learn how the IBM + Quintes combination can extend AI capability beyond the COPO model to your company-operated GCC and enterprise as a whole.

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