

GLOBAL CAPABILITY CENTER INDUSTRY OUTLOOK

Analyzing the Transformation of Global Capability Centers (GCCs)



FOREWORD

The Global Capability Center (GCC) landscape is undergoing a profound transformation from cost-optimized back offices to strategic innovation hubs that drive AI, product engineering, and deep tech research. India is at the heart of this shift, now hosting over 2,100+ GCCs and employing nearly 2.4 million professionals, making it the world's premier destination for capability centers.

This report, a collaboration between Inductus GCC and 180 Degrees Consulting, examines the forces reshaping India's GCC ecosystem, from the rise of Tier-2 cities and PE-backed centers to the imperatives of AI governance, talent development, and regulatory compliance. We balance analytical rigor with practical insight, using industry data, benchmarking across global hubs, and emerging best practices.

We extend our sincere gratitude to the entire team whose dedication shaped this work. We trust this report will prove a valuable resource for business leaders and executives navigating the next decade of GCC evolution.



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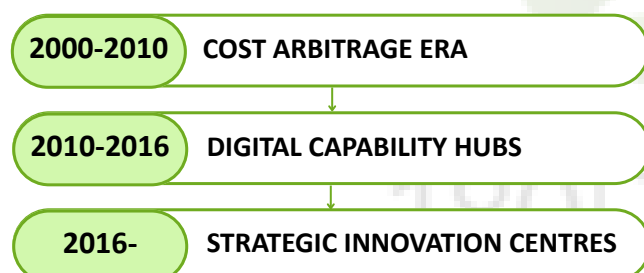
Executive **SUMMARY**

WHY TECH-SECTOR GCCS?

The GCCs for the tech sector exist as vital components that deliver essential business functions, including **product development, engineering, and innovation**.

The system needs **specialized expertise, advanced technical resources, and** quick response capabilities to handle its operations. The unique requirements of tech GCCs create operational differences that need specialized analysis and strategic development.¹

FROM CAPTIVE UNITS TO STRATEGIC INNOVATION CENTERS



Current Stage: Strategic Innovation Centers
Modern GCCs, especially in the technology sector, function as AI-first innovation hubs that design and build enterprise-scale solutions. Key transformations include the following:

- **Ownership of Core Technology Products:** Many GCCs now own complete product platforms, microservices ecosystems, and enterprise applications.
- **AI-Driven Innovation:** Leading centers develop machine learning pipelines, predictive analytics engines, and generative AI platforms. AI integration is considered a major catalyst driving GCC evolution toward enterprise-level innovation leadership.

DEFINITION AND BOUNDARIES: WHAT QUALIFIES AS A GCC?

A Global Capability Center (GCC) serves as an offshore or nearshore facility that multinational companies establish to provide multiple business functions that include **technology, operations, finance, analytics, and research** while maintaining tight organizational ties to their parent company.

The GCC model differs from standard outsourcing because **companies maintain ownership** of their GCC facilities, which they use as part of their worldwide operational network.²

The development of business centers began as facilities dedicated to **cost reduction and operational assistance**, which later **transformed** into strategic **innovation hubs**.

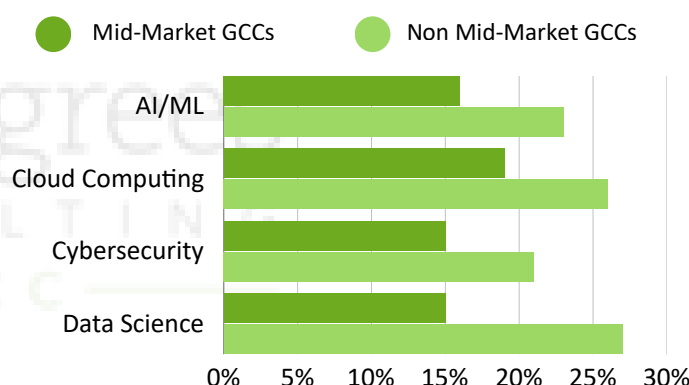


Fig 1:- Market share comparison of global deeptech talent: Mid-Market v/s Non Mid-Market GCCs.

WHITE-SPACE OPPORTUNITIES

The growing involvement of companies with **revenues below \$1 billion** shows existing service requirements. The current BOT/COPO frameworks **do not meet the operational requirements** of existing companies. The situation allows GCC service providers to develop scalable and low-risk business models, which include **GCC-as-a-service**. The study will establish whether these solutions provide operational and financial advantages.



Understanding **GCCS**

CORE TERMINOLOGY

1. Technology-enabled talent strategies:

Approaches that integrate human skills with advanced technologies to enhance business operations.

2. Operational excellence:

The execution of the business strategy is more consistent and reliable than the competition, achieved through the integration of technology and process optimization.

3. Strategic value creation:

Activities or initiatives that enhance an organization's competitiveness and long-term value.

4. Digital transformation:

The integration of digital technology into all areas of a business is fundamentally changing how businesses operate and deliver value to customers.

WHAT'S THE MAGIC BEHIND GCCs?

The success of Global Capability Centers hinges on their ability to implement technology-enabled talent strategies effectively. By combining advanced technologies such as AI, machine learning, and analytics with skilled global talent, GCCs can optimize processes, enhance decision-making, and drive innovation.

These centers are equipped to adapt to changing market dynamics rapidly, making them crucial in today's fast-paced business environment. GCCs not only improve efficiency but also play a pivotal role in the digital transformation journeys of their parent organizations.

THE GCC VALUE PROPOSITION REVISITED

The value proposition of Global Capability Centers (GCCs) has evolved significantly. Earlier, companies established GCCs mainly for cost savings, but today they operate as strategic hubs for innovation, product development, and global operations. India has emerged as the largest GCC hub globally, with 2,100+ centers employing around **2.4 million professionals** and generating nearly **\$98.5 billion** in revenue, at a **CAGR of 10.6%**, with projections estimating this figure to reach **\$110 billion** by **2030**.

The rapid expansion of India's GCC ecosystem reflects a broader shift in global operating models, where capability centers are moving beyond execution to become key hubs for innovation, technology ownership, and strategic decision-making. This evolution is set to further strengthen their role within multinational enterprises.

EMERGING TRENDS

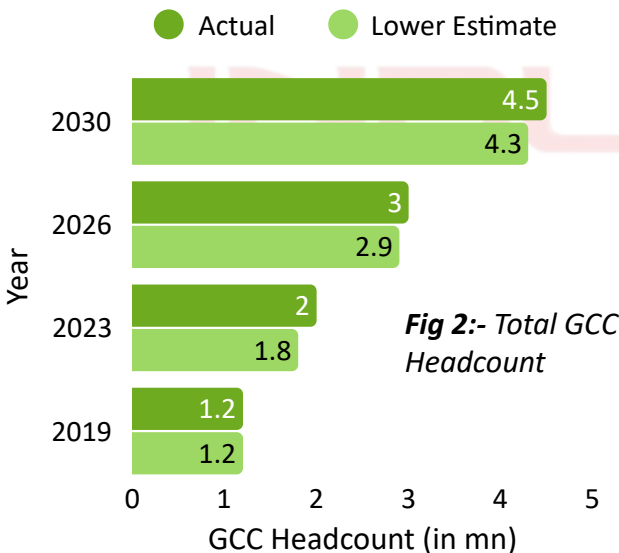
Centers of Excellence (CoE): It is taking center stage to drive product development and innovation in areas like AI, cloud, engineering, data analytics, and cybersecurity.

Moving from a 'cost' to a 'profit' center: With a focus on generating extra revenue streams for the parent organization by servicing external clients.

Revisit Employee Value Proposition (EVP): As talent remains a competitive advantage, the GCCs must invest in their culture and improve the total employee value proposition. The GCC industry is estimated to employ more than 4.5 million people by 2030, up from the current base of 2.4 million.

TOTAL COST OF OWNERSHIP (TCO) VS. SIMPLE COST ARBITRAGE

- Labor cost differentials that originally drove offshoring remain significant. Engineering talent in India costs 60-70% less than equivalent talent in the US or UK, translating to direct savings of approximately **\$30,000-\$80,000¹** per employee per year.
- However, modern GCC evaluation has shifted to a full TCO framework, where cost arbitrage accounts for only **30-35%** of the total value delivered; the remaining **65-70%** comes from productivity, innovation output, and talent quality.
- GCCs deliver an average **30-40%** improvement in operational efficiency, with top-performing centers reporting up to a **50%** reduction in process cycle times through automation and AI integration.
- **92%** of GCCs explicitly target value delivery beyond cost arbitrage, with **78%** reporting measurable ROI improvements within the first three years of strategic repositioning.
- On a full TCO basis, the average GCC generates **\$15-\$50 million²** in annual savings for its parent organisation, with large-scale centres in BFSI and technology sectors reporting savings exceeding \$100 million annually.

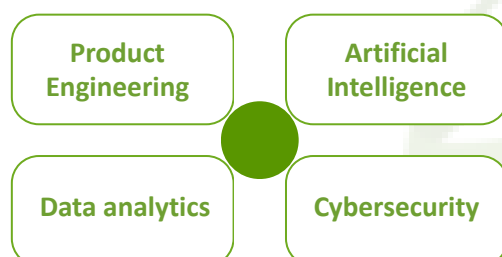


ACCESS TO DEEP TECH TALENT POOLS

- India's GCC workforce has grown at a CAGR of about **11%** over the last five years, reaching 1.9 million professionals in FY2024 and projected to cross **2.5 million** by **FY2027**.
- India produces **1.5 million** engineering graduates annually, the largest engineering talent pipeline in the world, of which approximately **30%** are absorbed directly into the GCC ecosystem.
- **70%** of GCC employees in India hold postgraduate or advanced technical degrees, with specializations concentrated in:
 - **AI & Machine Learning** - 28% of new GCC hires in FY2024
 - **Cloud & DevOps** - 22% of new hires
 - **Data Engineering & Analytics** - 19% of new hires
 - **Cybersecurity** - 14% of new hires
 - **Product Engineering** - 17% of new hires
- GCCs added over **100,000** net new tech professionals in FY2024 alone, representing approximately **35%** of total tech sector hiring in India for that year.
- Average attrition rates in GCCs stand at **12-14%**, notably lower than the broader Indian IT services industry average of **18-22%**, reflecting stronger employee engagement and career development frameworks.

REVENUE EVOLUTION: FROM COST CENTERS TO VALUE CREATORS

India's GCC ecosystem is currently generating approximately **\$60-65 billion** in annual revenue, driven by steady demand and consistent expansion. GCCs are transitioning from cost-focused delivery centers to strategic business units, taking on higher-value responsibilities such as the following:



This shift toward value-intensive work is the primary driver behind future growth. As a result, the sector is expected to cross the **\$100 billion** revenue mark by 2030, with estimates to be around **\$110 billion**.¹

KEY PLAYERS: WHO IS SETTING UP GCCS IN INDIA?

- **US-headquartered MNCs** with large-scale tech GCCs
- **Non-US GCC expansion:** Europe, UK, Japan catching up
- **Emerging:** PE/VC-backed GCCs and product companies
- **Strategic implications:** Indian companies establishing GCC-like centers in India

VISION 2030: GCC TREND ANALYSIS

\$110B GCC MARKET SIZE

~2500 TOTAL GCC IN INDIA

4.5M TOTAL HEADCOUNT

\$37760 OVERALL COST

THE DOMINANCE OF US-HEADQUARTERED MNCS

United States-based companies remain the primary engine of growth for the Indian GCC sector, managing approximately **65%** of all such centers in the country. These organizations have moved far beyond the "back-office" label, utilizing their Indian centers to anchor advanced engineering, AI innovation, and global product development.

The technology sector provides the most prominent examples of this large-scale integration. **Microsoft's India Development Center (IDC)**, established in Hyderabad in 1998, has grown to become one of the company's largest R&D facilities outside of its US headquarters. With over **18,000 professionals** spread across 10 Indian cities, the IDC is central to innovations in Azure, Windows, and AI applications.

Similarly, **Google** maintains massive engineering hubs in **Bengaluru** and **Hyderabad** that are instrumental in developing global products like Search, Android, and YouTube, while also leading the way in AI model development and platform optimization.

Amazon has also made a **massive commitment** to the region; its Hyderabad campus is the largest Amazon-owned facility globally outside of the United States, supporting critical functions such as AWS, Alexa, and cybersecurity. In the hardware and semiconductor space, Intel operates its largest design center outside the US in Bengaluru, focusing on chip architecture and AI accelerators.



India's GCC **ECOSYSTEM**

THE EMERGING POWER OF PE-BACKED AND PRODUCT COMPANIES

One of the most dynamic shifts in the GCC landscape is the emergence of centers backed by **private equity (PE)** and **venture capital (VC)**. In the past, GCCs were often part of long-term expansion plans for established multinationals. Today, however, PE firms are "calling the shots," mandating the establishment of Indian centers from "Day 1" of an acquisition to drive faster value creation.

For PE firms like **Blackstone**, **KKR**, **Warburg Pincus**, and **Apollo**, Indian GCCs serve as a strategic lever for EBITDA expansion and margin improvement. These centers are often operated like startups, flexible and rapid, but focused on high-value outcomes like revenue enablement and top-line impact. Notable examples of PE-backed GCCs include Encora (Warburg Pincus-backed), Lumina CloudInfra (Blackstone-backed), and Deepwatch (Goldman Sachs-backed). This segment is particularly strong in the "mid-market," which includes companies with **annual revenues** between **\$100 million** and **\$5 billion**; the number of these mid-market GCCs is projected to cross 950 by 2030.

INDIAN FIRMS ADOPTING THE GCC MODEL

A significant and relatively recent development is the rise of **Indian conglomerates** setting up their own "**GCC-like**" centers within India. These organizations are adopting the same centralized technology and operational strategies used by global MNCs to enhance their domestic and international competitiveness. Over the last four years, approximately **50 such centers** have been established by Indian firms in sectors like telecommunications, automotive, and financial services.

SECTOR-WISE BREAKDOWN WITHIN TECH GCCS

AI & Machine Learning

AI & Machine Learning (AI/ML) have emerged as one of the **most strategic** and **value-generating** functions within Tech GCCs. These centers are deeply involved in building intelligent systems that power global products, moving beyond implementation to full lifecycle ownership of AI solutions. Their work spans **natural language processing**, recommendation systems, computer vision, and generative AI. Tech GCC teams typically handle data preprocessing, model development, deployment, and continuous monitoring, ensuring scalability and alignment with business goals.

Cloud Infrastructure & DevOps

Cloud infrastructure & DevOps form the **backbone** of **digital operations** within Tech GCCs, enabling enterprises to build scalable, resilient, and agile systems. These teams are responsible for designing **cloud-native architectures**, managing infrastructure across regions, and driving large-scale cloud transformation initiatives.

Cybersecurity & Risk Operations

Cybersecurity & Risk Operations have become increasingly critical within tech GCCs as enterprises face a **rapidly evolving threat landscape**. Tech GCCs often host Security Operations Centers (SOCs) that provide **24/7 monitoring**, threat detection, and incident response. These centers use advanced technologies such as **SIEM systems** and **AI-driven analytics** to identify vulnerabilities and mitigate risks in real time.

THE ESTABLISHED HUBS

India hosts approximately **2,100+ GCCs** as of early 2026, employing close to 2.4 million professionals. While the ecosystem continues to expand rapidly, official **NASSCOM-Zinnov** estimates indicate an approximate 5% CAGR in GCC count between **FY2019 and FY2024**, with higher growth observed in new center additions and leasing activity.

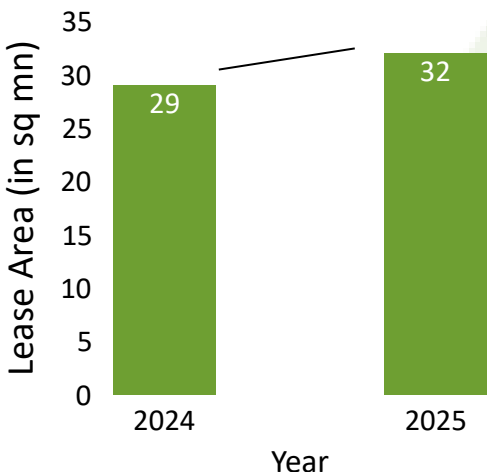


Fig 3:- Total Leasing Growth

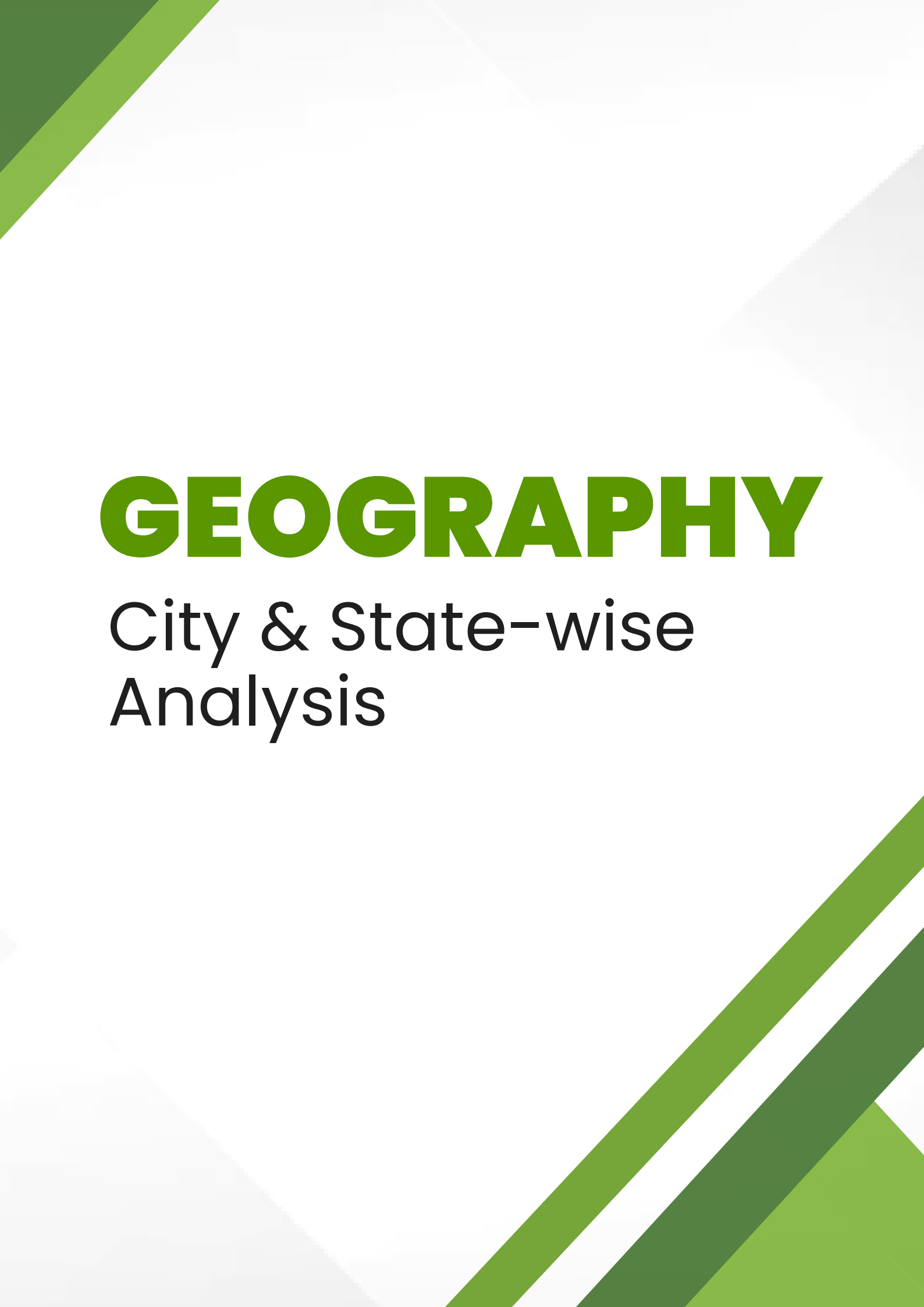
STATE COMPARISON TABLE ACROSS BENCHMARKS

State / City	No. of GCCs	Examples	Specialisation
Telangana	350-400+	Amazon, Microsoft, Bayer,	IT services + life sciences
Delhi NCR	465-475+	Walmart, major BFSI firms	BFSI, consulting, professional services
Maharashtra	360-375+	Mercedes-Benz Tech, BMW, Eaton, BNY Mellon, American Express	ER&D, automotive tech, industrial software, engineering R&D
Karnataka	900+	Goldman Sachs, JPMorgan Chase,	Software development, AI/ML, data science,

THE STRUCTURAL CASE FOR TIER-2

The push into Tier-2 cities is not opportunistic; it reflects a genuine structural shift in GCC economies and talent dynamics post-pandemic. Four drivers are converging:

- **Cost arbitrage:** Tier-2 cities offer **30-40%** lower operational costs versus Tier-1 metros (EY analysis), with some cities like Kochi and Indore showing office space rentals **40-60%** lower than Bengaluru or Chennai. Salary differentials are significant at mid-level engineering roles.
- **Talent availability:** Approximately **60%** of all of India's technology graduates come from Tier-2 and Tier-3 cities. The India Skills Report 2023 ranks Lucknow and Mangalore in the top three most employable cities nationally. Coimbatore has emerged as a specialist hub for engineering services talent.
- **Retention advantage:** Employees in Tier-2 cities report commute times under 25 minutes and exhibit attrition rates **10-15%** lower than in metros, driven by quality-of-life factors and local rootedness. GCC hiring in tier-2 cities grew **21% year-on-year** in 2025 versus 11% in metropolises.
- **Government incentives:** Multiple states like Karnataka, UP, Gujarat, MP, and Odisha have specifically designed policies with differentiated incentive packages for non-metro GCC setups, including rental reimbursements, EPF subsidies, and payroll support.



GEOGRAPHY

City & State-wise
Analysis

LEADING TIER-2 DESTINATIONS

Coimbatore

Coimbatore is the most advanced Tier-2 GCC destination in India by ecosystem maturity. Its industrial base in manufacturing, textiles, and automotive engineering has generated a deep pool of specialized engineering talent at significantly lower costs than metros. The city recorded a **21% CAGR** rise in new GCC setups over the past five years, among the fastest in India.

Ahmedabad / GIFT City Corridor

Ahmedabad is **Gujarat's primary GCC city** and is closely linked with GIFT City. It offers advantages for financial services, analytics, and business process functions. The city benefits from proximity to Mumbai, excellent physical infrastructure, and **GIFT City's** regulatory architecture, which is specifically designed for BFSI and fintech GCCs.

Jaipur

Jaipur has established itself as a **credible fintech and IT hub**, supported by improving infrastructure at Mahindra World City, Sitapura IT Park, and Mansarovar IT Park. It ranks among the top five cities nationally on the mobility infrastructure index.

Chandigarh

Chandigarh benefits from one of **India's highest literacy rates**, a fresh and less-contested talent pool from **Punjab University** and **Punjab Engineering College**, and lower attrition than metros. The QuakCity IT Park and Mohali IT City are established infrastructure nodes. Five or more flex operators are active in the tri-city area.

Indore

Indore is **Madhya Pradesh's GCC flagship location**, with Crystal IT Park and the Super Corridor IT Hub as its primary campuses. It is one of five Tier-2 cities in the top 10 nationally on the Ease of Living Index. **The Madhya Pradesh GCC Policy 2025** offers **40%** capital subsidies on eligible fixed investments and rental assistance specifically targeting Indore. AI and data analytics capabilities are growing.

Kochi (Cochin)

Kochi has **strong credentials** in **software development**, digital services, and IT-enabled services, anchored by a mature IT ecosystem in Infopark and Technopark. The city offers an excellent quality of life, competitive costs, and growing talent pipelines from engineering institutions in Kerala. International airport connectivity and a coastal location make it logistically attractive. Office rentals are **40-60%** lower than in Bengaluru.

STRUCTURAL CONSTRAINTS REMAINING

- **Infrastructure scalability:** Power reliability, broadband redundancy, and airport connectivity, although improving, remain below Tier-1 standards in several cities, limiting operational risk appetite for large GCCs.
- **Ecosystem depth:** Coworking infrastructure, specialized service providers, and advisory ecosystems are nascent. Cities like Bhubaneswar and Visakhapatnam, despite strong government intent, have fewer than two flex operators. [8]
- **Leadership talent:** Senior technical and functional leadership remains concentrated in Tier-1 cities. Tier-2 expansion often necessitates relocation packages or hub-and-spoke governance models.

ENTRY MODELS FOR GCCS

BOT Model

In the BOT model, a **third-party service provider** sets up and runs the GCC for a fixed time before handing over ownership and management to the parent company. The vendor builds the infrastructure, hires staff, and runs the center. After an agreed period, the ownership is transferred to the parent company. This model offers companies the opportunity to mitigate risk, reduce initial capex, and leverage the expertise of local operators while retaining the ability to gain **full operational control** in the future.¹

COCO Model

The Company-Owned, Company-Operated (COCO) model involves the **parent company** directly owning and managing its Global Capability Center without relying on external partners. This approach grants **full operational control** and aligns the GCC's objectives tightly with the parent company's strategic goals.

COPO Model

The Company-Owned, Partner-Operated (COPO) model blends **in-house ownership** with the **operational expertise of external partners**. This hybrid framework is particularly suited for mid-sized GCCs and large corporations seeking cost-efficient scaling and operational agility.

Key attributes include the following:-

- 1. Intellectual Property (IP) Ownership:** The parent company retains ownership of all IP, ensuring control over innovations and proprietary knowledge.
- 2. Optimized for Mid-Sized Entities:** Tailored for organizations with evolving needs, enabling lean and agile operations.

PRACTICAL RELEVANCE IN INDIAN TECH GCC SETUPS

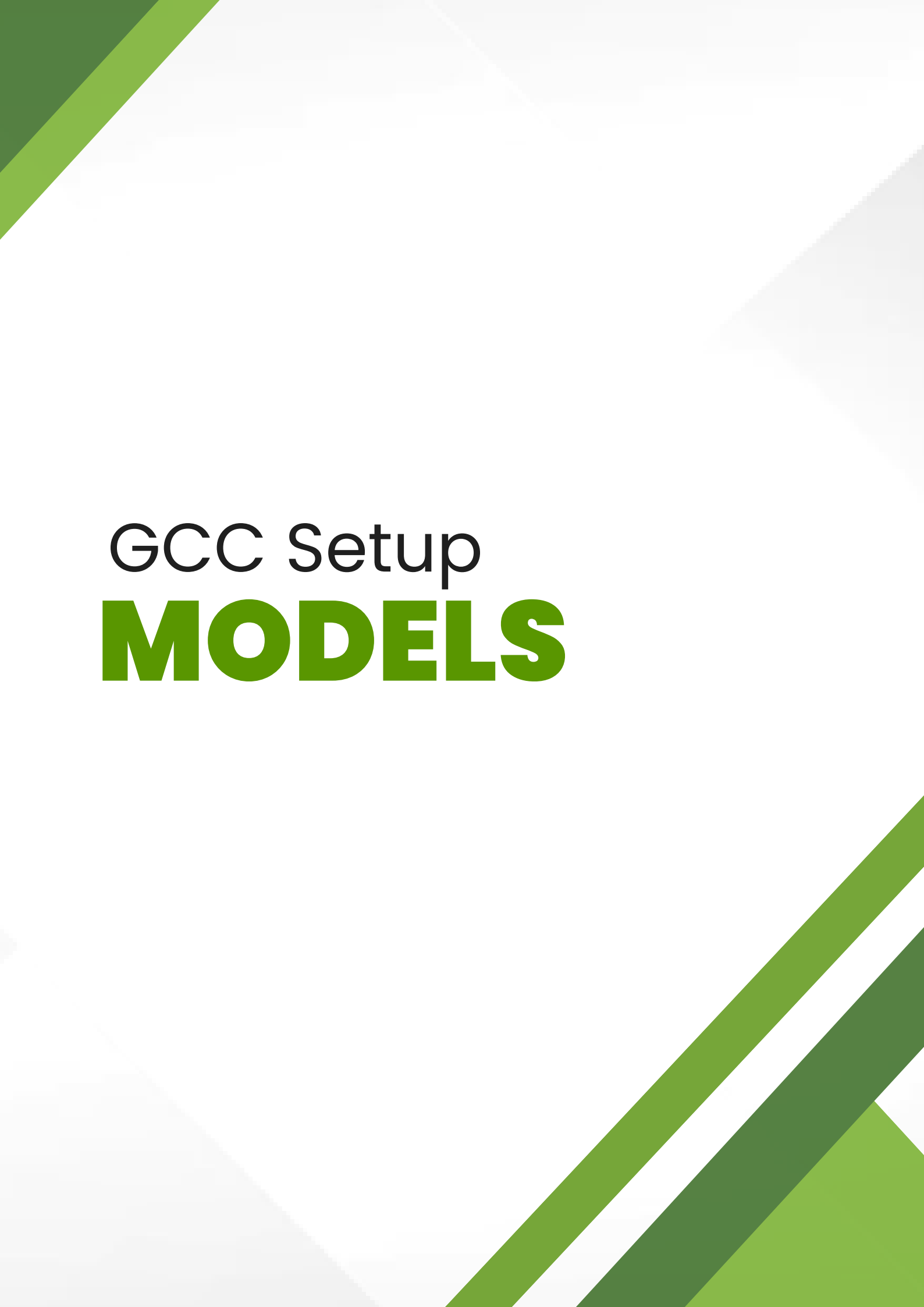
In India, the **BOT model** is **most relevant** for first-time entrants navigating location, regulation, and ecosystem complexity. A clear example is **Goldman Sachs**, which initially leveraged third-party support while building its India presence before scaling into a fully owned GCC. Similarly, **Target** used a phased approach in India to establish its technology and analytics hub, relying on external expertise in the early stages.

The **COCO model** is relevant when firms aim to build **globally integrated R&D** and product engineering hubs with full ownership.

For instance, **Microsoft India** Development Center operates as a fully owned and managed GCC, contributing to core global products like Azure and Office. Similarly, Google India plays a key role in product development, including Android and AI initiatives.

Lastly, the **COPO** model is most relevant for companies needing rapid scaling and operational flexibility in a competitive talent market. A common example is global SaaS and fintech firms partnering with operators like Infosys, Wipro, or Tata Consultancy Services to run India-based GCC operations while retaining ownership of IP and strategy.

For instance, several mid-sized US SaaS companies have used such partnerships to scale engineering teams in India within months, something difficult to achieve independently due to hiring constraints.



GCC Setup **MODELS**

OPERATING MODELS

Global Business Services integration

Global Business Services represents an **advanced enterprise** operating model that integrates multiple business functions such as information technology, finance, human resources, and procurement into a unified global framework. This model signifies a **transition** from **fragmented service** delivery to a more coordinated and strategic approach that emphasizes efficiency, standardization, and value creation.¹

CoE design: vertical vs. horizontal

In modern Global Capability Centers (GCCs), Centers of Excellence (CoEs) serve as structured hubs for building deep expertise, standardizing processes, and driving innovation.

IT GCCs drive digital innovation through intelligent design, adaptive technologies, and transformative experience through focused CoE



Centres of Excellence (CoEs) are designed to be adaptable entities within organizations, capable of evolving alongside shifting business landscapes. CoEs adopt an incremental approach, growing gradually, aligning their capabilities with evolving organizational needs. environments.²

IP OWNERSHIP & COMMERCIAL MODELS

1. Cost-Plus Service Model

- **IP Ownership:** 100% parent MNC
- **TP Mechanism:** Cost-plus fixed markup
- **Risk Profile:** Low PE risk; predictable transfer pricing outcomes
- **Typical Use:** IT services, BPO, managed services, GCCs

2. Principal-Agent Model

- **IP Ownership:** 100% parent MNC
- **TP Mechanism:** GCC operates as a limited-risk entity
- **Risk Profile:** PE exposure if the functional scope expands beyond support
- **Typical Use:** SaaS engineering, product delivery support

3. License / Royalty Model

- **IP Ownership:** Parent licenses IP to GCC, or GCC licenses IP to parent
- **TP Mechanism:** Arm's-length royalty benchmarked against comparables
- **Risk Profile:** High scrutiny on royalty rates and valuation
- **Typical Use:** AI/ML labs, R&D centres generating new IP

4. Co-Ownership Model

- **IP Ownership:** Shared between GCC and parent
- **TP Mechanism:** Revenue or profit-sharing arrangements; complex arm's-length analysis
- **Risk Profile:** Structurally complex; requires strong intercompany agreements
- **Typical Use:** Innovation hubs, semiconductor design

5. India-Owned IP Model

- **IP Ownership:** Fully owned by Indian GCC
- **TP Mechanism:** Parent pays licence fee to Indian entity
- **Risk Profile:** Significant tax and structuring considerations



TALENT

The Defining
Competitive
Advantage

STEM OUTPUT AND INSTITUTIONAL PIPELINES

India's institutional pipeline operates across three major tiers:

Tier 1 Institutions (IITs, IIITs, NITs):

Supply highly skilled graduates for advanced roles such as AI research, machine learning, cybersecurity, and deep-tech innovation.

Tier 2 Institutions (state and private universities):

Provide the majority of engineers supporting software development, DevOps, testing, and cloud operations.

Alternative Learning Pipelines:

Online certifications, coding bootcamps, and industry-led training programs are increasingly important for emerging technologies like generative AI and data science.

QUALITY VS QUANTITY DEBATE

Quantity Strength

India's large graduate output allows companies to:

- Scale engineering teams rapidly
- Build large AI and digital transformation teams
- Support end-to-end technology development

Quality Challenge

Despite high output, not all graduates are industry-ready. A significant proportion require additional training due to the following:

- Outdated curriculum
- Limited practical exposure
- Rapid evolution of AI and cloud technologies

TALENT POOL IN INDIA'S CONTEXT

India's status as the **premier destination** for Global Capability Centers (GCCs) is reinforced by its **unmatched talent pool**. With a huge technology population, India offers a diverse and highly skilled workforce across IT, engineering, finance, customer service, and other sectors. This vast talent reservoir allows companies to **recruit top professionals** who excel in cutting-edge technologies and modern methodologies.

Studies show that companies of all sizes, from those with revenues under **500 million dollars** to those exceeding **5 billion dollars**, consistently prioritize access to talent as a major factor when choosing India as their GCC destination. This highlights the widespread recognition of India's talent pool as a **critical asset** that drives business success across different scales of operation.

India's **robust education system** further strengthens this advantage by continuously producing graduates equipped with industry-relevant skills. This steady influx of skilled talent makes India an **attractive location** for **multinational corporations** establishing GCCs, ensuring a consistent supply of resources to support long-term growth and innovation.

By leveraging India's diverse talent pool, companies gain access to a wide base of engineers, scientists, and technology professionals.

India's abundant skilled workforce remains one of the most powerful drivers behind GCC expansion, reinforcing the country's position as a leading global destination for technology-driven capability centers.

TALENT DEMAND PATTERNS IN TECH GCCS

High-Demand Roles and Emerging Skills Gaps:
AI and ML roles dominate the landscape, with a **300% surge** in demand since 2024. However, India faces an AI skills deficit of nearly **53%**, with only **3%** of the **\$1.5 million** annual engineering graduates adequately trained for advanced AI tasks.

Leadership Hiring Models:
GCCs are moving toward a **"skills-first"** hiring philosophy, replacing traditional role-based job descriptions with capability mapping across **AI/ML** and product engineering. Leadership hiring is also evolving, with an expected **40%** jump in senior roles by the end of 2026 as centers take on global P&L ownership.¹

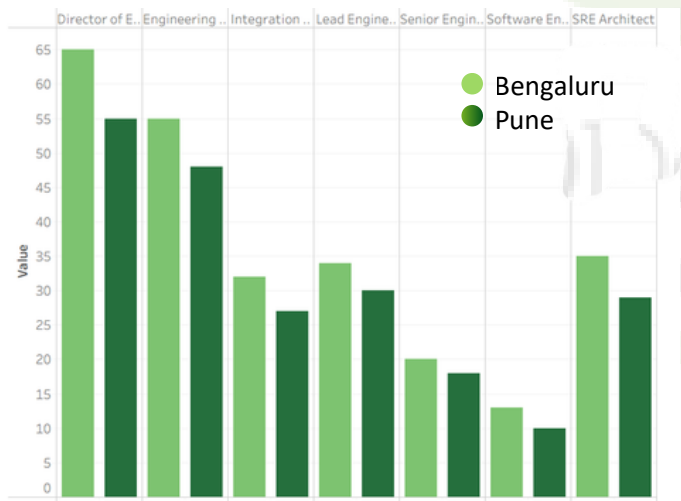


Fig 4:- Salary of High-Demand Roles In Pune and Bengaluru

INDUSTRY-ACADEMIA ALLIANCE

Role in Solving Deep-Tech Talent Gaps:
Strategic alliances between industry and academia are now a **"strategic imperative"** to bridge the gap in AI, ML, cybersecurity, and data science.
GCC Partnerships with Universities and Skilling Platforms: Collaborations now include co-built innovation labs (e.g., IIT Hyderabad & CA Technologies) and data set sharing for research (e.g., Google DeepMind & UCL).

TALENT RETENTION & CULTURE

Employer Branding and GCC Positioning:
Leading GCCs are repositioning themselves as **"career accelerators"** rather than back-office units, offering **"product ownership"** and visible global influence to attract top talent. Successful brands anchor their **EVP (Employee Value Proposition)** in meaningful work and direct access to global leadership.

DEI and Work Models:
Diversity, Equity, and Inclusion (DEI) have moved beyond checkbox compliance to become a competitive advantage, with GCCs leading the way in neurodiversity programs and gender parity targets of **40-45%**. Neurodivergent hiring programs are particularly noted for driving up to **92% higher productivity** in specialized technical roles. Hybrid work remains the operational standard, but successful centers prioritize **"purposeful travel rituals"** for bonding and architecture reviews.

FUTURE OF WORK IN GCCS

AI-Augmented Workforce: "Agentic AI" is becoming the organizing logic of the workforce, where humans and intelligent systems share responsibility for execution. This shift necessitates a fundamental redesign of workflows to enable seamless human-AI collaboration, where employees are trained to **"reason with AI"** by debugging outputs and understanding biases.

Upskilling and Gig Integration: Leading GCCs have mandated AI upskilling, with **100% of engineers** often required to complete **40 hours of GenAI training**.

1 - NASSCOM Report: Talent considerations in GCCs in India

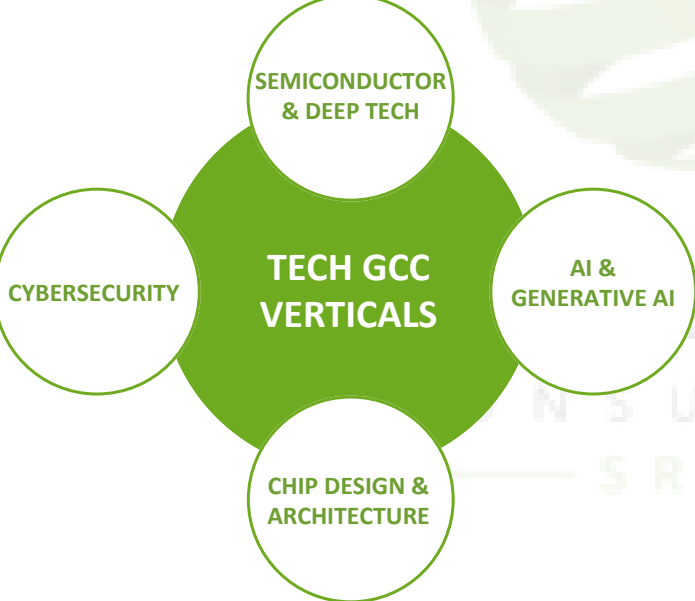


Technology & **INNOVATION**

REPOSITIONING GCCS AS TECHNOLOGY & INNOVATION HUBS

Global Capability Centers (GCCs) are undergoing a shift from **execution-focused delivery units** to **enterprise-wide innovation engines**. As organizations embed digital at the core of business strategy, GCCs are taking ownership of critical technology mandates across **AI, cybersecurity, semiconductor design, and advanced engineering**.

This transition is characterized by deeper IP creation, platform-led development, and the build-out of specialized capability clusters that drive both global competitiveness and localized innovation.



AI & GENERATIVE AI IN TECH GCC

As of 2026, AI is no longer a discrete project or pilot but the "organizing logic" around which GCCs are being redesigned. The ecosystem has moved from experimentation to enterprise-scale adoption, with GCCs serving as **"regional AI adapters"** that **localize global strategies** for compliant, high-impact deployment.

Indian GCCs have pivoted from being AI consumers who implement tools provided by headquarters to AI builders.

Creating Foundation Models and IP: Indian GCCs have pivoted from being AI consumers who implement tools provided by headquarters to AI builders.

Sovereign AI Hubs: GCCs are building private Large Language Models (LLMs) and "digital twins" of global datasets within Indian borders to ensure data residency and compliance with localized mandates like the DPDP Act 2026.

Indigenous Foundational Models: Collaborative efforts under the India AI Mission have resulted in foundational models like

- Sarvam AI: focused on Indic-first LLMs optimized for multilingual reasoning
- BharatGen: designed to outperform global models on Indic language understanding and cultural context

Agentic AI Adoption: 58% of Indian centers are now investing in "agentic AI," proactive, self-directed systems, moving from simple chatbot pilots to full-scale autonomous production.

GENERATIVE AI USE CASES AND GOVERNANCE METRICS

Function	AI Adoption Rate	Key Implementation
Customer Service	65%	Real-time sentiment analysis and predictive mindset identification.
Finance	53%	Automated fraud detection & adjudication
Operations	49%	Predictive maintenance and AIOps for global factory systems.
IT & Cybersecurity	45%	Automated code generation and threat hunting.

CYBERSECURITY AS A GCC VERTICAL

Cybersecurity has transitioned from a support function to a standalone, board-level vertical within India-based GCCs. With the weaponization of AI by adversaries, GCCs are responding with security-first architectures and integrated fusion centers.

- **Zero-Trust Mandates:** 88% of BFSI-focused GCCs have now mandated Zero-Trust Architecture (ZTA) to secure their "Extended Enterprise" environment.
- **Data Resilience Clusters:** India has emerged as a global hub for cyber resilience. Bengaluru alone hosts 65% of India's talent focused on ransomware protection, backup engineering, and disaster recovery.
- **Model-Centric Security:** Architecture has moved beyond perimeter protection to "model-centric" security, focusing on protecting the entire AI lifecycle from data ingestion to autonomous decision-making environments.

SEMICONDUCTOR & DEEP TECH

India has rapidly emerged as a global hub for semiconductor design and R&D, hosting **7% of the world's semiconductor GCCs** and employing nearly **20% of the global chip design workforce**.

The Union Budget 2026-27 announced the **India Semiconductor Mission (ISM) 2.0** with a budgetary provision of **₹1,000 crore** to consolidate the gains of the initial mission phase.

- **Full-Stack IP Development:** The focus has shifted from assembly to the design of full-stack Indian semiconductor IP and the production of equipment within India.
- **Incentive Framework:** The mission is supported by a ₹76,000 crore incentive framework, offering up to 50% fiscal support for silicon fabs and chip design
- **Design-Linked Incentives (DLI) Continuation:** The mission strengthens financial and infrastructure support for fabless companies and chip design startups, accelerating indigenous IP creation and reducing reliance on imported designs.

CHIP DESIGN & ARCHITECTURE CAPABILITIES

Technical maturity in Indian GCCs is now benchmarking against advanced global nodes:

- **Advanced Node Design:** Indian engineers in GCCs for firms like Qualcomm, AMD, and Intel are now architecting 2nm and 3nm chips, focusing on ultra-low-power designs for AI and 5G applications.
- **EDA Tool Accessibility:** The Advanced Electronic Design Automation (EDA) national platform has enabled design startups and GCCs to record approximately 2.25 crore tool hours, democratizing access to high-end design software.
- **The RISC-V Ecosystem:** Under the Digital India RISC-V (DIR-V) program, India is developing indigenous processors (e.g., DHRUV64) to reduce dependence on imported chips and eliminate license costs through open-source architecture.



Global **BENCHMARKING**

EASTERN EUROPE: REGULATORY-ALIGNED DELIVERY HUB

Eastern Europe has become a preferred destination for companies that require close alignment with **EU regulations**, proximity to Western European markets, and **strict adherence** to European Union regulatory frameworks.

Countries such as Poland, Romania, and the Czech Republic offer a sophisticated technology workforce of approximately **1.8 million professionals**, characterized by high engineering maturity and strong cultural alignment with Western business practices.¹

- **Poland** remains the dominant player in this region, with Warsaw and Kraków serving as mature hubs for finance, compliance, and product engineering.
- **Romania and Czechia** have also strengthened their positions, offering high-quality talent aligned with EU policies and competitive cost structures compared to Western Europe.

However, the Eastern European market is facing **significant challenges** related to saturation. Major cities are experiencing **high wage inflation** and **talent scarcity** for niche roles, making talent acquisition **more expensive than in Indian Tier-1 cities**.

While labor costs remain lower than in the US or UK, often providing **40-50% savings**, they are notably higher than those in India, which continues to win on long-term value creation and scalability.

THE PHILIPPINES: SPECIALIZATION IN CUSTOMER EXPERIENCE

The Philippines has successfully transitioned from a traditional BPO destination to a high-value GCC hub, particularly in the APAC region. The market is projected to grow from **\$32.5 billion** in **2023** to **\$67.97 billion** by **2032**, representing a **12.04% CAGR**.

The country's primary competitive advantage is its exceptional language proficiency, ranking **14th** globally with a **92.5% English proficiency** rate, and a **neutral accent** that facilitates seamless integration into Western customer-facing roles and complex knowledge work.

For many MNCs, the Philippines is viewed not as a replacement for India but as a strategic complement. The "India vs. Philippines" debate has evolved into a **multi-location strategy** where India handles deep engineering and R&D, while the **Philippines manages high-empathy customer operations** and mid-office functions.

The Philippine government has supported this growth through agencies like **PEZA (Philippine Economic Zone Authority)** and the **Board of Investments**, providing streamlined processes and attractive incentives for establishing operations.²

LATIN AMERICA (LATAM): NEARSHORE TALENT FOR NORTH AMERICAN FIRMS

For North American enterprises, Latin America (led by Mexico, Brazil, and Colombia) offers the indispensable advantage of nearshore proximity and time zone alignment. Mexico has amassed a tech talent pool of 800,000 specialists, with major hubs like Mexico City, Guadalajara, and Monterrey serving as primary locations for building full product teams.

Mexico's value proposition centers on its ability to provide **50-60% salary savings** compared to the US while allowing for real-time collaboration and reduced operational risk.

The region is evolving beyond support roles into high-potential CoE destinations, driven by a growing digital workforce and increased investments in fintech and e-commerce.

THE MIDDLE EAST: FROM CAPITAL SOURCE TO CAPABILITY HUB

The Gulf Cooperation Council region, particularly the UAE and Saudi Arabia, is undergoing a profound transformation.

- Under **Saudi Vision 2030**, the Kingdom has solidified its position as a regional digital powerhouse, with its digital economy surging to **\$495 billion**, contributing **15% to the national GDP**.
- Saudi Arabia has created **381,000 quality jobs in the tech sector** and achieved a **99% internet penetration** rate, making it one of the most connected countries globally.

- Major tech players like **Google Cloud and Oracle** have established cloud regions in Dammam, Jeddah, and Riyadh to support low-latency, in-country workloads.
- Bahrain has emerged as the region's most cost-effective hub for financial services tech, offering a 48% cost advantage over regional peers like Dubai.
- Dubai Internet City now hosts over **1,600** tech companies from **90 countries**, while Abu Dhabi's **G42** has emerged as a national AI champion with **\$10 billion** in sovereign investment.

The region is increasingly adopting the **Extension Model**, where Middle Eastern hubs serve as regional control and strategy centers, complementing the massive delivery engines in India.

This model leverages the **two-hour time difference** between India and the Gulf to minimize communication delays and ensure continuous delivery.

Comparative Parameters	India	Eastern Europe	Philippines	Mexico	Middle East (UAE/KSA)
Tech Talent Pool (approx.)	2.36 Million	1.8 Million	1.3 Million	800,000	381,000 (KSA only)
Cost vs. United States	18%	49%	22-25%	31%	High (Infrastructure Led)
Core Ecosystem Strength	Scale, AI/ML, R&D	Compliance, Embedded Systems	CX, Language, BPO	Nearshore, Timezone	AI Infra, Gov Backing
English Proficiency Rank	High (Business)	High (Multilingual)	14th Globally	40% of population	Diverse (Expat Heavy)
Primary Mature Hubs	Bengaluru, Hyderabad	Warsaw, Kraków	Manila, Cebu	Mexico City, Monterrey	Dubai, Riyadh

Table 2:- India's comparative positioning across various comparative parameters



Key Risks & MITIGATION STRATEGIES

MARKET REALITY CHECK: THE 2025-2026 RESET

In 2025, approximately **5,500-6,000** GCC employees in India were **laid off** as multinational parent companies recalibrated operations. These reductions were not indicative of a retreat from India but rather a **"rotation" of talent toward AI** and cloud capabilities.

This shift also reflects a broader realignment in GCC operating models, where enterprises are prioritizing **depth of capability over scale** of headcount. Hiring strategies are increasingly centered on **specialized**, high-skill roles, while legacy functions are being automated or consolidated.

WHEN AND WHY GCCS RESTRUCTURE

Restructuring in 2026 is driven by the **Sovereignty Paradox**, which means the need to balance global scale with local compliance and the rapid obsolescence of manual technical roles.

AI Displacement Pressure: A Zinnov study indicates that 55% of GCC work portfolios in India are under displacement pressure, specifically in execution-heavy and procedural tasks.

Team Compression: AI-led code generation allows companies to build software with teams that are 30%-50% smaller, leading to the removal of middle management layers.

The 3-Year Plateau: Many GCCs face a "silent crisis" where momentum decays after three years due to rising attrition (18%-22% in metros) and an "inversion of governance" where HQ compliance strangles local agility.

MACROECONOMIC & GEOPOLITICAL RISKS

Policy and Tax Volatility: The introduction of the OECD's Global Minimum Tax pillar of 15% has reduced the tax advantages many MNCs enjoyed.

- **Safe Harbor Uncertainty:** There are ongoing concerns regarding India's 24% Safe Harbor markup for software R&D, leading to worries over tax certainty.
- **Digital Sovereignty:** Policy shifts in Western nations toward "reshoring" critical data operations to home markets pose a long-term risk to new GCC setups.

Currency and FX Risk: The Indian Rupee (INR) experienced pronounced volatility in 2025, depreciating by almost 5% against the USD.

- **Psychological Breach:** The rupee breached the ₹90/USD mark in late 2025, briefly touching ₹91.
- **Impact:** Rapid fluctuations complicate long-term financial planning for GCCs.

Global Disruptions and Energy Shocks: The 2026 geopolitical map is defined by overlapping conflicts in West Asia, which have turned logistics into a front-line lending and operational variable.

- **Energy Supply Shock:** Disruptions in the Strait of Hormuz pushed crude prices to \$100 per barrel in early 2026, the largest supply shock in global history.
- **Logistics Strain:** Shipping route disruptions have raised insurance costs and reduced trade efficiency, directly impacting engineering GCCs.

MITIGATION PLAYBOOKS: TECHNOLOGY AND GOVERNANCE

Technology-Driven Resilience: GCCs are implementing automated frameworks to safeguard business continuity against cyber-adversaries and infrastructure failures.

- **The 3-2-1-1-0 Data Rule:** The 2026 baseline for data resilience is 3 copies of data, 2 media types, 1 offsite, 1 offline (immutable), and 0 errors after verification.
- **AI-Driven Risk Monitoring:** Adoption of the NIST AI Risk Management Framework to detect data leakage, algorithmic bias, and model poisoning early in the deployment cycle.
- **Digital Twins for Operations:** Using virtual replicas of IoT and network topology to simulate disruptions and flag failures before they occur in the physical environment.
- **Zero-Trust Mandates:** Implementation of Zero-Trust Architecture (ZTA), now mandated for 88% of BFSI-focused GCCs in India.

Governance-Led Transformation: GCCs are redesigning governance models to enhance agility, accountability, and alignment with enterprise-wide strategic outcomes.

- **Micro-GCCs:** Organizations are deploying focused pods of 25-150 specialists within larger ecosystems, enabling lean scaling while reducing upfront setup costs by 70-80% and accelerating ROI timelines.
- **Shadow Boards:** India-based leaders are increasingly integrated into strategic decision-making structures, improving global-local alignment, increasing adoption rates, and strengthening site ownership.
- **Outcome-Based Models:** GCCs are shifting from effort-based metrics to value-driven KPIs such as revenue influence and innovation IP, aligning performance with enterprise-level P&L outcomes.

CONCLUSION & KEY TAKEAWAYS

India’s GCC ecosystem has evolved into innovation hubs driving AI, product engineering, cybersecurity, and semiconductor design. The sector is undergoing a **structural reset** due to AI disruption, geopolitical uncertainty, and regulatory shifts, pushing GCCs toward deeper capabilities.

Key takeaways include the shift to **value creation, India’s global leadership, the rise of deep tech,** and **increasing exposure** to macroeconomic and geopolitical risks.

Strategy	Operational Mechanism	Objective
Micro-GCCs	Launching focused pods of 25–150 specialists instead of massive 1,000-seat units.	70–80% reduction in upfront setup costs; faster ROI (4-6 months).
Shadow Boards	India-based leaders mentor HQ executives on digital-first strategies.	35% adoption rate; increases global influence and site ownership.
Outcome-Based Models	Compensation tied to "Revenue Influence" and "Innovation IP" rather than hours logged.	Eliminates the "efficiency trap"; aligns India operations with global P&L.

Table 3:- Summary of Governance-Led Transformation Strategies



Policy, Infrastructure & **TALENT** **ROADMAP**

GOVERNMENT POLICY FRAMEWORK
(2025-2030)

India's government has aligned industrial policy, tax policy, infrastructure investment, and skills development to support GCC growth. The National GCC Steering Committee (convened periodically) coordinates across MeitY, DPIIT, the Commerce Ministry, and state governments.

This shift also reflects a broader realignment in GCC operating models, where enterprises are prioritizing depth of capability over scale of headcount. Hiring strategies are increasingly centered on specialized, high-skill roles, while legacy functions are being automated or consolidated.

DIGITAL & PHYSICAL INFRASTRUCTURE
READINESS

India's GCC infrastructure ecosystem is mature in Tier-1 cities and rapidly developing in Tier-2 locations. High-speed fiber connectivity, Grade-A office space, and cybersecurity infrastructure are now standard.

TALENT PIPELINE & WORKFORCE
DEVELOPMENT

India produces 2.5+ million STEM graduates annually, making it the second-largest STEM talent producer globally. However, AI talent remains in short supply: only 1 qualified engineer per 10 open GenAI roles.

INFRASTRUCTURE INVESTMENT ROADMAP
(2025-2030)

Estimated infrastructure capex required to support projected GCC growth (2,400-2,600 centers by 2030) is ₹15,000-20,000 crore. This includes office real estate (70%), data center capacity (15%), and digital infrastructure (15%).

Delhi-NCR's Grade-A office market is poised for a major expansion cycle by 2030.

Current Grade-A office stock of roughly 28–30 million sq ft is projected to nearly double to 50–60 million sq ft, implying a required capital infusion of approximately ₹4,000–6,000 crore.

City	Connectivity (Gbps)	Grade-A Office Availability	Data Center Proximity	Overall Readiness Score
Bengaluru	100-200 Gbps	Abundant (5000+ MSF)	2 hyperscalers + 4 domestic DCs	9.5/10
Hyderabad	50-100 Gbps	Very Good (2500+ MSF)	1 hyperscaler + 3 domestic DCs	9.2/10
Pune	30-50 Gbps	Good (1500+ MSF)	Emerging + 2 DCs	8.5/10
Chennai	30-50 Gbps	Good (1200+ MSF)	1 hyperscaler + 2 DCs	8.3/10
Mumbai	50-100 Gbps	Excellent (3000+ MSF, premium)	1 hyperscaler + 4 DCs	9.0/10
Delhi-NCR	30-50 Gbps	Very Good (2000+ MSF)	Emerging + 3 DCs	8.2/10

Table 4:- Infrastructure Readiness Summary

DATA & AI REGULATION IN INDIA'S GCC ECOSYSTEM

Digital Personal Data Protection Act (DPDP) & Operational Framework

The DPDP Act received presidential assent in August 2023 and was operationalized through the DPDP Rules 2025, notified on November 13, 2025. The framework introduces the first comprehensive, consent-led data protection regime in India applicable to all digital personal data processing.

AI GOVERNANCE FRAMEWORK

Ministry of Electronics and Information Technology released the India Artificial Intelligence Governance Guidelines in November 2025. The guidelines adopt a sectoral regulation model, extending existing statutes such as the IT Act 2000, the Digital Personal Data Protection Act (DPDPA), and consumer protection laws, rather than introducing a standalone AI-specific legislative framework. ISO 42001:2023 (AI Management System) adoption is also referenced in the guidelines, providing organizations with a certifiable pathway to establish structured AI governance, accountability, and risk management practices.

DPDP IMPLEMENTATION TIMELINE

SECTORAL REGULATORY FRAMEWORK

Beyond the Digital Personal Data Protection Act (DPDPA), GCC operations in India are also governed by sector-specific regulations issued by the Reserve Bank of India for banking, the International Financial Services Centres Authority for financial services, and the Securities and Exchange Board of India for capital markets. This layered regulatory architecture imposes incremental compliance and operational costs on organizations, particularly as AI adoption scales across financial workflows. BFSI GCCs face heightened governance obligations in areas such as algorithmic trading, credit risk assessment, fraud detection, and customer profiling, where automated decision-making directly affects financial outcomes and consumer trust.

Institutions are increasingly required to maintain explainability, auditability, and human oversight mechanisms to mitigate systemic and reputational risks associated with AI deployment. In addition, evolving regulatory scrutiny around data localization, cybersecurity resilience, and model validation is pushing GCCs to invest more heavily in internal compliance infrastructure and responsible AI governance frameworks.

Phase	Timeline	Key Provisions	Status
Phase I	November 13, 2025 (Immediate)	Data Protection Board of India establishment, institutional setup	Active
Phase II	November 13, 2026 (12 months)	Consent Manager registration and implementation	Pending
Phase III	May 13, 2027 (18 months)	Full substantive compliance: breach reporting, DPIA, audit obligations	Pending

Table 4:- DPDP Implementation Timeline

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