

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.

96%

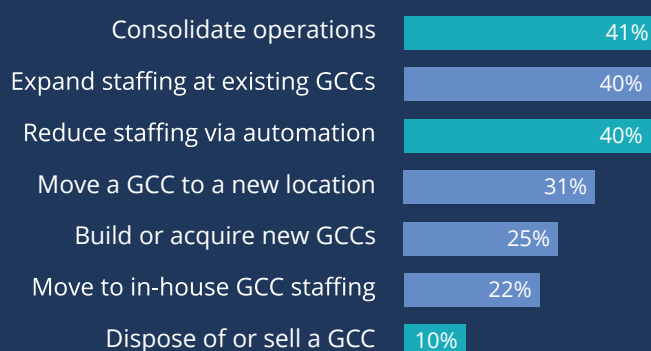
have changed GCC locations or capacity in past 2 years

Reimagining GCC investments today means not only building or expanding GCCs, but also exiting or monetizing GCCs that don't provide ROI.

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.

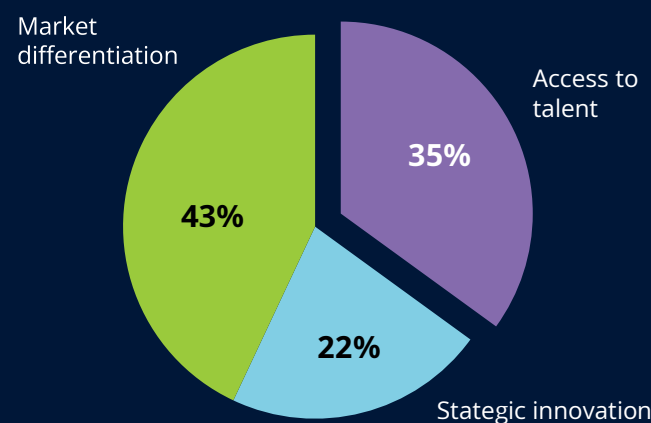


Note: Multiple responses allowed; will not add up to 100.

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.

	In-house	Outsourced
1	Mgmt & comms	Quality & compliance
2	Talent & training	Proactive innovation
3	Aligning culture	Mgmt & comms
4	Structure process	Talent & training

301 executives in G2000 firms interviewed from US, Europe and ANZ with at least one global capability center.

33% board-level roles including CEO, CFO, COO), 18% shared services, 16% finance/procurement, 14% IT, 19% other.

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.