

How do you
supercharge
your business
growth through a
Capability Center?

February 2024

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Building a better
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contents.

- 00 Executive Summary
- 01 What is the GCC evolution journey in India?
- 02 What are the new-age services delivered through GCCs?
 - 2.1 Procurement
 - 2.2 Sales Enablement
 - 2.3 Environmental, Social and Governance (ESG)
 - 2.4 Project and Portfolio Management (PPM)
 - 2.5 Marketing and Communication
 - 2.6 Legal
 - 2.7 Artificial Intelligence (AI)
 - 2.8 Data and analytics (D&A)

Executive summary

Global entities are leveraging their Global Capability Centers (GCCs) to attain comprehensive functional coverage, cultivate specialized capabilities, and drive organization-wide transformation. As GCCs mature, their focus extends beyond simple cost-saving functions, evolving into centers of excellence, innovation, and strategic partnerships. This evolution is made possible by a rich pool of skilled talent, agile service delivery, the adoption of cutting-edge technologies, and the maturity of the GCC ecosystem. These factors collectively propel these organizations towards exponential growth.

GCCs are transforming organizational strategies by diversifying their service portfolios to include a range of new-age offerings across domains such as AI, Data and Analytics, sales enablement, procurement, legal, marketing and communication, environmental, social, and governance (ESG), and project and portfolio management (PPM). These GCCs are not only enhancing operational efficiency but also driving innovation and facilitating organization-wide transformation, GCCs are delivering value across the operational workflow, from strategic sourcing and pipeline management to sustainability initiatives and predictive analytics. With a focus on fostering long-term growth and addressing emerging challenges, GCCs are evolving into dynamic innovation centers within organizations.



1

What is the GCC evolution journey in India?

Over the past three decades, Global Capability Centers (GCC) have transformed from being single-function Shared Service Centers (SSC) to multi-function GCCs. In the FY 2023, the GCC market size has grown to US\$46 Billion with a CAGR of 11.4%, fostering over 1580 GCCs across the country. This has been driven by technology and an accelerated need for digital native talent. The focus of GCCs today has shifted from 'services' to a 'solutions' mindset.

Initially established to take advantage of labor cost arbitrage, these centers primarily dealt with back-office functions. As they matured, GCCs began focusing on operational excellence and process improvement, going beyond simple cost-saving functions. The next stage of their evolution saw them become centers of excellence, innovation, and strategic partnerships, handling complex roles in data analytics, digital transformation, and cyber risk management.

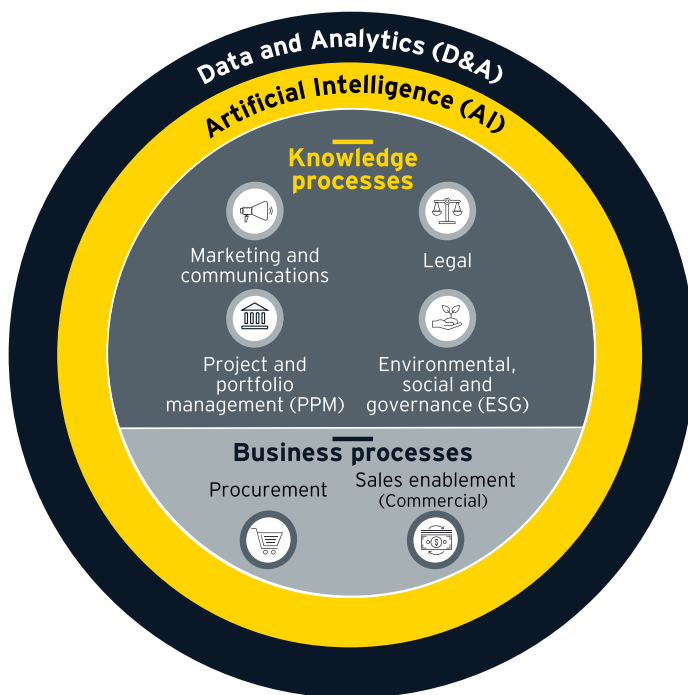
Today, GCCs are critical to driving global business growth, integrating different business units, and leading in technology areas like artificial intelligence, robotics, and blockchain. The future of GCCs lies in their proficiency to adapt to new age services, emerging technologies to drive business growth, upskill their workforce, and lead business process transformations.



2

What are the new-age services delivered through GCCs?

GCCs are diversifying their suite of offerings by adding new-age services to their service portfolio. They are expanding their services by incorporating niche end-to-end activities across the value chain. We explore some of the new-age services across business, knowledge, and enablers, such as AI and Data and Analytics.



~88%

Organizations identified Global procurement process and policy standardization as key priority¹.

2.1 Procurement

Organizations are enhancing operational efficiency by shifting focus from tactical to strategic procurement through their GCCs. Procurement GCCs provide a centralized sourcing perspective and, despite traditionally handling indirect procurement, they now manage direct procurement due to enhanced capabilities and process maturity. Today, these GCCs undertake advanced tasks such as strategic sourcing, spot buying, and supplier management along with spend analysis, transaction processing, and compliance checks.

Delivering value across the operational workflow:



• **Case study** •

EY helped a leading professional services firm with S2P strategy design and implementation led by reimagining user experience that improved speed to market, increased purchase order coverage, and reduced time for PO creation.

~75%

Companies using sales enablement services experienced YoY increase in sales².

2.2 Sales enablement

Sales organizations are prioritizing the enhancement of sales productivity and providing a holistic customer experience across the value chain, in addition to fostering personal sales connections. Sales Enablement focused GCCs streamline communication between different sales stages, facilitate collaboration, and ensure alignment between sales strategies and business goals. They have evolved from providing sales reporting to pipeline management, channel segmentation insights, and intelligent deal desk activities, which have paved the way for revenue growth.

Delivering value across the operational workflow:



• **Case study** •

EY supported a global commercial P&C insurer in location advisory and operating model design to establish their APAC GCC, covering sales enablement and insurance specific activities.

98%

Investors evaluate non-financial disclosers including sustainability metrics³.

2.3 Environmental, social and governance (ESG)

Companies are embedding sustainability into their operational strategies to draw in investors and become more eco-friendly in which GCCs are playing a pivotal role. They facilitate in monitoring ESG standards, transitioning to environmentally friendly process, and guiding employees towards socially responsible behavior. They are adopting sustainability services like awareness initiatives, carbon footprint reduction planning, and circular economy mapping, etc.

Delivering value across the operational workflow:



• Case study •

EY helped a British Multinational Oil & Gas company in carbon emission assessment, What-if analysis, and custom dashboard creation to indicate best-case ESG scenarios for GHG emission computation across their UK and Mexico business.

11.4%

Investments (on average) are wasted due to poor project performance by firms⁴.

2.4 Project and portfolio management (PPM)

Companies that have struggled with ineffective governance, lack of cohesive planning and dearth of project visibility are leveraging PPM focused GCCs to achieve short-term benefits and foster long-term growth. PPM GCCs are streamlining processes and providing integrated systems that ensure end-to-end operations visibility and real time portfolio insights. These services have evolved from project document management to data-driven project selection and business performance management.

Delivering value across the operational workflow:



• Case study •

EY helped a global technology leader to set up their PPM GCC through diagnostic and maturity assessment, design principal designing, and identifying improvement initiatives to build a future state vision for the center.

~75%

Biggest global marketing and advertising agencies have a presence in India⁵.

2.5

Marketing and communication

Global organizations are capitalizing on Marketing and Communication GCCs to amplify marketing effectiveness, customer experience, and business growth. These GCCs are utilizing the presence of global marketing firms in India to achieve their marketing and strategic stakeholder communication goals. They are delivering comprehensive services such as digital marketing, market research and analytics, brand management, public relations, and corporate communications.

Delivering value across the operational workflow:



• Case study •

EY helped a multinational food and beverage corporation's GCC with marketing service catalogue design and assessment to drive capability, provide end-to-end ownership and improve sales.

57%

Law leaders say inefficiencies in contracting process slow revenue recognition⁶.

2.6

Legal

Organizations are transitioning to legal focused GCCs to handle a plethora of legal functions globally and uniformly, enhance cost efficiency, and improve control and integration of services. They are utilizing technology for greater accuracy and productivity throughout the legal and compliance service value chain. The rapid adoption of legal services has led to the diversification of offerings from regulatory research to contract management to compliance dashboarding

Delivering value across the operational workflow:



• Case study •

EY helped a major Pharma firm in a Legal GCC setup through current state assessment, identifying workflow gaps, and recommending system improvements, which resulted in an efficient operating model, higher efficiency, and an innovation-based work environment.

~52%

CAGR of Total spend on AI by GCCs from 2019 to 2024⁷

2.7 Artificial Intelligence (AI)

GCCs are the pioneers in driving AI throughout the organization, offering services in the delivery of innovative solutions and streamlining existing processes. AI capabilities empower GCCs to analyze extensive data sets in a short amount of time and enable the prediction of future outcomes. Over time, they have evolved from providing cost saving solutions to adding value and enhancing efficiency across functions like Finance, Supply chain and HR. Through advancements in automation, predictive modeling, and natural language processing, GCCs are strengthening their AI capabilities to unlock transformative opportunities.

Delivering value across the operational workflow:



Function	Activities
Customer service	<ul style="list-style-type: none"> ▶ Chatbots and virtual assistants ▶ Intelligent call routing ▶ Self service solutions
Sales	<ul style="list-style-type: none"> ▶ Personalized product Recommendation ▶ AI powered lead scoring ▶ CRM automation
Marketing	<ul style="list-style-type: none"> ▶ Ad creation and targeting ▶ Content creation ▶ Voice search ▶ Social media marketing
Distribution	<ul style="list-style-type: none"> ▶ Cargo space-use maximization ▶ Carbon foot-print reduction
Prototyping	<ul style="list-style-type: none"> ▶ AI assisted design ▶ 3D digital models ▶ Virtual reality prototypes
Production	<ul style="list-style-type: none"> ▶ Quality control ▶ Demand forecasting ▶ Safety monitoring ▶ Product design
Warehousing	<ul style="list-style-type: none"> ▶ Inventory management ▶ Warehouse robotics ▶ Automated sorting

• Case study •

EY assisted a top-tier global bank in its digital transformation journey, aiming to elevate their business strategy and customer experience. With a focus on AI-enabled collections, user personalization and AI governance framework deployment, they achieved a significant reduction in annual expected credit loss of US\$25 Million and operational savings of US\$15 Million annually.

~50%

Of India GCCs are at reporting stage and less than 10% at prescriptive stage⁸

2.8 Data and Analytics (D&A)

Today, sectors like retail, automobile, and life sciences regard Data and Analytics as a core function, rather than just a support activity. Organizations are increasingly embracing a data driven approach to enhance and optimize their decision-making process. Data and Analytics GCCs play a crucial role in this transformation by employing advanced tools to analyze datasets and extract actionable insights to guide business strategies. Harnessing the latest technologies like AI/ML and big data analytics, these GCCs have evolved from cost centers to dynamic innovation centers.

Delivering value across the operational workflow:



• Case study •

EY assisted a Fortune 500 convenience store to augment their existing Data and Analytics capabilities by setting up a D&A center in India, delivering US\$10 Million projected savings across six functions and hiring and onboarding 50 FTEs for smooth business operations.



Our detailed view on the typical activities under new-age services is categorized as established, emerging and advanced (refer to Table 1 and Table 2).

Table 1: New-age services delivered from GCCs

State	Procurement	Sales enablement	ESG	PPM
Advanced	<ul style="list-style-type: none"> ▶ Strategic sourcing support ▶ Procurement process change Management with suppliers ▶ Category management excellence ▶ Sourcing management via RFX and negotiation process 	<ul style="list-style-type: none"> ▶ Deal desk activities ▶ Trade promotion optimization ▶ Dynamic pricing analytics ▶ Sales optimization analytics ▶ Customer experience management 	<ul style="list-style-type: none"> ▶ E2E sustainable supply chain planning ▶ Energy optimization strategy ▶ Renewable energy strategy ▶ Circular economy mapping and advisory 	<ul style="list-style-type: none"> ▶ Real-time project risk management ▶ Futuristic demand planning ▶ In-flight portfolio health and efficiency management ▶ Periodic impact analysis ▶ Integrated digital ecosystem
Emerging	<ul style="list-style-type: none"> ▶ Smart buying ▶ Contract control and compliance ▶ Spend optimization ▶ Supplier experience management ▶ Analytics based decision making 	<ul style="list-style-type: none"> ▶ Commission and incentive plan design ▶ Capability-building and salesforce development ▶ Pipeline management ▶ Customer acquisition 	<ul style="list-style-type: none"> ▶ Carbon footprint reduction plan ▶ Corporate governance risk disclosures ▶ Integrated and sustainability reports 	<ul style="list-style-type: none"> ▶ Agile program planning ▶ Improved project selection with data-based scoring models ▶ Business results management ▶ Issue log and SLA reporting
Established	<ul style="list-style-type: none"> ▶ Supplier lifecycle management ▶ Sourcing spot buy execution ▶ Purchase order requisition ▶ Contract management ▶ Spend reporting and tracking 	<ul style="list-style-type: none"> ▶ Customer data management ▶ Product master data maintenance ▶ Sales reporting and documentation ▶ Post-sales support and inquiry management 	<ul style="list-style-type: none"> ▶ ESG basic reporting ▶ Sustainability awareness initiatives ▶ Environment, health, and safety guidelines 	<ul style="list-style-type: none"> ▶ Change management ▶ Optimize resource management ▶ Project planning, tracking and monitoring ▶ Project reporting ▶ Business case management

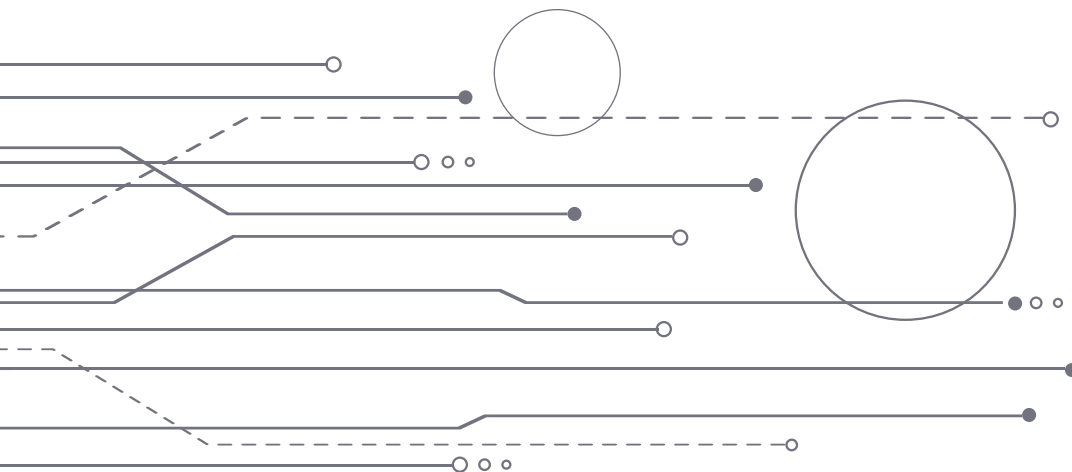


Table 2: New-age services delivered from GCCs

State	Marketing and communication	Legal	AI	D&A
Advanced	<ul style="list-style-type: none"> ▶ Content management ▶ Campaign management ▶ Event management ▶ Tracking and analytics ▶ Omnichannel marketing 	<ul style="list-style-type: none"> ▶ Data privacy review and policy management ▶ Ethics review/framework ▶ Governance advisory ▶ Compliance gap and risk assessment 	<ul style="list-style-type: none"> ▶ Generative AI playground ▶ Edge AI ▶ Vision and Neural AI ▶ Intelligent call routing and analytics ▶ Demand forecasting ▶ Autonomous delivery Bots 	<ul style="list-style-type: none"> ▶ Predictive analytics ▶ AI/ML analytics ▶ Big data analytics ▶ IoT analytics ▶ Data intelligence analytics
Emerging	<ul style="list-style-type: none"> ▶ Marketing communication ▶ SEO (local, e-commerce etc.) ▶ Website customization (banners SEO, digital content) ▶ Social media marketing ▶ Branding and Merchandising 	<ul style="list-style-type: none"> ▶ Trade compliance support ▶ Monitoring and obligations management ▶ Legal inventory management ▶ Technology-assisted (predictive) review services 	<ul style="list-style-type: none"> ▶ Predictive maintenance ▶ Intelligent recommendations ▶ Connected devices ▶ Speech recognition and language processing ▶ Real time monitoring 	<ul style="list-style-type: none"> ▶ Analytics solution delivery ▶ Analytics governance design and management ▶ Analytics strategy and governance ▶ Data architecture and integration
Established	<ul style="list-style-type: none"> ▶ Local advertising management ▶ Web Articles and Blogs ▶ Press release ▶ Magazine/ Catalogue design 	<ul style="list-style-type: none"> ▶ Contract and internal audit support ▶ Contractual advice and counseling ▶ Issue tracking and investigations ▶ Geographical laws confirmation ▶ Regulatory research 	<ul style="list-style-type: none"> ▶ Business Intelligence ▶ Chatbots ▶ Image processing and virtual search ▶ Intelligent document processing ▶ Anomaly detection 	<ul style="list-style-type: none"> ▶ Master data management ▶ Data governance and regulation ▶ Demand management ▶ Data platform development ▶ Data visualization

Global organizations are harnessing the power of their Global Capability Centers (GCCs) to achieve end-to-end functional coverage, develop niche capabilities, foster organization-wide transformation, fulfill sustainability and compliance objectives, and propel themselves towards exponential growth. These are facilitated by a wealth of skilled talent, agile service delivery, adoption of cutting-edge technologies, and the maturity of the GCC ecosystem.

EY as a market leader in the GCC space has supported global organizations across industries to expand the breadth of their GCC service portfolio and add next-gen services including end-to-end setup of new centers/ Center of Excellence through our suite of bespoke solution offerings.

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Contact us



Arindam Sen

Arindam.Sen@in.ey.com
Partner and TMT GCC Leader
Ernst & Young LLP, India
+91 9972529171



Kunal Ghatak

Kunal.ghatak@in.ey.com
Partner, Business Consulting
Ernst & Young LLP, India
+91 9945518979



Maheswaran R

Maheswaran.R@in.ey.com
Director, Business Consulting
Ernst & Young LLP, India
+91 9840414862

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 - 122 002, India
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

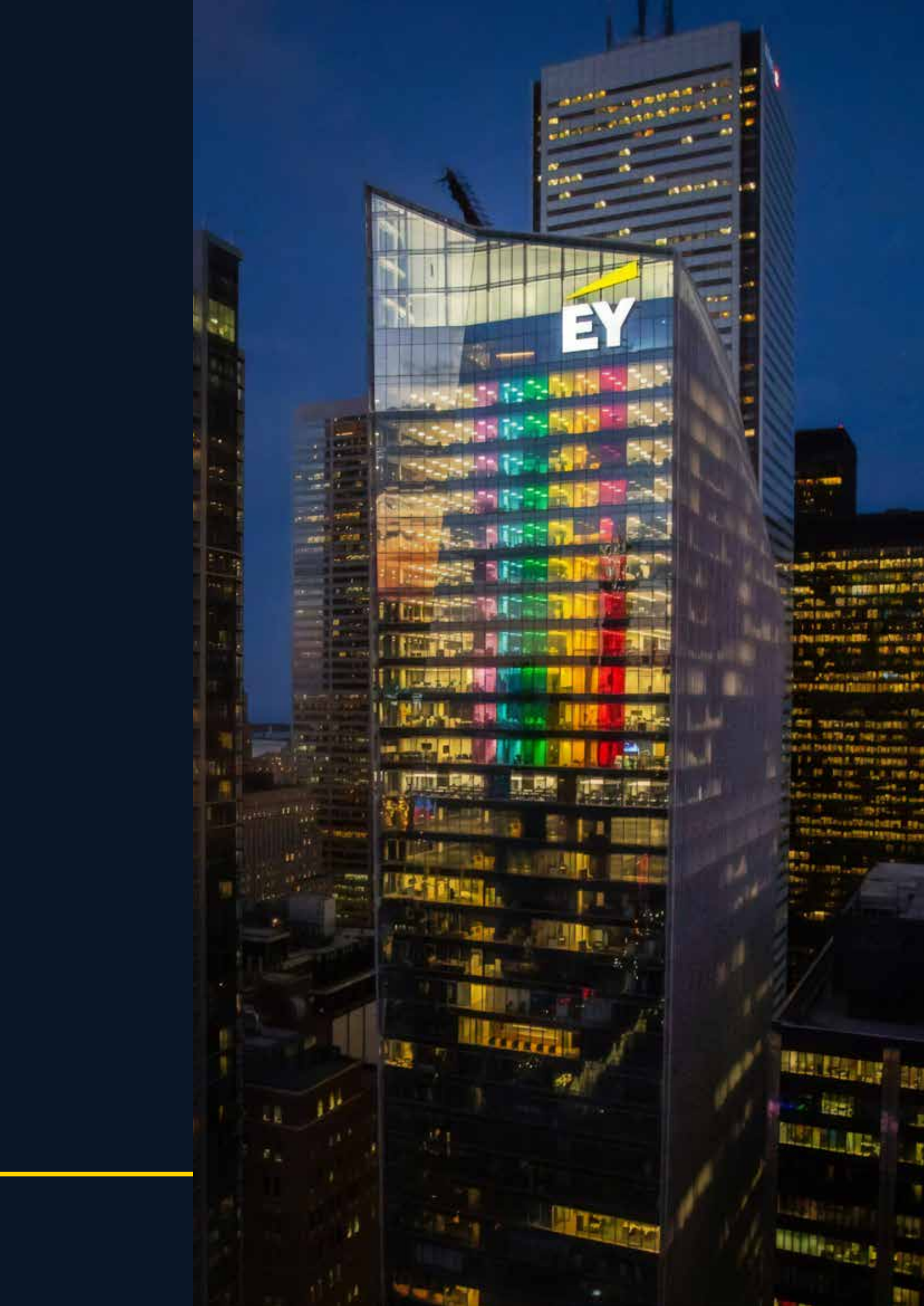
Mumbai

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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