VIEW POINT

FROM COST CENTER TO TECH POWERHOUSE: TRANSFORMATION GUIDE FOR AI-FIRST GCCS

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Global Capability Centers (GCCs) have reached a pivotal moment in enterprise evolution. Originally established as back-office units supporting functions such as technology development, finance, HR, and customer service, GCCs were long measured primarily by headcount. Over time, that traditional metric lost relevance as GCCs evolved into hubs for innovation and business transformation. Their value proposition shifted from delivering scale to creating higher-order impact. Today, GCCs deliver end-to-end business outcomes, act as innovation engines, and serve as strategic sandboxes for enterprise initiatives, especially in areas like data, platforms, Artificial Intelligence (AI), and digital products.

Today, this evolution faces its most significant test. With emerging technologies such as AI making their mark in digital transformation, GCCs must face an uncomfortable reality: evolve into AI-first entities or risk obsolescence. For India's GCC ecosystem, projected to reach $110 billion by 2030, this shift is particularly urgent. A passive wait-and[1] see approach to AI adoption is no longer viable. The imperative is clear: centers must grow into AI-native intelligence hubs, or risk fading as cost-arbitrage models erode and enterprise value shifts toward higher-order capabilities.

CRACKS IN THE GCC MODEL

India is the world's leading GCC hub, yet they face a set of structural challenges: The very advantage that made GCCs successful, cost arbitrage and scale, is now eroding.

Talent constraints are the most immediate concern. Attracting and retaining high-demand AI and analytics talent remains difficult as competition intensifies. In Tier-1 cities, AI talent demand outstrips supply by 2x. As of 2025, the market faces a reported 42% talent shortfall relative to demand, a gap that is expected to widen further.[2]

Cost and operating pressures are also rising. Wage inflation, currency volatility, and infrastructure limitations continue to diminish the traditional cost-arbitrage advantage, shifting expectations toward measurable business impact.[3] Wage inflation in India has risen 8–10% annually, eroding cost advantage by up to 20%.[4] These pressures are even more pronounced for GCCs, which are projected to see an average salary hike of 9.5% in 2026.[5]

Regulatory and risk complexity spanning data protection, labor, transfer pricing, and emerging AI governance adds further strain. Simultaneously, increasing reliance on AI and third-party ecosystems heightens exposure to cybersecurity threats, ethical dilemmas, and model governance challenges.[6]

Together, these pressures signal a clear inflection point, requiring fundamental shifts in operating models, talent strategies, and leadership mindsets.

SIX PILLARS OF TRANSFORMATION

AI-driven transformation in GCCs cannot be achieved through a single technology purchase or a simple team restructuring. It demands coordinated change across the entire operating model.

People and Capability

A differentiated talent model that blends deep domain expertise with AI and data science skills, supported by globally scalable leadership and talent pipelines aligned to higher-value mandates.7

Tools and Technology

An enterprise-grade AI foundation encompassing Generative AI, data, and automation platforms, designed to integrate seamlessly across business functions and support measurable enterprise outcomes.8

Processes and Workflows

Digitally enabled, end-to-end workflows that simplify handoffs, enable human-machine collaboration, and eliminate non-value activities.9

[1] https://community.nasscom.in/communities/gcc/how-ai-and-indias-next-gen-workforce-are-transforming-gccs-global-innovation
[2] https://analyticsindiamag.com/ai-news-updates/ai-and-platform-engineering-face-42-talent-gaps-in-indian-gccs-quess-corp/
[3] https://www.sciencedirect.com/science/article/pii/S0970389625000473
[4] https://timesofindia.indiatimes.com/business/india-business/companies-eye-up-to-9-average-pay-hike-next-year-survey/articleshow/124374815.cms?utm_source=chatgpt.com
[5] https://gcc.economictimes.indiatimes.com/news/industry-trends/indian-gccs-to-witness-95-salary-increase-in-2026-surpassing-the-average-hike/124361514
[6] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/05/gccs-in-india-building-resilience-for-sustainable-growth.pdf
[7] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/05/gccs-in-india-building-resilience-for-sustainable-growth.pdf
[8] https://www.mckinsey.com/featured-insights/future-of-asia/future-of-asia-podcasts/global-capability-centers-from-execution-to-transformation

Training and Knowledge Transfer

A scalable learning architecture that embeds AI literacy, role-based upskilling, and contextual knowledge transfer into daily work, enabling sustained capability evolution.10

Change Management and Culture

An operating culture that reinforces trust, accountability, experimentation, and cross-functional collaboration, enabling consistent adoption of new ways of working.11

Governance and Ethics

Clear governance mechanisms that ensure responsible AI adoption through strong controls on data, security, ethics, and regulatory compliance.12

Among these pillars, technology is rarely the limiting factor. Culture and governance are the hardest levers to shift; neglecting them is one of the most common reasons AI initiatives fail to scale.

AI transformation is clearly not a "buy a tool and deploy it" exercise. It is a holistic, coordinated effort across all the six pillars to make AI an enterprise-wide engine of value rather than a siloed initiative.

TRANSFORMATION AT SCALE: THE INFOSYS EXPERIENCE

Real transformation begins with leadership. When Infosys recognized that AI would fundamentally reshape productivity and delivery models, it didn't buy a tool; it rewired and initiated enterprise-wide change. The company deployed AI-enabled platforms, redesigned core workflows, restructured delivery models, and invested heavily in enterprise-wide reskilling, with disciplined execution across platforms, workflows, and talent.13

This experience demonstrates how established organizations overcome legacy systems and entrenched ways of working. The navigation of technological complexities, embedding AI into enterprise operations, alongside organizational realities of governance, reskilling, and change management, provides a credible reference point for guiding GCC transformations with clarity and confidence.

A PHASED STRATEGIC APPROACH

Transforming an established GCC with AI requires deliberate and focused action, delivered through the following four coordinated phases.

Phase 1 Assess Readiness:

Establish a clear baseline through an audit of talent, technology, processes, and culture to identify readiness gaps, risks, and high-impact opportunities.14

Phase 2 Design Blueprint

Develop a tailored transformation roadmap with defined Key Performance Indicators (KPIs) and phased investments across the five pillars of people, tools, processes, training, and change management.

Phase 3 Execute in Parallel

Deliver transformation across all pillars simultaneously, redesigning processes, deploying AI tools, and reskilling teams in tandem to ensure immediate adoption and impact.

Phase 4 Govern and Iterate

Establish continuous governance by measuring outcomes against new performance metrics such as first-time-right, cycle time, and cost per transaction, and using real-world results to refine AI models, training programs, and workflows.

The era of scale-led GCCs is over. AI-driven transformation now defines the path to relevance. Enterprises that adopt this blueprint can achieve transformative outcomes, such as 25–30% cost savings, 3–5x faster deployment, and up to 40% fewer incidents, by embedding AI at the core of GCC operations.

[9] https://www.mckinsey.com/featured-insights/future-of-asia/future-of-asia-podcasts/global-capability-centers-from-execution-to-transformation
[10] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/05/gccs-in-india-building-resilience-for-sustainable-growth.pdf
[11] https://www.mckinsey.com/featured-insights/future-of-asia/future-of-asia-podcasts/global-capability-centers-from-execution-to-transformation
[12] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/05/gccs-in-india-building-resilience-for-sustainable-growth.pd
[13] https://www.infosys.com/newsroom/press-releases/2025/unveils-ai-first-gcc-model.html?soc=smo_In_PR_Launch_Brand_banner_17112025_b873efca0d81af413902baf523e3f82e_Iq_Iq
[14] https://web-assets.bcg.com/66/c2/16f4539648f0a6a455ce5058f7f2/rewriting-the-global-capability-center-playbook.pdf
[15] https://www.snsinsider.com/reports/ai-enabled-global-capability-center-market-4722#:~:text=AI%2DEnabled%20Global%20Capability%20Centers,to%20build%20robust%20data%20infrastructures

THE MOMENT OF DECISION

The AI-enabled GCC market tells a compelling story: from $32.78 billion in 2023 to a projected $211.08 billion by 2032 at a 21% compound annual growth rate (CAGR). This growth signals fundamental industry transformation, not incremental change.

The time to act is now. Integrating AI, reskilling thousands of employees, and redesigning cross-functional processes is complex, but skipping this window risks leaving GCCs unprepared to meet future demands. The question is no longer whether GCCs will transform with AI, but whether they will do so strategically or scramble to catch up.15

The right partner makes the difference between transformation and disruption.

[15] https://www.snsinsider.com/reports/ai-enabled-global-capability-center-market-4722#:~:text=AI%2DEnabled%20Global%20Capability%20Centers,to%20build%20robust%20data%20infrastructures

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