Global Capability Centres (GCCs)

A report on market overview and talent trends in India

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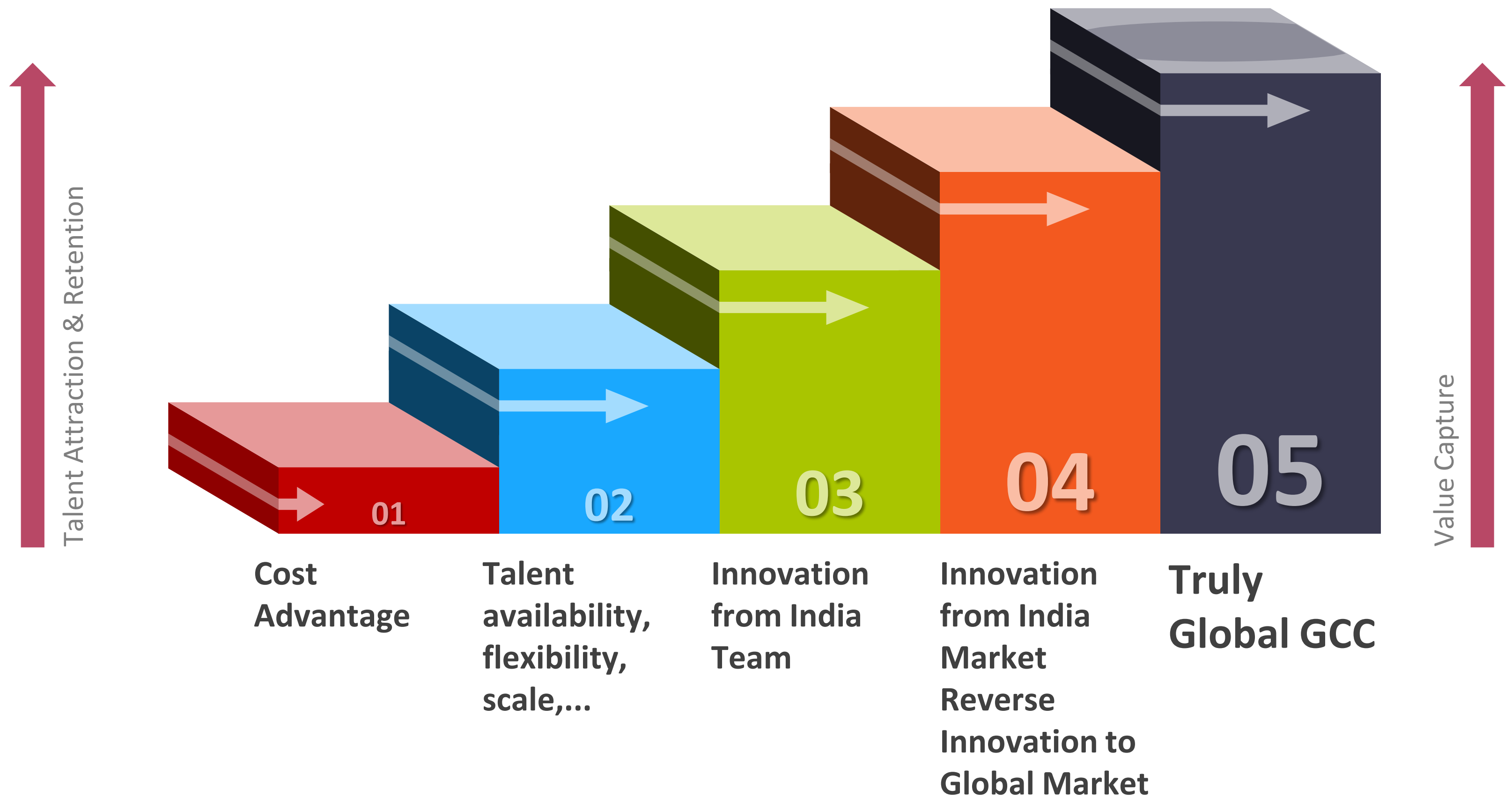
GCCs have gone through a transition in 'PURPOSE'



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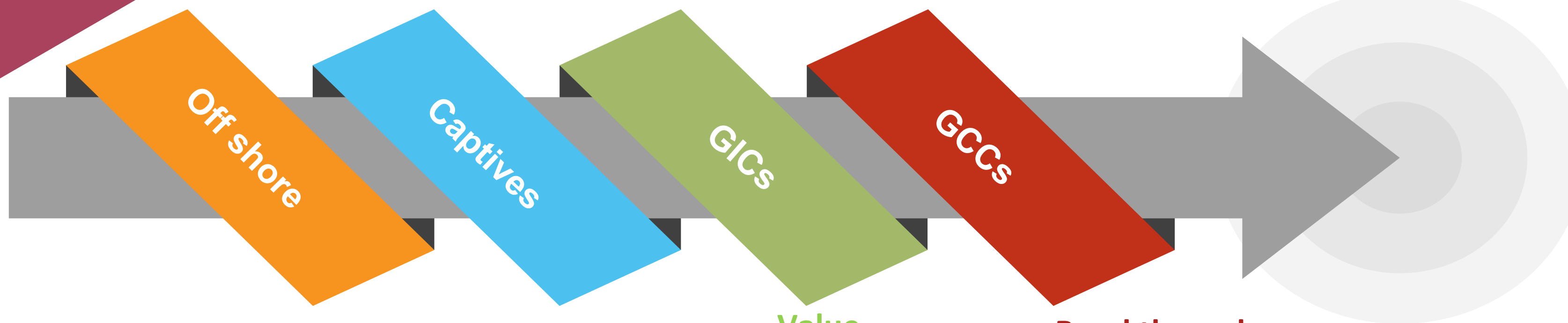
GCCs Evolution – From Efficiency to Value Addition



	Set-up	Ramp-up	Value Addition	Breakthrough Innovation
1. Key Focus	**Prove the concept**	**Cost Arbitrage & Mature Delivery**	**Business Impact & Thought leadership**	**Competitive advantage for the Enterprise**
2. Value Delivered	• Select anchor functions • Multiple pilots • Well defined processes	• Predictable, hi-quality delivery • Process efficiency • Capacity augmentation	• High skill capabilities • Driving process change and efficiency	• Global products and service lines • New revenue channels ’ • IP creation
3. Operating Model	• Often shared services	• Vertical integration	• Effective matrix organization	• Integral part of a globally networked organization • GCC viewed as business location for Digital Transformation
4. People Model	• **Reliance on expats / Returning Indians** • **Different people profiles**	• **Development of local leaders**	• **Subject matter experts** • **Part of global leadership teams**	• **Business focussed leaders / Diversity**
5. Key Stakeholders	• Function Heads • 1-2 leaders as ‘Champions’	• Regional / Global function heads	• Global function heads • Select business heads	• CEO/Mgmt Committee/Board • Senior business leaders • Clients
6. Key Metrics	• Cost arbitrage / savings • Time-to-transition	• Efficiency & Quality-(utilization, productivity, defect rates, quality scores),Attrition	• Customer experience • Revenue contribution • No. of global leaders	• No. of new products, patents filed • Start up enablement
7. Benefits leveraged	***Cost Arbitrage, Skill Augmentation, Leadership , Open Innovation***			

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How are GCCs evolving…

KEY ENABLERS

EXPAND EXISTING CAPABILITIES

GCCs have a unique insider's view that enables them to provide strategic insights to orchestrate enterprise-wide digital/technological transformation, facilitate integration between IT and operations, and break functional siloes to achieve truly breakthrough results

COLLABORATE WITH ECOSYSTEM

GCCs should proactively leverage the external ecosystem – specialist providers, startups, educational institutions, etc. – to develop holistic solutions, increase agility, and reduce go-to-market time

FOSTER INNOVATION

GCC leadership needs to invest in developing a customer-centric culture, and test small-scale Proof-Of-Concepts (POCs) to demonstrate end-client value and build credibility

ORCHESTRATE TRANSFORMATION

GCCs should leverage their well-established foundation by identifying their core strengths and upshifting the value they deliver through improved operational excellence with productivity enhancements, optimized pyramids, and better managed external spend. Simultaneous focus on leveraging these new capabilities to drive both growth and efficiencies will be critical to deliver true value to the enterprise

RESKILL AND UPSKILL WORKFORCE

GCCs must radically change their reskilling/upskilling initiatives to ensure talent readiness for next-generation skills. They also need to adopt a bespoke approach for specific requirements, and undertake pilots in areas with the highest skills gaps to assess the effectiveness and relevance of the capability centers model

GCC IN INDIA – KEY STATISTICS

GCC in India

~1,265 **number of GCCs existing in India**

~1.1 Million **people are employed in the sector**

16% **uptick in GCC hiring is expected across sectors such as banking and financial services, telecom, pharma and retail**

– sharp rise in hiring of technology professionals by GCCs, significantly driven by their efforts to turn the India captives into centres of excellence in digital technology

Other Facts

- ~21 per cent of GCCs set up globally are in India – for many MNCs, the India centre is the largest workforce outside the HQ location
- Leading MNCs have >35% of technology workforce operating out of the India centre
- India has emerged as the 2nd largest destination (after the US) to setup a centre for digital transformation

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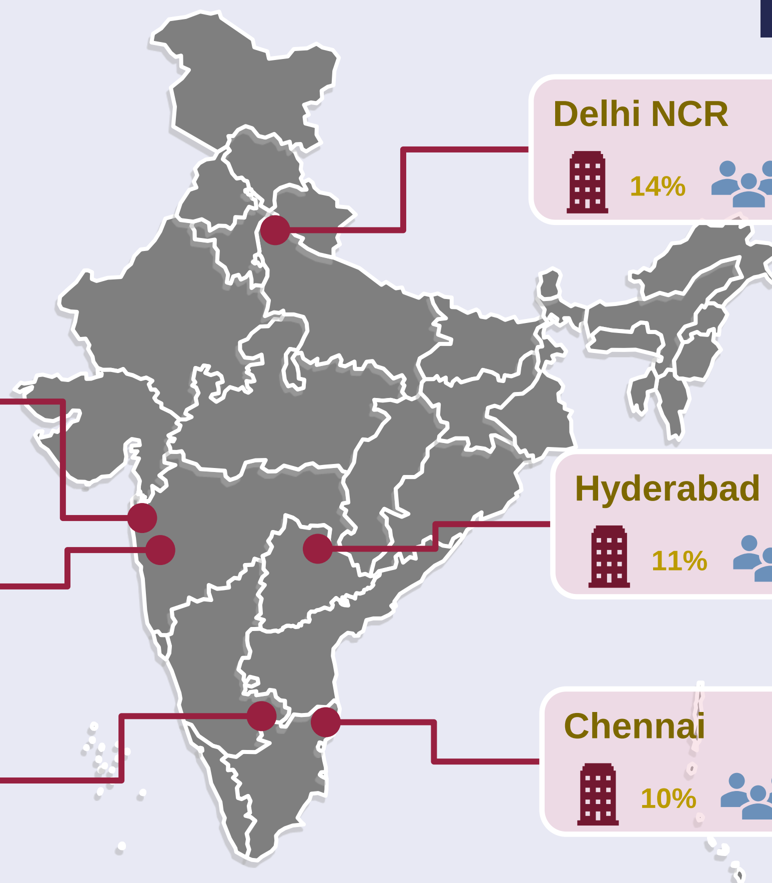
Location split of GCCs and Talent

Total GCCs
1,265

Total GCC Talent
11,00,000

Bangalore followed by Delhi NCR, Hyderabad, Mumbai, Pune and Chennai have attracted the most number of GCCs and the talent pool



Location	GCCs	Talent
Delhi NCR	14%	14%
Mumbai	11%	10%
Pune	13%	10%
Bengaluru	35%	38%
Hyderabad	11%	14%
Chennai	10%	11%
Emerging Locations	6%	3%

Emerging Locations

- Vadodara
- Ahmedabad
- Trivandrum
- Coimbatore
- Kolkata

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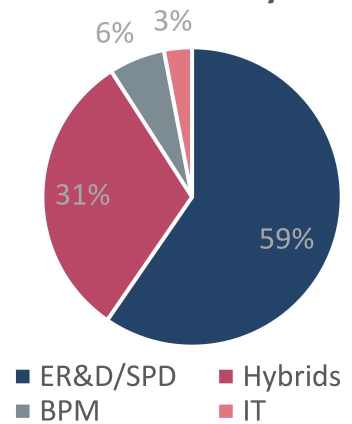
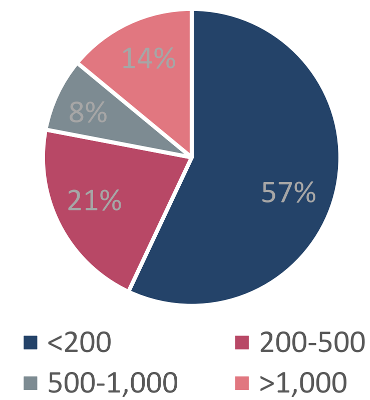
Key Statistics

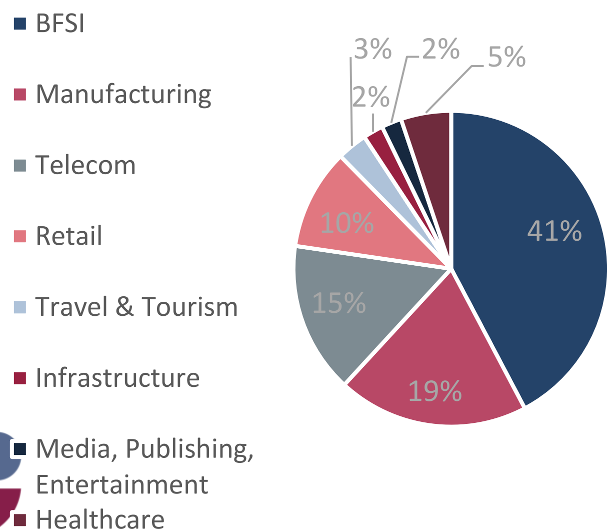
Number of GCCs by category



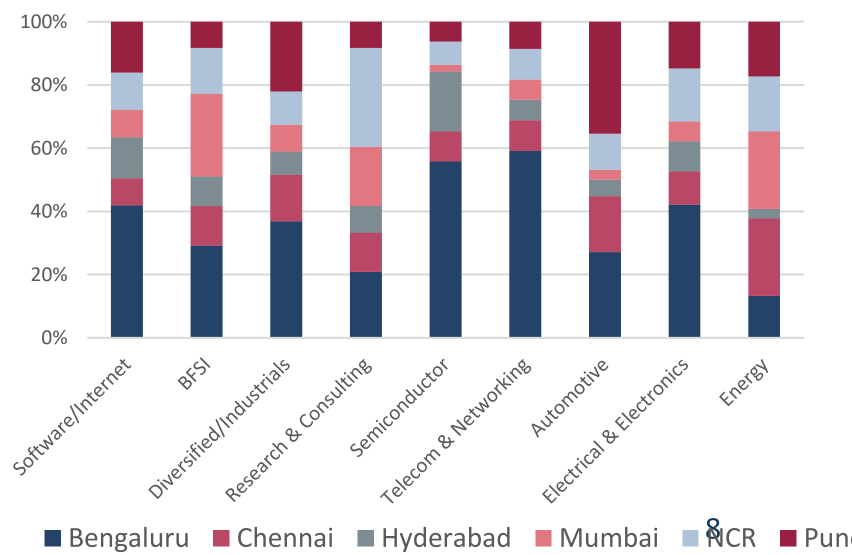
Headcount range of GCCs



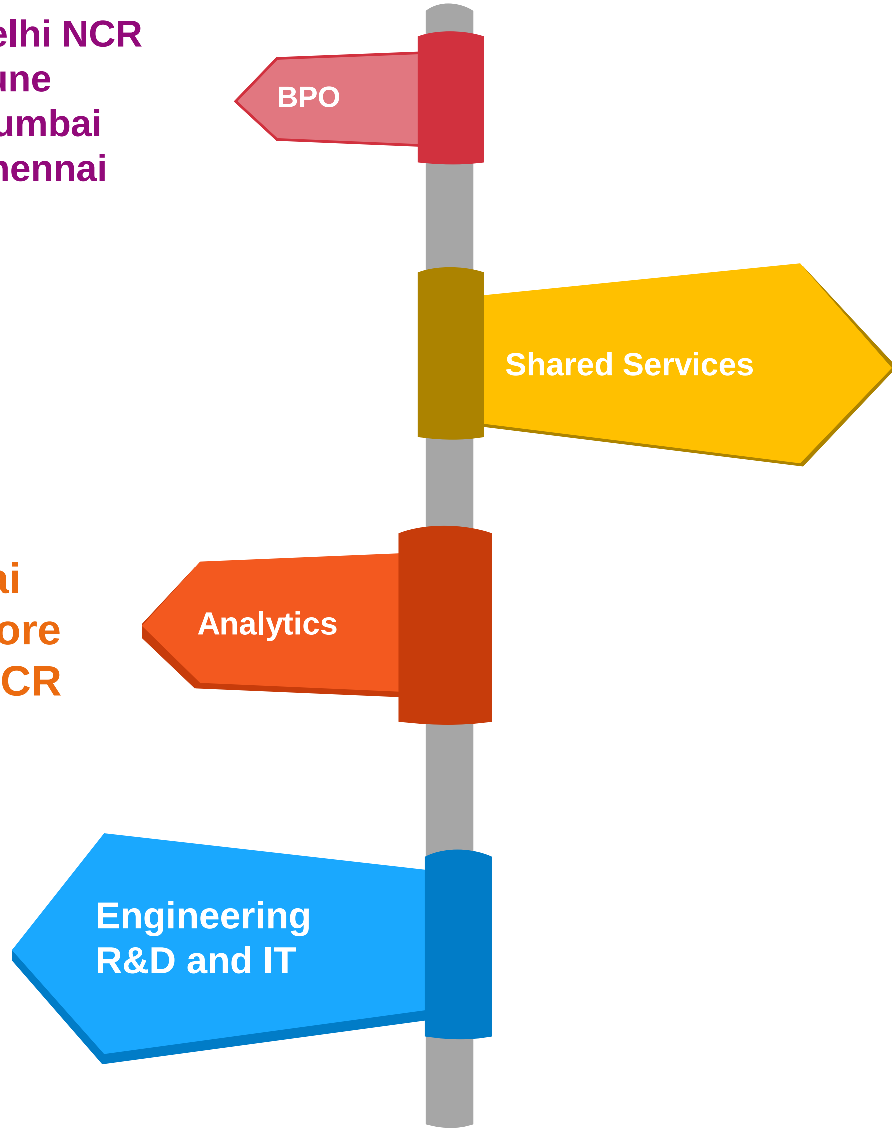
Talent Pool breakup by sector



GCC vertical wise split in major cities of India



Skill Hubs by Location



Delhi NCR
Pune
Mumbai
Chennai

Pune
Mumbai
Bangalore

Chennai
Bangalore
Delhi NCR

Bangalore
Hyderabad
Pune

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GCC Operating Model is Shifting

CURRENT		FUTURE
Largely Traditional Services	Service Mix	Increasing adoption of next-gen services
Arbitrage-centric	Value Preposition	Skill-centric
Soiled	Functional Orientation	Cross functional
Bottom Heavy	Talent Pyramid	Middle Heavy
Distributed Model across Locations	Delivery Model	Integrated/ Agile Model
Process-oriented	Success metric	Business Outcomes

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With changing operating environment, CXO agenda and talent priorities are also evolving

CXOs are making a shift

FROM…	TO…
Operations Manager	Thought Leaders and Innovators
Functional Experts	Business Experts
“Safe Pair of Hands”	Risk Takers
Local Champions	Global Influencers

GCC CXO have set new priorities

DATA / ANALYTICS

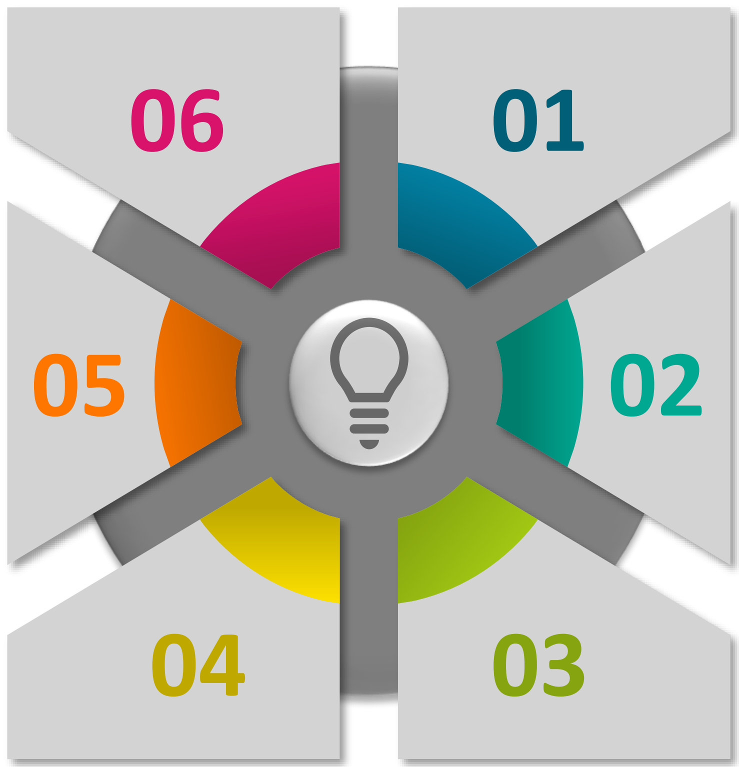
Become the analytics center of excellence that generates sustainable competitive advantage for the enterprise in functions owned by GCCs.

SUSTAINED COST EXCELLENCE

Continue to be center of efficiency by being at the vanguard of productivity enhancement (automation, AI, cognitive).

WAYS OF WORKING

Adopt Agile ways of working and use DevOps paradigm to increase collaboration and fast track value creation



BUSINESS ACCOUNTABILITY

Be an owner of key enterprise priorities, including market sensing and customer facing core functions, with clear influence of profitability

TALENT HUB

Invest in high quality leadership and become a world class talent hub with deep domain expertise, exporting talent to the rest of the enterprise

TRADITIONAL IT AND DIGITAL

Be at heart of organization for digital, while ensuring traditional IT I ready for the digital age

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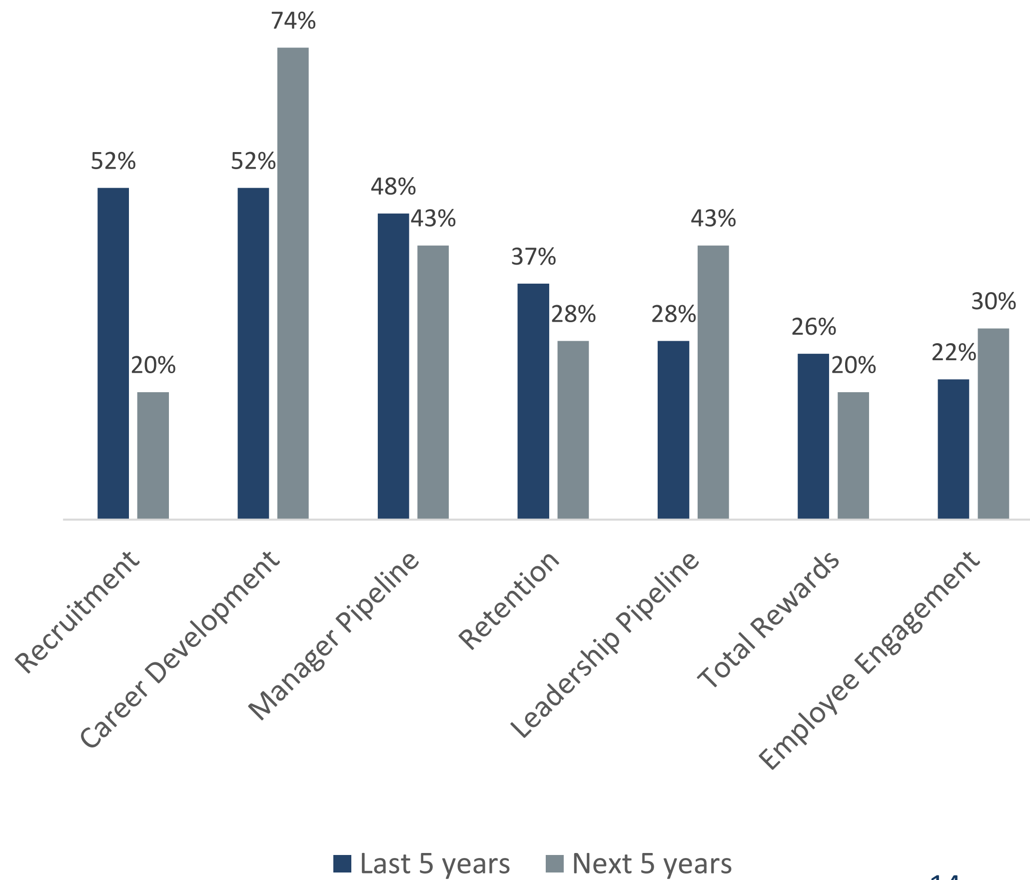
Talent priorities are changing

- As the GCCs in India are going through a phase of evolution from back office operations to Product innovation centres, the Talent and leadership agenda is also evolving
- The transformation of GCCs to value delivery centres necessitates its resources to develop higher end skills and domain expertise in a short span of time
- The changed scenario also necessitates the need of leadership style; from operations and efficiency focused to entrepreneurial and commercial acumen focused
- The captives generally have been facing issues in attracting and retaining talent pronounced in smaller captives

Top Talent Priorities for India based GCCs



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TALENT IMPLICATIONS

Key Talent Trends (1)

DIGITAL DISRUPTION

The digital economy and what it means for business

The rapid pace of technological change is forcing organizations to make at least one of the following shifts to remain relevant and stay competitive:

- Fundamentally change the business model.
- Innovate with speed and introduce high impact digital products and services.
- Redefine the customer experience.
- Drive productivity increases.

By 2025 the global digital economy will be **worth $23 trillion** or **24.3% of global GDP**

That's up from **$11.5 trillion** today.

By 2020 it's predicted that **41% of enterprise revenue** will come from digital business

Almost **double that of 2015.**

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Key Talent Trends (1)

IMPLICATIONS ON HUMAN CAPITAL

To maintain an edge in an increasingly competitive world, companies must become ever more adept at recruiting talent with impact.

That mix typically combines internal talent determined to be ‘digitally ready’ with select externally recruited ‘born digital’ talent from pureplay web 2.0 or IoT type organizations or from traditional organizations that are more progressed in digital transformation.

Highly experienced digital talent now capable of leading a digital transformation or that possesses the traits and aptitudes to be digitally ready in the near future, is scarce and in high demand.

Compounding the problem, the profile of the person likely to be successful in driving digital transformation in a traditional organization may be markedly different from the profile of those who typically thrive in a pure-play born digital organization.

Korn Ferry research shows, born digital executives may be more likely to rise through the expert ranks of pure play digital firms; often, they are narrowly focused in one crucial area.

In contrast, executives who succeed in traditional companies tend to be broader based in their experiences and skills, including knowing how to read people and motivate teams.

Key Talent Trends (1)

- With technology such as machine learning, AI, and predictive analytics remaking the business landscape, all the industries will be searching for technology professionals with relevant skills, such as digital transformation and data and cyber security experience
- Demand for professionals with expertise in robotics, machine learning, artificial learning and data science has increased by up to 50% over last year

Going forward, the industry will face a shortage of 230,000 skilled techies as jobs in AI and Big Data are estimated to be 780,000 by 2021

- Amit Aggarwal, Nasscom's IT-ITeS Sector Skills Council CEO

GCCs are expected to hire following skills

- Analytics Skills
- Digital Transformation
- Cyber Security Expert
- SAAS in Cloud
- Applied Machine Learning
- Augmented Reality Apps Design
- Coding and Engineering Exp
- Artificial Intelligence
- Data Scientist
- Programming Language
- Mobile App Development

GCCs expect significant challenges in hiring people with the skills likely to be critical for service delivery in the future. This is due not only to high demand for top digital skills generally but also talent attrition, which can be high in GCCs with poor career advancement opportunities and lackluster employee engagement

Key Talent Trends (2)

BUILD VS. BUY DILEMMA

- As the technological landscape undergoes major changes at an organizational level, the Indian labor market is grappling with the challenge of supplying the new skills in demand. HR leaders across the corporate spectrum are looking to strike a balance between upskilling the talent within and acquiring new talent that is already equipped with new age skills

BRIDGING THE SKILLS GAP

Identify skills your organization needs ⇨ **Build talent intelligence**

Build

If skills needed are complementary to existing and easy to scale

1. Evaluate competencies and needs
2. Personalized and ongoing learning plans

Buy

If niche, emerging, in-demand skills are required

1. Position the company as an attractive employer
2. Pipeline and drive continuous engagement

Grow

Build a system of continuous learning so your employees' skills grow and remain relevant

Key Talent Trends (3)

DIVERSITY IS A KEY ASK

- Diversity remains the top factor in hiring candidates
- Today, diversity is directly linked with the organizational culture and financial performance. A diverse cultural workforce promotes more productivity and innovation, where employees are collectively more engaged in a job
- Although there are challenges finding a diverse talent pool or retaining them, companies are making it a point to look in the right places to find quality hires and keep them interested in the job.

Diversity in India is limited to gender
Top 10 most influential women leading large banks; also form part of Forbes most powerful women in the world; Banking has always been ahead in promoting women; Other sectors still catching up
Both MNC and Indian companies pushing diversity agenda; Most MNC organizations now ask us to include at least one Woman candidate in the shortlist
Central and several state governments addressing legislative issues related to women, child care, employment conditions (recent change in maternity leave benefits)
Mandatory to induct an independent Woman Director on board – making senior woman leaders highly sought after; multiple woman leaders leaving full time roles for board careers

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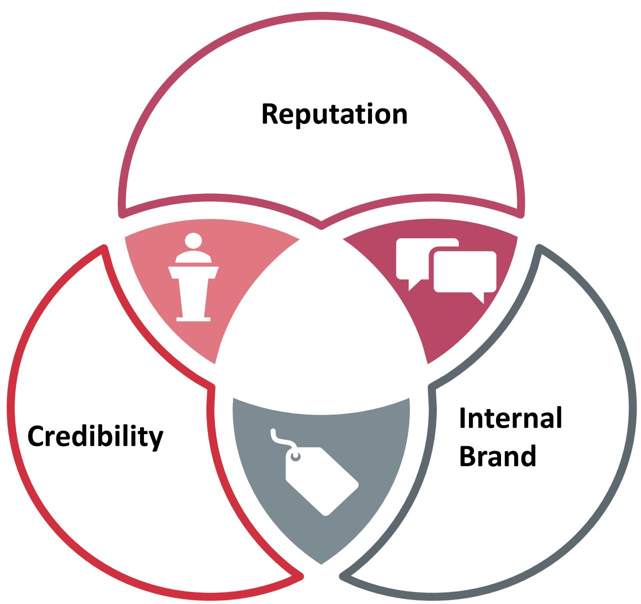
Key Talent Trends (4)

REJIG TALENT STRATEGY

- The depth of the transition will change on how a company trains, motivates, and compensates its workforce
- The firms will have to train and up skill consultants with digital and cloud-related skills
- The companies will have to strengthen local recruitment programs and broaden geographical exposure – global citizens needed
- In a market with fierce competition, companies that wish to be different and prominent must offer candidates compelling reasons to join their company
  - The ones who pay attention to their employer branding initiatives will be able to benefit from improved application rates and will have a wide talent pool to choose from

Three Pronged 'Employer Branding' Approach



The organization is well-known and has a good reputation in the market, especially for those target groups which are critical for the organization's business success

Employees believe that the organization delivers on the promises it makes to employees

Employees are proud to be part of the organization, and can explain what makes working here different from other organizations

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Thank You!