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GIC Landscape in India… Leadership in the Digital Era

23 April 2015

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Agenda

- The GIC landscape in India – cross-sectional analysis
- Emerging trends in GIC landscape
- Future outlook
- NASSCOM GIC Council

2010 to 2015: The journey

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NASSCOM's first detailed GIC landscape study was in 2010

2010		2015
Cost Arbitrage	→	Cost + Business Value
750 GICs	→	>1,000 GICs
Standardisation, Productivity improvement	→	Enhanced value
Silo-ed functioning	→	Integrated with global teams
India: An offshoring option	→	India: An imperative

GICs in India: Snapshot

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>1,000	Number of GICs in India
USD >19 bn	GIC revenue
745k	Direct employment
59%	Share of ER&D/SPD GICs (largest segment)
14%	GICs with >1,000 employees

Note: ER&D/SPD = Engineering and Research & Development/Software Products

Integral part of India's IT-BPM industry

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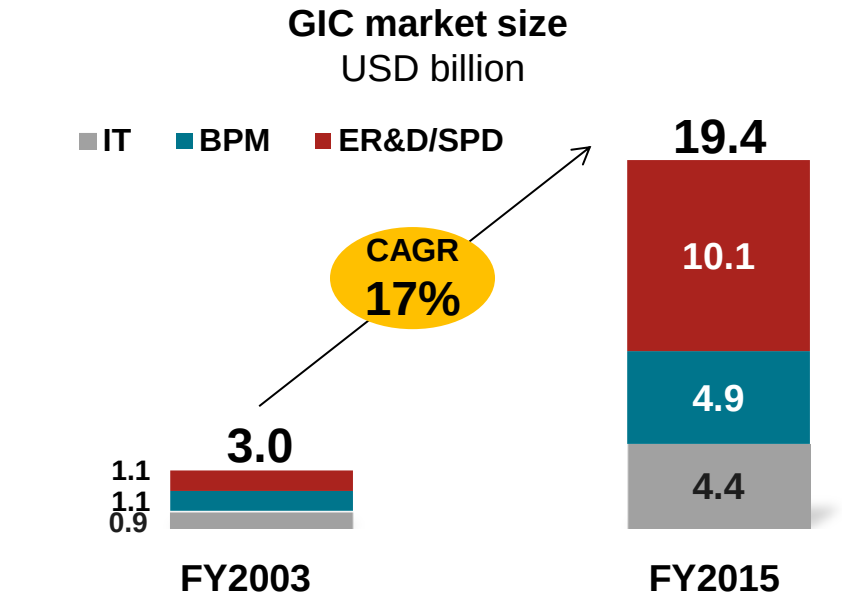

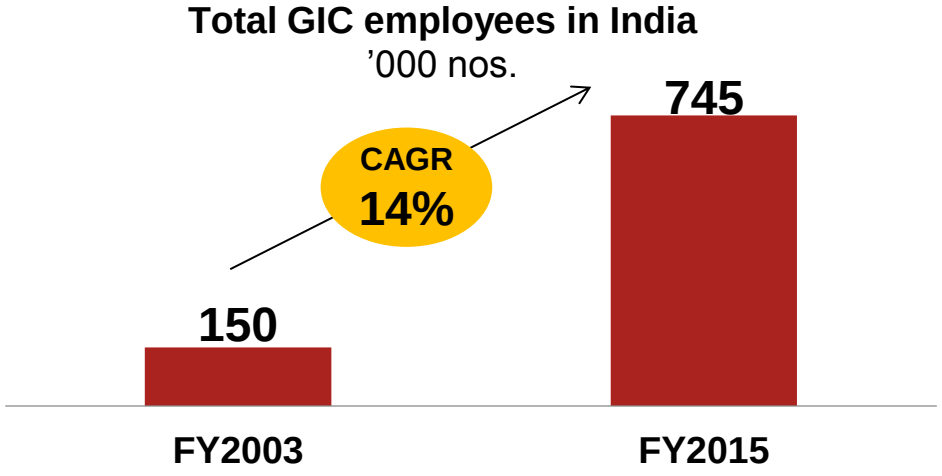

- Revenue: One-fifth of IT-BPM exports
- Employees: >25 per cent of total export employees
- 1 per cent relative to India's total GDP
- ~220 new GICs set up since 2010
- >25 per cent of GICs present in multiple locations in India

GIC landscape in India

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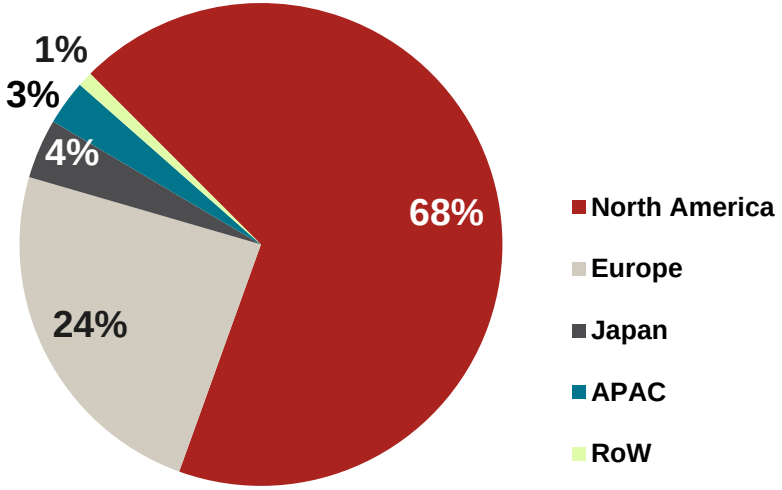
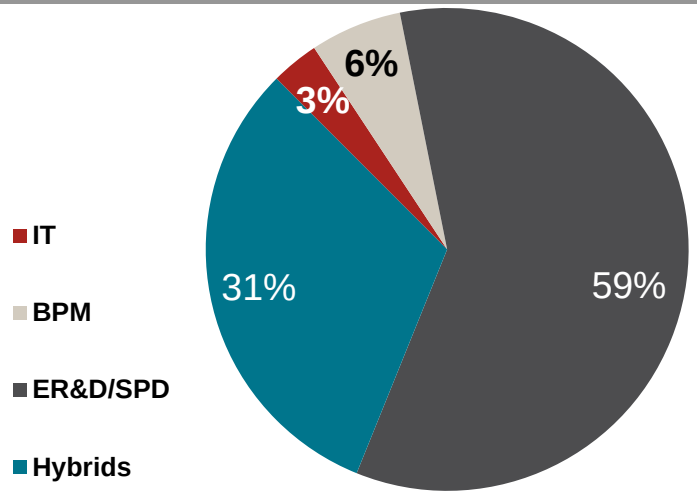
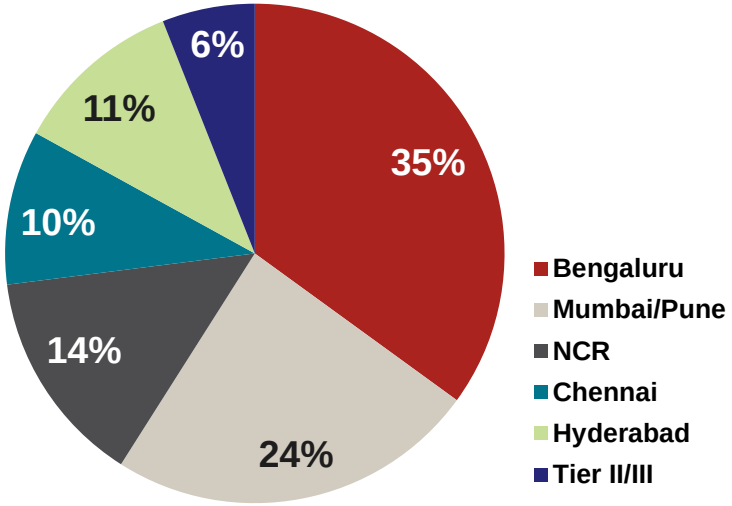
GICs by Headquarter location, FY2015



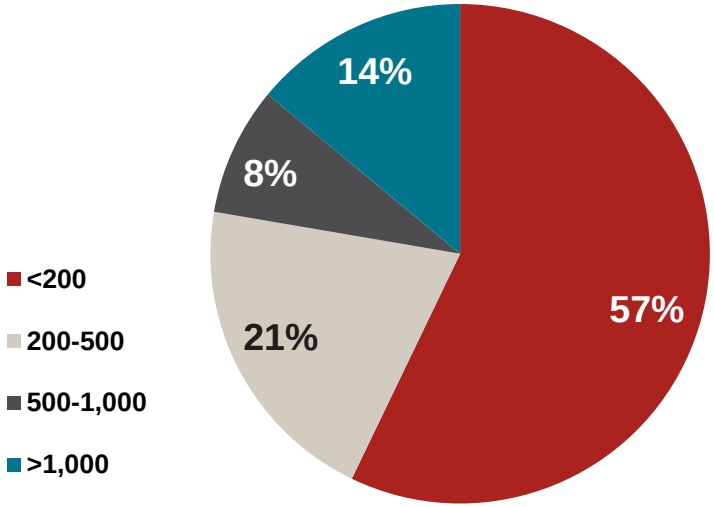
Number of GICs by category, FY2015



Location wise split, FY2015



Headcount range of GICs, FY2015



Note: 100% = 1,026 nos.

Building capabilities in domain and digitisation (1/2)

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Digital Transformation

- **India: The <u>2nd largest destination</u> (after the US) to setup a centre for digital transformation**
- **GICs enabling digitisation for their parent firm in <u>six major areas</u>:** Customer targeting & engagement, Workforce & Partner enablement, Operational excellence, Supply chain optimisation, Risk management, Digital products & services

New Governance Structures

- **GIC value proposition beyond cost – productivity and Efficiency parameters, Value creation, Enabling digital transformation, IP creation, emerging market focus, complete vendor management, etc.**
- **Following <u>Accountability-driven</u> model – playing a key role in strategic decision making at the global level**

CoEs

- **<u>Build and run a CoE</u> - emerging as the new mandate for GIC leaders**
- **India is home to <u>>100 CoEs</u> across verticals**
- **Three CoE models: Market (lines of business, geography), Competency (technical, domain), Strategy (tactical, futuristic)**

Building capabilities in domain and digitisation (2/2)

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Multi-function Centres

- GICs emerging as multi-function centres – part of end-to-end process
- Increased collaboration between teams leading to mutual adoption of best practices
- Increasing presence of GICs from geographies like Middle east, Japan, Korea, Germany, Western & Continental Europe

Scale

- Leading MNCs have >35% of technology workforce operating out of their India centre
- GICs building process capabilities in India and scaling in other geographies
- For many MNCs, the India centre is the largest GIC outside the HQ location

Ecosystem Connect

- Innovative companies: Collaborating through Partnerships, Intrapreneurships/Accelerator programs, Funding programs
- Academia: Increasingly, GICs partnering with academia for R&D, Training & Curriculum design, Sponsored infrastructure (labs), Consulting, etc.

GICs: Road Ahead

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1. **Leading GICs providing leadership in Digital Transformation**
   - **Partner in Global Digitization strategy**
   - **Simplicity & Agility in IT**
   - **Developing leaders to be part of Digital world**
2. **Focus on delivering business impact to the global enterprises**
   - **Enhancing NPS and Stakeholder experience**
   - **Capacities to provide Omni Channel Customer experience**
3. **Pacing the Innovation journey to build capacities for Digitization**
   - **Leverage the local Start-up ecosystem**
   - **Foster Corporate Acceleration program with Startups**
   - **Augment product development**
4. **Stronger community interaction ; Leverage NASSCOM umbrella**
5. **Establishment of Big Data Laboratory to provide Analytics**

NASSCOM GIC Council – 2015-16 key priorities

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Objectives	Initiatives	Activities
• Enhance the Digital capabilities of GICs in India to build credible GIC destination beyond arbitrage • Promote model of collaboration • Enable Tier 2 / Tier 3 locations and new GICs • Build Talent pool for high end skills • Evangelize excellence for emerging	**Attracting more GICs to India**	• GIC Acceleration program • Country Councils- Japan, **Germany** • Engagement with USIBC, IGCC etc • Build high end skills like Analytics
	Building GIC Eco system	• Knowledge share sessions • Enterprise Connect • Research support • Policy Advocacy

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Thank You