

Can a future-back lens help you see a clearer path to success?

**Future of GCCs in India -
a vision 2030 report**

June 2023



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1.0 Preface



Global Capability Centers (GCCs) are playing a significant role in the Indian economy today. They contribute to job creation, technology adoption, and skills development. The rise of GCCs has helped to establish India as a key player in the global IT and business services industry.

The outlook of the GCC industry remains buoyant as companies look to set-up their GCCs in India. In addition, GCCs are expanding their operations across different cities in India, while exploring new areas of service and hiring talent with niche skill sets.

For this report, we leveraged past industry data and applied analytical tools to understand the growth potential of the GCC industry, employment opportunities and the impact on workforce costs by the year 2030. In this context, we are glad to present to you the outcome of our research, which aims at providing insights to industry leaders and the government on the potential of the GCC industry.



Arindam Sen

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



1.2 Approach

We have adopted the multivariate data analytics approach for this report. This approach involved data analysis and linear data extrapolation with multiple variables to identify patterns and trends. Multivariate data analytics helped us to identify relationships and correlations between different variables, allowing us to develop a predictive model that was used to extrapolate data.

While the results are validated through further analysis and testing, it is important to note that extrapolation carries a degree of uncertainty and can be impacted by various internal and external factors such as changes in the global economy, business environment in India, rise of disruptive technologies, among others.

2.0 Vision 2030: GCC trend analysis



US\$110b

GCC market size



2400

Total no. of GCCs in India



115/year

New GCC set-ups



4.5 million

Total headcount



US\$37760

*Overall cost/FTE

* FTE consists of Production, Support and Contract staff | Overall cost per FTE includes workforce, travel, facility, and IT & communications costs

2.1 The GCC market potential

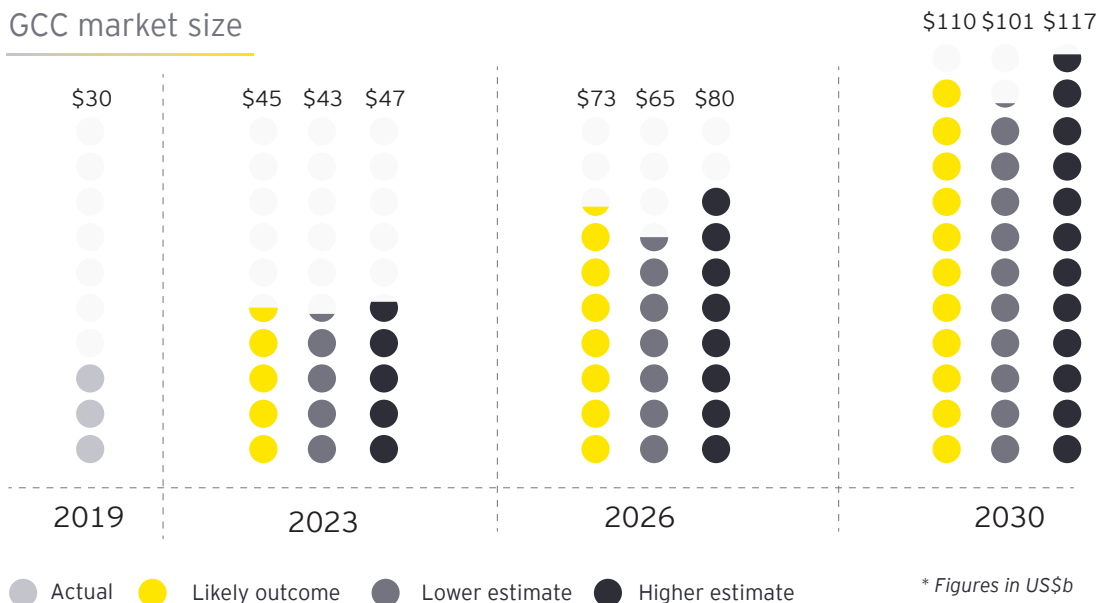
While the global economy faces headwinds from the tightening monetary policy cycle, slowing growth and rising inflation, India has enough tailwinds with political stability, a healthy domestic consumption-based economy, and a robust regulatory system for the financial sector. Given this backdrop, GCCs continue to play a pivotal role for multinational corporations, as they move up in the value chain to become centers of excellence for innovation and driving digital mindsets.

The GCC market size is expected to cross **US\$100b** by the year 2030, and most likely to be around **US\$110b** (refer to figure 1).

One of the key drivers for this growth includes software exports, which remains a key component of India's service exports, with offshoring services seeing continued growth. Others include skilled workforce (especially tech related), expansion into tier-2 cities or satellite center, favorable government policies, and improving infrastructure. The CAGR growth from **2019 to 2023** is **11%**, and the expected CAGR growth from **2023 to 2030** is **14%**.

Figure 1:

GCC market size



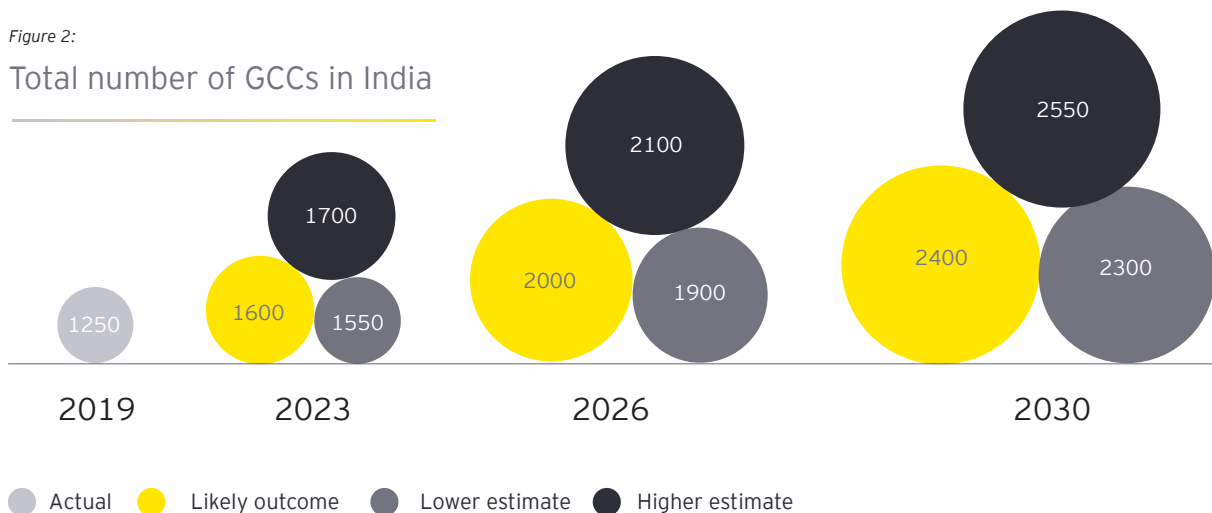


India continues to be a hub for GCCs. Some of the other GCC destinations include the US, Latin America, China, Tunisia, Europe and the APAC region. India, the US and China lead in terms of ease of hiring talent. However, when it comes to cost of operations, India, Tunisia and the APAC region remains lower compared to the rest of the world. Hence, we see multinationals across the globe looking at India as a go-to destination to set-up or expand their operations, with the US companies leading the way.

It is estimated that by **2030**, there will be **2400** GCCs across India (refer to figure 2), and that number can even cross 2500 as India is emerging as the world’s technology and services hub.

Figure 2:

Total number of GCCs in India



Top GCC trends:

Centers of Excellence (CoE)

taking the centerstage to drive product development and innovation in areas, such as AI, cloud, engineering, data analytics and cybersecurity.

Moving from 'cost' to 'profit' center

with emphasis on creating additional revenue streams for the parent organization by servicing external clients.

Revisit Employee Value Proposition (EVP)

to augment key focus areas including organizational culture, nature of work, career growth and rewards and compensation.

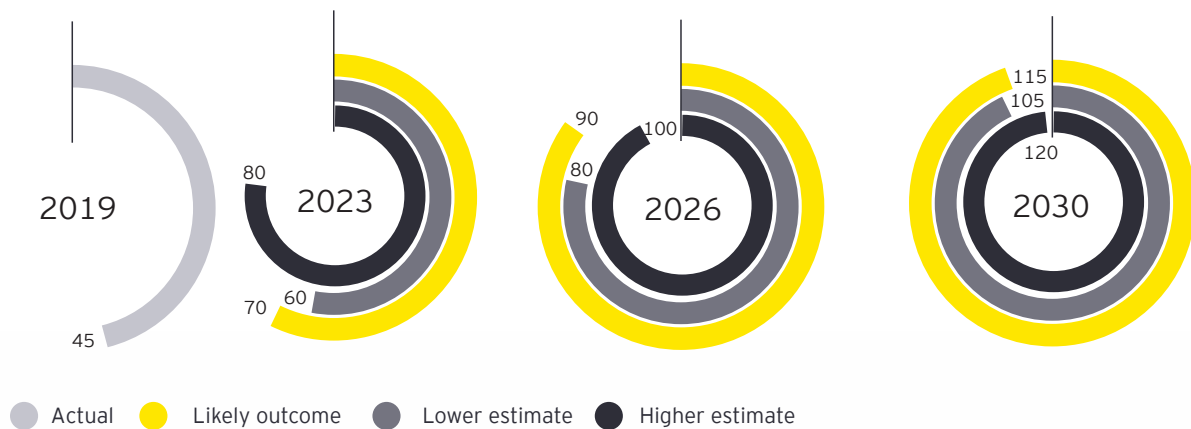
Expansion of functions

in areas such as legal, marketing and procurement with greater investments (people, technology, infrastructure, etc.) to build these capabilities and serve external clients.



In India, the focus cities for GCC set-ups continue to remain Bengaluru, Hyderabad, Chennai, Mumbai, Pune and Delhi NCR. However, tier-II cities such as Visakhapatnam, Jaipur, Vadodara, Kochi, Chandigarh are becoming popular for new set-ups owing to its improving infrastructure, favorable state policies, and lower real estate and talent costs. Coimbatore in particular is emerging as the next big GCC hub post Chennai in Tamil Nadu. The total number of new GCC set-ups every year can jump up to 115 (refer to figure 3) by the year 2030.

Figure 3:
New GCC set-ups



Collaboration with start-ups can act as a booster shot for new GCC set-ups and expansion. In this, start-ups benefit from the market access, enterprise connect, mentoring and investments from GCCs. On the other hand, GCCs can get access to technology, tech-driven talent and it helps them in reaching the market faster. This collaboration can help accelerate the innovation journey of GCCs in India.



2.2

The growth in the GCC talent pool

As talent continues to be a competitive lever, the need of the hour is for GCCs to invest in their culture and enhance the overall employee value proposition. We estimate that by **2030**, the GCC industry is expected to have a headcount of over **4.5 million** (refer to figure 4) as compared to the current base of **1.9 million**. Another key agenda that is becoming important is the Diversity, Equity, and Inclusion (DEI) agenda, making it essential to ask the right (sometimes difficult) questions to ensure the framing and execution of DEI policies effectively at GCCs.

Figure 4

Total GCC headcount



● Actual ● Likely outcome ● Lower estimate ● Higher estimate

*Figures in mn

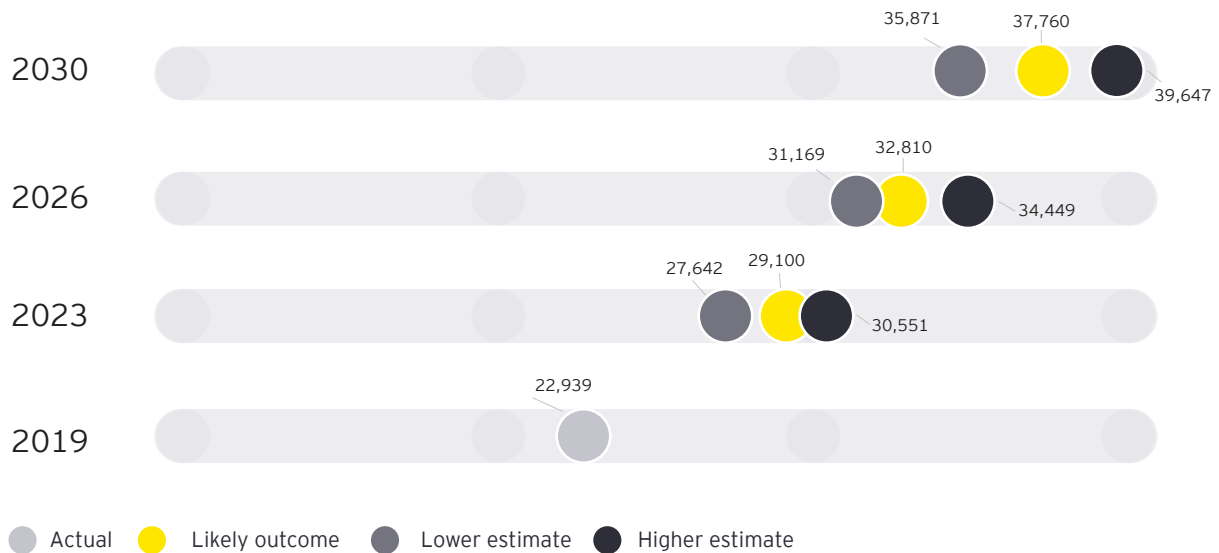
Today, GCCs are expanding their services with a focus on innovation and knowledge-based capabilities. This is, however, leading to increased cost of operations as GCCs scale up their capabilities and adopt high performance technologies. The focus now is on balancing the higher cost with value delivered, especially in these challenging economic conditions.

The overall cost per FTE will increase from the current level of **US\$29,100** to **US\$37,760** by **2030** (refer to figure 5).

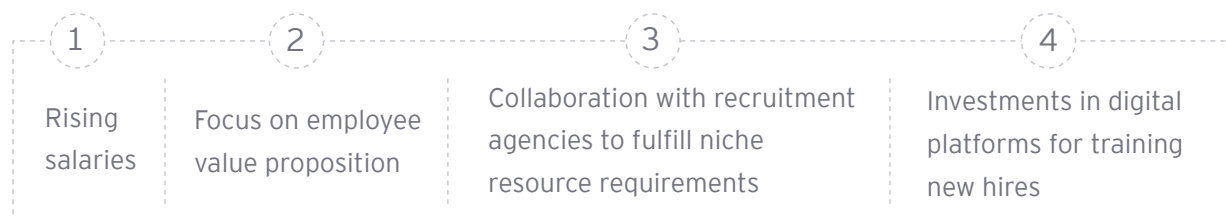
According to our research, the cost per FTE has increased by **27%** from the year **2019** to **2023**. However, it is expected to increase by **30%** from now till **2030**. **85%** of the overall cost per FTE are salaries, while the remaining costs include travel, facility, IT and communications.

Figure 5:

Overall cost per FTE



Factors affecting the increase in workforce costs



Summary

India's GCC story continues to grow stronger year on year. By **2030**, the GCC market size is expected to cross **US\$100b** with **2500** GCCs across the country, having a headcount of over **4.5 million**. With the increasing number of global leadership roles based in India, GCCs will continue to move up the value chain through innovation, product development and digital transformation.



Acknowledgments



Jayaprakash Balachandran

Partner, Technology Consulting
EY India
Email: jayaprakash.b@in.ey.com



Miloni Mehta

Director, Technology Consulting
EY India
Email: miloni.mehta@in.ey.com



Shyam Sundar

Senior Manager, Technology Consulting
EY India
Email: Shyam1.Sundar@in.ey.com



Sayan Banerjee

Senior Manager, Technology Consulting
EY India
Email: Sayan.Banerjee@in.ey.com

EY GCC core team



Arindam Sen

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



Subir Mehra

Partner and GCC Sector Lead - Financial Services, EY India



Ajay S Kamat

Partner, Technology Consulting, EY India



Vijay S Bhaskaran

Partner, Business Consulting, EY India



Kunal Ghatak

Partner, Business Consulting, EY India



Manoj Marwah

Partner, Business Consulting, EY India



Sunil Venkatesh

Partner, Technology Consulting, EY India



Aman Dutta

Partner, Business Consulting, EY India



Srinivas Bhat

Tax Partner, EY India



Alpana Dutta

Partner, People Advisory Services, EY India



Balasubramanian Manikandan

Partner, Business Consulting, EY India



Nikhil Kumar

Partner, Business Consulting, EY India

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon
Temple, Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

Bengaluru

12th & 13th floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing

Divyasree Chambers
11, Langford Gardens
Bengaluru - 560 025
Tel: + 91 80 6727 5000

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

Tidel Park, 6th & 7th Floor
A Block, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

67, Institutional Area
Sector 44, Gurugram
Haryana - 122 003
Tel: +91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jamshedpur

1st Floor, Shantiniketan Building
Holding No. 1, SB Shop Area
Bistupur, Jamshedpur - 831 001
Tel: + 91 657 663 1000

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

Pune

C-401, 4th floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

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