

SOLVING THE MID-MARKET GCC GAP

Mid-market Global Capability Centers are booming, but they face some big obstacles to deliver true transformational value.



When General Electric, British Telecom, and other behemoths of industry first set up big capability centers in India, tapping the impressive volumes of educated and affordable talent, and in the process, rewriting the rules of globalization, it seemed a strategy that only global giants could access and afford.

Fast forward a few decades and that assumption has been turned on its head. Now, 45% of Global Capability Centers (GCCs) in India are set up to support 'mid-market'¹ firms in North America, Europe, Australia, New Zealand, and even Japan and Singapore.

This mid-market comprises parent firms with revenues between \$100 million and \$5 billion. GCCs set up in this bracket now employ over 210,000 people in India, the home of the GCC model, where such mid-market GCCs are projected to grow annually between 8% and 10%.²




Unlike their larger counterparts, these centers are driving more transformative innovation and doing it at a faster pace.

Partly this is because they represent a new generation of GCCs, founded in a mature market where GCCs are increasingly seen as global hubs of digital and AI innovation, rather than just a location for cheaper staff.

This more recent evolution of the GCC model was spurred by the pandemic-era and coincided with the rise of mid-market companies founding capability centers in India and globally.

FIGURE 1: THE EVOLUTION OF GCCs FROM 'SHARED SERVICE CENTERS' TO 'INNOVATION HUBS'³

The 3-Phase Evolution Framework for GCCs

 Phase 1: Cost arbitrage	 Phase 2: Hyper automation and productivity	 Phase 3: Innovation and transformation centers
Early 2000s to 2013	2013 to 2023	2023 onwards
Building capability of functional/technical GCCs to capture cost efficiencies	Productivity gains via AI and intelligent automation	AI and innovation-led business value creation
Value delivery on cost efficiency, quality, and offshore talent access	Embedded AI/Gen AI to automate workflows and augment workforce	Dedicated CoEs to build Agentic AI/Gen AI use cases at scale
Key metrics focused on cost and talent management	Intelligent agents that reason, code, and self-optimize for operational efficiencies	GCCs build reusable agents, orchestration layers, and foundation model ops
	Shift from transactional execution to AI-powered decision support	Outcome-driven GCCs catalyze innovation across the entire client enterprise

¹<https://www.everestgrp.com/in-the-news/mid-market-firms-may-drive-indias-gcc-growth-numbers.html>

²<https://www.everestgrp.com/in-the-news/mid-market-firms-may-drive-indias-gcc-growth-numbers.html>

³<https://www.jll.com/en-in/guides/gcc-office-guide>

During the first wave of GCCs, the focus was 'cost arbitrage'. Global capability centers were established with a command-and-control structure, with productivity gains at lower costs being strategic drivers.

The next wave saw a delivery of increased productivity – rather than just lower input cost. This was achieved as early Artificial Intelligence (AI) and intelligent automation tools were embedded into the operations and technology teams. Workflows were automated, and there was a shift from transactional execution to AI-powered decision support.

We are now firmly in the third wave of AI-and-innovation-led business value creation: GCCs are fostering dedicated Centers of Excellences (CoEs) that build Agentic AI and Gen AI use cases for deployment at scale. Agentic technologies such as reusable agents, orchestration layers, and foundation model-driven ops are helping GCCs catalyze innovation across the entire organization globally.

This puts GCCs at the heart of innovation for many global companies. Mid-market GCC leaders that have achieved this vision tend to grow 20% faster than their larger counterparts, fueled by sharper, more focused global charters, and closer alignment with the parent leadership with respect to reporting.

THE MID-MARKET GCC GAP

Yet mid-market GCCs face a big barrier to achieving this vision. Reaching phase 3 requires a GCC to attract and retain some of the smartest and highest performing innovative technologists. Mid-market GCCs can face an uphill struggle here. Because while the depth of such talent is strong (and growing) in India and globally, the competition for this top talent is more so.

In many ways it is the mid-market GCCs' size that plays against them in the fight to win over hearts and minds of the best technologists globally. Most of these GCCs employ between 50 and 500 people,⁴ as compared to the tens of thousands that some of the largest GCCs can muster.

Larger GCCs leverage their global brand and scale to attract candidates and offer a stronger Employee Value Proposition (EVP) through competitive pay, benefits, and career growth opportunities. Their size also enables richer training programs and clearer paths to senior roles.

In contrast, smaller GCCs often struggle to match these benefits, making it harder to compete for top talent.

There is a lot of pressure to fix this problem amongst mid-market GCCs as this segment of the market is most likely to want to achieve Phase 3 maturity quickly.

This accelerated pace of evolution in the mid-market is driven partly by more ambitious and less patient owners. Today, 50% of mid-market GCC owners are Private Equity (PE) firms, a sub-segment of the market that is growing at twice the pace (15% to 25% annually).⁵

PE firms' tighter timelines and bigger ROI expectations require GCCs to scale and unlock transformational value quickly. Unlike traditional GCCs, where transformation from phase 1 to phase 3 often unfolds over years, PE owners typically look to achieve the benefits of this last stage from day one.

Getting the EVP model right is critical to achieving these ambitions.

⁴<https://community.nasscom.in/communities/nasscom-insights/nasscom-indias-gcc-leap-powering-global-mid-market-momentum>

⁵<https://ansr.com/ebooks/gccs-for-all-the-mid-market-expansion/>

HOW MID-MARKET GCCs CAN THRIVE

The panacea for all of this is a shift in perspective. Mid-market GCCs can use their size as their strength. Importantly, they don't have the legacy of Phase 1 GCCs and therefore can jump to a higher evolutionary stage quicker. But their size can also be used to attract strong talent by both placing strategic roles in their structure, while also emphasizing the growth and career opportunities that come with smaller, more nimble organizations.

We propose the following 4-point framework for mid-market GCCs to not just survive but to thrive:



Value Creation Focus

Move beyond cost arbitrage from day one. Plan a phase-2 (hyper automation-driven productivity focus) launch from inception. Start with an ambition to leverage AI and automation with the help from third-party service providers, with a greater focus on building products and fostering innovation from day one.



Global Role Design with Focus on Specialist Roles

Create positions that offer real career progression for niche talent in AI, cloud, cybersecurity, IoT, and data science. Work with HR teams to build compelling career paths, including integration with the global innovation teams.



Enterprise Integration

Expand the functional scope of the GCC by creating integrated innovation teams that include members from technology, operations, and business, so that the GCCs emerge as a global hub for product, engineering, and leadership and deliver real business value to the parent enterprise.



Revenue Impact Design

Plan for your GCC to house capabilities in talent and infrastructure that directly influence top-line growth, rather than focusing only on bottom-line savings.

MORE STRATEGIC, AGILE, AND TRANSFORMATIVE

Visionary mid-market GCC leaders are well on their way in this journey, fueled by sharper, more focused global charters, and closer alignment with the parent leadership with respect to reporting.

But many are still at risk of making the same mistakes that their larger GCC cousins have toiled with in the past.

To build a truly transformative and strategic innovation hub, mid-market players must place strategic roles in their GCCs and invest in them not as cost-centers that convert to innovation hubs – but build from the ground up a structure that embeds automation, AI, innovation, and strategic change from day one.

SOURCES

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