GCC Conclave²³

Moving from 'Capability Centers' to 'Value Creators'
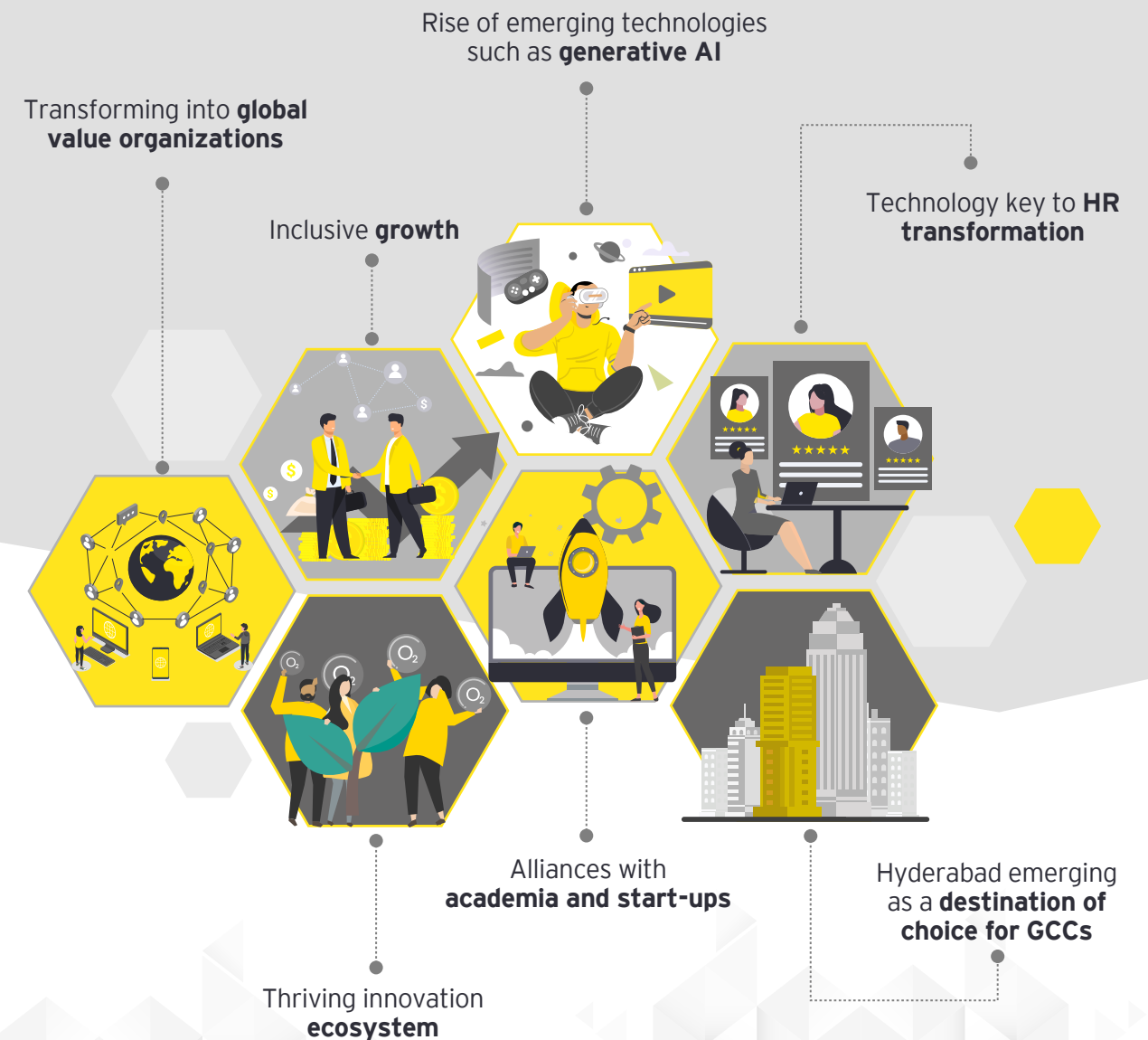
Event Summary
08th June 2023 | Hyderabad

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working world
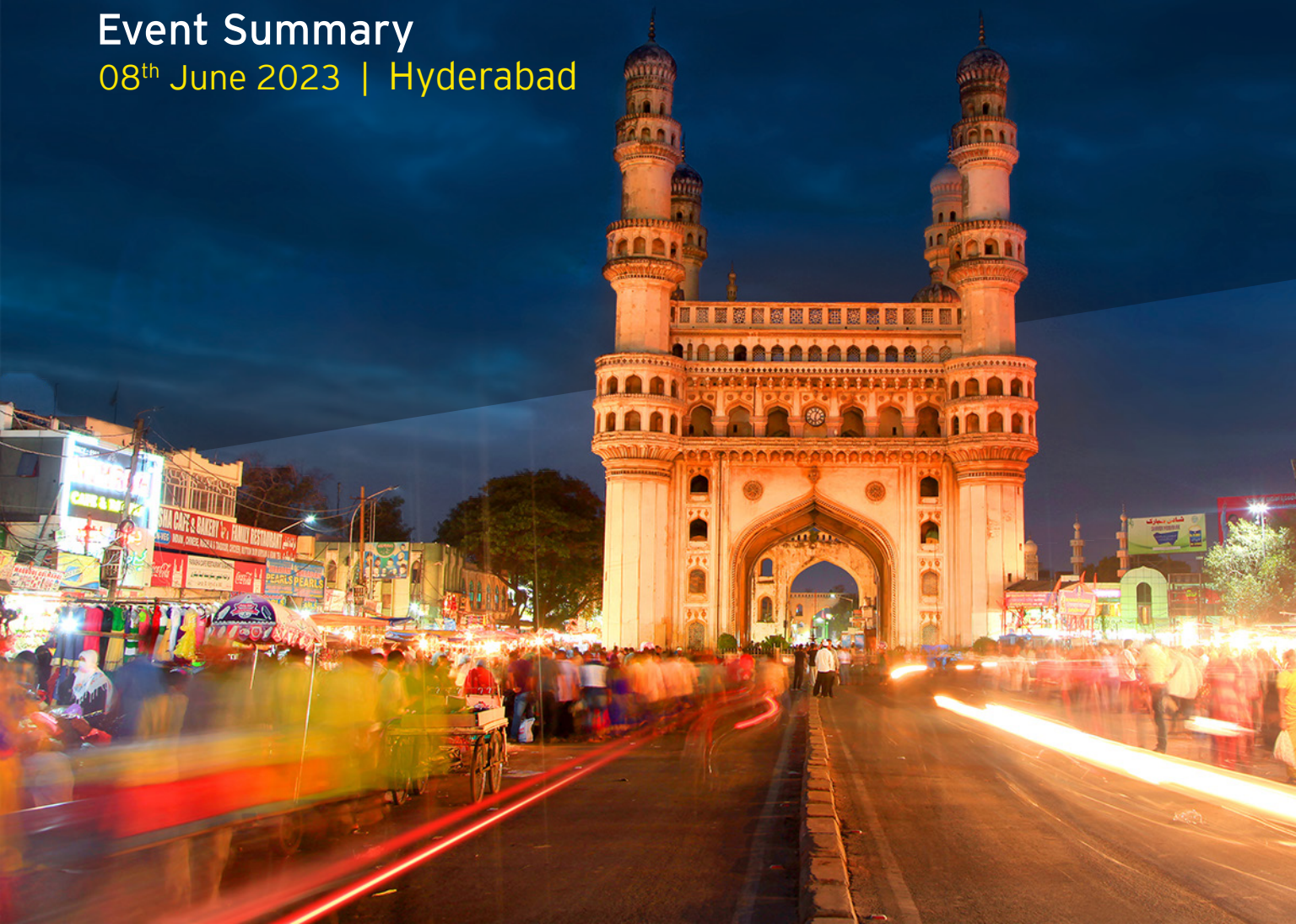
The Hyderabad edition of the **EY GCC Conclave[23],** held on 8 June, brought together Global Capability Center (GCC) leaders under one roof to gain diverse perspectives on the industry trends and the leading practices followed by GCCs in India. The theme for this event was **moving from 'Capability Centers' to 'Value Creators'.**

With **16 speakers, 110+ participants from 50+ organizations,** the event witnessed interesting exchange of views around emerging technologies, innovation, HR transformation, Hyderabad as an emerging destination for GCCs, Telangana government's support to GCCs, among others.

Summary

Transforming into **global value organizations**

Rise of emerging technologies such as **generative AI**

Inclusive **growth**

Technology key to **HR transformation**

Alliances with **academia and start-ups**

Hyderabad emerging as a **destination of choice for GCCs**

Thriving innovation **ecosystem**

Opening note

Arindam Sen
Partner and GCC Sector Lead - Technology,
Media & Entertainment and Telecommunications,
EY India

Key highlights

GCCs are at the forefront of innovation and product development

Evolving from shared service centers, GCCs are transforming themselves into global value organizations

The operating model of Global Capability Centers (GCCs) continues to evolve. Today, GCCs are at the forefront of innovation and product development. A closer look at the evolution of GCCs reveals that they started as conventionally functional shared service centers. However, their journey has led them towards becoming global value organizations based on key principles that include end-to-end process enablement, a strong emphasis on customer experience, and strong focus on data and analytics. We are currently in the transitional phase between global capability centers and intelligent business services.

The 'Future of GCCs in India - a vision 2030 report' enumerates interesting and compelling numbers that outline how GCCs are moving from 'Capability Centers' to 'Value Creators'. The report states that the GCC market size in India is estimated to be US$110 billion by 2030. There will be a total of

2400 GCCs in India and on an average, 115 new GCCs will be set up each year. These GCCs will collectively have a total headcount of 4.5 million employees. The overall cost per full-time equivalent (FTE) in the GCCs will be approximately US$37,760. GCCs have immense potential to expand and grow in India.

Moving from 'Capability Centers' to 'Value Creators'

Transforming into **global value organizations**

Forefront of **innovation** and product development

End-to-end process enablement

Focus on analytics and customer experience

4.5m
Total headcount

$37760
*Overall cost/FTE

2400
Total no.of GCCs in India

$110b
GCC market size

Keynote address

Jayesh Ranjan
Principal Secretary, Information Technology,
Government of Telangana

Key highlights

Hyderabad offers superior infrastructure and new job opportunities	The city is well connected to various innovation hubs

Hyderabad's value proposition lies in its superior physical and social infrastructure, commuting experience, and affordability. Hyderabad consistently invests in upgrading its infrastructure to exceed current demand and ensures that prices remain affordable. Another strength is its highly skilled workforce that provides significant value to the GCCs.

The city has taken the lead in creating new job opportunities, particularly in the technology sector. The government has made substantial investments in state universities, promoting agility and up-to-date curricula that address emerging areas such as artificial intelligence and cybersecurity. Hyderabad also offers attractive incentives and financial support to companies starting new centers that include subsidies on real estate costs and power expenses, as well as rebates on internet charges.

The proactive and supportive stance of the government is a significant factor in Hyderabad's success. During the pandemic, the government facilitated a smooth transition from office to home for businesses and employees within a short span of five days. The innovation ecosystem is another advantage, with numerous institutions dedicated to incubating and accelerating innovative ideas. The city is well connected to various innovation hubs, allowing for collaboration and co-creation of ideas.

Hyderabad - a leading global tech hub

Superior physical and **social infrastructure**

Commuting experience

Affordability

Innovation **ecosystem**

Skilled **workforce**

Telangana

Hyderabad

Incentives and **financial support**

Investments in **state universities**

Core sectors: **Technology, Healthcare** and **Pharma**

New **job opportunities**

Inclusive growth. Down to government or up to business?

Jayesh Ranjan
Principal Secretary,
Information Technology,
Government of Telangana

Sarv Saravanan
Vice President, Global Delivery,
Industry Solutions,
Microsoft

Subir Mehra
Partner and GCC Sector
Lead – Financial Services,
EY India

Key highlights

Hyderabad government is creating new clusters to absorb the influx of population

GCCs are focusing on inclusivity and addressing the gender imbalance issue

As a cosmopolitan city located in the centre of the country, Hyderabad offers affordability and convenience. To accommodate the growing population, the State government is creating new clusters and infrastructure. Moreover, Hyderabad is a thriving hub for start-ups, with over 100 unicorns and a growing ecosystem. To foster collaboration and cross-pollination among start-ups and GCCs (including sectors like banking, financial services and insurance), they are forming various consortiums. Besides, GCCs recognize the impact of emerging technologies like Gen AI on jobs and society. They are now engaging in deep conversations with their customers to understand how technologies like AI will transform business practices.

GCCs in Hyderabad aim to empower every individual and the country as a whole to drive more value from their centers. They focus on inclusivity and aim to bridge the digital divide by investing in skills for jobs. In the technology sector, to reduce the gender imbalance the state government is working towards increasing the number of women in organizations and creating more leadership opportunities for them. The government is collaborating with tech associations and addressing issues like safety and commute as part of their efforts to attract and retain more women in the industry.

Inclusive growth

Women in **leadership**

Hub for **start-ups**

Collaboration with **tech associations**

Cross-pollination between GCCs and start-ups

Focus on **inclusivity**

Formation of **new clusters** and consortiums

Rise of **emerging technologies**

How would new technologies rewire business?

Manoj Kapoor
VP – Growth & Transformation, Providence

Prashant Goenka
Head of WPB GSC, Underwriting, Innovation and Data Decision Sciences, HSBC Global Service Center

Ravikanth Bommakanti
Executive Director and Head of Consumer Banking Technology, DBS Tech India

Sunil Venkatesh
Partner, Technology Consulting, EY India

Key highlights

GCCs are no longer seen as cost centers and are fast emerging as revenue centers

Generative AI is expected to disrupt industries and enable skill redistribution

GCCs initially focused on cost savings, allowing companies to save 30-40% of their expenses. However, they have now entered a revolutionary phase where they contribute more than 30% towards innovation output and over 20% towards revenue. They are no longer seen as cost centers but are rapidly emerging as revenue centers.

With the rise of generative AI, GCCs are seeking the necessary talent and knowledge to excel further. Generative AI is expected to disrupt industries and enable skill redistribution. It will elevate thinking and allow employees to engage in more value-added activities rather than repetitive tasks. The education system will need to evolve to prepare individuals for

the skills required in the future. Control and regulation will also play a vital role in the adoption of AI technologies to avoid ethical and regulatory issues.

GCCs contribute to various sectors, such as healthcare, by creating technology solutions to solve complex problems and enhance clinical decision support systems. The transformation from project thinking to a product mindset and, subsequently, to platforms has been instrumental in this shift. The focus is on understanding the customer journey and leveraging technology to provide seamless experiences.

Emerging technologies

From project thinking to a product **mindset**

Rise of **generative AI**

Increased focused on **cost savings**

Solve **complex problems**

Emerging as **revenue centers**

Enhance clinical **decision support systems**

More **controls** and **regulations**

Focus more on **value-added activities**

Is collaboration the new innovation?

Alok Madhukar
Managing Director & Global Lead –
SecDb Trading Platform and
Regional Lead – Core Engineering,
Hyderabad, Goldman Sachs

Navneeth Kumar
Vice President – Services,
Hexagon

Radhika Saigal
Partner, Technology Consulting,
EY India

Pradeep Nimmagadda
VP, Sr. Software
Engineering Leader,
Synchrony

Srinivas Rao Mahankali (MSR)
CEO,
T-Hub

Key highlights

Companies are funding disruptive ideas of their employees, thereby, encouraging creativity

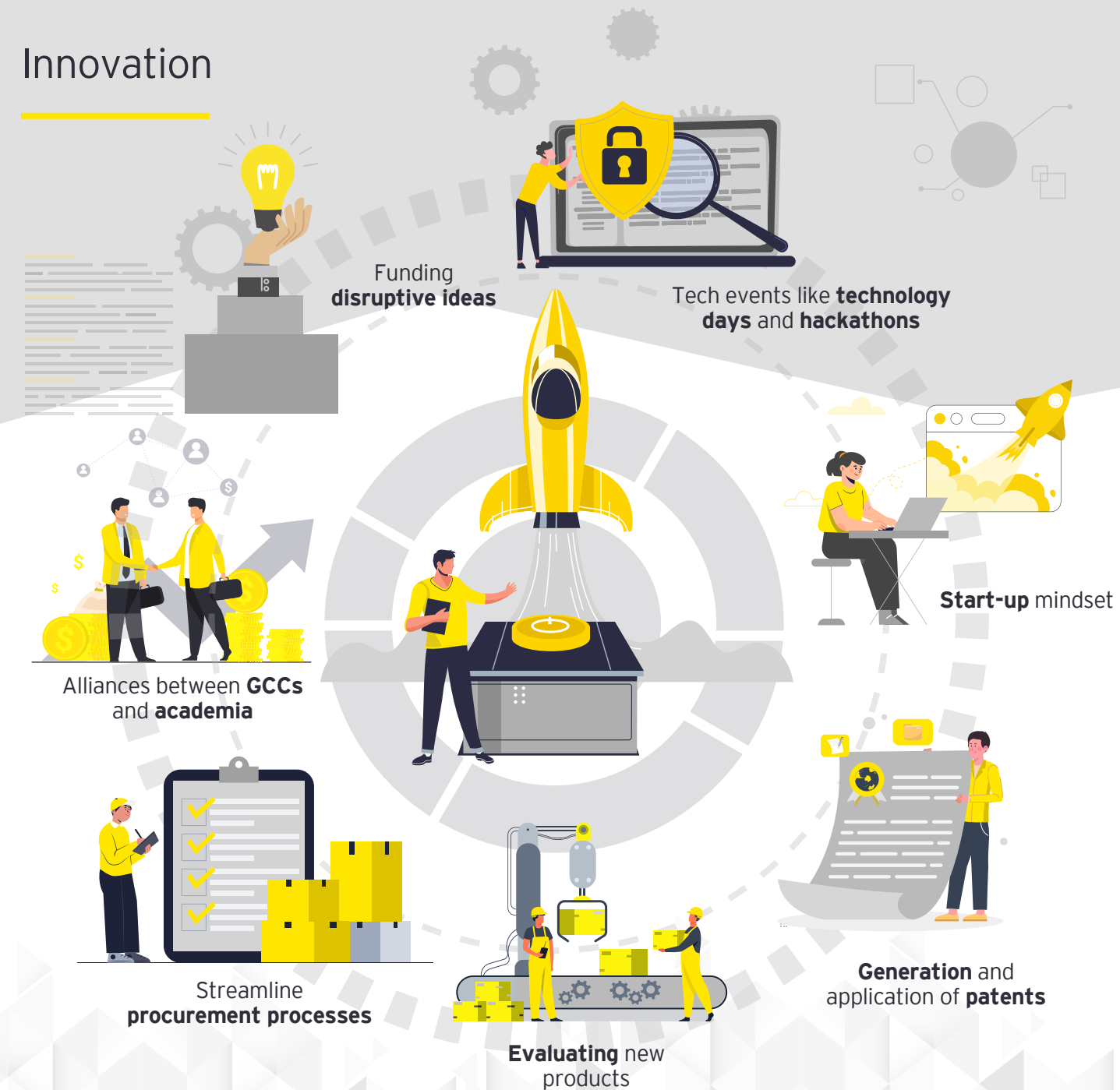Alliances between firms and academic institutions can help drive commercialization

India ranks third globally in terms of the number of unicorns, following the United States and China. With over 100 unicorns, India recognizes the importance of adopting a start-up mindset to stay relevant in today's business environment. The country aims to create a culture that appreciates start-ups and their entrepreneurial approach, enabling GCCs to leverage the flexibility, openness to feedback, and fast-paced nature of start-ups to accelerate their expansion.

To foster innovation, GCCs are implementing idea submission programs and providing funding to support disruptive ideas from their employees. Collaboration with start-ups is seen as an effective strategy to leverage their technology-focused solutions and tackle industry challenges. Also, partnerships between firms and academic

institutions facilitate the transfer of ideas from research labs to the market, driving commercialization.

Encouraging the generation and application of patents and evaluating new products will enable India to contribute to the global market. The government also emphasizes the adoption of new technologies within government departments to streamline procurement processes and promote innovation. Specific initiatives are being implemented in Hyderabad, such as the establishment of a blockchain framework and a sandbox for start-ups. Organizations are also reinforcing their focus on technology and innovation through events like technology days, hackathons, and idea challenges.

Innovation

Funding **disruptive ideas**

Tech events like **technology days** and **hackathons**

Start-up mindset

Alliances between **GCCs** and **academia**

Generation and application of **patents**

Streamline **procurement processes**

Evaluating new products

Will HR transformation be the thread that ties value to experiences?

Dr. Dinesh Kumar Murugesan
Global Head HR – GbS,
DSM-Firmenich

Poorvi Sarin
Head - HR, Global Hub,
Reckitt

Richa Jain
HR Head, Northern Tool +
Equipment India

Alpana Dutta
Partner, People Advisory Services,
EY India

Key highlights

HR transformation impacts the core DNA of the organization

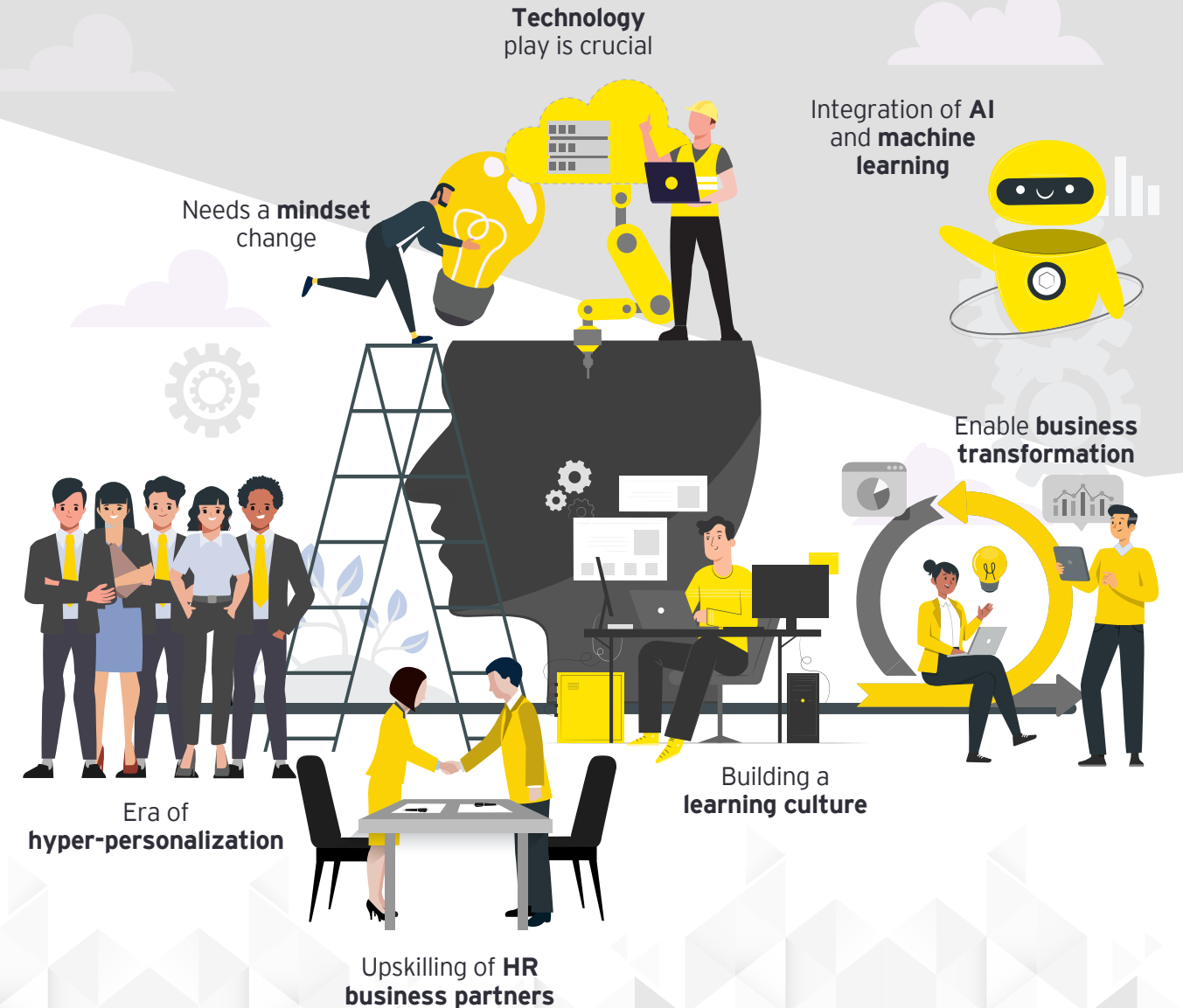Integration of technology into the workspace is creating learning opportunities

The purpose of HR transformation should be to enable business transformation and become a strategic business partner. The transformation of HR within GCCs is unlike other functions like supply chain, finance, and IT. HR transformation needs a mindset change as it impacts the entire organization and involves changes in talent strategy, upskilling of HR business partners, and redefining the role of managers as people leaders. Thus, HR transformation requires careful consideration as it affects the core DNA of the organization.

Digital and technology play a significant role in enabling the HR transformation experience. The integration of AI and machine learning technologies into the workspace is enhancing efficiency and

creating opportunities for learning and development. Online platforms that offer self-driven learning, mentorship, and customization are contributing to building a learning culture within organizations.

This is an era of hyper-personalization. With a diverse workforce, it is crucial to create a positive employee experience, maintaining authentic communication, and investing in employees. Agility, resilience, and effective communication are key elements in leading and adapting to change. Thus, HR professionals have to don the hat of change leaders and drive the transformation within their organizations.

HR transformation

Technology play is crucial

Integration of **AI** and **machine learning**

Needs a **mindset** change

Enable **business transformation**

Era of **hyper-personalization**

Building a **learning culture**

Upskilling of **HR business partners**

How is Hyderabad emerging as a destination of choice for global organizations?

Anamika Gupta
Executive Director,
Table Space

Joseph Thilak
National Director - Occupier
Strategy and Solutions
(Hyderabad and Chennai),
Knight Frank

Anil Ethanur
Co-Founder,
Xpheno

Sujit Cheruvatath
Partner & Business
Development Leader,
EY India

Key highlights

Hyderabad has a business-friendly government and on-going infrastructure development

Managed office services keep office assets light and offer flexibility to companies
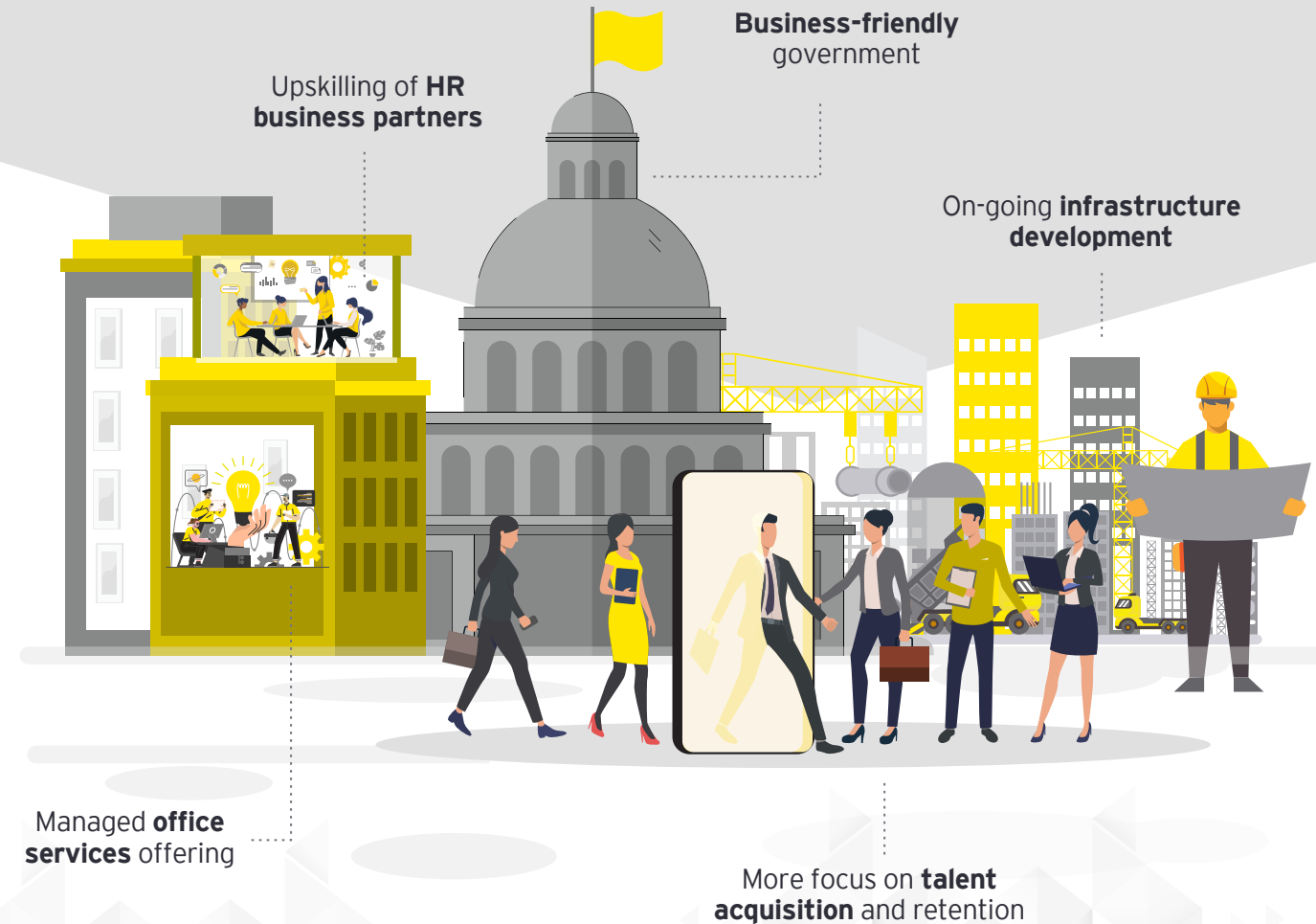
Hyderabad remains an attractive city for businesses. It benefits from a business-friendly government and on-going infrastructure development. The city has become a hub for GCCs, with many companies looking to establish their operations there. In times of global economic downturns, certain cities and countries benefit from increased backend work being shifted to them. Hyderabad is experiencing this shift, contributing to the growth of GCCs in the city.

Proactive measures in talent acquisition and retention would help accommodate the growing number of GCCs. Companies can adopt a three-pronged approach: building talent through campus hiring, buying talent from other companies, and borrowing talent through contract

workforces. This flexible approach ensures companies have access to the skills they need without permanently hiring every skill in-house.

Moreover, managed office services offer organizations the opportunity to acquire workspaces without the need for significant capital expenditure. This asset-light approach provides flexibility, allowing companies to scale their operations based on business growth and talent hiring needs. The traditional leasing model, with its long-term commitments and capital investment requirements, has become less appealing to many GCCs, particularly in the aftermath of the COVID-19 pandemic.

Destination of choice

Upskilling of **HR business partners**

Business-friendly government

On-going **infrastructure development**

Managed **office services** offering

More focus on **talent acquisition** and retention

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