GCC India Market Navigator
Trends and Insights

2024

gatewAI
Navigating The Next

The Growth of GCCs in India

India has become a top destination for Global Capability Centres (GCCs) since the late 1990s, with growth accelerating recently.

This trend highlights India's role in helping multinational corporations streamline operations, innovate, and tap into global talent pools.

"In Q4CY2023 US Headquartered MNCs account for ~50% of the GCCs"
-Nasscom

Market Trends

~11.4%.
CAGR of Indian GCC Market

$ 46 Billion
Size of Indian GCC Market

1.66 Million+
Indian Talent Pool in GCCs

18
Number of GGCs opened in 2023

180+
GCCs in Tier 2 and Tier 3 Cities

1620+
GCCs in Tier 1 Cities

1800+
Number of GCCs in India

Major areas of focus for newly established GCCs include Artificial Intelligence, Machine Learning, ADAS solutions, Cybersecurity, Advance Analytics etc.

Emerging GCC Locations

GCCs across Tier 2 and Tier 3 cities across India **180+**

New GCCs set up in Tier 2 and Tier 3 cities in 2023 **18**

Attrition rate in Tier 2 cities compared to Tier 1 cities **10%** lower

Talent pool across Tier 2 and Tier 3 cities **490,00- 540,00**

Annual STEM graduates in Tier 2 and Tier 3 cities **110,000-120,000**

Chandigarh

Jaipur

Ahmedabad

Vadodara Indore

Nagpur

Bhubaneshwar

Vishakhapatnam

Coimbatore

Kochi

Trivandrum

Location Insights

Location	Percentage of GCCs	Major Industries
Bengaluru	30%	Technology, R&D and Innovation
Mumbai	13%	BFSI
Hyderabad	12%	IT, Biotechnology and Pharmaceuticals
Pune	12%	IT, Engineering and Manufacturing
Delhi NCR	16%	IT/ITeS, BFSI and Consulting
Chennai	9%	IT/ITeS, BFSI, ER&D (Manufacturing & Industrial)
Tier 2 & Tier 3	8%	-

Delhi NCR

Mumbai

Pune

Hyderabad

Bengaluru

Chennai

Benefits of establishing GCC in Tier 2 and Tier 3 cities for cost and talent advantages

Resources
Tier 1 cities such as Bengaluru and Mumbai have mostly exhausted their resources in terms of available office spaces and talent pool

Industry
Tier 2 and 3 cities suited for mid-range services for companies

Active Talent
Due to reverse migration and lower cost of living with better quality of life have attractive talent in these cities

On boarding
Savings due to lower on-boarding costs (including cost of relocation, HRA etc)

Competition
Existing GCCs in tier 1 cities are looking to expand creating even more competition and raising prices for talent and infrastructure.

Upskilling
Some of the best technology and business schools are located in these cities for higher education and upskilling opportunities.

Lower Real Estate costs and Quality Infrastructure
Space and potential to expand, easy access to roads and airport and quality internet connection and electricity

Versatility
Provide support for diverse business sectors.

Govt. Policies
Govt offers incentives like tax rebates and support to companies generating employment opportunities. Cities like Nagpur(Maharashtra) have dedicated MIDC areas for establishing/developing offices/manufacturing centres

➢ **Key Success factors**: Deep & Wide Technology Ecosystem and Ability to Scale

➢ **GCC Functions:** Innovation led Strategic Services, Enhancing New Capabilities and Business transformation through R&D and Innovation

Current Scenario

Future Scenario

➢ **Key Success factors**: Proven success and Leadership Prominence

➢ **GCC Functions:** : Global Transformation Hubs, Second Headquarters, GCC Monetisation and Strategic Business Partners

Industry Use Cases

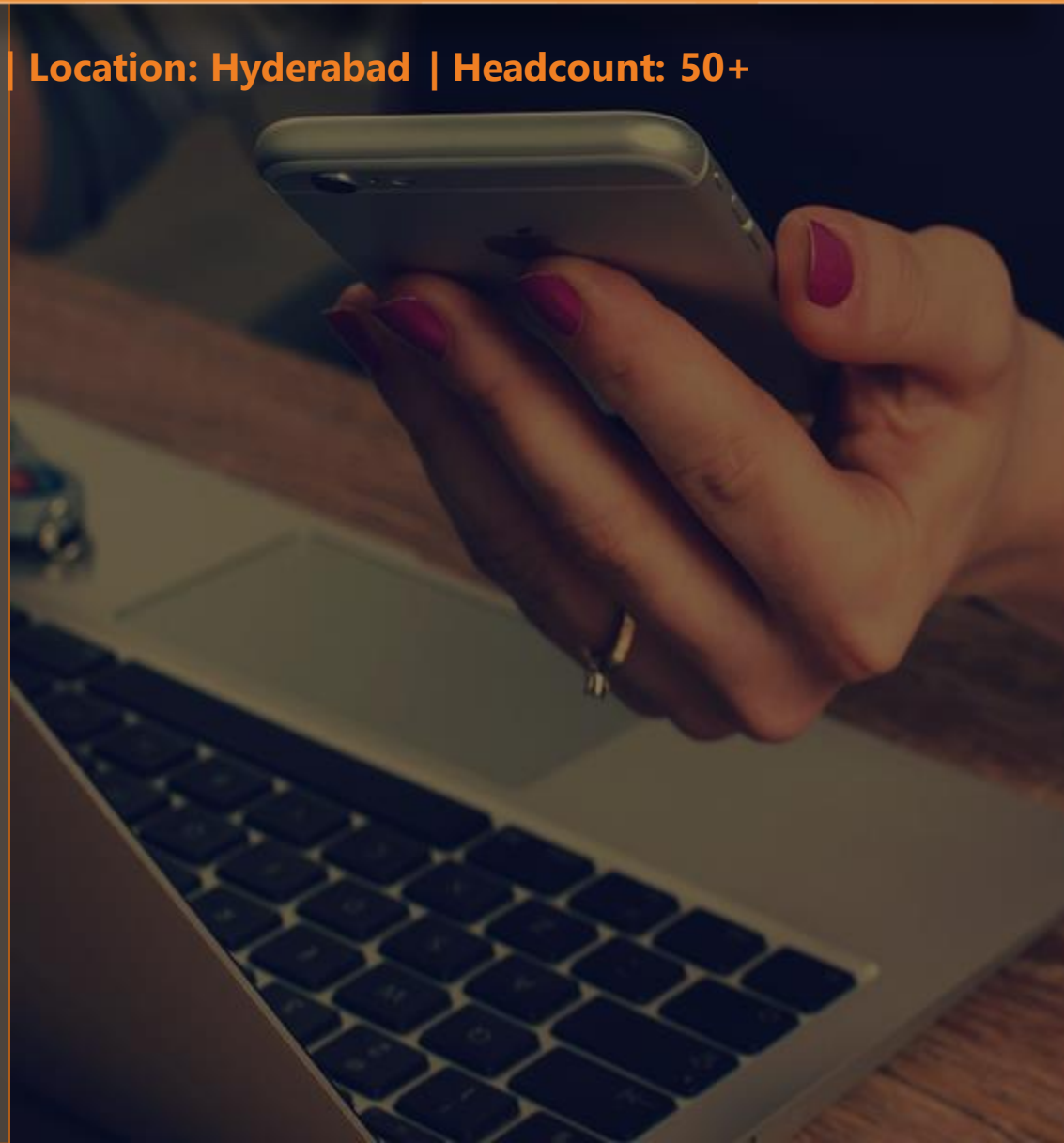# Former Smartphone company, now pivoted to Software Centric Business

Year Established: 2023 | Industry: Internet and Software | Location: Hyderabad | Headcount: 50+

Aim

Enhancing autonomous vehicles and IoT software skills to meet evolving industry demands

Business Outcomes:

➢ Operating in India significantly helped the company reduce costs compared to other locations due to lower talent and real estate costs

➢ Established an IoT Centre of Excellence, Engineering, and Innovation in Hyderabad, aimed to recruit the country's top embedded software engineers

➢ Focussed on building next-generation SDVs and advancing IoT innovations using its QNX product portfolio and in-vehicle software platform

➢ The Hyderabad facility is projected to be the second-largest for the company's IoT division globally

➢ Business also has immense scope for expansion in India and plans to expand its talent pool to over 300+ in the future

Caller Identification, Spam and Fraud Blocking Business

Year Established: 2023 | Industry: Internet and Software | Location: Bengaluru | Headcount: 150+

Aim

Integrate closer with the innovation cycle, leverage local talent, and improve service offerings for regional user base

Business Outcomes:

➤ Being closer to one of its largest user base allowed the business to better tailor its products and respond to local customer needs more swiftly

➤ Access to vibrant tech ecosystem and skilled developers accelerated the pace of innovation, particularly in mobile technology and machine learning applications

➤ Reduced costs significantly, allowing the company to allocate more resources to R&D and customer service enhancements

➤ The business aimed to prioritize delivering an optimal app experience, emphasizing safety and privacy

➤ GCC to serve as a central hub for India-centric business working to serve global user base

Enterprise-grade Database Solutions Provider

Year Established: 2023 | Industry: Internet and Software | Location: Bengaluru | Headcount: 50+

Aim

Tap local talent to boost product development and global support, strengthening foothold in Asia

Business Outcomes:

➢ Focussed on development strategy like Observability, Infrastructure, Site reliability engineering, and other areas such as performance, scalability, and exploratory testing

➢ Leveraging India's vast, skilled workforce allowed the company to scale R&D and customer support efficiently and effectively

➢ Establishing a GCC in India deepened understanding of Asian markets, improving products and customer satisfaction

➢ Utilizing strategic locations and cost advantages helped to enhance global operations and fuel further innovation and expansion

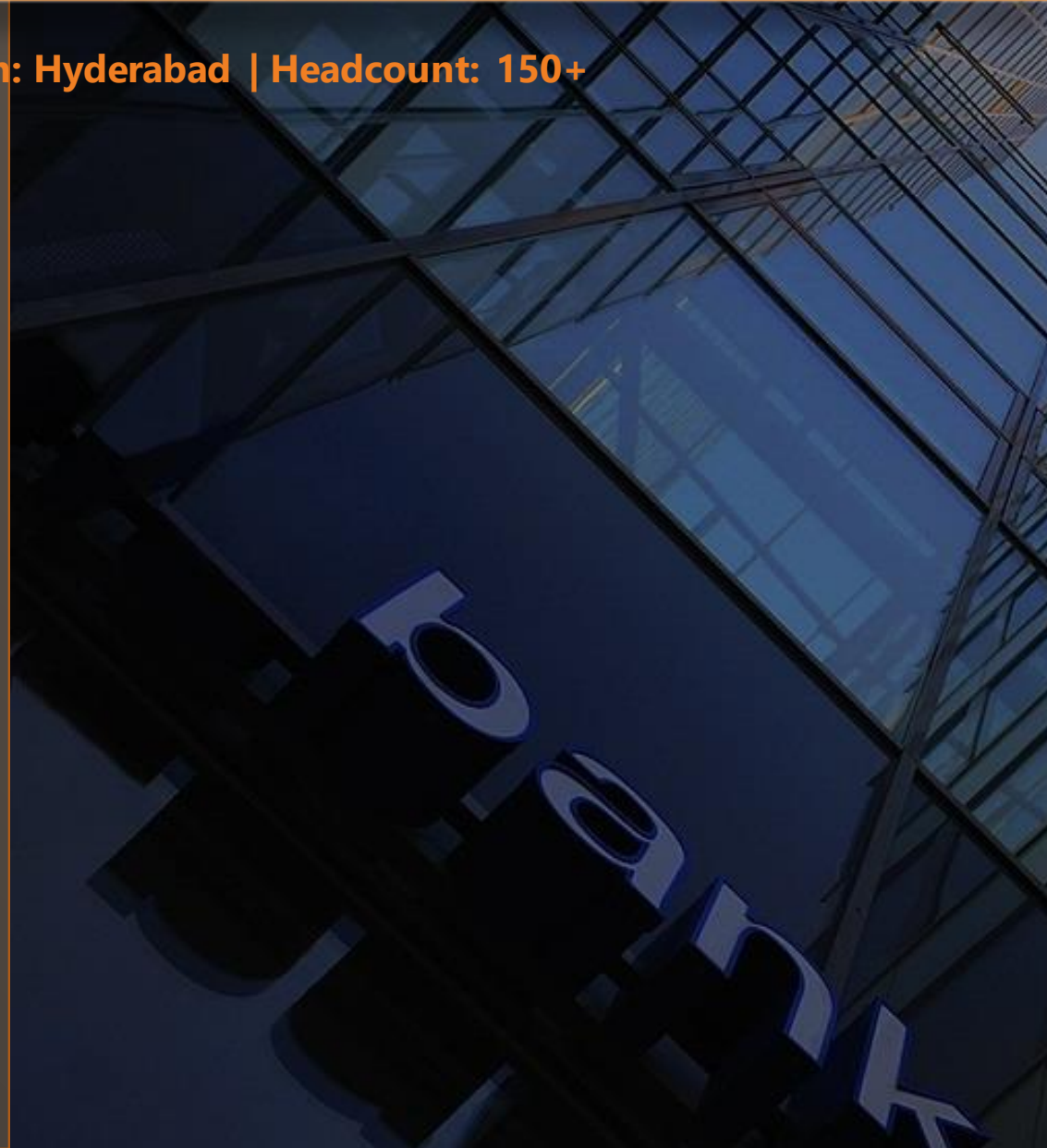# One of UK's Largest Retail banks

Aim

Enhance digital transformation capabilities, streamline operations, and improve service delivery globally by leveraging technology and innovation

Business Outcomes:

- The centre has become a key hub for developing digital solutions that enhance customer interactions and streamline backend processes by building in-house technical capabilities
- The cost efficiencies achieved have allowed the company to invest more in customer-facing technologies and innovation
- The GCC supports global operations, offering timely and compliant services across various geographies with its strategic location and operational capabilities
- The centre is focussing on utilizing technology and data analytics expertise for innovation and holistic product delivery
- Plans to expand by hiring additional skilled specialists in technology, data and cybersecurity solutions

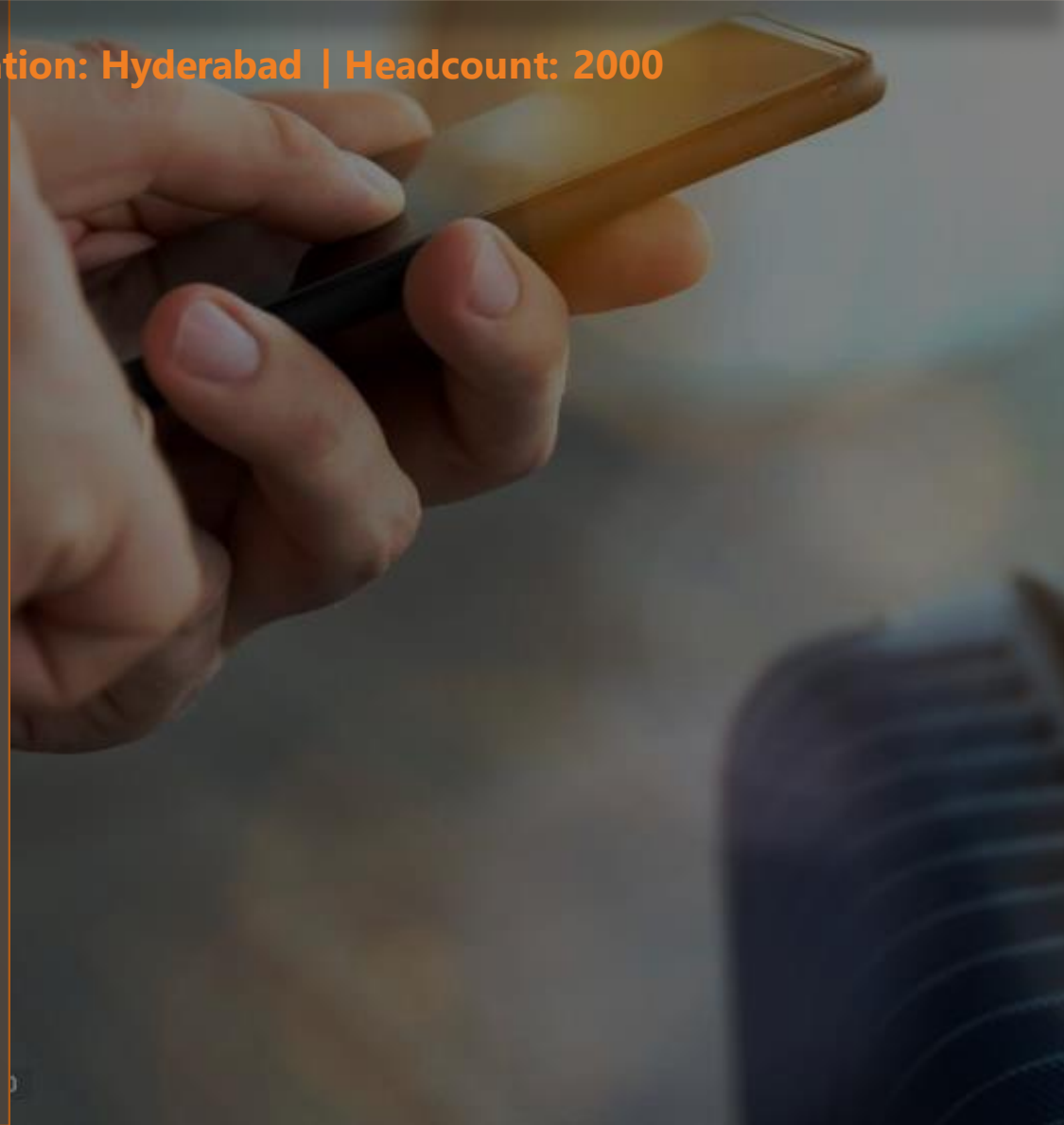# Travel Technology Company in the Leisure Travel Markets in the United States and internationally

Year Established: 2023 | Industry: Travel Tech | Location: Hyderabad | Headcount: 2000

Aim

To continuously innovate technologically in a fiercely competitive travel market while concurrently managing costs and ensuring scalability to meet increasing global demand without compromising quality or performance

Business Outcomes:

➢ Access to India's dynamic tech ecosystem has accelerated the company's innovation cycle, facilitating the introduction of advanced features and capabilities at a faster pace
➢ Leveraging cost-effective resources has optimized expenses across the company's global operations, resulting in improved financial efficiency
➢ With a dedicated GCC in India, they have achieved rapid scalability to meet increased demand, enhancing their ability to efficiently manage large-scale projects and customer needs on a global scale

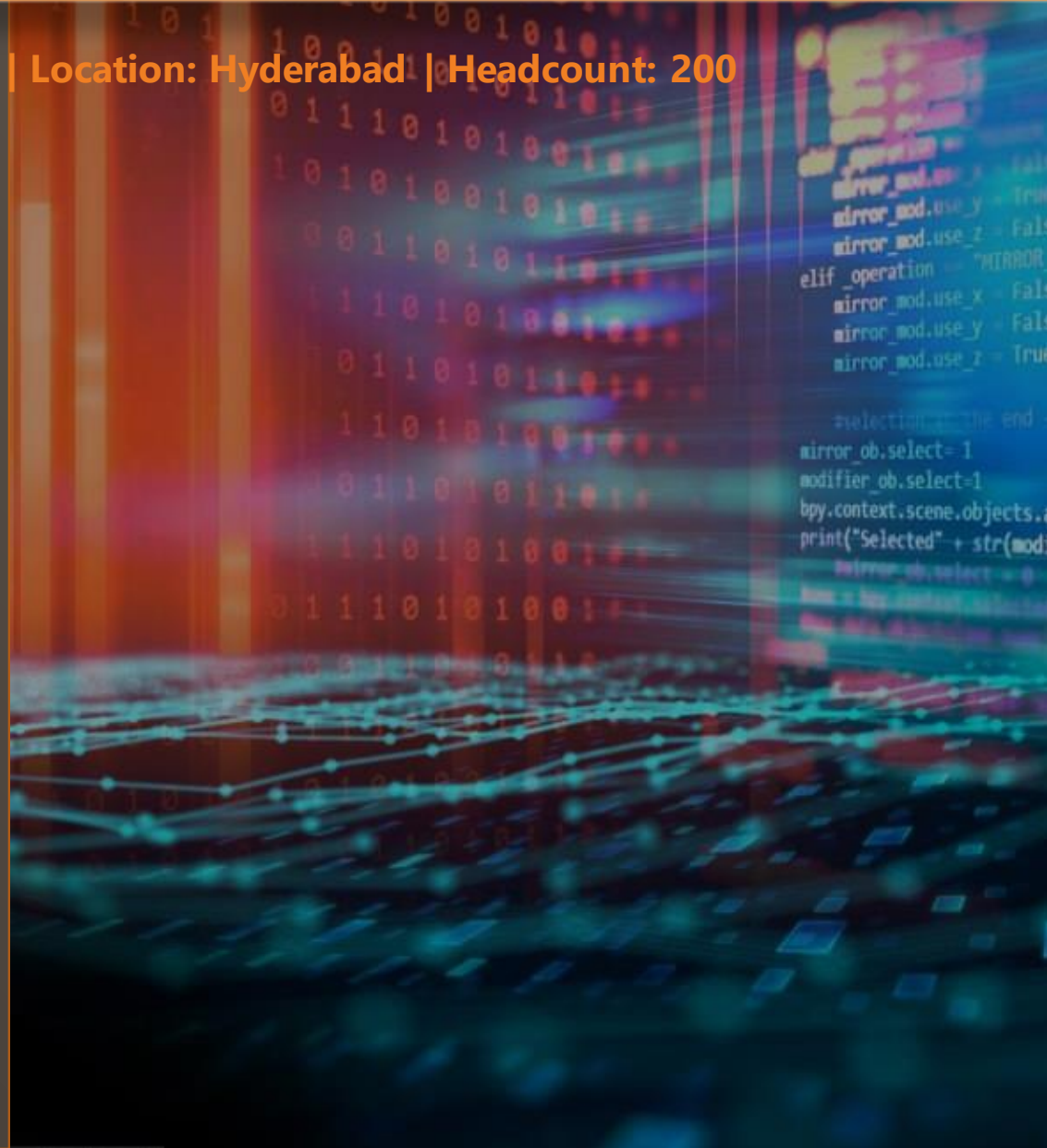# Information Security Company offering Identity Management

Year Established: 2023 | Industry: Internet and Software | Location: Hyderabad | Headcount: 200

Aim

Addressing the scalability of R&D operations while simultaneously grappling with the difficulty of accessing skilled resources

Business Outcomes:

➢ The access to a large, talented pool of engineers has enabled the company to significantly expand its R&D operations, speeding up the development of new cybersecurity technologies and features

➢ The lower cost structure in India has allowed the company to increase its investment in innovation while controlling expenses

➢ The GCC supports global operations, providing enhanced customer service and technical support across various time zones

A Global Market Leader in Chemical Distribution

Aim

Streamline global operations, enhance service efficiency, and consolidate back-office functions into a single, high-efficiency hub to support its complex supply chain and customer service operations across the globe

Business Outcomes:

- The GCC centralized various functions, improving consistency and efficiency across global operations
- The operational savings achieved through the GCC allowed the company to invest more in customer service and safety enhancements
- Leveraging India's IT expertise helped the company accelerate its digital transformation, enhancing data analytics and customer interface platforms

Multi-brand restaurant company whose portfolio includes more than 11,000 locations worldwide

Year Established: 2023 | Industry: FMCG | Location: Hyderabad | Headcount: 100+

Aim

Centralize and enhance IT and digital capabilities, streamline global operations, and foster innovation in customer service technologies

Business Outcomes:

➢ Centralizing IT services in the GCC has allowed for more seamless integration of technologies across all brands, enhancing operational efficiency and customer interactions

➢ With the GCC, the company has been able to efficiently scale its operations to support international growth and adapt more rapidly to new market demands

➢ The proximity to India's tech innovation hubs has enabled faster development and rollout of new customer service solutions, keeping the company at the forefront of the restaurant industry's technological advances

Conclusions

India Emerges as GCC Hub: India has solidified its position as a premier destination for Global Capability Centres (GCCs), playing a crucial role in driving operational excellence and fostering innovation for multinational corporations.

Explosive Growth Trajectory: With over 1620 GCCs currently operational and a remarkable Compound Annual Growth Rate (CAGR) of approximately 11.4%, India's GCC landscape showcases a robust growth trajectory, reflecting the country's attractiveness as a business destination.

Key Cities Drive Innovation: Key cities like Bengaluru, Mumbai, Hyderabad, Pune, Delhi NCR, and Chennai serve as GCC hubs, catering to specific industries and offering distinct advantages, thereby fostering a conducive environment for innovation and growth.

Business Benefits of Expansion: Establishing GCCs in tier 2 and 3 cities offers a plethora of benefits, including enhanced cost efficiencies, access to top-tier talent, favourable infrastructure, and government support, enabling organizations to optimize operations and drive sustainable growth.

Rise of Tier 2 Cities: Tier 2 cities such as Ahmedabad, Vadodara, and Trivandrum are witnessing a surge in interest from GCCs due to their cost-effectiveness, availability of talent, supportive infrastructure, and government incentives, presenting lucrative opportunities for expansion and growth.

Promising Future Outlook: India's GCC landscape is poised for continued growth and innovation, driven by sustained investments, evolving business models, and the relentless pursuit of excellence, underscoring the country's significance as a global business hub

Sources

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- EY. (n.d.). How are GCCs delivering value while optimizing cost and operations in a changing environment? Ernst & Young. Retrieved April 16, 2024, from https://www.ey.com/en_in/consulting/global-capability-centers/how-are-gcc-s-delivering-value-while-optimizing-cost-and-operations-in-a-changing-environment

- CBRE. India's Global Capability Centers (November 2023).Retrieved April 10, 2023, from https://www.cbre.co.in/insights/reports/11823048226

Please note that all information in this report has been sourced from the above mentioned sources and is based on data available in 2024. Consequently, details are subject to change and should be verified for accuracy in future applications

Seeking to enhance productivity and efficiency with India's cost-effective solutions and innovative talent?

Striving for operational risk mitigation through geographical diversification and resilient strategies?

Pursuing innovation and digital transformation through India's GCC for global-local expertise integration?

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