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# GCC 4.0

**INDIA REDEFINING THE  
GLOBALIZATION BLUEPRINT**

June 2023



## Foreword

The blueprint of GCC 4.0 is being redrawn, and India is at the epicenter of this paradigm shift. While India has played a unique role in the globalization journey of companies so far, the next phase of growth comes at a higher maturity than ever before. What is undeniable is the contributions of the Global Capability Centers (GCCs) – be it driving efficiencies, accelerating innovation, or de-risking business. GCCs have not only played a strategic role in this globalization journey, but it is long past due that they are given their rightful status of being the catalysts for the creation of the vibrant Service Provider community as well as the thriving start-up ecosystem.

The Indian GCC ecosystem has become a sandbox for global companies driving organization-wide transformative initiatives. From decentralization and diversification of portfolios, to becoming innovation hubs, Indian GCCs are assuming a strategic role in fostering product innovation, driving technological advancements, and spearheading digital transformation initiatives for HQ organizations. Catalyzing this transformation is India's abundant engineering talent pool with expertise in emerging technologies such as Artificial Intelligence/Machine Learning, Blockchain, and Internet of Things (IOT). Additionally, GCCs are leveraging India's robust ecosystem collaborating more closely with startups, academia, and other external partners to tap into emerging technologies, access India's next-gen talent, and drive innovation.

In addition to this, India GCCs are charting newer paths and architecting newer dimensions – far from their humble origins as cost arbitrage centers. GCCs are moving beyond the engineering aspects of their business by venturing into new markets and focusing on managing value-added, business-critical operations, driving global functions to accelerate growth and transformation, clearly demonstrating an understanding of both business and technology aspects. And while conventionally, companies were primarily focused on developing and selling products, they are now transitioning into solution providers by selling their products tacked on with bolt-on services. Newer business lines are being developed, with India being leveraged as not only a sandbox of innovation with lean teams, but also hubs for creating next-generation Intellectual Property (IP).

And this is just a glimpse of this paradigm shift – India's existing GCCs are being entrusted with the responsibility of setting up new centers in other locations, thereby diversifying and mitigating risks. This shift in strategy not only reflects their deep understanding of the intricacies involved in establishing newer centers from the ground up, but also a deeper autonomy that HQ organizations are tasking their Indian GCCs with – a clear indication of a proverbial seat at the global table and implicit trust therein.

India has also become a sandbox for exploring novel concepts such as hybrid work models and the gig economy. Moreover, GCCs are determinedly aligning their operations with the broader environmental, social, and governance (ESG) goals and promoting a culture of social responsibility, environmental stewardship as well as diversity, equity & inclusion. These innovative approaches are reshaping the work, the workforce and the workplace showcasing India's readiness to adapt to new trends.

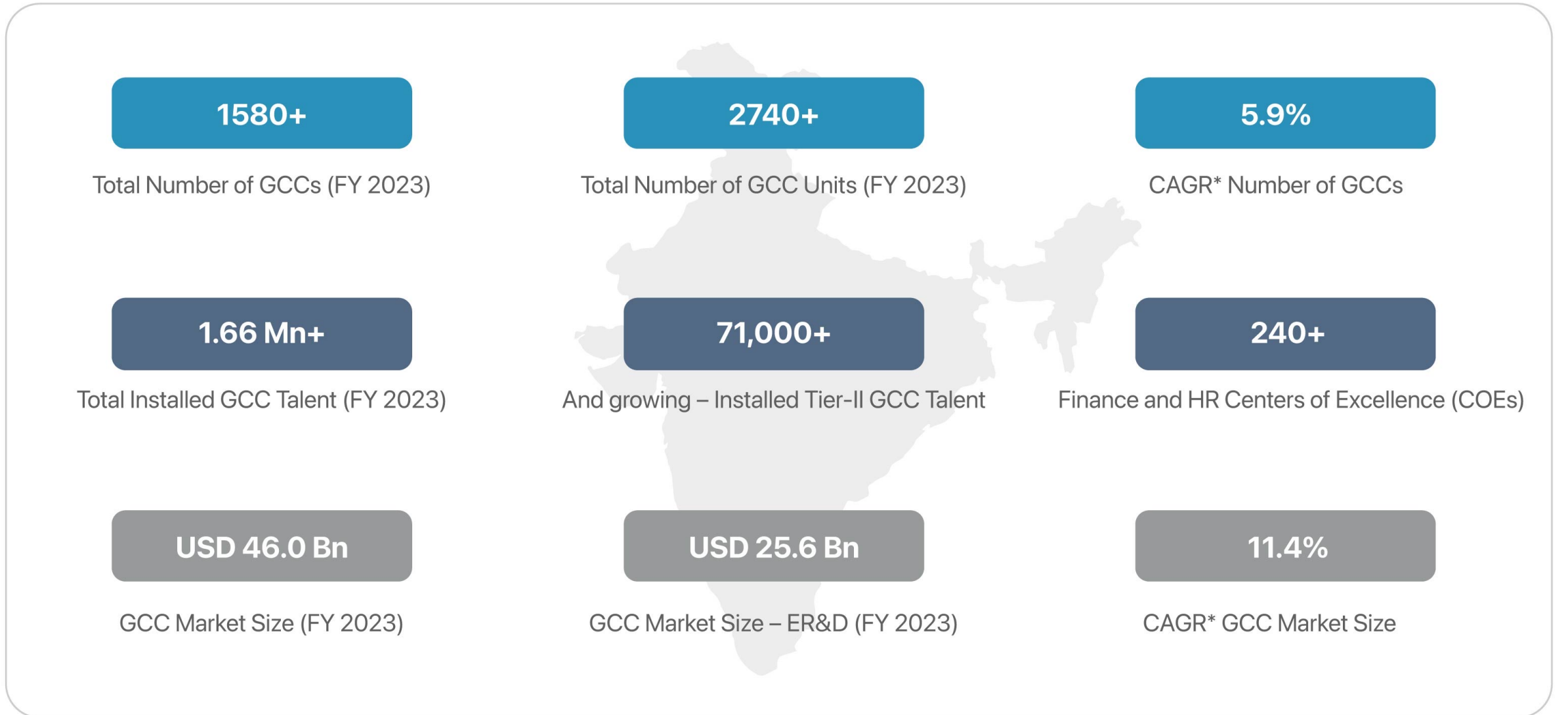
Another noteworthy development is the increasing number of general management roles being driven by India. Through multi-functional centers, India is actively building domain expertise and capabilities, contributing significantly to the overall growth and success of organizations. This report aims to provide a comprehensive understanding of the changing landscape of the Indian GCC ecosystem. As we architect the new blueprint of GCC 4.0, it is with the mindset of redefining the art of possible.

**Pari Natarajan**  
CEO, Zinnov

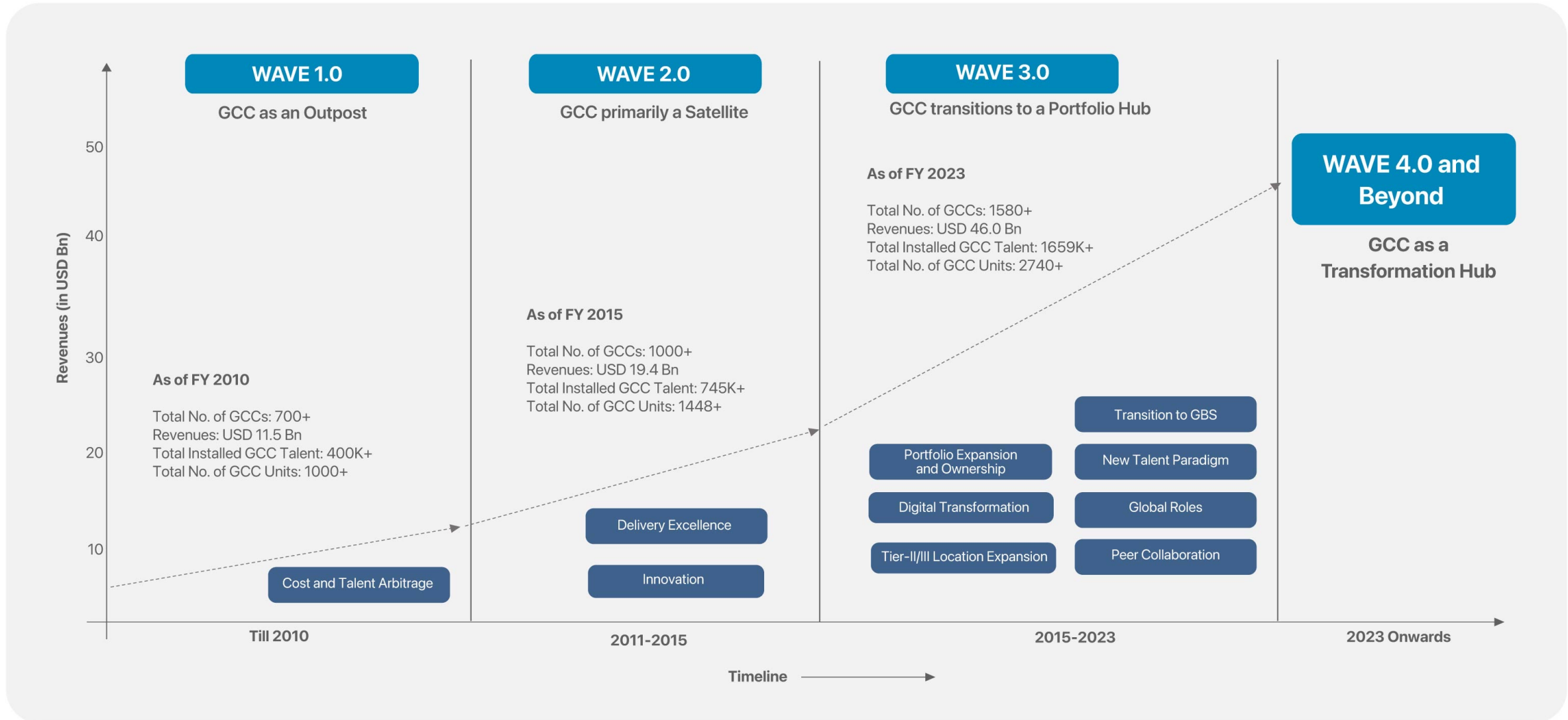
**KS Viswanathan**  
Vice President – Industry Initiatives, nasscom

# Executive Summary

# Snapshot of the GCC Ecosystem in India



# Indian GCC Industry Evolution – Scale, Innovation, Delivery Excellence, and Leadership have been at the core of Indian GCCs’ evolution in the last two decades



# Key Growth Pillars for GCCs in India

## India's Engineering Prowess

01

- GCC ER&D Talent in India ~695K
- **1440+** ER&D GCC centers in India
- Bengaluru, with ~**38%** of the ER&D talent, is the most preferred location; Hyderabad and Pune follow
- Rise of Product Leadership – **42%** of GCCs were in the Portfolio Hub stage in FY 2022, as compared to **18%** in FY 2013

## GBS Powerhouse

02

- **960+ GCCs with Functional Shared Services Model**; Bengaluru leads with **39%** of the total GBS talent
- **110+** organizations have HR COEs in India; **27%** of the GCCs have established multiple HR COEs. Corresponding number for Finance COEs are 80+ and 25% respectively
- IT, HR, and Finance & Accounting are key functions driving workloads in GCCs with a Matured Shared Service model/GBS construct

## Winning the Digital Age

03

- **210+ GCCs and 315+ centers** across GCCs possess AI/ML capabilities; Software & Internet and BFSI sectors taking the lead in COE initiatives
- GCCs adopting a Cloud-first strategy and anticipated to invest **USD 450 Mn by 2024** in driving Intelligent Automation

## A Sandbox for Global Leadership

04

- ~**5K+** Global Roles in India comprising **18%** women leaders in 2022; **2X** women in Global Roles in FY 2022 as compared to FY 2015
- Global Roles projected to grow at a CAGR of ~**19%** (FY 2022 - FY 2030), to reach ~**20,000 by 2030**

## Masters of Networked Globalization

05

- Leveraging decentralization to Tier-II and Tier-III locations to achieve **cost reductions of 25%-30%**
- **Hub and Spoke Model gaining prominence** – GCCs in India being established as strategic hubs leading multiple Outposts/Satellite locations, while incubating units in other countries

## India's New Talent Code

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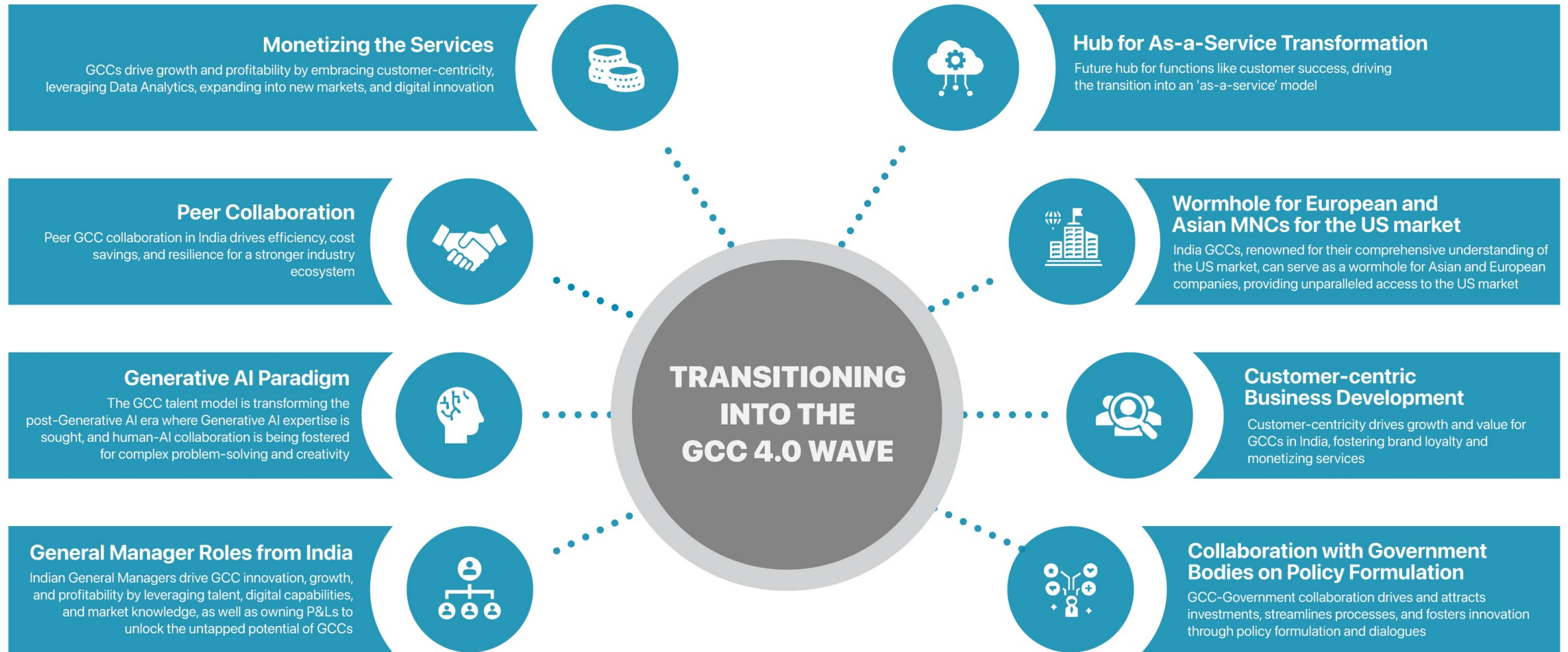
- Integrating a multi-generational workforce by focusing on varied motivators such as work-life balance, compensation, and company culture
- GCCs embracing the **Gig Economy model** as part of their operational strategy
- ~**3X** growth in the number of GCCs with a core focus on their organizations' Inclusion & Diversity (I&D) strategy

## India's Journey to Sustainable Value

07

- **Sustainability** a key business imperative
- **Intertwining sustainability with key business practices** by developing sustainable products, adopting circular economy principles and reducing carbon emissions, driving innovation, and meeting customer needs

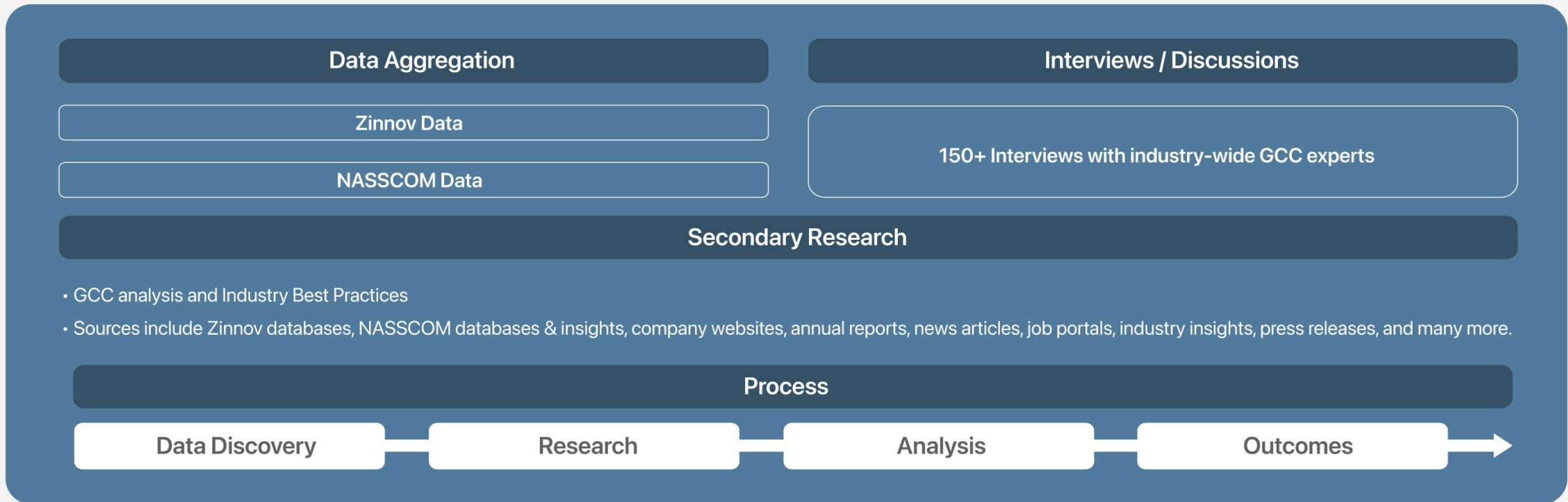
# GCCs transitioning to Wave 4.0 from 2023 onwards, where they will build niche competencies, cultivate global leadership, monetize services, and venture into untapped frontiers



# Methodology

This report has been co-developed by NASSCOM and Zinnov through a comprehensive study to understand the GCC Landscape in India.

- This report analyzes the following:
- India’s potential as a global GCC hub that is consistently attractive for MNCs.
- The current scenario and emerging trends that define the Indian GCC ecosystem.
- The role played by enablers such as academia, start-ups, government policies, and Service Providers in strengthening the ecosystem.





# Research Team



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### nasscom

Nasscom is the industry association for the technology sector in India. A not-for-profit organization funded by the industry, its objective is to build a growth-led and sustainable technology and business services sector in the country with over 3,000 members. Nasscom Insights is the in-house research and analytics arm of nasscom generating insights and driving thought leadership for today's business leaders and entrepreneurs to strengthen India's position as a hub for digital technologies and innovation.

Nasscom is focused on the development of the technology sector through policy advocacy and setting up the strategic direction to dominate new frontiers.

For more information, visit [www.nasscom.in](http://www.nasscom.in)

### zinnov

Founded in 2002, Zinnov is a leading global management consulting and strategy advisory firm, with a presence in 9 global locations including Santa Clara, Houston, New York, Seattle, Paris, Gurgaon, Bangalore, and Pune. In the last 21 years, Zinnov has worked closely with Global Enterprises and Fortune 2000 companies across their value creation journeys and helped them develop actionable insights – across revenue, talent, innovation, scale, and optimization. With core expertise in Product Engineering, Digital Transformation, Innovation, and Outsourcing Advisory, Zinnov enables companies to develop and optimize a global engineering footprint through center setups, and technology and functional Centers of Excellence (COEs), portfolio optimization, partnerships, and real-time data and insights – through its unique GCo Accelerator Platform (GAP) offering. This multi-lever approach helps Zinnov's customers be a part of an immersive and highly networked model, enabling them to achieve higher R&D efficiencies, innovation, and productivity. The company's expertise also extends to advising global PE firms in asset shortlisting and target evaluation, due diligence, and value creation, especially for their portfolio companies through a globalization lens.

With its team of experienced consultants, subject matter experts, and research professionals, Zinnov works with global industry bodies to identify business and technology trends, and also serves clients from across multiple industry verticals including Enterprise Software, BFSI, Healthcare, Automotive, Retail, and Telecom in the US, Europe, Japan, and India across their digital transformation and innovation journeys.

For more information, drop us a note at [info@zinnov.com](mailto:info@zinnov.com) or visit <http://zinnov.com>



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Addendum

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