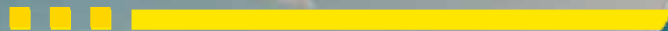


Redefining GCCs, Reimagining the Future

Global Capability Center (GCC)
Pulse Survey 2024

November 2024



The better the question.
The better the answer.
The better the world works.



Shape the future
with confidence

Contents

Chapter 1.0 – Preface	3
Chapter 1.1 – Introduction	4
Chapter 1.2 – Approach	5
Chapter 2.0 – Navigating next	8
Chapter 3.0 – Digital and AI frontiers	11
Chapter 4.0 – Talent first	14
Chapter 5.0 – Beyond risk	16
Chapter 6.0 – Summary	18
Chapter 7.0 – Acknowledgements	19
Chapter 8.0 – EY GCC Core Team	20

Preface



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The next growth wave of GCCs will focus on innovation, research and development (R&D) and specialized services. Looking ahead, GCCs will drive global innovation and product development.

India's Global Capability Centers (GCCs) are making a huge impact, contributing 23% of the nation's IT exports. With access to top talent, resources, and supportive policies, the sector is on track to exceed \$100 billion by 2030, creating over 2.5 million jobs and moving India closer to its \$1 trillion digital economy goal.

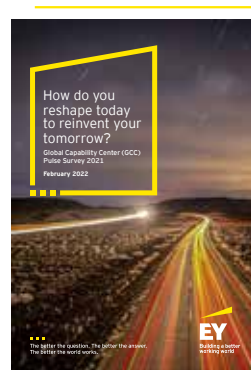
GCCs are setting the pace in delivering high-value services, sparking innovation, and achieving global standards of excellence. The Engineering, Research, and Development (ER&D) segment in particular, which makes up more than half of GCC revenues, remains a critical driver of growth.

This year's GCC Pulse Survey brings together insights from industry leaders, covering strategic priorities, operational models, and approaches to digital transformation, talent development, and risk management. We extend our heartfelt thanks to all participants for their contributions, enriching this report with perspectives that help guide the future of GCCs.

Past GCC Pulse Survey editions

How EY can help

Connect with Sayan.Banerjee@in.ey.com to get the previous survey editions.





1.1 Introduction

For over 18 years, EY has worked closely with GCCs in India, supporting their business agendas and offering insights to help them ascend the value chain, evolving into Centres of Excellence (CoEs) for innovation and digital transformation.

The EY GCC Pulse Survey 2024 builds on a history of delivering valuable insights into the sector's evolution, focusing on the latest priorities and challenges for GCCs in India.

This year's report explores growth, innovation, and operational efficiency, offering a roadmap for GCC leaders to navigate an increasingly competitive landscape.

Focus areas for 2024:

- Navigating next
- Digital and AI frontiers
- Talent first
- Beyond risk

EY.ai - a new unifying platform to help organizations confidently adopt AI

Proprietary EY technologies

**EY Fabric, AI Space,
EY Sonic, EY Q**

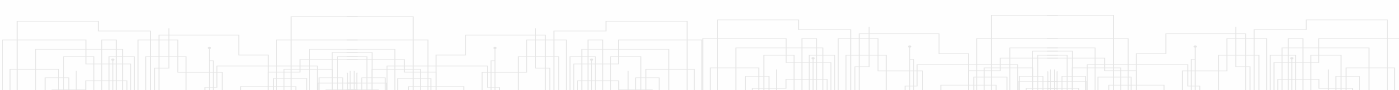


EY investments of
US\$1.4b

Used by **60,000**
EY clients



>1.5 million
unique client users



1.2 Approach

The GCC Pulse Survey 2024 examines the latest trends and key priorities of GCCs in India, gathering insights from 88 GCCs across various regions, industries, and functions.

Spotlight

The study was conducted in two phases: starting with a digital survey, and then conducting a detailed data analysis with contributions from EY professionals. The survey period spanned Aug to Oct 2024.

Scope and coverage

The survey evaluates the major trends shaping India's GCC sector, with questions organized around four core pillars: strategy, digital, talent, and security. These pillars form the foundation of the future operating model for GCCs.



Strategy

Focused on the GCCs' priorities for the next 12 months, covering operating models, business risks, policy and regulation, innovation and sustainability.



Digital

Explored the role of GCCs in advancing digital transformation within their organizations, with AI playing a critical role.



Talent

Analyzed efforts linked to employee value proposition, scaling of operations, and managing attrition.



Security

Assessed key priorities and maturity levels in data and cybersecurity.

The India headcount of the survey participants represented

~20%

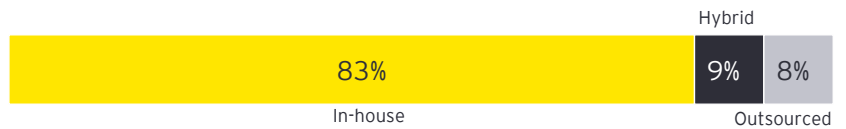
of the global workforce.

About the survey respondents

This year's survey engaged GCCs from diverse industries, with centers based in India and additional locations including the Philippines, Malaysia, Poland, Hungary, and Mexico, averaging 1354 full-time employees across sites.

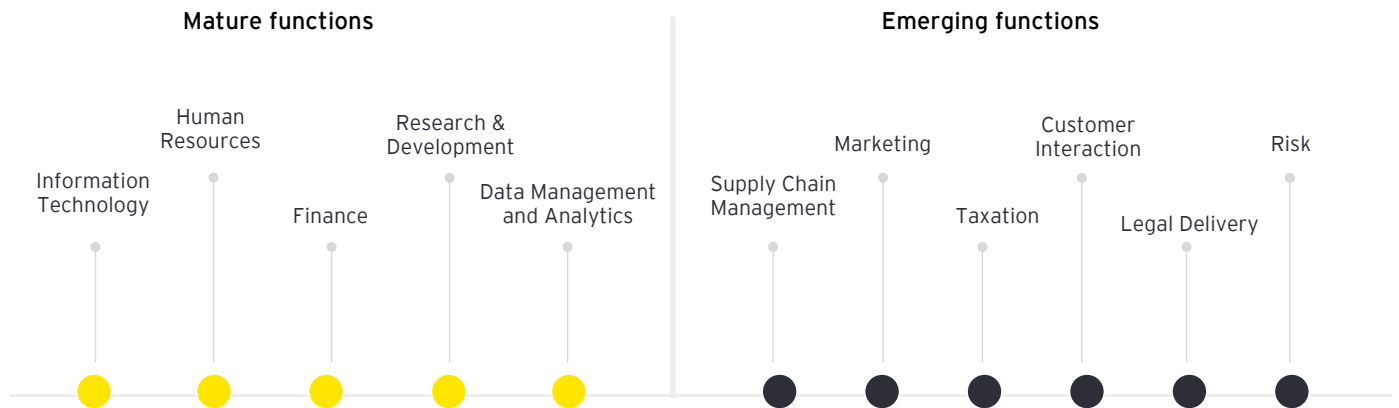
Type of GCCs

The survey shows that a majority of the GCCs are now building and nurturing their own workforce rather than relying heavily on third-party support. This approach enables GCCs to develop specialized skills internally, maintain greater control over operations, and foster a culture that aligns more closely with the organization's values and strategic goals.



Functions supported

As GCCs expand beyond finance, HR, and IT, they are increasingly offering knowledge-intensive services in areas such as Engineering Research and Development(ER&D), customer interaction, risk, marketing, and legal to unlock greater value and potential.



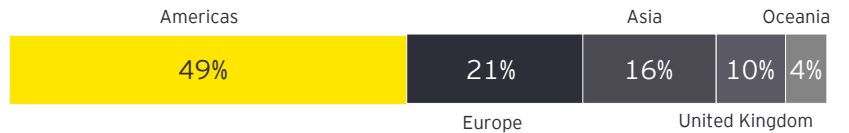
A representative of mature and emerging functions

Sector represented



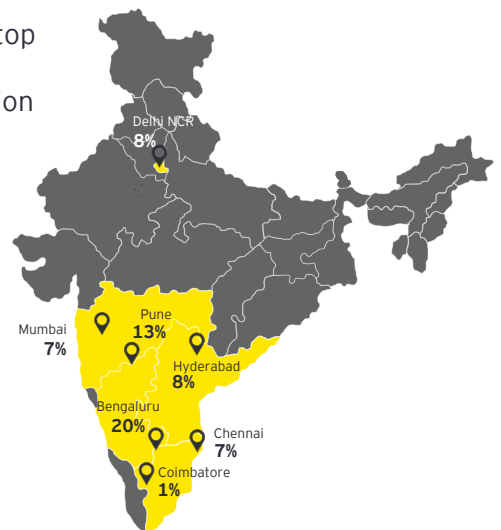
GCC HQ location

Most companies establishing or expanding GCCs in India are from the Americas, followed by Europe, driven by the region's strong talent pool and cost-efficiency. This trend underscores India's position as a preferred hub for global firms seeking to build dedicated, in-house capabilities for strategic operations.



GCC locations in India

While Bengaluru remains a top choice for GCC setup and expansion, strong competition is emerging from cities like Hyderabad, Pune, Mumbai, Delhi, Gurugram, Noida and Chennai. These cities are rapidly becoming attractive alternatives for GCC operations. Additionally, tier-II cities such as Jaipur, Vadodara, Coimbatore, and Kochi are gaining increased interest from GCC leaders, marking a new trend in location preferences.



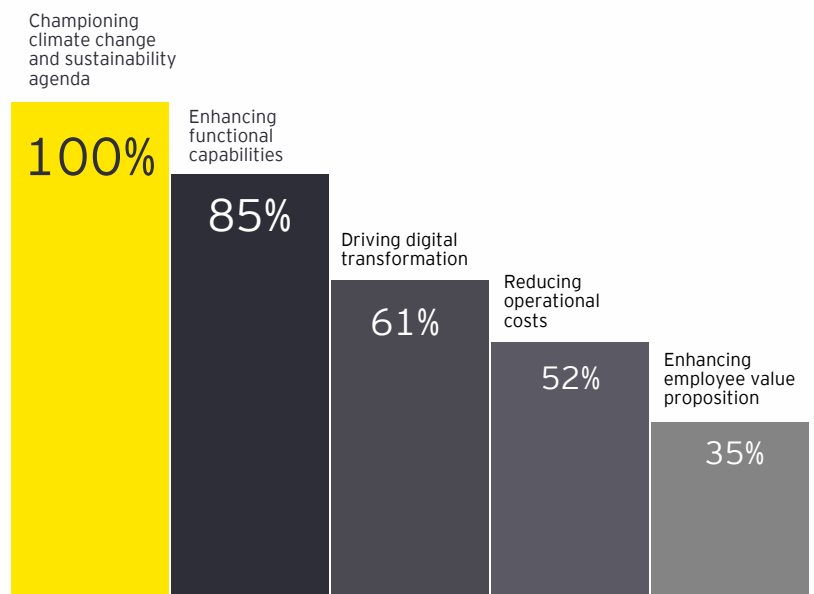
2.0 Navigating next

Organizations are leveraging GCCs to establish Centres of Excellence (CoEs), driving innovation, operational excellence, and sustainable value through specialized expertise and cost-effective implementation.

Key priorities

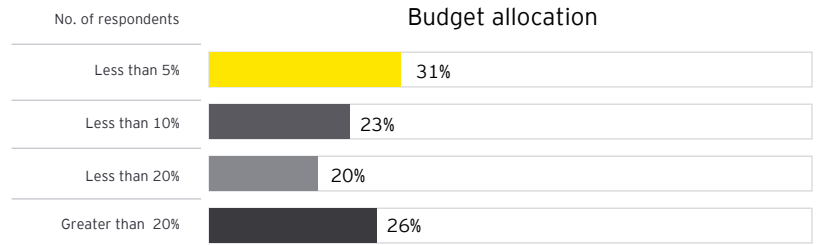
We have observed a significant increase in the sustainability agenda of GCCs compared to our 2023 survey, with a 95% rise in focus on championing climate change and sustainability initiatives. This reflects a growing recognition of their role in driving corporate responsibility and long-term value.

Additionally, GCCs continue to emphasize service expansion, particularly in areas such as legal, marketing, and customer interaction.



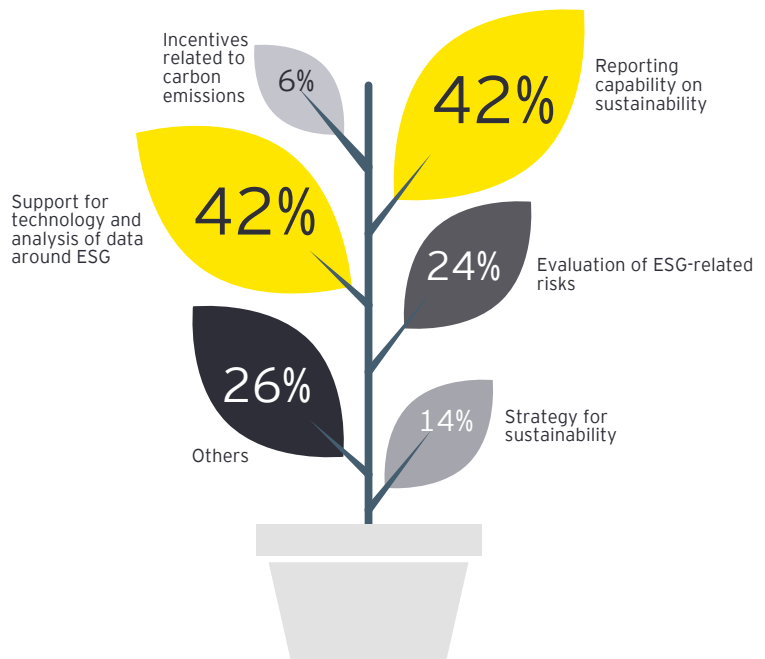
Budget allocation to technology and transformation

26% of GCC respondents are increasing their budgets for technology and transformation initiatives, allocating over 20% of their overall budget to these areas to enhance operational efficiency and foster innovation.



Supporting ESG

GCCs are actively advancing the ESG agenda by leveraging their expertise in technology and data analysis. This enables companies to effectively manage and report on their sustainability initiatives through dedicated teams and data-driven insights, positioning GCCs as key hubs for implementing and monitoring ESG strategies across organizations.



How EY can help

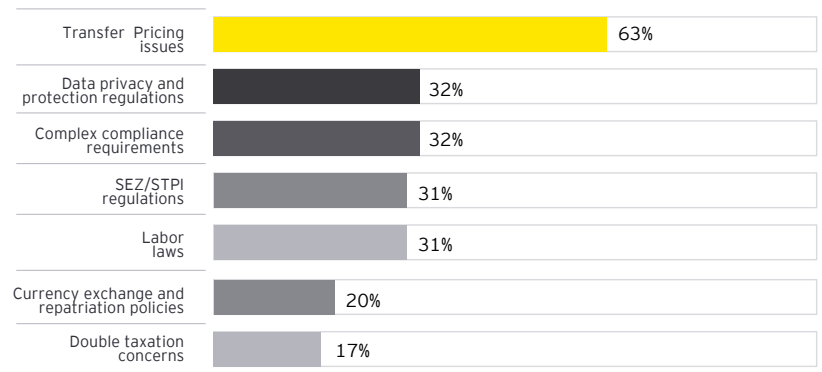
Connect with aman.dutta@in.ey.com to know more on the findings of the EY ESG GCC Survey 2024.

Regulatory and tax-related challenges

Transfer pricing is a significant tax issue for GCCs today. Given the subjective nature of inter-company pricing and its interplay with business activities, transfer pricing has a significant downstream impact on critical business decisions such as the nature of activities to be carried by GCC, expansion, and capital outlays. Since profits that need to be allocated to the GCC are dependent on its functionality, transfer pricing policy has to be robust enough to factor in dynamism of GCCs. Transfer pricing can lead to double taxation and thereby an effective and robust policy and proactive controversy management including Advance Pricing Agreements (APA) is the ask of the day.

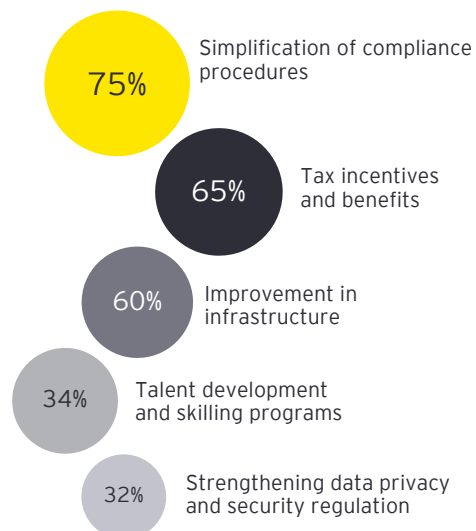
Spotlight

The Government of Karnataka's 'Draft Karnataka GCC Policy' proposes a dedicated unit to support GCCs by offering comprehensive guidance on policies, regulations, and compliance, keeping companies informed about legal and administrative requirements.



Expectations from the government

As India implements tax reforms based on industry discussions, GCCs would benefit from simplified compliance procedures and tax incentives.



3.0

Digital and AI frontiers



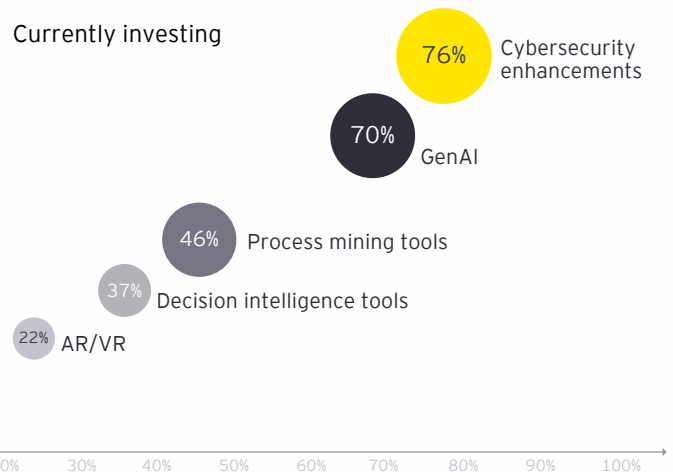
The reality of AI, with its extensive technological capabilities, is transforming how organizations operate, particularly in India's dynamic GCC landscape. Diverse applications are emerging across key sectors, notably in the automotive industry and energy management.

Adoption of digital technologies

Our survey results indicate that 76% of participants are investing in cybersecurity enhancements, closely followed by GenAI at 70%. While cybersecurity remains a priority compared to our 2023 GCC Pulse Survey, the rise of GenAI adoption is not surprising. This technology is already enhancing productivity and efficiency for GCCs and is key to accelerating India's growth and achieving its ambitious goals.

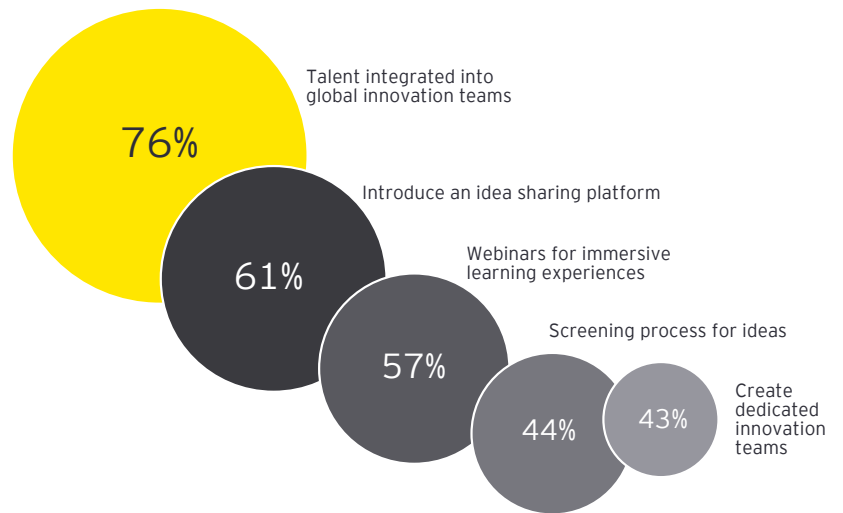
Spotlight

India has the potential to add US\$359 billion to US\$438 billion to its GDP on account of Gen AI adoption in 2029-30 over and above its baseline estimates - EY report.



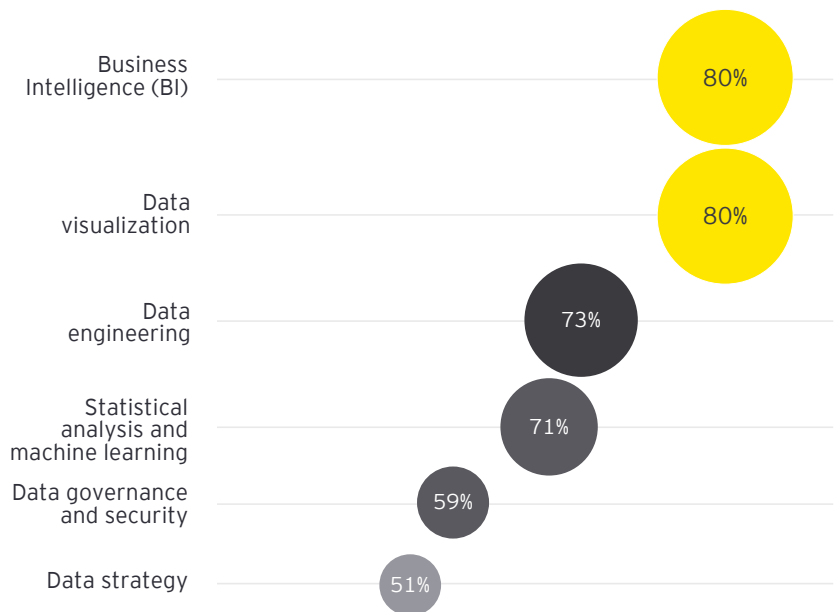
Innovation and research

GCCs are transforming from support hubs to innovation powerhouses by driving growth through product development, design thinking and technological advancements. They are actively fostering innovation by integrating GCC talent into core global innovation teams, with a focus on incubation centers that serve as launchpads for new ideas and solutions.



Data and analytics skills

Business Intelligence (BI) and data visualization have become foundational areas that every GCC must incorporate as part of their digital strategy. These capabilities are increasingly prioritized to enhance data-driven insights and support value creation through informed decision-making.



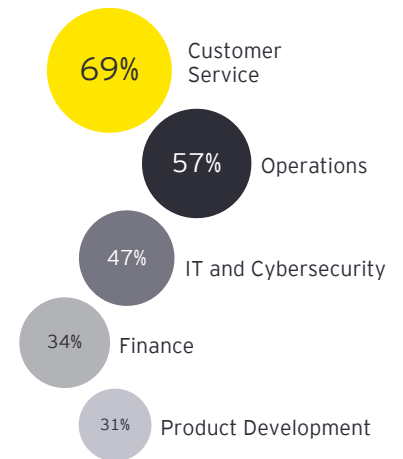
How EY can help

Connect with ajay.kamat@in.ey.com to know more on EY digital tools and strategies.

GenAI adoption

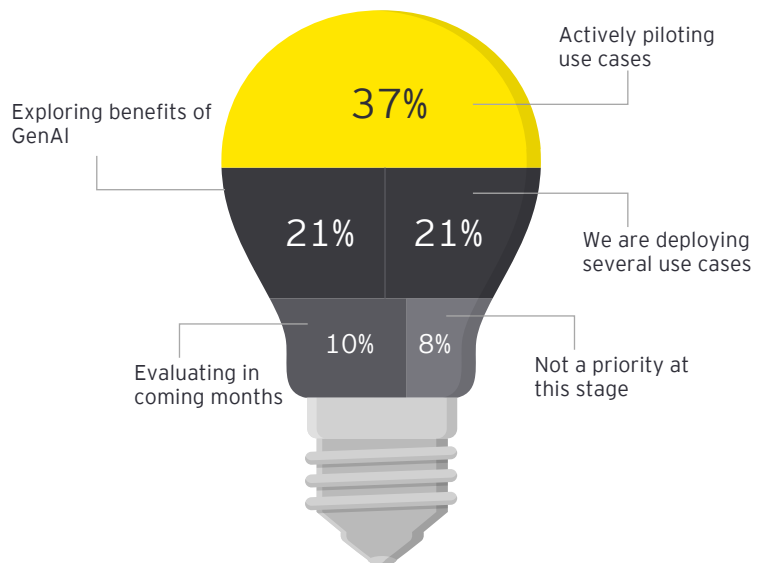
GenAI is gaining traction among GCCs, with many starting adoption in the customer interaction function due to its ease of implementation and potential to boost efficiency.

Many GCCs are already deploying use cases to enhance efficiency, with 78% upskilling internal teams and 49% collaborating with external vendors to accelerate the transformation.



Approach to GenAI

GCCs are now at the forefront of innovation, actively piloting use cases and advancing to a stage where they are realizing tangible benefits by deploying solutions at scale.



How EY can help

Contact bvijay.shankar@in.ey.com to know more about the EY.ai platform.

4.0 Talent first

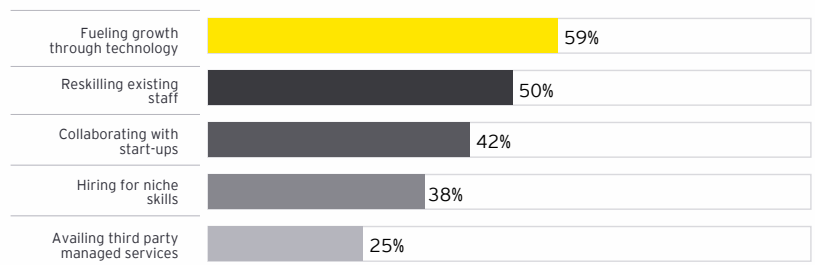
By balancing technology with a 'talent first' approach, GCCs are positioning themselves for sustainable growth and impactful transformation.

Scalability in operations

For GCCs, growth is increasingly centered on leveraging technology rather than expanding headcount, with a strong emphasis on reskilling staff in emerging areas. Balancing innovation with human values is essential for achieving strategic goals and maintaining competitiveness.

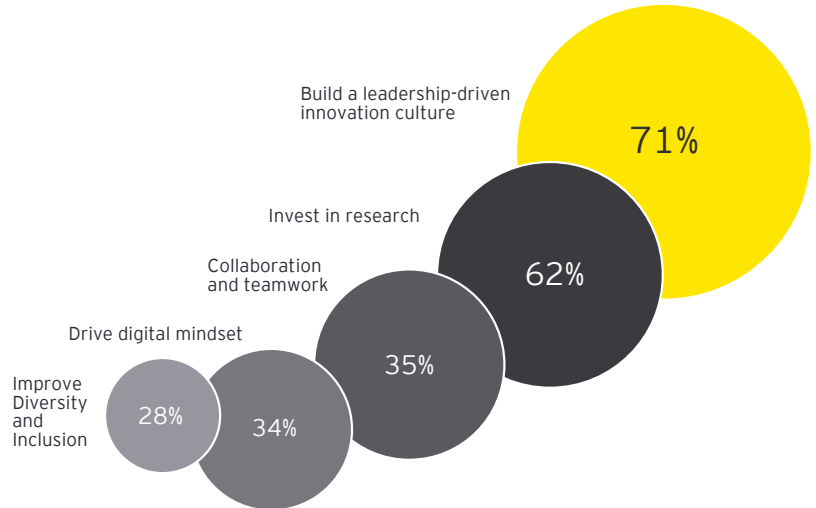
To address future skill needs, GCCs are building internal capabilities, partnering with start-ups, academia and industry and fostering a culture of continuous improvement.

Compared to the 2023 GCC Pulse Survey, the focus on skill has further increased this year, with 50% of participants stating that they are in the process of reskilling their existing staff as compared to 36% last year.



Cultural changes

For GCCs, fostering a leadership-driven culture of innovation is key to differentiation. By strategically investing in research and development and placing employees in roles that align with their strengths, GCCs enhance the innovation process. This approach not only boosts effectiveness but also ensures the recognition of key contributors, driving ongoing, impactful advancements.



Risks in delivering GCC priorities

The future of work remains a hybrid model, with 70% of survey participants expecting most of their workforce to work flexibly over the next 12 months. This shift impacts GCCs by requiring a balance between remote and in-office work, fostering an environment where talent can thrive in both settings.

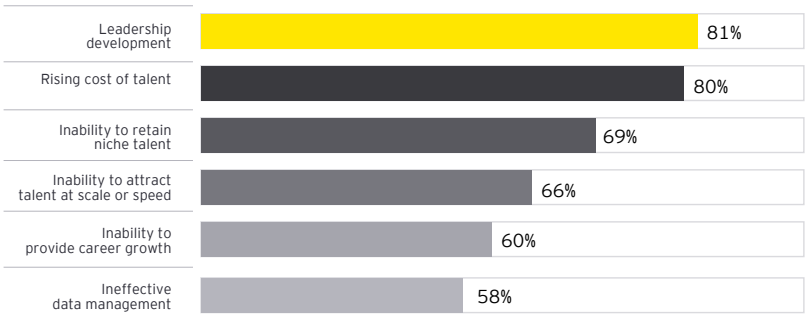
Spotlight

Participants have observed a slight decline in the average attrition rate this year, dropping to 11.16% from 12.6% last year.

A major challenge GCCs face is leadership development, with 62% of participants acknowledging that overcoming this hurdle demands significant changes in policies, processes, and organizational culture.

How EY can help

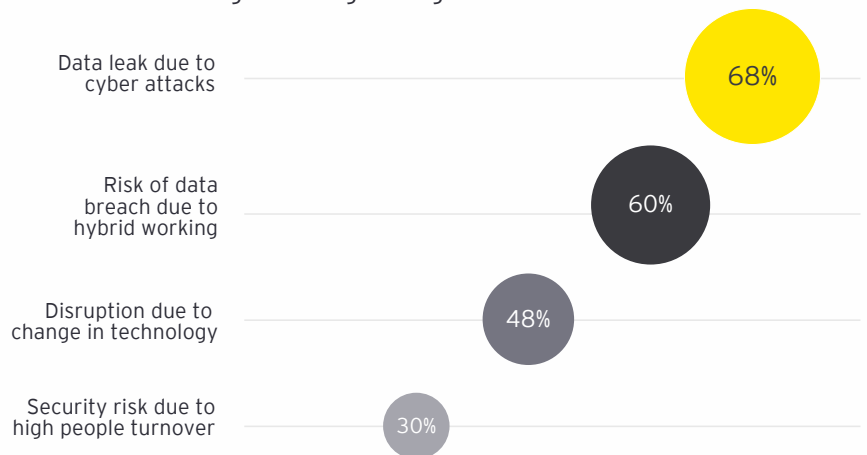
Contact alpana.priyabhashini@in.ey.com to know more about the findings from the EY Work Re-imagined Survey 2024.



5.0 Beyond risk

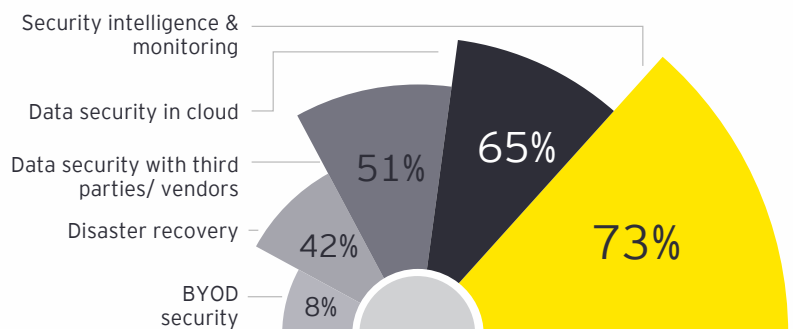
As cyber threats evolve, utilizing AI has become crucial for strengthening defense mechanisms, automating threat detection, and addressing the cybersecurity talent gap.

The shift to hybrid and remote work has increased the risk of sensitive data leaks for GCCs by exposing them to more cyber threats. This makes it harder to protect confidential information, potentially leading to fines, reputational damage, and financial losses. Strengthening data security is crucial to manage these growing risks.



Key priorities

For GCCs, the top cybersecurity priorities are enhancing security intelligence and monitoring, followed by securing data in the cloud. By focusing on these areas, GCCs can strengthen their threat detection, improve response times and safeguard sensitive cloud data.

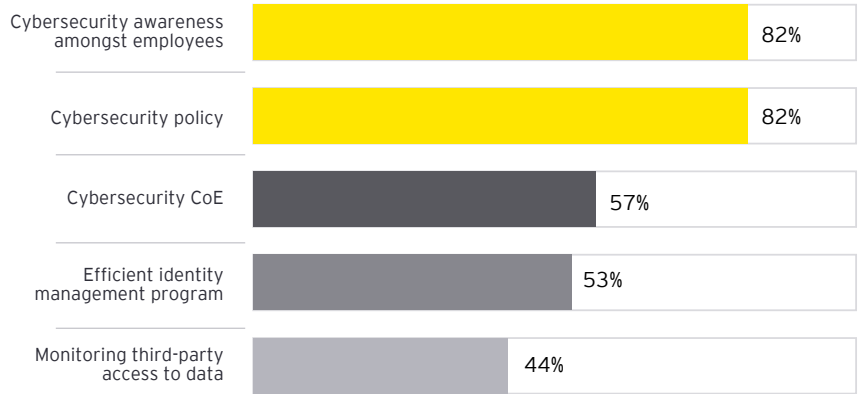


Best practices

As per the survey, cybersecurity awareness is rising among GCC employees, supported by robust policies, standardized procedures and AI-driven tools. This proactive approach is crucial as employees form the first line of defense against cyber threats.

How EY can help

Reach out to Tiffany.Isaac@in.ey.com to know more about cybersecurity trends and business risks.



The EY GCC Pulse Survey 2024 builds on the firm's EY's 2023 forecast, which projected the GCC market would surpass US\$100 billion by 2030, potentially reaching US\$110 billion. This survey highlights the sector's ongoing evolution, with GCCs advancing sustainable growth, strengthening data-driven decision-making, and fostering innovation through new Centers of Excellence (CoEs) in AI, data analytics, and other critical technologies and functions. These developments emphasize the industry's rapid maturity and validate our growth projections, positioning GCCs to drive even greater impact and stay aligned with global business needs.

Acknowledgements

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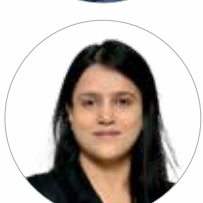
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