

How do you reshape today to reinvent your tomorrow?

Global Capability Center (GCC)
Pulse Survey 2021

February 2022



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Building a better
working world

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Preface



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Over the last 30 years, 1,400 Global Capability Centers (GCCs) have been established in India. While the initial reason of the establishment of GCCs was 'cost arbitrage', recent years have shown a significant shift in the strategy to focus on transformation and innovation.

The outlook of the GCC industry continues to be buoyant with an increasing number of companies looking to set-up their GCCs in India, creating additional employment opportunities as well as higher economic, social, and reputational value for the country.

For this year's survey, we interacted with 57 GCC leaders, to understand the strategic direction being taken by the GCC industry. We touched upon the elements of digital adoption, future of work, talent, enterprise risk, operational growth and technology.

In this context, we are glad to present to you the outcome of our survey, which aims at providing insights to industry leaders as they shape their future strategies. We thank all the participants for their contribution to the survey and appreciate their valuable time and inputs.



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1.1

Introduction

EY has been collaborating with GCCs in India for over 15 years, helping drive their agenda and provide insights to support them as they evolve into multi-functional, globally integrated Capital Centers of Excellence.

In our GCC pulse survey 2020, we focused on innovation, key emerging technology themes, talent management and resilience to gauge the long-term strategy and the evolving future operating models of the GCCs.

In our 2021 survey, these themes continue to remain relevant for GCCs. This year's survey additionally provides direction and insights on key topics like:

'war for talent'
'future of work'
'growing digital'

and

**'navigating threats
and vulnerabilities'**

to deliver on the promise of an enterprise-wide digital transformation.



1.2

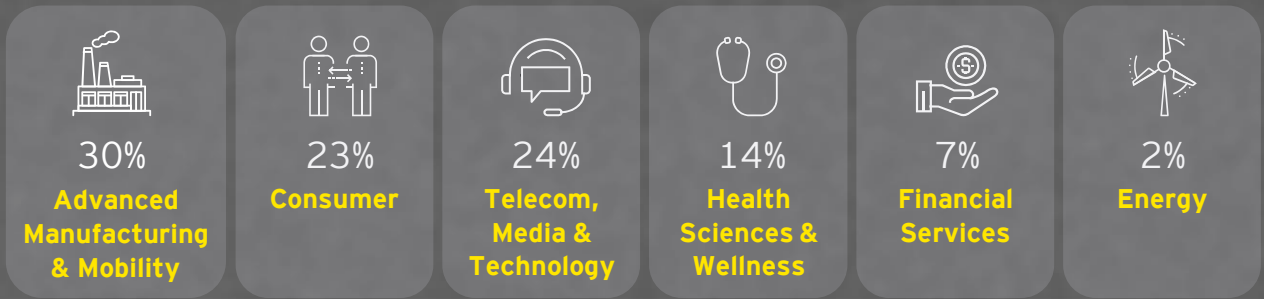
Approach

The GCC pulse survey 2021 offers a closer look at current trends and industry priorities among GCCs in India. The survey captures responses from GCCs, supporting multiple geographies, industries and functions.

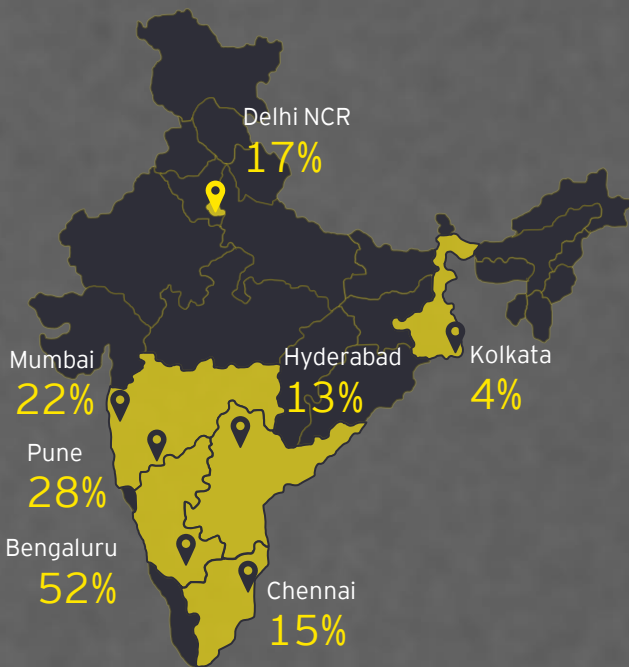
About the survey respondents

The participation list for this survey included **57 companies** representing various industries. All the companies represented have GCCs in India as well as other locations with an average employee count of 3500. The average revenue for the companies was over \$5B.

Survey participants by sector



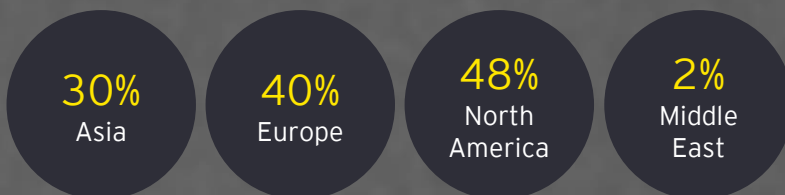
Location of GCCs in India



Functions supported by the GCCs



Location of GCCs' parent organization



Methodology

The survey is designed to assess the key trends that are shaping the GCC sector in India. The questions for the survey were structured around the four pillars of Strategy, Digital, Talent and Cyber Security.

We conducted the study in two parts - the first part focused on one-on-one interactions with GCC leaders and gaining their perspective on the emerging trends, followed by insights based on extensive data analysis coupled with EY's points of view.

The survey was digitally conducted during the period October - December 2021. It consisted of 29 questions divided into four strategic pillars.

The four pillars

These pillars are key to the GCC's future operating model:



Strategy

We sought to understand the key priorities of the GCCs over the next 12 months across digital, 'future of work', talent and risk



Digital

Gain an insight into the role of the GCC, in continuing to drive digital transformation within the organization



Talent

Deep dive into the challenges GCCs face in attracting and retaining talent, given an employee's market and identify potential interventions



Data and Cyber Security

Explore data and cyber security challenges against the backdrop of a hybrid working model and increased threats



2.0 The War for Talent

As GCCs continue to focus on transformation and innovation, the requirement for talent with niche skills continues to increase. Often, this talent pool is limited, with intense competition between IT Service Providers, Start-ups and GCCs, driving up salaries and increasing operational costs.

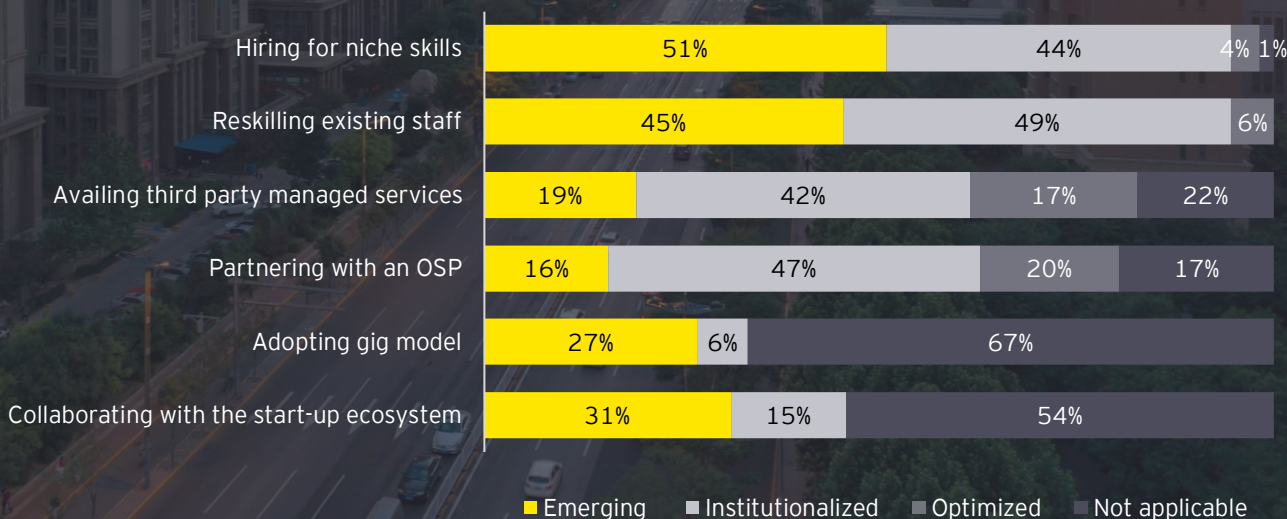
The competition for talent has complicated the hiring process that now has to deal with potential employees increasingly asking for higher remuneration (above the benchmark), increased rate of last-minute declines affecting timely delivery of commitments and sometimes fraudulent representation of skills.

GCC leaders' perception about their ability to attract and retain talent



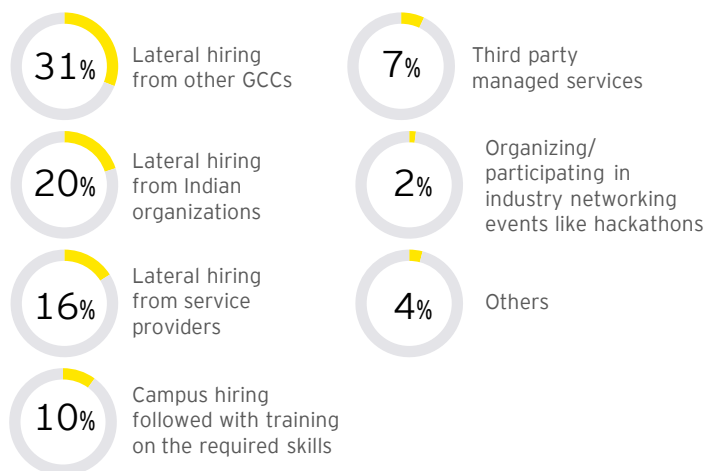
In the last 18 months the demand for niche skills in the areas of Artificial Intelligence/Machine Learning, Cloud and Open Stack Development, Business Intelligence and Cyber Security has grown exponentially leading to a shortage of qualified candidates. This poses a fresh challenge for GCC leaders in terms of scalability in their operations and driving their digital transformation agenda.

Addressing scalability in operations



The fact that GCCs have not built strong relationships with educational institutions (only 10% of the participants mentioned campus hires as a significant source of talent) when compared to IT service providers further aggravates an already fragile situation. However, everyone that participated agreed that these niche skill sets were critical for their digital transformation agenda.

Sourcing/building niche skills



A woman with long dark hair is sitting on a train balcony at night. She is looking down at her smartphone. The balcony has a metal railing. In the background, there are blurred lights from the city and the train tracks. The overall atmosphere is dark and moody.

3.0 The Future of Work

The Future of work is clearly 'hybrid' necessitating a focused effort to enhance the overall Employee Value Proposition (EVP) that has employees at the center.

The Future of work is 'Hybrid' - 50% of survey participants believe that half of their workforce will work remotely for the next 12 months.

Rethinking how we work

Most of the participants in the survey have spent time reimagining their offices to facilitate an operating model that is a mix of a remote workplace and a physical one that promotes collaboration and ideation rather than rows of cubicles and offices. The growth of headcount in the past months has not led to a proportionate increase in real estate. In fact, over **80%** of survey participants believe that their real estate investments have remained flat or have been optimized.

Impact on GCCs' real estate investments

47%

Optimized our real estate investments in existing locations

5%

Planning to (or already using) shared workspaces to offer flexibility to employees

33%

No change

3%

Looking at tier-2/tier-3 location to setup new office(s)

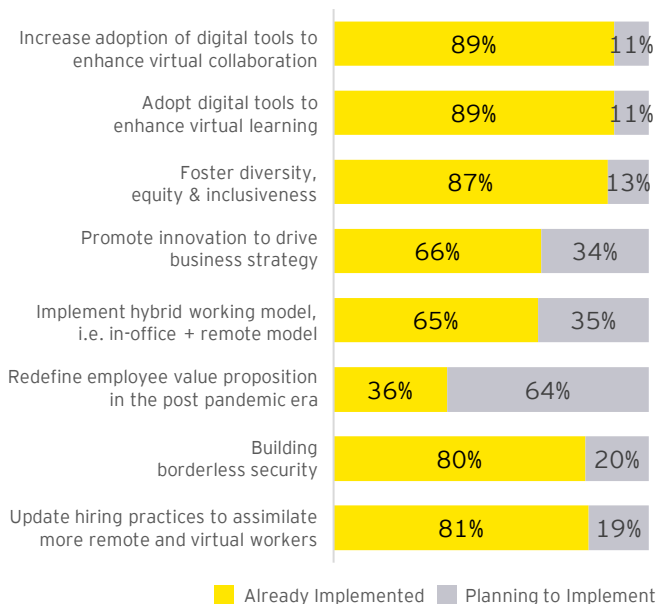
12%

Increased investment in real estate at existing locations

All the survey participants have also recognized digital collaboration tools as an enabler to remote working and the results of this year's survey has shown a marked increase in the focus to increase adoption of such tools, compared to last year. However, the participants also recognized the need for redefining their employee value proposition and over **64%** are planning to do so.

In the past, employees were integrated into the organizational culture through in-person trainings, interactions and on the job learning. With most employees now remote, survey participants recognize the challenges associated in sustaining a culture that defines a company.

Key 'future of work' initiatives



Focus areas for cultural change

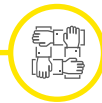
51% Digital mindset



47% Workplace flexibility



47% Diversity & Inclusion



47% Innovation



40% Employee wellbeing





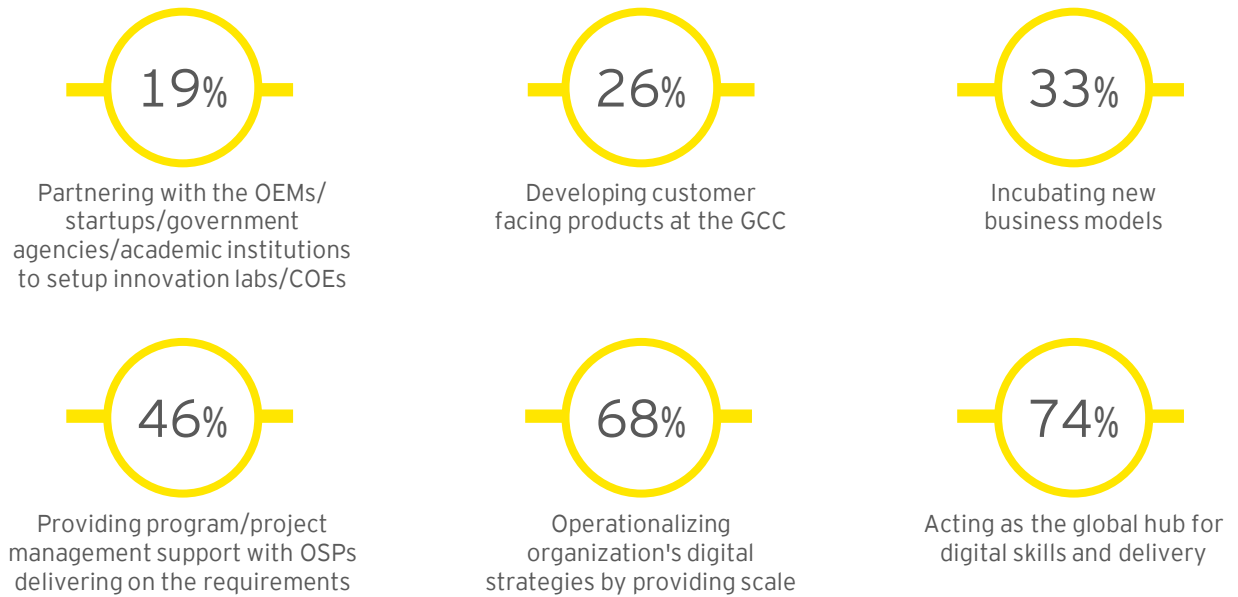
4.0

Growing Digital

As the GCCs mature, an increasing number are enabling the company's digital ambition. Through the establishment of centers of excellence and adoption of modern practices, GCCs are building digital skills at scale.

Our survey results show that over **74% of participants** are acting as global hubs for digital skills and delivery. They are also an incubation engine with structured ideation processes which help generate, assess, and pilot new ideas. Some GCCs which belong to the financial sector are also developing products which are consumer facing.

Role of GCCs in enabling digital technologies



Digital transformation programs at GCCs



The GCC of an FMCG giant developed a WhatsApp based chatbot as an interactive, 24x7 sales order system to replace cumbersome detailed forms filled by their field agents.



GCC of an Oil & Gas giant conducted multiple POCs for carbon emission monitoring for selected geographies and line of businesses through their procurement and customer supply chain.



GCC of a farm-to-fork company, developed a mobile-first, AI based platform for farmers to connect with multiple stakeholders such as peer farmers, suppliers, buyers, traders and processors.



Self-service IaaS platform developed by the GCC of a global IT company, providing a catalogue of outcome-based cloud services to enterprise end customers.



An AlcoBev major's GCC rolled out an AI/ML based software to identify patterns in everyday operations in order to predict and root out any potential corruption.

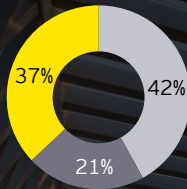


5.0 Navigating threats and vulnerabilities

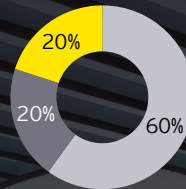
A risk that continues to aggravate for GCCs is cyber security on the back of their employees working remotely. Their inability to deliver transformation programs at a desired pace is another major risk to their operations.

Risks in delivering GCC priorities over the next 12 months

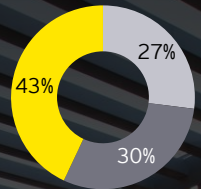
With more and more employees working remotely, survey participants believe that there is an elevated risk associated with data leakage, especially confidential data. This is especially concerning for those that belong to the financial services, pharmaceutical and healthcare sectors.



Increased risk of data breach due to a increased remote working



Increased security risk due to high turnover of people and inadequate access management



Risk to confidential information due to increased cyber attacks

■ Low ■ Medium ■ High

43%

of the survey participants currently have cyber teams while a third have centers of excellence in other locations. Most of these teams are engaged in threat detection and response management.

Managing cyber security requirements



The current GCC provides cyber services for the organization



Organization already has an existing cyber COE in another location



Organization believes the GCC can build a cyber COE soon



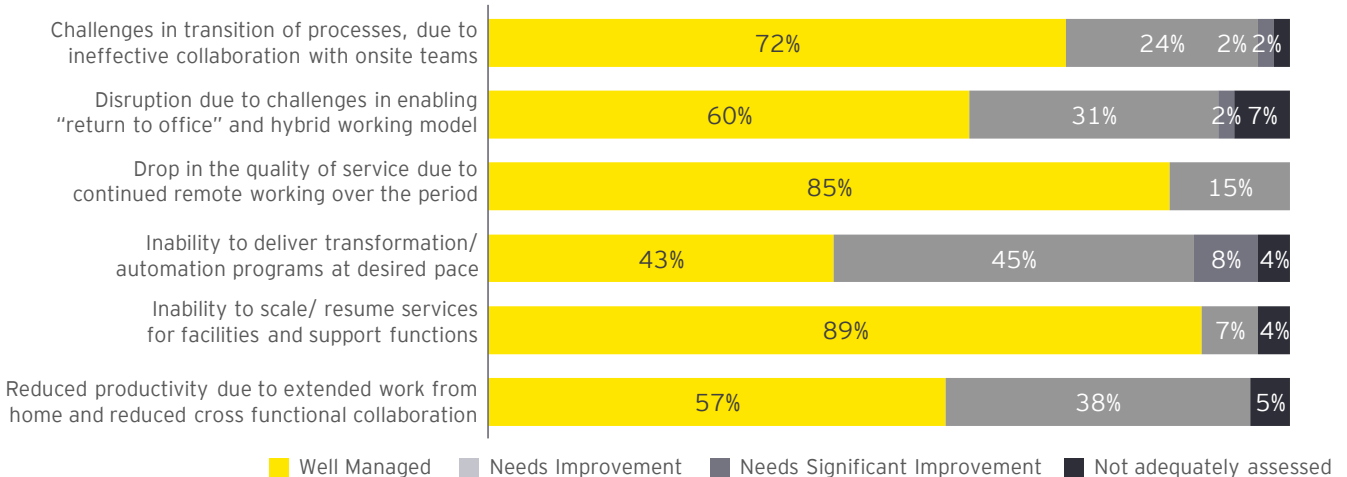
Organization believes that a cyber COE should not be setup at the GCC



Other

With the war for talent and extension of a remote working model, over half of the survey participants believe that a major risk to their current operations is their inability to deliver transformation programs at a desired pace. Further, increasing higher salary and higher costs are an impediment to future growth. Finally, 22% of the survey participants believed that they had an optimized risk management process that is fully integrated with the business.

Preparedness of the GCCs on the operational risks



In summary, GCCs leveraged the opportunities presented by the pandemic, thereby strengthening their role as a strategic business partner to the organization. The 'future of work' agenda further reinforces the attractiveness of GCCs as a differentiator.

“

GCCs in India have become the core strength and strategic enabler for globally competitive organizations in this constantly evolving and complex business environment.



Rajiv Memani, Chairman and Managing Partner, EY India

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