Global Capability Centers Study

The GCC Landscape Today
Changes Driven by Costs and Talent

More than ever, market activity for global capability centers is at a peak. This pace of change shows no signs of slowing due to tight labor market and intense cost optimization pressures. Of the enterprises in our study:

- 18% are using GCCs for IT operations;
- 80% have GCCs for corporate functions such as procurement, payroll, or sales and marketing; and
- 63% have GCCs running industry-specific operations.

Planned GCC Changes
Long-term Journey to Expand or Consolidate

Within 24 months, as many enterprises plan to expand GCC capacity as to consolidate operations, the latter mostly via automation. Those expanding plan to continue, while most of those consolidating are only part way through rationalization. Though polarized, these strategies are both mostly motivated by reducing costs.

Primary Benefits of GCCs
Value Beyond Cost

Nearly all GCCs are delivering cost savings—so enterprises now want benefits like innovation and market differentiation. But for some, other factors must be addressed first. Respondents said using a GCC to run operations improved costs, but 20% reported a decline in quality and customer experience, and 25% said employee experience worsened.

Top Improvements Needed from GCCs
Roles Disagree on How to Retain Talent

Enterprises must ensure cost savings don’t come at the expense of alignment with the business. Finance and board-level roles say the number one challenge is employee attrition. Others in the business want to focus on cultural alignment to achieve retention of staff and skills.

Contact us for a readout of this study. If your organization needs help navigating the technologies, processes and culture needed to refocus your initiative, ISG can help.