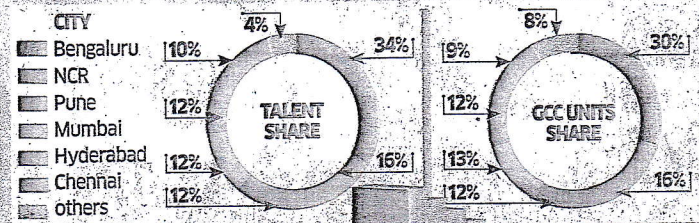


India's Tech Edge Triggers a Global Captives Explosion

EXPANSION MODE Post-pandemic GCC revolution drives the demand for talent and real estate as well as very specialised technology skills

GCC Value Proposition by Top Cities



At least 20% of the Forbes 2,000 global companies have set up their GCCs in India till 2023. This share is estimated to grow to up to 55% by 2030- Zinnov

Source: Zinnov Research & Analysis (Total number of GCCs-1580+, total GCC talent- 1.66 million+)

3% of Fortune 500 companies already have a presence in India and this share is expected to almost double or reach 43% by 2030- ANSR

India's GCC market size is expected to expand to \$110 billion by 2030 from the current \$45 billion, registering a growth of over 144% - EY

GEETANJALI

Romita Majumdar & Beena Parmar

Mumbai | Bengaluru: India is witnessing a revolution of sorts - multinational companies are setting up new global capability centres (GCCs) and expanding existing ones like never before, driving demand for not just engineering talent or real estate but also for an array of specialised skills.

While GCCs - or, offshore units of global firms providing support services such as IT, analytics, customer centres, finance and human resource functions - have been in India for close to three decades now, the post-pandemic explosion in such captive units is expected to sustain, thanks to a thriving ecosystem and availability of diverse talent across all operations and specialised skills.

Consider these numbers from different reports.

At least 20% of Forbes 2000 global companies have set up their GCCs in India till 2023 and this share is estimated to grow to up to 55% by 2030, according to data from management consultancy firm Zinnov.

If Fortune 500 companies are to be considered, 23% of them already have a presence in India and this is expected to reach 43% by 2030, according to ANSR, a firm that helps build and scale GCCs.

And, EY expects India's GCC market size to expand to \$110 billion by 2030 from the current \$45 billion, registering a growth of over 144%.

"India has emerged as a hub for innovation and research with a thriving ecosystem that has matured and supports talent across technology and operations," said Deepak Mangla, CEO corporate centres - India & Philippines at JPMorgan Chase & Co. "This wide and deep talent pool is leading the way for new business innovation from the region," he added.

gured campuses in Mumbai and Bengaluru are two of its largest technology and operations centres globally. The firm is estimated to have the largest employee base among GCCs in India.

JP Morgan - the world's largest bank in terms of market cap of around \$450 billion as on December 1 and fifth largest in total assets with \$3.9 trillion as of September end - set up its first corporate centre in India in 2002 with 75 people and now employs more than 50,000 employees across five cities.

For the sake of comparison, mid-tier IT firm Persistent Systems has around 23,000 employees with annual revenues of \$1 billion in fiscal 2023. Several other large GCCs that

have been in the country for many years too are expanding at a breakneck speed. Google is a case in point. The internet giant that set up its first captive in the country in

2004 is building its second largest campus globally in Hyderabad, which will take its footprint in the city to over 6 million sq ft.

INNOVATION CENTRES

Sindhu Gangadharan, senior vice president and managing director of SAP Labs India, said GCCs here are no longer seen as back offices offering support functions to their parent organisations, but as strategic centres that drive breakthrough innovations for customers worldwide. Close to 40% of SAP's global R&D workforce of 15,000 people is based out of SAP Labs India, she said. SAP is also building its second 43-acre campus near the Bangalore Airport in Devanahalli, twice the size of its headquarters in Whitefield, with an occupancy of over 15,000, said Gangadharan who heads SAP user enablement.

In the 1990s and early 2000s, firms came to India purely for cost arbitrage. While cost is still a major factor now, India has become a loca-

because, unlike many other countries, they can scale very quickly here since skilled talent is available in huge numbers along with easy access to huge campuses to house the operations.

These companies are looking for skills ranging from data analytics, blockchain, quantum computing, artificial intelligence, machine learning, natural language processing, and research and development in core engineering sectors, apart from high-level tech leadership roles. There is also demand for non-tech roles in areas like design, legal, financial, humanities and HR for a variety of roles related to developing products as well as managing the business centres.

Global retailer Tesco, which took an early bet on India by setting up its global business services (GBS) centre in 2004, has expanded significantly since then.

Over the last six years, the captive unit has been designing 100% of its global finance processes including tax, treasury, financial planning and analysis, and controls said Sumit Mitra, CEO of Tesco Business Solutions. It also manages commercial contracts, end-to-end supplier life cycle, £3.5 billion payroll and pension, and eight million customer and colleague contacts, along with space, range display, and supply chain management.

"This gives TBS an end-to-end visibility of group's key processes and outcomes and access to rich data, which then is leverage through analytics and science to help support business decisions," Mitra said.

Another reason for the rapid rise in the number of GCCs, expert said, is that multinationals prefer working on some core tasks in house rather than outsourcing them to IT services firms (which may be cheaper), given the sensitivity of data, intellectual property right (IPR), and to retain the competitive advantage.



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