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Global Capability Centers (GCC) | Global In-House Centers (GIC)

Resilience in Uncertain  
World

# GCC Transformation Roadmap

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## Next Wave of GCC Acceleration GCC Transformation Roadmap.

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### Resilience in an Uncertain World

Captives (GIC | GCC) have a fairly long history in Indian IT outsourcing. Multinational corporations have established Captives - Global In-house Centers (GICs) / Global in-house Capability Center (GCC) / offshore engineering R&D (ER&D) centers in India since 1990.

From ER&D (engineering and R&D) operations to start with, the captive model expanded to include BPO services and IT Services. The captives have gone through several cycles of expansion and transformations over a period of time.

However, there has been a significant increase in **GCC Setup** and **GCC Transformations** relating to both expansion of existing captive centres (GIC | GCC | ER&D) as well as setting up of new captive centres. In the recent years GCC's are gaining momentum. GCC' Transformations are emerging in the form of:

- Pure play GCC – Global In-house Capability Centre (GCC)
- Hybrid Mix (GCC and Service Providers)
- GCC => Portfolio Disintegration & GCC DeRisking => In Sourcing.

### Context Setting for GCC Transformation Roadmap

**The resilience of GCC is once again in focus.** After more than a three decade of stable expansion and transformation, the global economy is now in a new period of uncertainty due to COVID19.

- ▶ **“NOT ONE SIZE FITS FOR ALL”.** This PoV is to portray and guide the buyer or parental (GCC) organization on the GCC Transformation acceleration. This indicative GCC transformation roadmap is focused on the key structural levers aiming at structured cost reduction strategies and the strategic alignment between parental organization of GCC and its extended partners.
- ▶ This **indicative GCC Transformation Roadmap\*** is developed and recommended with a set of high-level assumptions, constraints and dependencies that need to be considered in detailed execution planning by the respective GCC'.

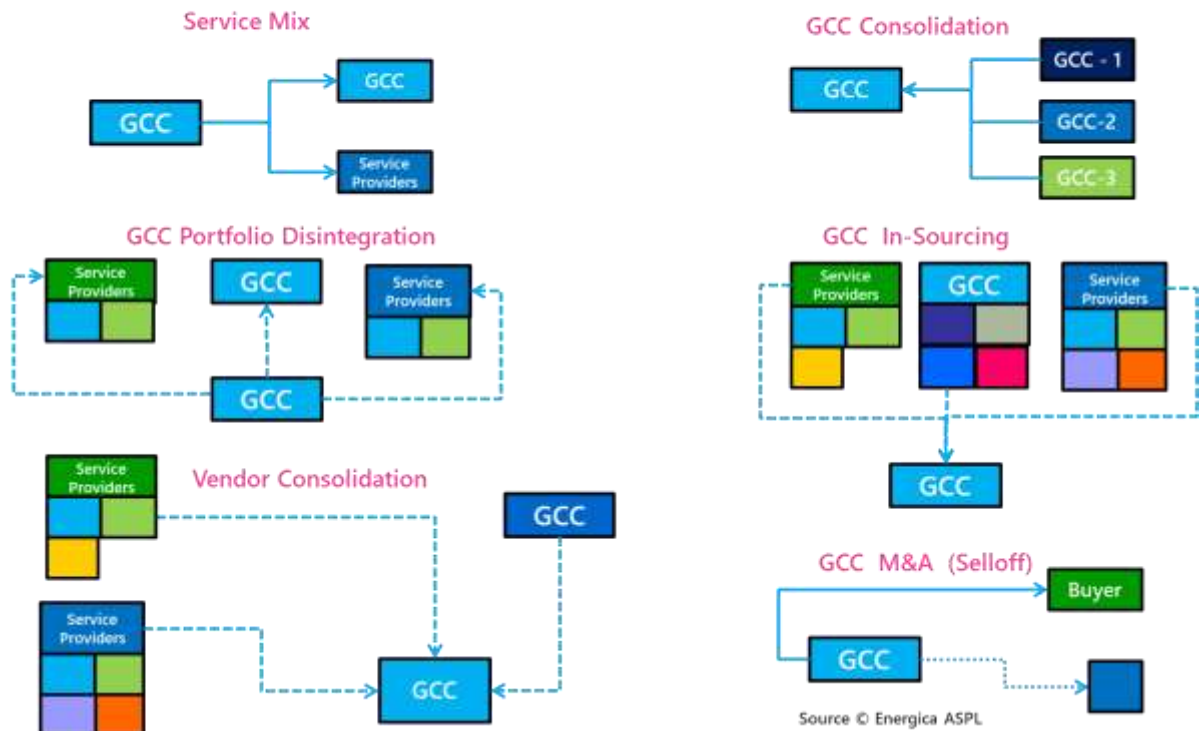
## Next Cycle of GCC Transformations

The resilience of GCC is once again in focus. After more than a three decade of stable expansion and transformation, the global economy is now in a new period of uncertainty due to COVID19.

The COVID19 pandemic is testing this resilience, as dramatic outage, supply base interruptions, business model shifts, huge pressure on the corporate sector combine with the operational issues of managing the remote and multiple-site workforce, WFH challenges and the normal functioning of GCC (Global Capability Centre). This is accelerating the need to relook at their current cost base, operating model and to refine their IT Spend from CAPEX to OPEX.

This resilience forcing the GCC and their parental organization to move towards structural Cost Reduction, identifying and accelerating Sustainable Cost Saving Initiatives to achieve the transformation in the coming years. GCC or the Buyer Organization may choose any of the sourcing transformation categories\*\* as indicated below.

GCC Portfolio Separation | Consolidation | Insourcing | Out Sourcing | M&A | Service Mix  
 6 Possible Sourcing Transformation Categories



The share of digital transformation is also likely to accelerate significantly in coming months & years lead to an increasing urge among GCCs to transform, sustain and succeed.

## GCC Transformation Roadmap

The **GCC Business Strategy objectives and Transformation Roadmap(s)** represent an aggressive approach that will serve as input to formulating an execution plan. GCC's or Buyer Organizations should consider "2020-COVID19 business and financial impact factors" to be accommodated | factored while slating down the GCC Transformation Roadmap.

Key Process Areas & Structural Levers for GCC Transformation	Transformation Impact**							
	Structural Cost Reduction Levers	Digital Transformation	Process Innovation	Technology Management	Service Delivery Management	Change Management	Regulatory	
Workforce Management	10	X	X	X	X	X		
Service Innovation (Products & Services)   Operational Excellence	20	X	X	X	X	X		
Process Management   Process Innovation   Service Delivery Optimization	15	X	X	X	X	X		
Technology Management   Infrastructure Management	20	X	X	X	X	X		
Data Management	5	X	X	X	X	X		
Digital Business Model   Cloud   Automation   Industry 4.0   IoT   Analytics	20	X	X	X	X	X		
Supply Base Management - ReStructuring   Extended Partners   GCC   Third Party Service Providers	30	X	X	X	X	X		
GCC Sourcing Management   Governance   Compliance   Risk	15	X	X	X	X	X		

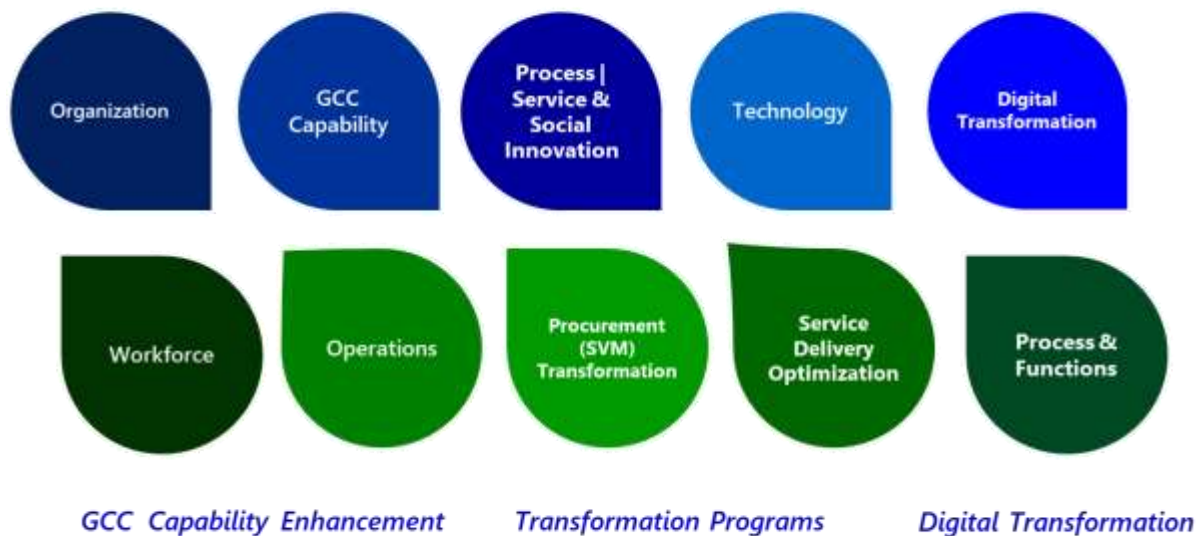
In order to address the high fixed cost challenge GCCs will need to identify and prioritize the initiatives on reshaping the infrastructure and control functions over GCC. These functions account for **20-35% of the overall cost structure in GCCs.**

- ▶ Expected projection on 5-10% of infrastructure cost can be trimmed through **near-term levers** such as discretionary IT change, thirdparty spend, consolidation and reorganization of teams.
- ▶ **Medium-term actions** to tackle structural complexity and move to modern technology could release 10-20% of digital transformation costs, but this will require sustained investment, prioritisation and the buy-in from senior leadership or from the parental organization of GCC.
- ▶ We also anticipate potential opportunity for **step change through leveraging of third-party providers** in the form of service mix or contract restructuring or vendor consolidation or contract negotiation or portfolio de-risking of GCCs as an enabler for structural change in the cost base.

## Structural Levers: GCC Transformation Roadmap

Following are the key structural levers that GCC should focus on to achieve sustainable cost savings and to optimize the current spend. The response strategy of the buyer organization /or/ GCC will vary and depends on the nature of business (industry), services provided, their current operating location(s) and the sourcing landscape.

### Structural Levers for GCC Transformation



Source © Energica ASPL

## GCC Transformation: Key Process Areas & Initiatives\*\*

- ▶ **“NOT one SIZE Fits for ALL”.** This is ONLY an indicative Transformation roadmap to portray the GCC Transformation acceleration and to highlight are the Structural Levers, Key Process areas and the underlying initiatives for GCC Transformation as a reference checkpoint. ***However the transformation strategy may vary from GCC to GCC in line with their current challenges, issues and the opportunities.***
- ▶ This **indicative\*\* GCC Transformation Roadmap\*\*** is developed and recommended with a set of high-level assumptions, constraints and dependencies that need to be considered in detailed execution planning by the respective GCCs.
- ▶ To achieve the business end-states outlined in the operational strategy, the Enterprise Transformation Roadmap has been heavily front-loaded with major initiatives, programs and projects running parallel at the same time with appropriate priorities over a period of 2-3 Years in line with GGC Refined Strategy.
- ▶ The Roadmap needs to be translated into an execution plan which will balance business priorities, investment appetite and organizational capacity (business and IT resources, funding, management focus, etc.)

<b>GCC Transformation Roadmap**</b>			
<b>GCC Transformation : Key Process Areas &amp; Initiatives**</b> <b>**Indicative</b>	Transformation Impact	Transformation Initiatives	Transformation Impact Areas
<b>Organization</b>		Transformation Initiatives	
Strategic Alignment between  Parental Organization VS Extended Partner (GCC)	X	GCC Change Management & Program Governance	Change Management
GCC Capability Transformation* ( Economies of Scale – GCC Geographic Location - Scope – Service Mix ) Business Model ( Markets, Services, Products, Business Functions)	X	GCC Consolidation (Location, Markets, Services, Products, Business Functions)	Cost
GCC Portfolio Disintegration** (De-Risking, Transfer to Third Party Service Provider, In-Sourcing)	X	GCC De-Risking (Portfolio Disintegration , Service Mix)	Cost
<b>Workforce</b>		Transformation Initiatives	
GCC Workforce Management (Employees   Contingent Labor)	X	GCC Staff Augmentation & Process Review	Cost
GCC Workforce Management (Allocation & Training)	X	Contingent Labor and Workforce Allocation & Tracking	Cost
GCC Facility Management   Workforce (Health & Safety)	X	Workforce Health & Safety	Change Management
<b>Operational Excellence   Service Innovation</b>		Transformation Initiatives	
Multi Service Capability + Multi Location Operations	X	Operational Excellence	Service Delivery Optimization
<b>Process Management</b>		Transformation Initiatives	
Process Optimization & Process Innovation	X	Implementation of lean processes   STP } Continual Improvements	Service Delivery Optimization
Process reengineering   Process standardization  Best practices proliferation	X	Continual Improvements	Service Delivery Optimization

Sustainable Cost Saving Initiatives	X	Value driven through standardization, simplification, scale, labor arbitrage, transparency	Cost
<b>Technology</b>		<b>Transformation Initiatives</b>	
Application Portfolio Rationalization across Geographies (APM)	X	Portfolio Rationalization (Applications, Infrastructure, FTE)	Cost
IT Platform Renewal   Migration of applications onto highly standardized and virtualized platforms	X	ADM Spend Reduction + Customization	Cost
Foot Print Rationalization (FTE)   Infrastructure Consolidation across Locations	X	FTE Reductions	Cost
Software Asset Management   SAM   License Fee Optimization		Asset Cost Optimization	Cost
Global Platform Focus   Global management of delivery, infrastructure, technology platforms and process standardization		Reduction of customization rate and of applications and systems	Cost
Cloud Transformation   Cloud Enablement	X	Cloud Enablement & Transformation	Further strategic investments
Cloud Governance & Cost Optimization Strategies	X	Spend Reduction & Optimization	Cost
<b>Product Management</b>		<b>Transformation Initiatives</b>	
New Product Development	X	Products for Emerging and New Markets New Product Innovation	Cost
Product Rollout & Upgrades (Functional Products & SAP)	X	Product Spend Reduction on Customization	Cost
HR & FA Shared Services   Product Rollout Synergies across Regions	X	FTE Reductions	Cost
Cloud Transformation	X	Cloud Enablement & Transformation	Cost
<b>Automation   Cognitive Intelligence</b>		<b>Transformation Initiatives</b>	
Intelligent Automation (IoT, AI, RPA, Industry4.0, Analytics, Big Data)	X	Increase of automation and establishment of standardization'	Further strategic investments
Data Management   Data Governance   BI   Data   Data Initiatives	X	Data Initiatives	Further strategic investments

Procurement Consolidation (Sourcing + Sourcing Management + Category Mgt + Supplier Governance)		Transformation Initiatives	
Procurement function consolidated and centralized with reduction of Extended Partners and single sourcing for all spend categories	X	Financial & Commercial Management	Cost
Services Commoditization   Service Mix (GCC + Service Providers)   GCC Location Consolidation	X	Financial & Commercial Management	Cost
GCC Insourcing & Scale up Synergies   M&A   Optimize Global Service Delivery Footprint	X	Financial & Commercial Management	Cost
Supplier   Partner Consolidation	X	Financial & Commercial Management	Cost
Negotiation Intelligence   Contract Restructuring   Contract Renewals   Price Restructuring	X	Financial & Commercial Management	Cost
Sourcing synergies   Standardization of processes and tools across Procurement Functions (SVM   Contract Management   T&E   FCM   Collaboration Tools)		Sustainable Cost Saving Initiatives	Change Management
Value Management Reporting for Strategic Initiatives	X	Financial & Commercial Management	Cost
Sustainability Strategy & Reporting (SDG   ESG   CSR   GRI)	X	Sustainability Reporting (ESG   GRI   SDG   CSR)	Further strategic investments

## Redefining Synergies & Way Forward

While this Roadmap will be a valuable IT planning and management tool, it is important to understand both its benefits and its limitations. Although the **GCC Transformation Roadmap (Enterprise Capability (AS-IS) & Transformation Map (To-Be))** provides an actionable compass for future investments, detailed execution planning needs to occur before projects can be initiated as a part of the GCC Transformation Journey.

The response strategy of the buyer organization or GCC will vary and depends on the nature of business (industry vertical), the services provided, their current operating locations, their current challenges, and issues, the opportunities faced by GCC, sourcing landscape and the appetite to accommodate both business and digital transformation.

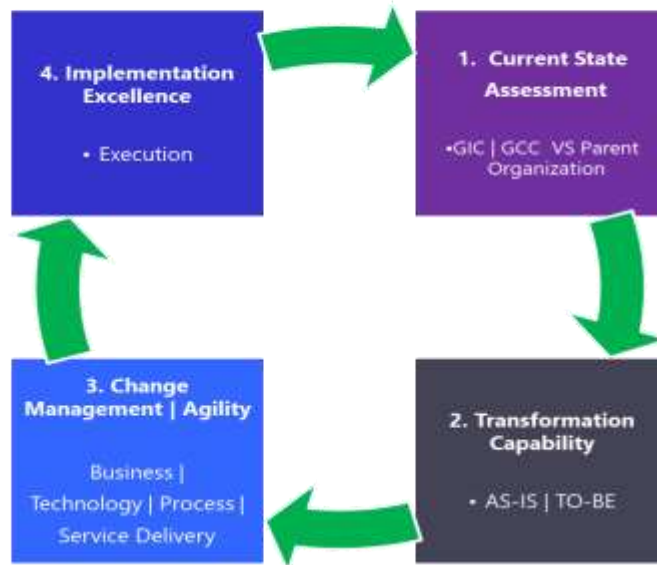
## Energica' Transformation Advisory Services

*Learn more about Energica' GCC Transformation Services, Products, Solutions Accelerators*

### Energica' Capability Driven Transformation Strategies for GCC's

#### How We help GCC' to achieve the Transformation?

Energica' Approach and Methodology\* will be refined based on the client' actual scope and requirements



*We would love to hear from you and show you how our digital platforms and automation solution accelerators like ACTIVAS G+, RFX Procure, AP Grove, The Negotiator and our Analytics Services can help your GCC management team to deliver benefits and strategic value very quickly through its Supplier Governance & transformation services.*

Energica ASPL : Portfolio of Services  
 Our Service Offerings & Solutions



For further details /or/  
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