



Global Capability Centers: The Great Force Multiplier



ALVAREZ & MARSAL
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INTRODUCTION

A WIN-WIN FORCE ENERGIZING GLOBAL ORGANIZATIONS

GCC: A Rapid Growth Industry, a Key Transformation Lever for Global Organizations

Whether you are a CEO, CFO, Transformation Leader or Business Leader – the emergence of Global Capability Centers (GCCs) or Global Business Services (GBS) is no longer just a good-to-know. Instead, it is a key strategic lever in the operations strategy of an organization that necessitates an active consideration by virtue of having significant impact on the profitability, competitiveness, organizational agility and ability to innovate.

A subset of the broader offshore services market of ~\$300 Billion², GCCs' stock is rapidly rising.

GCCs are the fastest growing segment with a current market size estimated at close to **\$90 Billion²**.

At over 50 percent¹ of the global market, India is today the hub of GCCs, around which global operations strategy is built. Indeed, they are now having their moment in the sun.



\$300B+²

Global Offshore Services Market



~30%
(\$90B)²

Share of In-house
GCC / GBS Market



~55%
(\$50B)¹

India's Share in the
In-house GCC /
GBS Market



~5,400²

Total In-house GCC / GBS
Centers Globally



~3,000 (55%)³

In-house GCC / GBS Centers
in India



~2.6
Million²

FTEs in In-house
GCC / GBS
Centers Globally



~1.9
Million (73%)¹

FTEs in In-house
GCC / GBS
Centers in India

¹NASSCOM; ²Avasant Research; ³A&M Data and Analysis


The Shift Toward Insourcing

As GCCs evolve beyond cost arbitrage, companies are increasingly shifting from outsourcing to insourcing to drive greater control, efficiency, and strategic value.

With over 5,400² in-house GCC/GBS centers globally and over 3,000³ in India alone, enterprises are leveraging insourcing to build significant strategic advantage.

While traditional outsourcing models have long been leveraged for cost savings, organizations are now recognizing the strategic advantages of insourcing, particularly within GCCs.

While the financial advantages of insourcing—such as eliminating vendor markups and improving cost efficiency—are significant, the broader value lies in its ability to transform business models, enhance service delivery, and strengthen risk mitigation.



By bringing key operations in-house, companies are not just optimizing costs but also gaining direct control over core business functions, driving long-term value, and fostering innovation.

²Avasant Research; ³A&M Data and Analysis

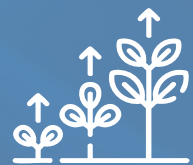
Driving Operational Excellence

Insourcing helps standardize processes, improve governance structures, and create cross-functional synergies within GCCs. It enhances service quality and compliance but also allows for continuous process improvements



Staying Agile

Agile response to dynamic changes in a market is a critical for firms in today's fast changing business environment. By insourcing, companies can shift resources, rebalance priorities among projects, and incorporate new technologies, including AI and automation, not limited by external vendor contracts



Enhancing Talent Management

Acquiring, training, and developing in-house talent builds a robust talent pipeline, helping remove reliance on external vendors, subsequently bringing improvements in employee engagement and retention to the organization



Robust Data Security & IP Protection

While the cybersecurity threat landscape and regulatory challenges continue to mount, insourcing keeps sensitive data and proprietary IP inside the secure ecosystem of the firm, hence minimizing risks through third-party access



Building Business Resilience

During an era of geopolitical uncertainty and evolving compliance needs, insourcing increases business resilience by reducing the firm's reliance on external service providers and internal capabilities that could respond to potential disruptions



This shift toward GCCs has been dramatically aided by four events that few foresaw coming

Covid 19

The pandemic forced companies to rethink their operating models, supply chains, and workforce strategies, business continuity, cost pressures and remote work normalization



US Federal Reserve's Hawkish Stance

With rising interest rates and tightening capital markets, businesses moved from a "growth-at-all-costs" mindset to profitability and cost efficiency, accelerating even core function migration to GCCs



War In Europe and the Middle East

Disrupted global supply chains and risk management frameworks, pushing businesses to diversify operations by expanding into more stable offshore and nearshore locations



Generative AI

The rapid evolution of Generative AI (Gen AI) has reshaped business models, particularly in automation, content creation, and knowledge-intensive workstreams. GCCs are hubs for AI adoption playing a crucial role in driving AI-led productivity



These shifts have reinforced the value of GCCs by directly addressing three critical questions related to resiliency and stability

01

Can my offshore GCC ensure my business stays stable during disaster scenarios?

02

Can my offshore GCC ensure I don't lose the core talent and knowledge I've invested in?

03

Can my offshore GCC ensure I'm adapting seamlessly to technology and innovation?

GCCs surpassed these litmus tests. Be it resilient operations, hybrid working, frugal innovation or niche STEM (science, technology, engineering and mathematics) talent attraction, GCCs are now both the operating model of choice and employers of choice.

There are, also, two other considerations regarding GCCs that are fast emerging and latent but inevitable - growth and monetization

04

Can my offshore GCC identify, create and capture opportunities and whitespaces?

05

Can my offshore center create an IP, own the product roadmap end-to-end and create monetizable opportunities?

Be it owning or significantly influencing components of Go To Market (GTM), standing up new service lines or driving inside sales, this is where the industry could potentially write a whole new chapter.

GCC or GBS

What's In A Name? What's The Difference?

Since the onset of the internet era, when global industry moved to reset and digitally reshape brick and mortar businesses through outsourcing – first fuelled by offshore centers setup by General Electric, American Express, Shell, British Airways, JP Morgan Chase – the industry has been awash with similar sounding terms.







GCC, GBS, Global In-House Centers (GIC), Global Shared Services (GSS), Global Service Centers (GSC), Shared Service Centers (SSC): they were all known for global labour arbitrage and organization centralization, after all.

For the purposes of this paper, we will focus more specifically on GCC and GBS as the ecosystem of organizations, consultants, analysts and investors have increasingly converged largely around these two models, which, while still similar, have critical differences. In the framework on the following page, we take a comparative look.



GCCs have gained significant prevalence in the past 5-10 years, due to rapid repositioning and acceptance as a model that has gone beyond delivering cost benefits and into the realm of creating strategic assets and IP for the parent organization.

It's critical to note here that GCC and GBS are not at competition with one another but are, at their core, simply different operating models. There should and will always be multiple softer cultural aspects – not just cost – when choosing the right operating model.

| Focus Area | Global Capability Centers (GCCs) | Global Business Services (GBS) |
|--|---|--|
| Service Scope  | Specialized centers to carry out specific tasks globally, such as data analytics, IT services, and research and development | Unified service delivery paradigm with integrated business functions across international operations |
| Geographical Scope  | Serves as a central hub for international operations, frequently situated in key areas to make use of local knowledge | Operates globally, providing services in multiple time zones and countries |
| Strategic Scope  | Drives innovation, aligns with parent company's strategic goals, and provides value-added services | Support services are in line with the overall business goals, improving client experiences, and generating lasting value |
| Technology Integration  | Hubs for innovation, driving new initiatives and technology inside the company | Leverages advanced technologies to improve operations and service |
| Scale & Complexity  | Scales foundation, value delivered from complex tasks such as ML/AI, Automation and R&D | Value derived from scale and centralizing complex global operations under one umbrella by breaking silos |
| Talent  | Highly skilled global talent, leadership pipelines, and domain experts driving innovation and digital transformation | Talent development driven by evolving domain expertise and global operations exposure |

EVOLUTION

A TRANSFORMATIVE JOURNEY WITH FOCUSED VALUE CREATION

1995-2005

Capability before Demand



2005-2015

Global Organizations
Gain Confidence



2015-2025

Converging Business and
Digital/AI models



2025 and beyond

The GCC 4D Boost and a
Seat at the Global Table

1995 – 2005

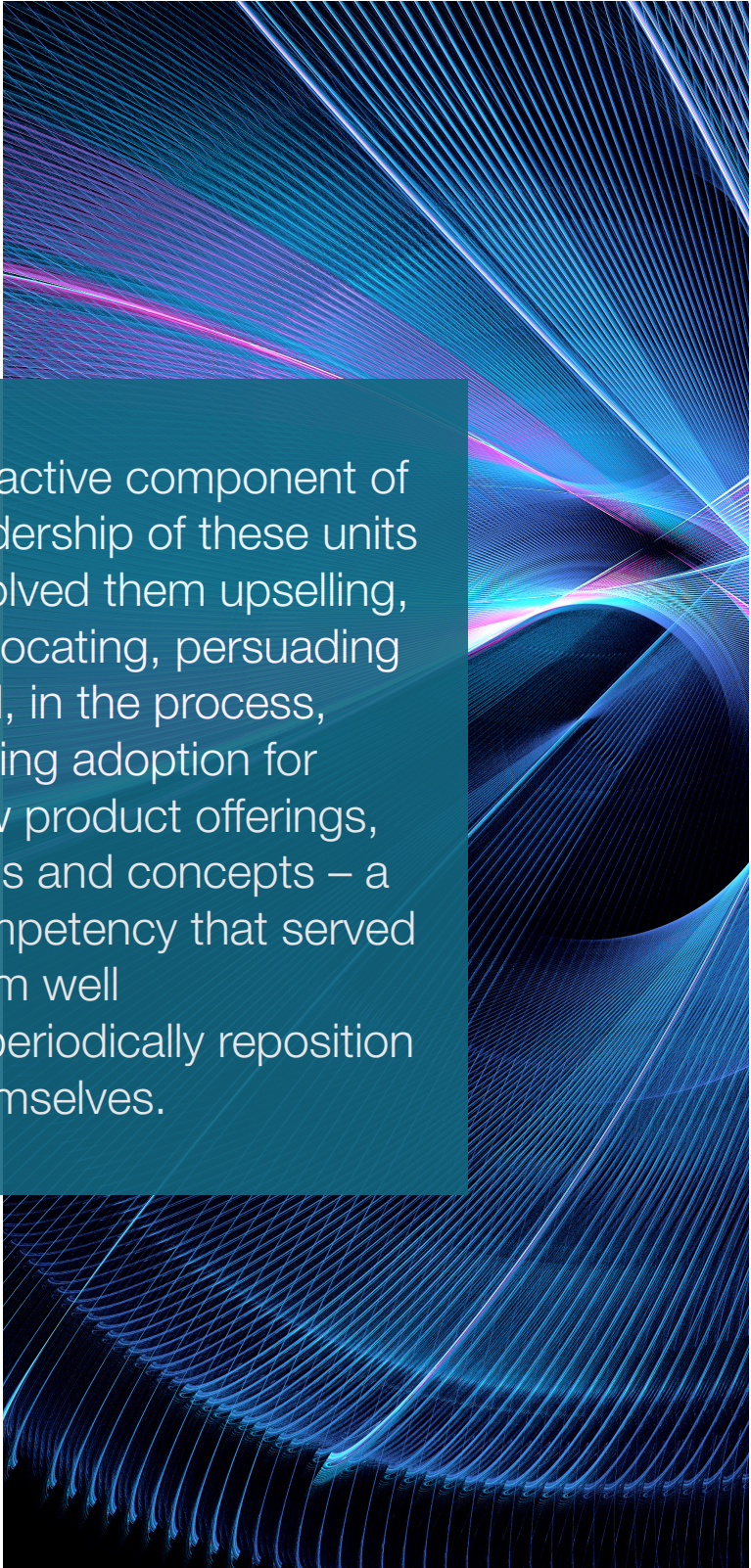
Capability Before Demand

The Secret Sauce behind the Rapid Ascent of GCCs Since the Early 2000s

The first wave of offshoring started in the late 1990s/early 2000s with what were then called Captives, which in nomenclature quickly evolved into GICs, partly as a means to brand themselves better.

These were typically big investments by marquee Fortune 100-500 companies that were not experimental. Instead, they came with investments in physical and digital infrastructure, dedicated parent management teams and elaborate local leadership teams, championing “organizations of the future”.

One of the leading characteristics of GIC’s hence was investing in capability ahead of demand. Considering the amount of integration and change involved, GICs consciously invested in senior operations leaders ahead of the curve with an eye on the future.



An active component of leadership of these units involved them upselling, advocating, persuading and, in the process, driving adoption for new product offerings, tools and concepts – a competency that served them well to periodically reposition themselves.

2005 - 2015


Global Organizations Gain Confidence

Focus Shifts to Client Impact, Digitalization and 20% Headcount Footprint

Function-wise, initially, the GICs' primary focus was to serve as a repository for internal IT and other transactional services (contact centers, client operations, data management, know your customer diligence, payroll, account payable and receivable) with a calculus of purely reducing cost.

However, as the decade progressed, GICs began to engage in a higher order of activities. Services shifted from back-office to more strategic skills such as sales enablement, request for proposal (RFP) support, strategy, research & analytics, pricing, risk management and compliance.

Whether you were a Wall Street investment bank, a commercial lending behemoth, a big consulting firm, a giant retailer, an oil & gas major, a Silicon Valley giant or a real estate firm – you quickly had anywhere from 15-20³ percent of your global headcount in a GIC and this began to act as a mirror to the organization.



Every 3-5 years, as service delivery grew stronger, gained acceptance, created impact and as technology modernized – there was a “hearts-and-minds effect”.

Organizations started taking note and waking up to the transformative potential of GICs.

2015 - 2025


Converging Business and Digital/AI Models

Business Resilience, Hybrid Working and Fast Transformation

The adoption and importance of GCCs took on a completely new meaning in 2020 with the onset of COVID-19. Businesses that had traditionally resisted digital transformation were suddenly forced to adapt, testing their readiness to function in a fully remote paradigm.

This is where the foundational resilience built by GCCs over the years through business continuity planning (BCP), site strategy, cloud computing, and data centers, paid off significantly, ensuring seamless business continuity without service level agreement (SLA) breaches despite widespread disruption.

In parallel, at the onset of the Generative AI era, GCCs also began enabling/accelerating the introduction of cutting-edge products and services to the market, several rooted in breakthroughs originating from their centers.



As organizations navigated the shift toward remote and hybrid work models, GCCs played a pivotal role, demonstrating strong change management capabilities.

They also became instrumental in attracting and retaining talent from non-traditional pools to make themselves AI ready.

2025 and beyond

The GCC 4D Boost and a Seat at the Global Table

Quarterbacking Innovation, Growth, Profitability, Optimization

GCCs in this phase represented a promising confluence of technology, talent, process, and cost as forces that drive strategic differentiation, unlike its predecessors that focused largely on cost arbitrage.

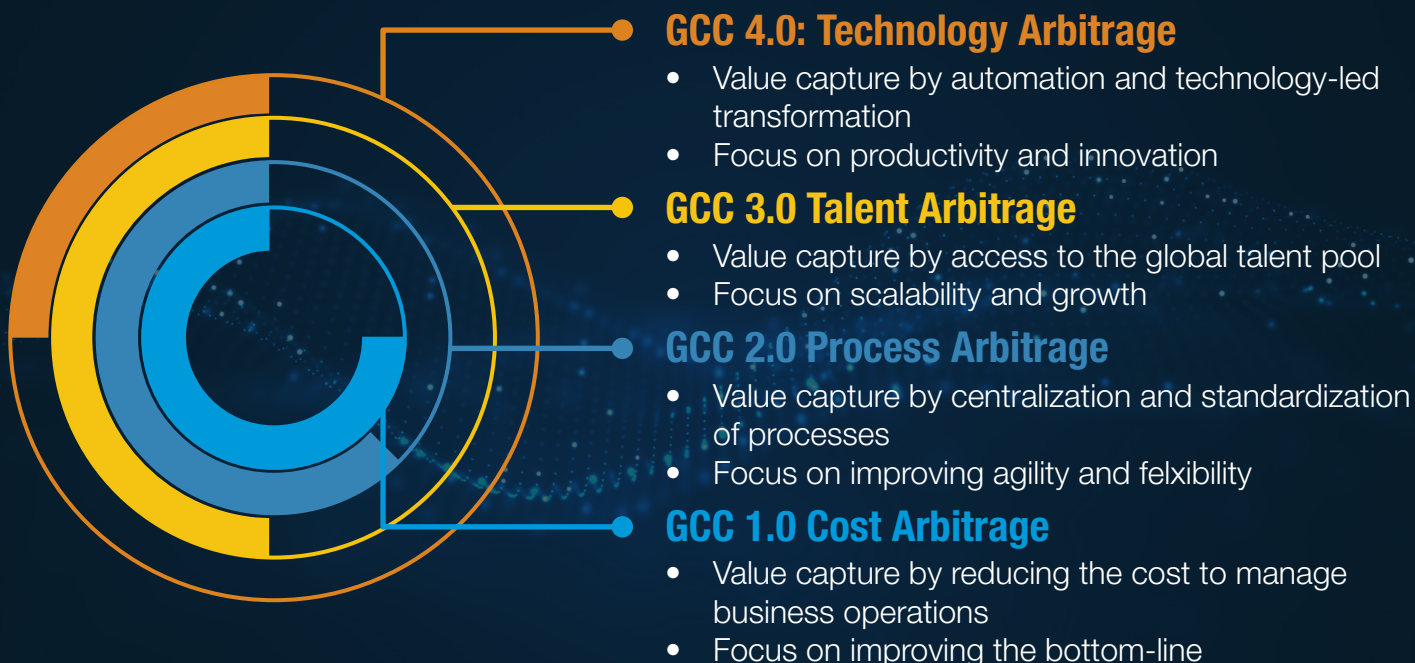
By leveraging automation, AI, and advanced technologies alongside access to global talent and streamlined processes, GCCs began transforming into hubs of talent, capabilities and innovation.

Evolving from operational enablers to strategic drivers, their relevance has escalated to the CEO agenda for global firms. By embedding innovation in its core, GCCs are now shaping growth and resilience.

GCCs today are actively influencing, and in some cases, outright setting agendas with a seat at the executive table, fostering cross-functional collaboration.



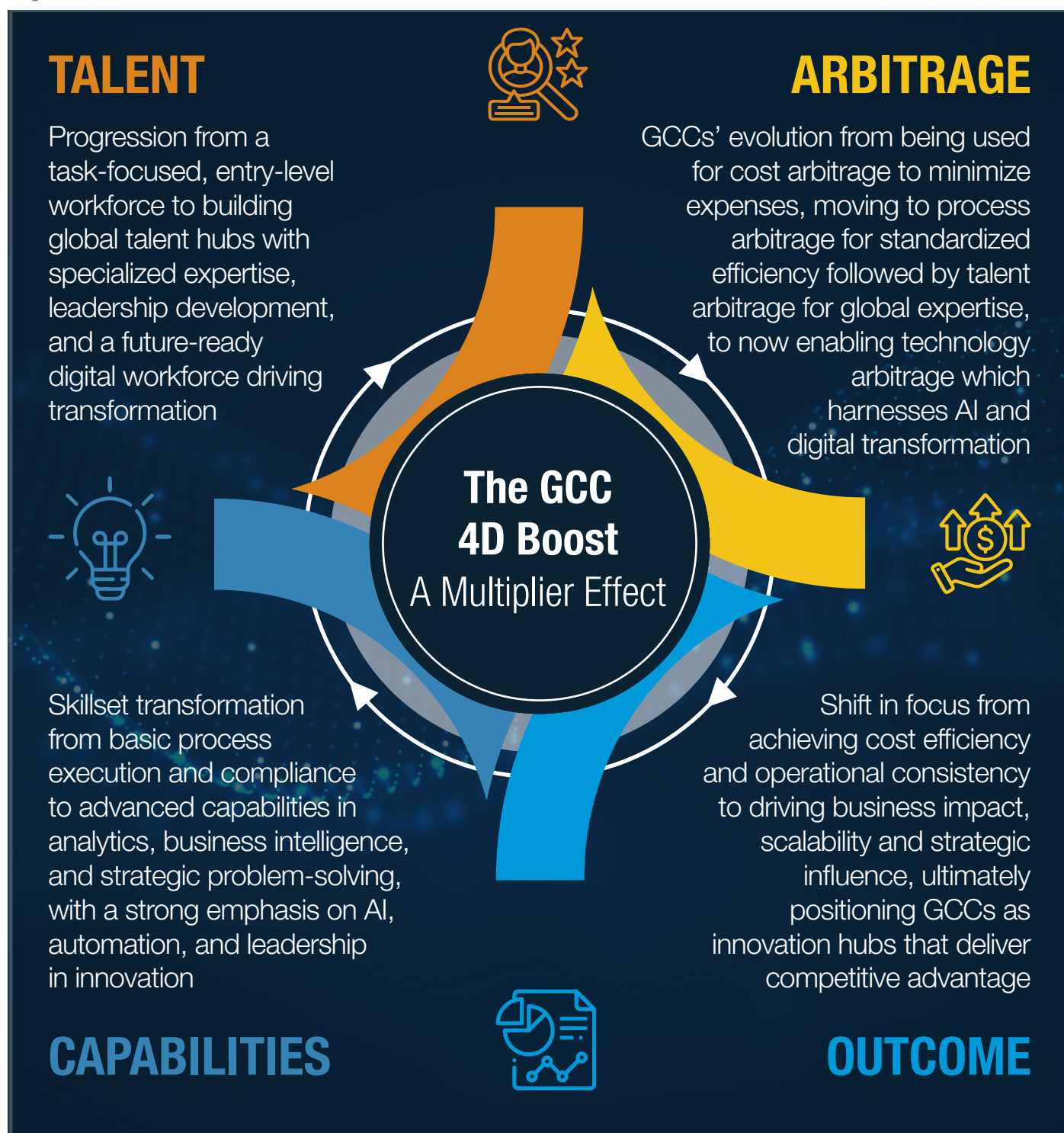
Figure 1



THE MULTIPLIER EFFECT

The evolution of GCCs can be understood by viewing them as 4D Boosts which serve as dynamic multi-dimensional contributors that enable parent organizations to achieve results and scalability in an agile manner and maintain long-term growth. The four dimensions demonstrate the transformation of GCCs from operational support units into strategic business accelerators. Here's how these dimensions come together:

Figure 2



Enabled and Empowered By AI, Not Replaced By It

While GCCs have cemented their role as critical enablers of business transformation, the rapid evolution of AI is ushering in a new era of disruption and opportunity.

The emergence of Generative AI, particularly with ChatGPT, has eliminated skepticism about AI's potential. This has led to an accelerated race in the development of large language models (LLMs), triggering a paradigm shift in how businesses leverage AI and automation.

However, the production of AI at scale comes with significant challenges – prohibitive costs tied to AI chips, data centers, computing power, and specialized talent in home markets. This is where the recent developments surrounding DeepSeek are interesting. Why?

By promising a much lower cost of production of AI, the technology gets more affordable and the shelf life of any innovation dramatically reduces.

DeepSeek is compelling an AI rethink by contributing to reducing the shelf life of AI innovation.

This makes the GCC a strategic necessity for organizations eager to extract greater ROI from their innovation efforts and consider a frugal model of centralizing R&D efforts.



Figure 3

GCCs Will Be a Necessity to Increase Innovation ROI in The Post AI Era



THE FUTURE

GCCs TO FOCUS ON CORE AND FUELLING TOP LINE POTENTIAL



The Way Ahead

GCC to focus on Core and Fuelling Top-Line Potential

Micro GCCs, Modernized Go-to-Market Strategies

An exciting recent change in the GCC arena is surmounting the traditional notion that they are only for large-scale operations. For instance, of the more than 1,600 GCCs³ in India, nearly 25 percent³ have been set up by small and mid-size businesses and startups with a headcount of less than 50 people³ – what are being referred to as micro GCCs.

With extraordinary growth over the past 2-3 decades, there has emerged an entire ecosystem of specialized service providers (real estate, IT, recruitment, incubators), coupled with democratization of technology (cloud, data) and also a startup ecosystem (engineers, data scientists, entrepreneurs, digital natives) that has enabled the supply side to be operationalized faster and be more nimble than ever while catering to specialized functions.

What this means is organizations of all stripes today can choose to open a GCC for a single function and expand based on need.



Ten years ago, a decision to invest in a GCC involved a 12-18-month³ time frame to operationalize and 24-30-month³ time frame to truly ramp up.

Today that paradigm has changed to 6 months³ for the setup and 12-18 months for ramp up.

³A&M Data and Analysis

Opportunities Abound across the Sales Value Chain

GCCs haven't yet been able to significantly drive key components toward top-line impact. Given traditional market presence constraints, some under-penetration is likely to remain here.

However, identifying new opportunities may sometimes require a fresh lens. With the large talent pool well-established in both domain and sales enablement, GCCs are well-positioned for growth. Their shift toward digitization of new products & services and a delivery ecosystem creates a clear advantage.

Given their credentials across the revenue function life cycle, this is an opportunity to redefine the way GCCs are perceived. The infographic on the right and on the following page depict the areas of a potential role for the GCC in the sales value chain.

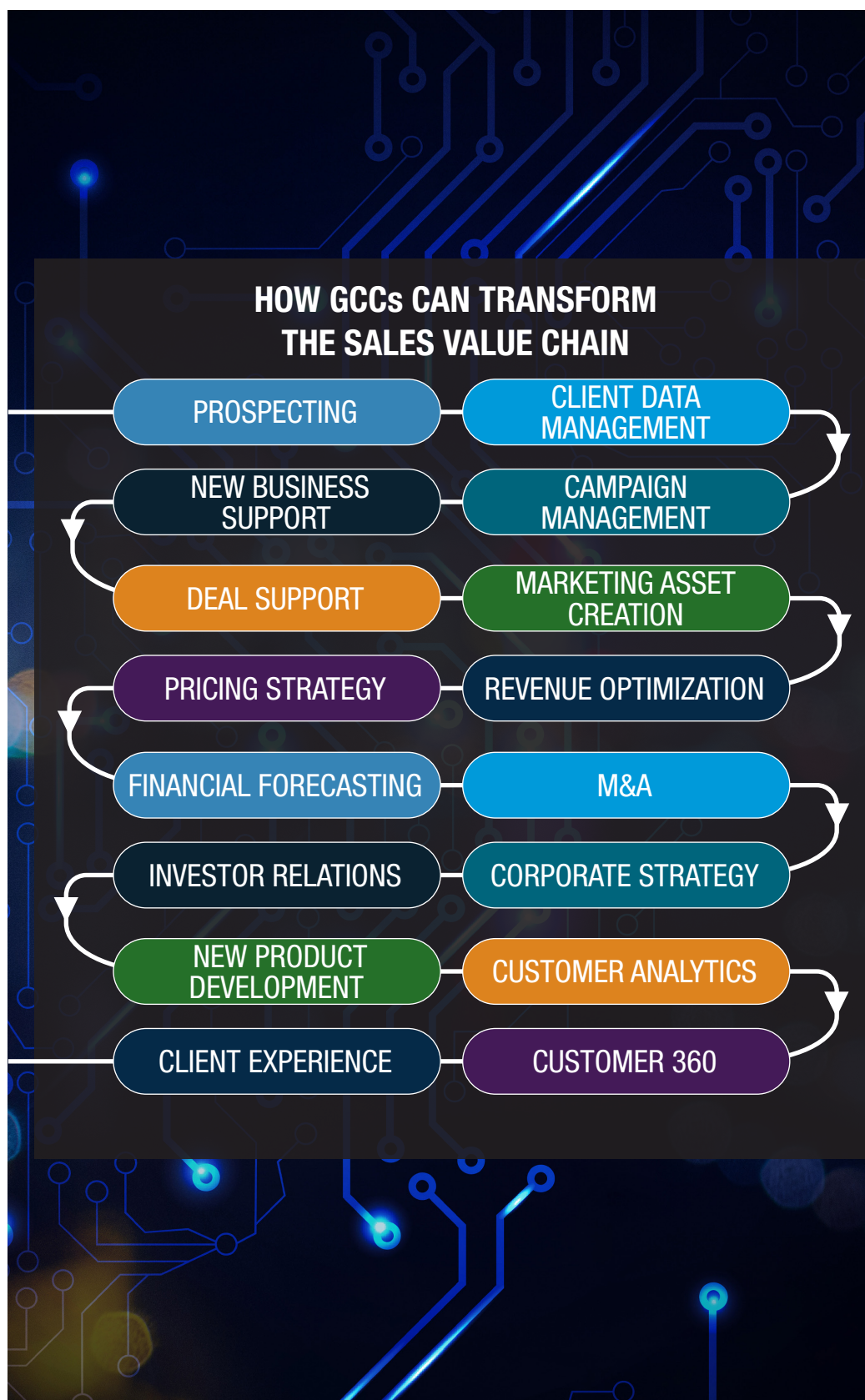
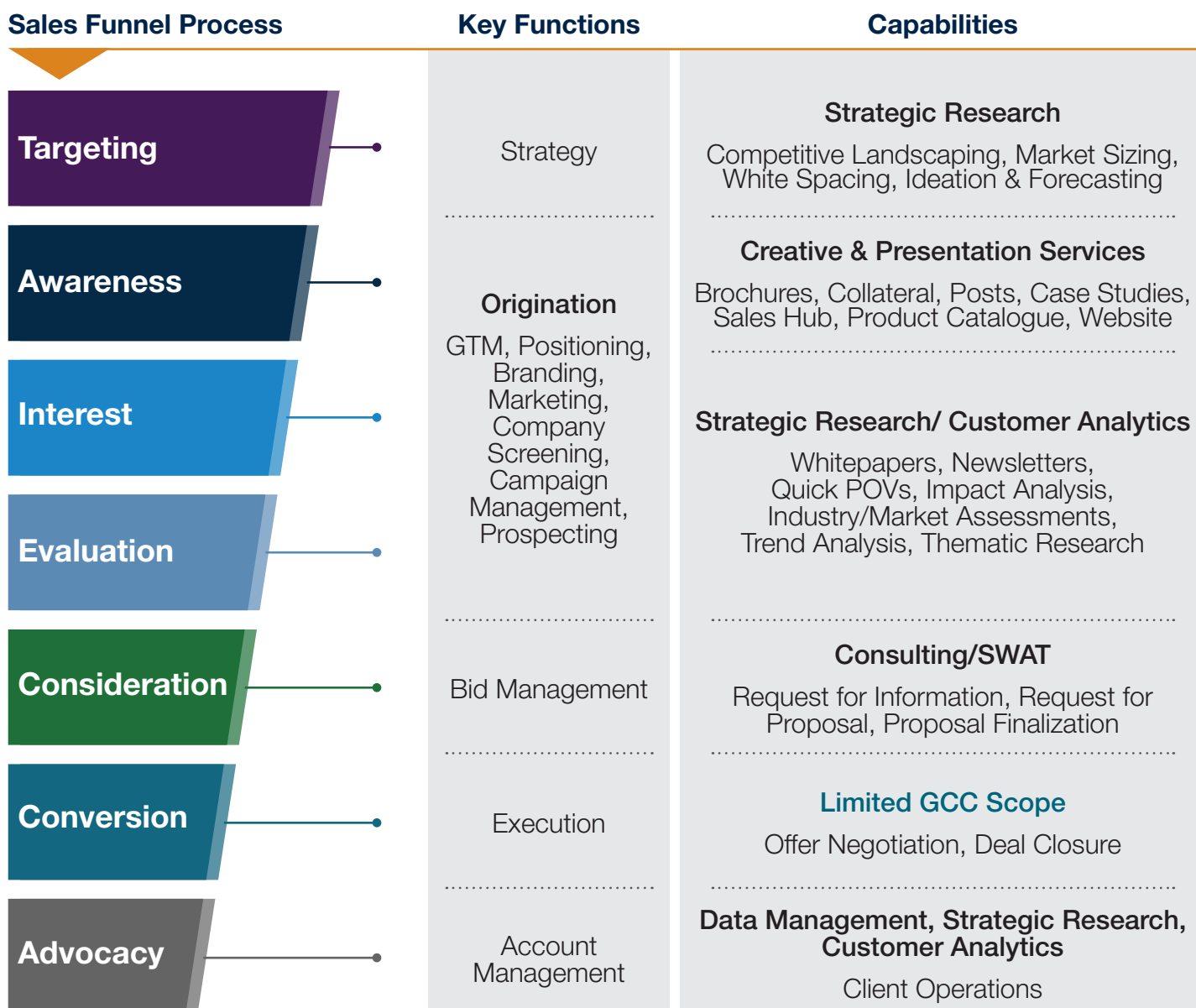


Figure 4

The Sales Funnel Can Be Modernized across the Board



Legacy organizations first set up GCCs with the idea of growth, but with enhanced efficiency and profitability as the first focus.

As these organizations have now changed or are changing rapidly, they are looking for more growth levers and digitally-fuelled products is one pathway to eke out more monetization, especially one that reinforces core offerings.

Here, a go-to-market strategy combining forces with the GCC to cross-sell with the right subject matter expert is worth considering.

WHITESPACES

MIDDLE MARKET: A WIDE OPEN OPPORTUNITY



Private Equity: An Under-Penetrated Market With Tremendous Potential

While marquee Fortune 500 financial firms, including the most sophisticated investment banks and investment managers, have long established GCCs, the alternative capital segment, including private equity, has historically lagged in this area.

This trend appears to be changing with some of the top PE firms having opened GCCs in India in the recent past. But the segment it is still significantly under-penetrated.

Core ways in which these PE firms can benefit from a GCC include access to financial research and business services to aid in:

- Higher quality origination support for investment teams
- Better real-time financial data intelligence for CFOs
- More time for investor relations, operating partners
- Centralization of admin and accounting service
- Shared services platforms to fuel growth and profitability of portfolio companies

Operations focused value creation is now a “must-have” from a “good-to-have” and a critical lever to drive/realize better exits.

By our estimate, only 10-15 percent³ of the Top 500 PE firms, including middle market firms, have leveraged this model in any form.

³A&M Data and Analysis

Corporates: An Opportunity To Leapfrog Typical Maturity Trajectory Of GCC/GBS

Among mid-market corporates, several organizations are exploring or changing their global operations strategy like the Fortune 500 earlier. GCCs and GBS centers are a critical lever in this strategy.

Some key challenges they encounter in this journey are:

- Leadership alignment and strategic vision
- Inadequate articulation of value proposition
- Cultural inertia and resistance to change
- Operational ambiguity and process gaps
- Capability gaps in managing global complexity

Whether it is to drive seamless integration in integrating transformative capabilities, crafting a data-to-insights roadmap, modernizing client experience or establishing a new target operating model, this journey requires careful consideration and commitment.

Mid-market corporates beginning the GCC/GBS journey will often see and feel a higher degree of change compared to their enterprise counterparts; however, by understanding their individual circumstances, they have the opportunity to define an implementation journey that accelerates both maturity and return on investment.

HOW CAN A&M HELP

At A&M, we recognize this is no more a traditional scale play and requires an expertise-centric approach, which aligns with our value proposition. This also requires tremendous, dedicated management power, which A&M can deploy to **“Plan-Produce-Perform”** this investment for our clients.

As the needs of organizations change, we believe there are multiple situations they will encounter. Be it an organization in hyper growth mode looking to set

up a new GCC or expand their existing GCC from single to multi-function or an organization looking to get greater ROI from technology and innovation or an organization that is seeking to drive a growth-focused agenda for cost optimization – these are just but a few examples of where we can add value and have a team of operator/consultants with the experience of having done these before.

OUR SOLUTIONS

01

Formulate GCC strategy

Craft a data-driven, future-ready GCC roadmap through market insights, benchmarking, and competitive analysis

02

Design the GCC Org

Develop a high-performing organizational structure tailored to your strategic priorities and operational goals

03

Manage Initial Execution Phase & Transition

Ensure seamless execution and transition with meticulous project management and stakeholder alignment

04

Expand & Transform

Scale operations and integrate transformative capabilities to drive innovation and sustained growth

05

GCC-as-a-Service

Provide comprehensive GCC management, leveraging our expertise in governance, compliance, and operational excellence

Plan

Produce

Perform

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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 10,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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