

Digitalisation – A new beginning for global capability centres

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Global Capability Centres or GCCs, are testimony to India's position as an offshore development powerhouse in the global economy. The 1400 plus GCCs currently in India and another 500 new ones expected to be launched over the next couple of years underline the confidence that global enterprises have reposed in India's technically sound resource pool to meet and enhance their technology needs. The wave of digitalization that is engulfing these organizations is the perfect opportunity for GCCs to pivot from just delivering cost-effective offshore services to propelling revenue generating change initiatives.

However, the shift from offshore delivery to new value creation is quite dramatic and calls for deliberate strategies on the part of the GCC leadership. Discussions with GCC leaders point to three such strategies:

- **Drive ‘Purposeful innovation’ – Engage with the business stakeholders to understand their challenges, identify opportunities that can be delivered through technology and work with the Start Up ecosystem in India and overseas to establish differentiation.**
- **Shift from ‘Projects’ to ‘Products’ – Adopt a delivery model that necessitates business and technology teams (virtual or physical) to own the conceptualisation, design, and delivery of ‘products’ that are measured on the basis of business outcomes.**
- **Invest in ‘Persistent leadership’ – Work towards changing mindsets and behaviours of leaders at the GCCs by building a culture of psychological safety and encouraging individuals to challenge conventional thinking.**

Let us delve into each of these in detail.

- **Innovation as a vehicle of differentiation: GCCs with their technical capabilities, can become crucibles of innovation to solve business challenges and create new opportunities. But for innovation to be of business relevance, it must be delivered in close proximity to markets and customers. It also requires dedicated budgets, which GCCs as cost centres would find difficult to secure. Therefore, the proposition of GCCs driving innovation sounds tenuous.**

GCCs can however change the game through ‘Purposeful Innovation’. To be relevant to their business partners and customers, GCCs need to

gather ideas for business innovation from end users and build a portfolio of potential opportunities. Showcasing these to business partners helps demonstrate business understanding and due diligence, which builds confidence and trust. A well-articulated agenda that resonates with their stakeholders can secure business sponsorship and unlock a dedicated financial outlay for innovation towards digital transformation. For instance, the GCC of a leading Japanese player in the business of Entertainment, Technology and Services, introduced a wrist-based technology solution to gauge the emotions of the audience at pre-screening or movies. This helped the company collect data on the impact created by specific scenes and make necessary changes to the content. The proof-of-concept was a powerful indicator of the GCC's capability and unlocked financial resources needed for a full-scale rollout in the company.

- Delivery as a vehicle for value creation: Success in digital business demands dynamicity – the ability of enterprises to address changing customer preferences and market conditions by capitalising on shifts in technology. This requires agility both in thought and action to launch new products and services in short periods of time, which conventional projects with their linear approach to delivery will not support. The need to pivot to new ideas and convert opportunities into tangible outputs demands constancy of teams that is possible only if temporary project teams are replaced with more permanent team structures, or in**

other words, a shift in the delivery model from 'Projects to Products'.

A leading American farm equipment manufacturer has adopted this model successfully. Co-located teams of business users and technology representatives from the GCC own 'products' such as 'Sales productivity enhancement' or 'supply chain optimisation'. 'These teams are responsible for conceptualisation of the opportunity, managing the budget, the delivery of results and thereafter, sustaining them. Each multi-functional team works on multiple sprints, creating a Minimum Viable Product (MVP) and nurturing it further in subsequent sprints. This integrated model of technical teams being responsible for business outcomes, positions the GCC as a critical player in creating and sustaining value.

- The Role of GCC Leadership: Transforming the culture is an essential ingredient for Digitalization. GCC leaders must propagate an atmosphere of Psychological Safety where individuals can voice opinions, challenge views, and assume newer responsibilities, towards a new working order. In order to move up the ladder of value creation, the GCC Head of a leading French Bank has through 'Persistent Leadership', brought about a change in the working, thinking and behaviours of this reports beyond just delivering services from offshore. The focus at this GCC has shifted towards influencing and managing business**

stakeholders, by demonstrating strategic thinking and business acumen and through effective communication.

In summary, Digitalization initiatives undertaken by the parent offers GCCs the opportunity of strategic partnership with their business. By building teams that look beyond technology delivery, through investments in developing relevant future capabilities and with a commitment towards transformation, GCCs can raise the bar higher and rightfully establish themselves as true value creators.