



# Global Business Services - Are you making a difference by being different?

EY Point of View



The better the question. The better the answer.  
The better the world works.



Building a better  
working world

# India - #1 GIC Destination

India is the No.1 destination for Global In House centres, with over a 1000 centres across the country

World's **fastest growing and 7th largest** economy

One of the **Most** attractive FDI destinations in the world

**Youngest** country in the world by 2020 with **median age of 29**

**Second largest** pool of English speakers in the world

**World's largest pool of employable graduates** - slated to rise to more than **45 million by 2024**

Holds about

**55%** of overall **global business services** market

BPM exports at

**USD 26 billion** and growing **~8%**

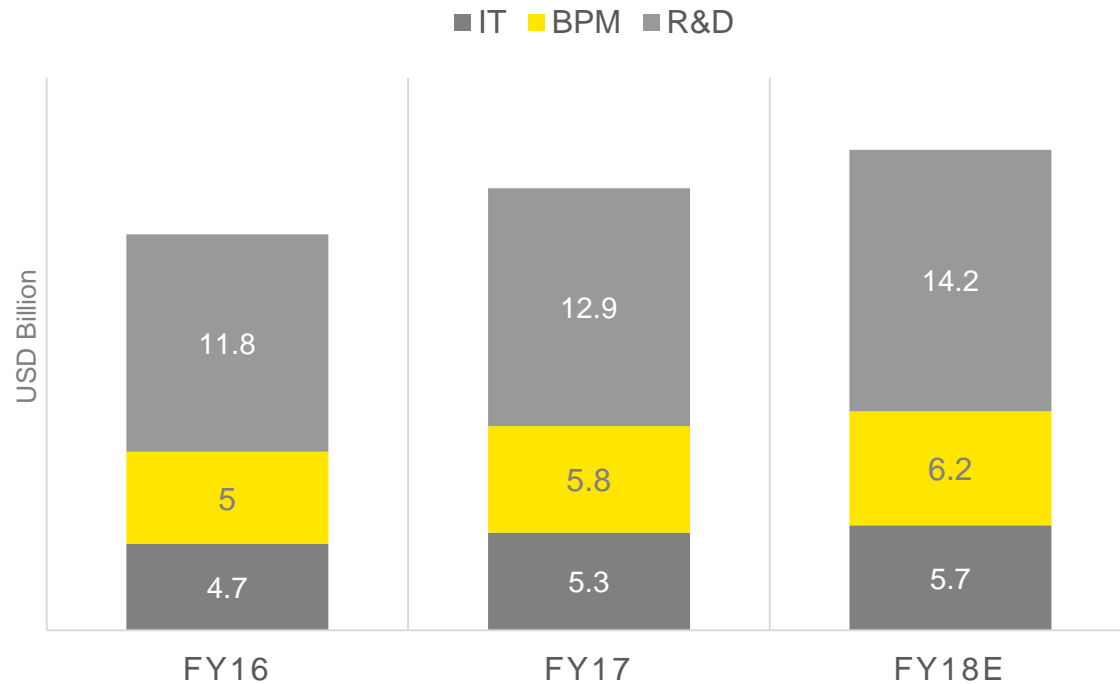
At least **8-10x** lower cost **BPM services** than source countries

Over **100 Tier II/III** cities poised for growth, expected to provide significant fillip to the BPM industry




Source: Planning Commission of India, NASSCOM Strategic Review 2017  
Business Process Management/Outsourcing

# The Indian GIC landscape has been evolving over years

## GIC MARKET IN INDIA



### As on 2017

|                  |  R&D |  BPM |  ITO |
|------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| # GICs           | 900+                                                                                    | 500+                                                                                    | 380+                                                                                      |
| # Talent of GICs | ~326,000                                                                                | ~350,000                                                                                | ~200,000                                                                                  |

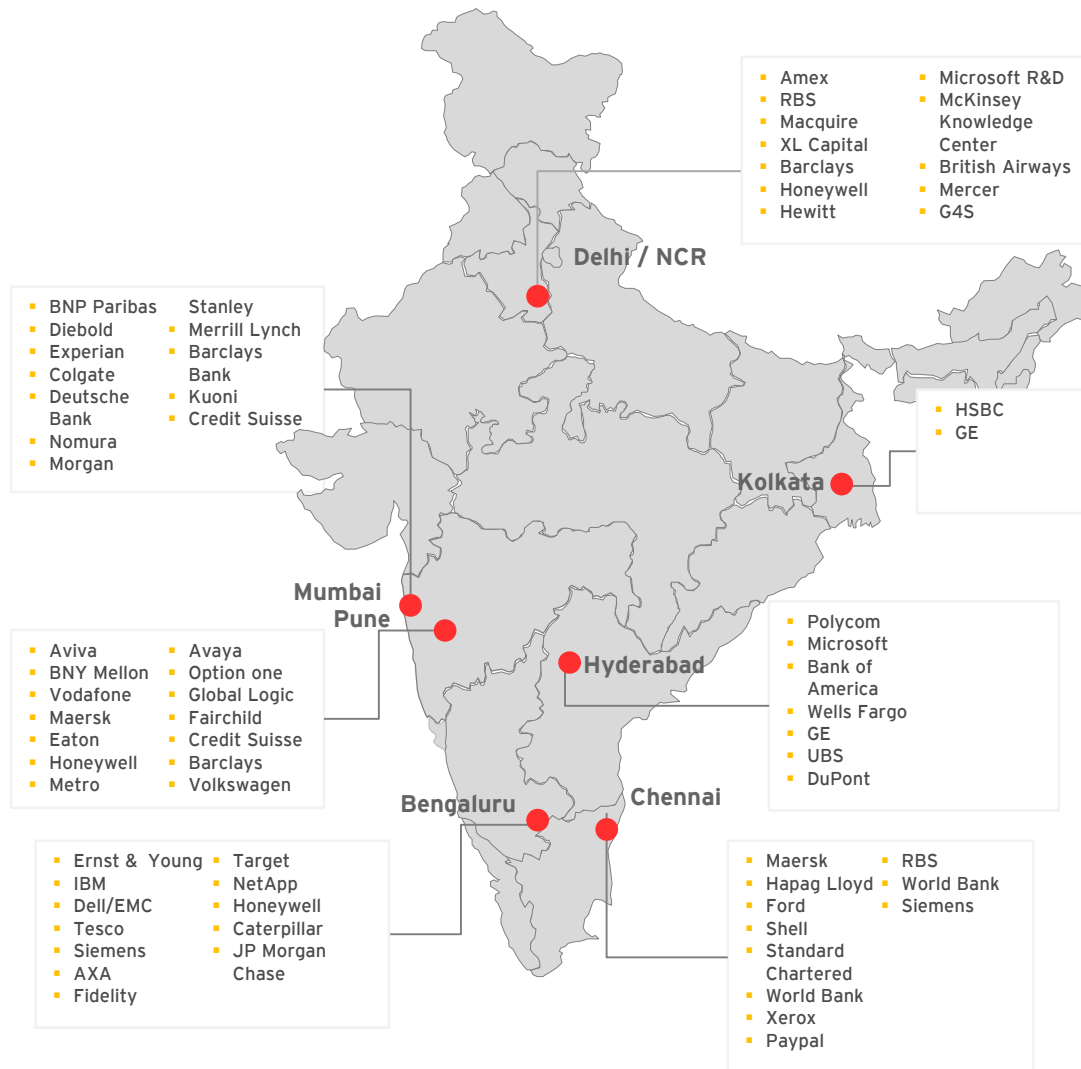
- ▶ GIC set up has accelerated in recent past. More than 220 firms have setup GICs in India since last 7 years
- ▶ IT and R&D GICs have grown revenues at 9-10% annually
- ▶ A number of factors have contributed to this, including
  - ▶ Human capital
  - ▶ Cost leadership
  - ▶ Robust enabling environment
  - ▶ Presence of other GICs/SI centers
- ▶ ADM remains the main focus area for IT GICs; However, the scale and scope of work managed by GICs is now expanding to support the parent company's digital initiatives
- ▶ R&D GICs are evolving from basic engineering services to providing digital engineering services (creation of smart products and platforms)

Source: NASSCOM Strategic Review



# India - #1 GIC Destination (contd.)

Over half of the global GICs are in India, accounting for 79% of global GIC employees



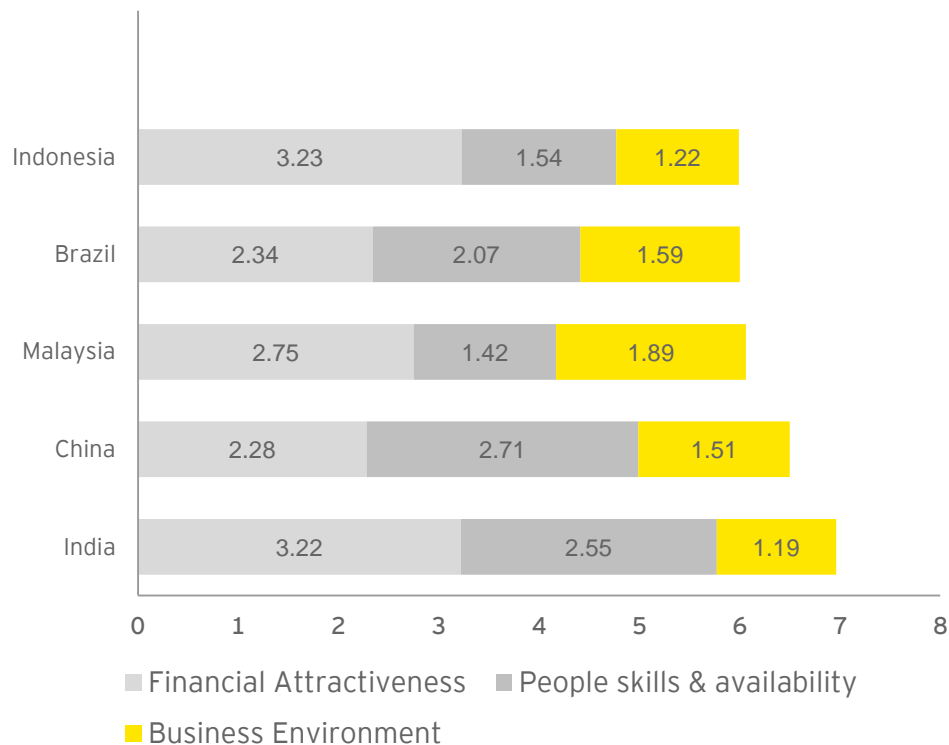
- ▶ **50% of the global GICs** are in India, accounting for **79% of global GIC employees**
- ▶ **BFSI leads in terms of employees** with a median size of over 850 people
- ▶ GICs exploring **Tier II/III locations like Ahmedabad, Coimbatore, Vadodara**, due to proximity to manufacturing, access to niche or low cost talent, etc.
- ▶ Business models shifting from 'Cost plus' to **'Transaction based'**
- ▶ **GICs evolving as Centres of Excellence (CoEs)**; India home to more than 100 CoEs

Source: Ernst & Young Research, Nasscom

# India - #1 GIC Destination (contd.)

India is likely to continue to remain the most attractive offshoring location in the coming years

## Offshoring attractiveness (by country)



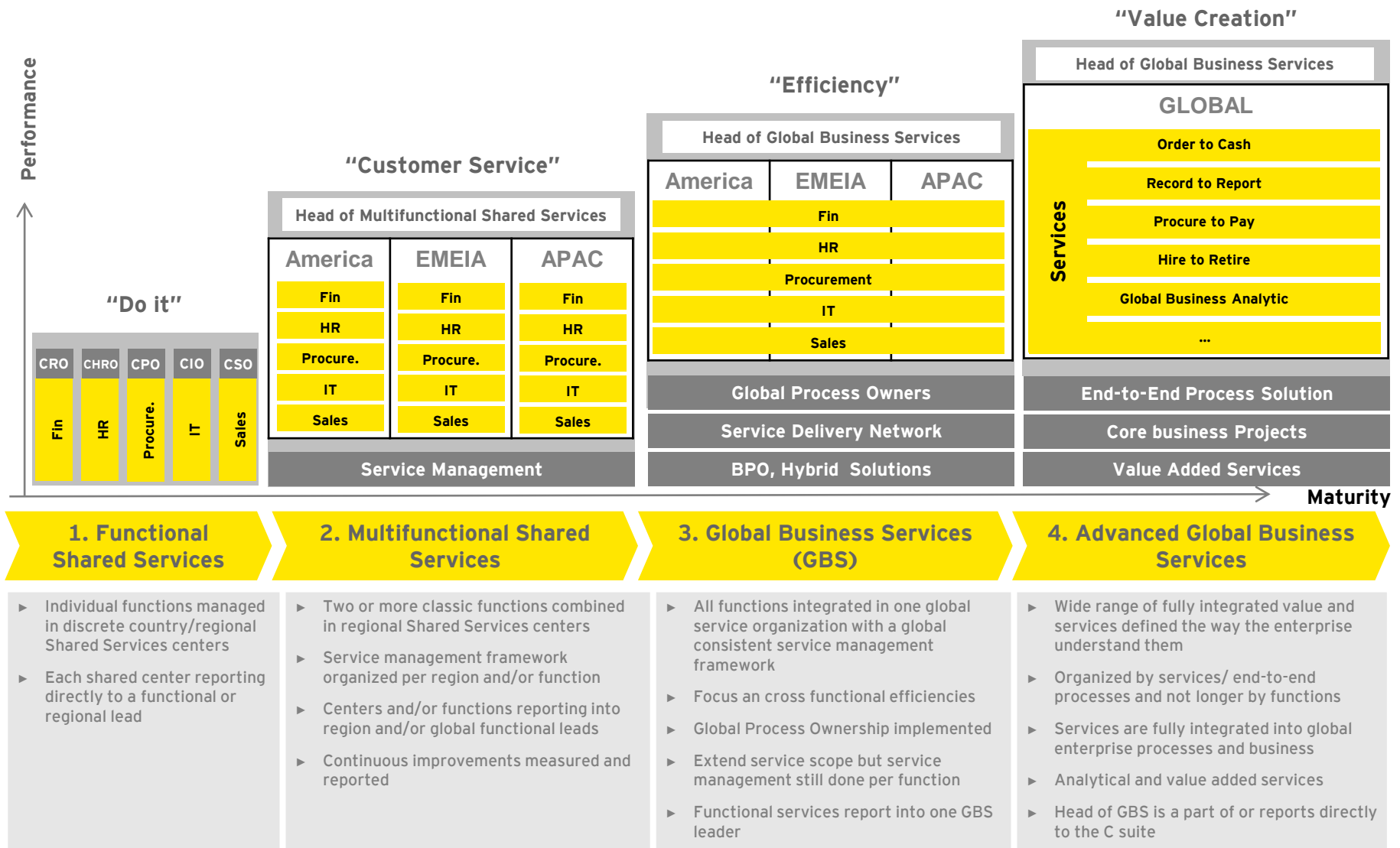
## Top offshoring destinations (cities)

| Rank | City               | Country      |
|------|--------------------|--------------|
| 1    | <b>Bangalore</b>   | <b>India</b> |
| 2    | Manila (NCR)       | Philippines  |
| 3    | <b>Mumbai</b>      | <b>India</b> |
| 4    | <b>Delhi (NCR)</b> | <b>India</b> |
| 5    | <b>Chennai</b>     | <b>India</b> |

Source: 2016 Tholons Top 100 Outsourcing Destinations, A.T. Kearney Global Services Location Index, 2016

# Evolution of GICs

The focus of today's GICs is 'value creation' through increased emphasis on the digital agenda and right sourcing models ...

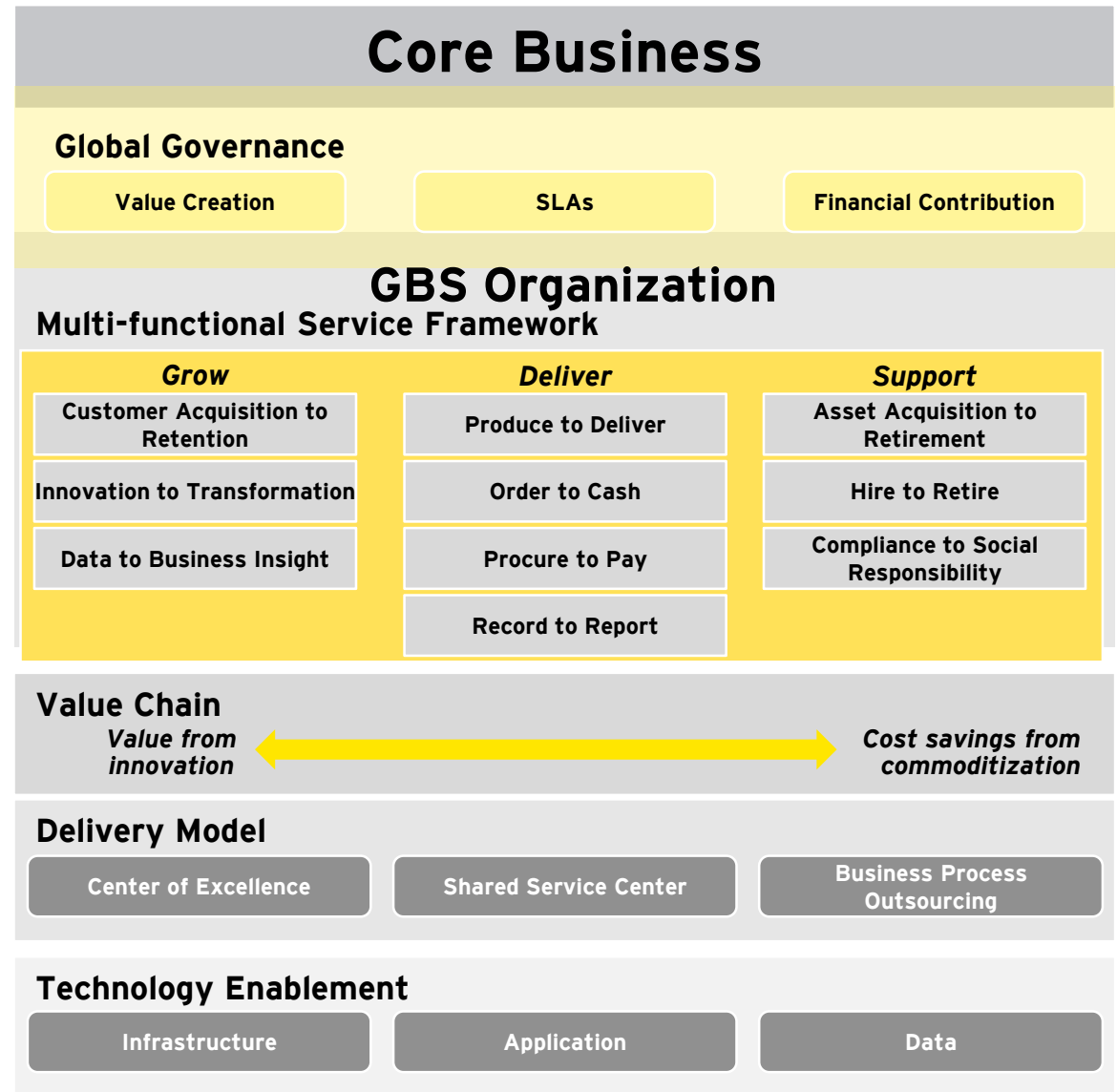


# Trends in GICs

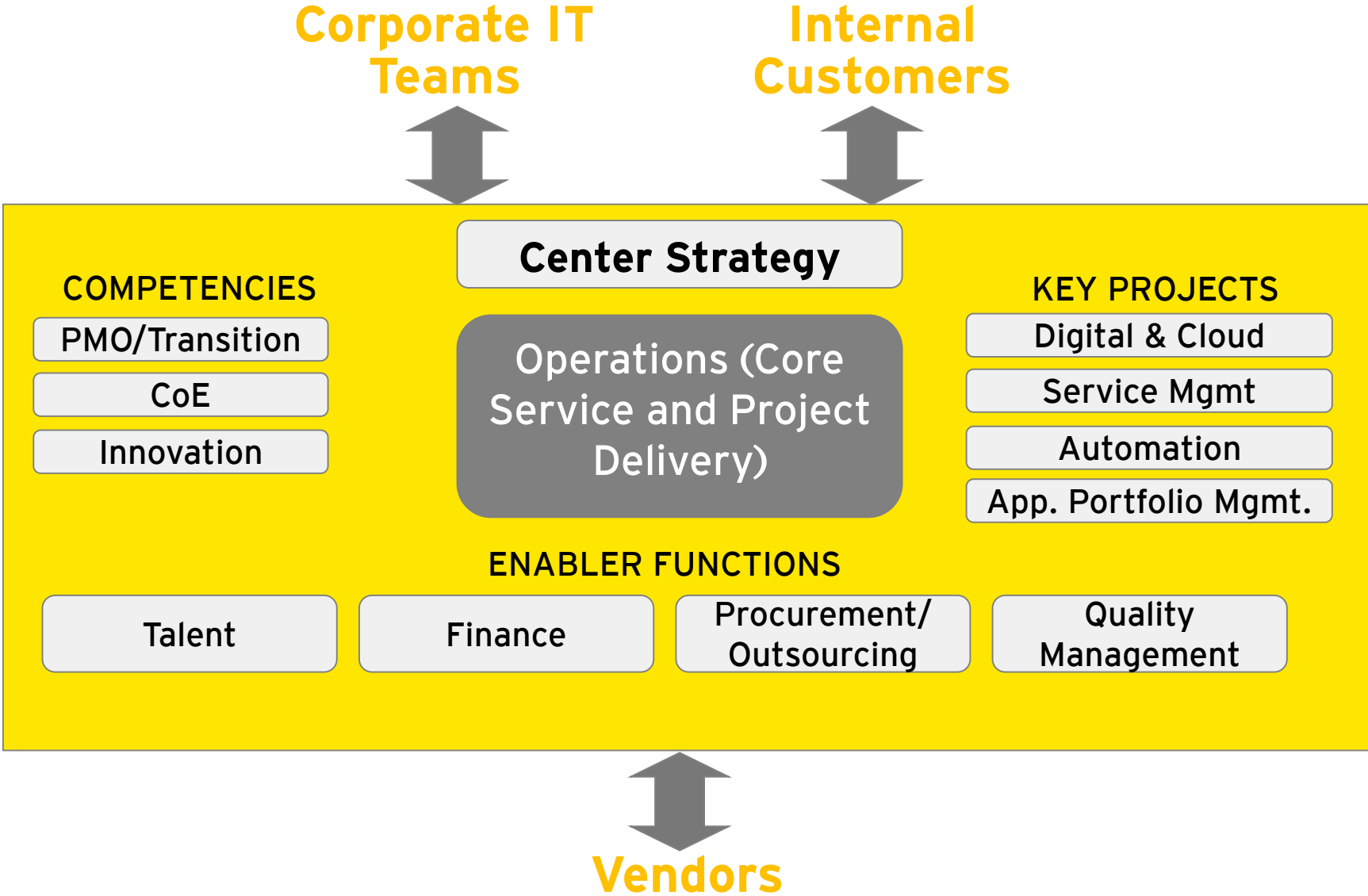
Tomorrow's GICs, will focus on optimizing service delivery, leveraging digital & automation, data analytics & reporting, customer service and evolving talent & skills

## The future of GBS is a.....

- 1 multi-functional organization with a diverse set of service offerings - or even solutions ...
- 2 ...managed through a global governance structure...
- 3 ...leveraging a mix of delivery model options ...
- 4 ...enabled by latest "state-of-the-art" technology...
- 5 ... in order to become a trusted partner of the enterprise ...
- 6 ...and drive value to the organization.



# High level operating model of an IT GIC





# Seven major trends playing out in IT GICs

# 1

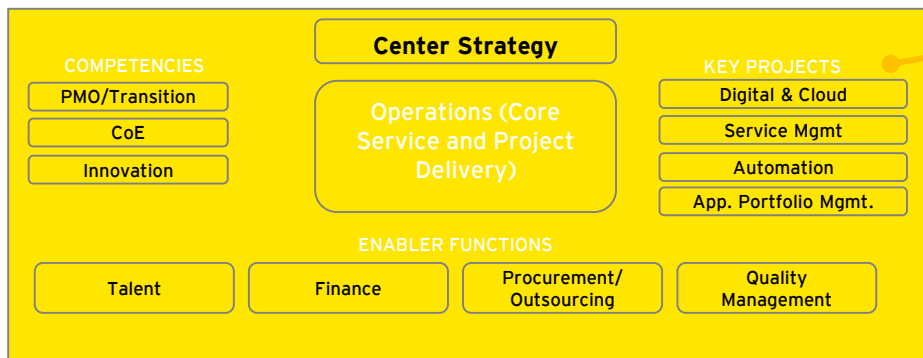
## Revisit the center strategy and align with broader changes in global IT driven by Digital and other forces



- Major changes in technology, regulations, competitive landscape and broader economy are creating constant flux in the overall strategy of the organization
- This is leading to high volatility in the global IT function
- The IT GICs are continuously fine-tuning their strategy to remain relevant in the new environment

# 2

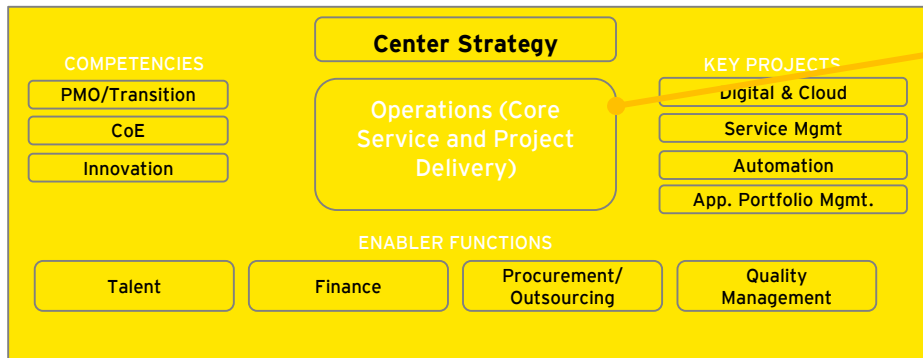
## Build competencies and capacity around new age solutions/technologies and position as driver of change



- Global organizations are focusing on transforming the Enterprise IT with various types of projects in areas such as Digital, Cloud, Software Defined Infrastructure, Automation and Application Portfolio Management
- IT GICs are proactively building skills, PoC and thought leadership to lead (or at least be part of) these transformation projects

# 3

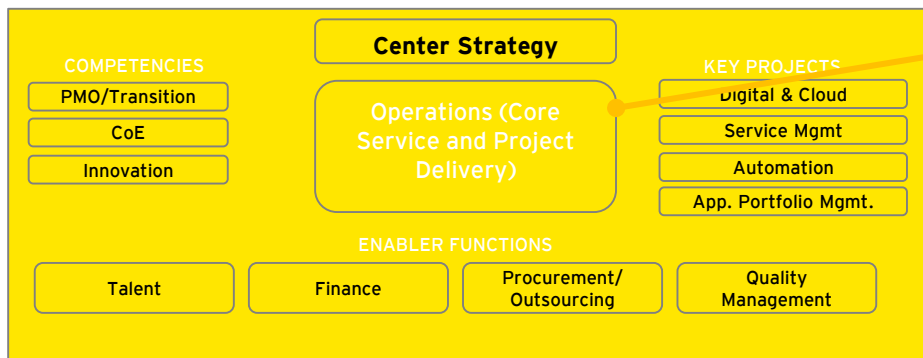
## Streamline the core activities and harmonise the operations



- Due to the boot strapping nature of the way GICs evolved, the core operations of the centers remain disparate and inharmonious
- GICs are now looking at streamlining the operations, focusing on service management (e.g. defining the service catalogues) and preparing the ground work for Automation

# 4

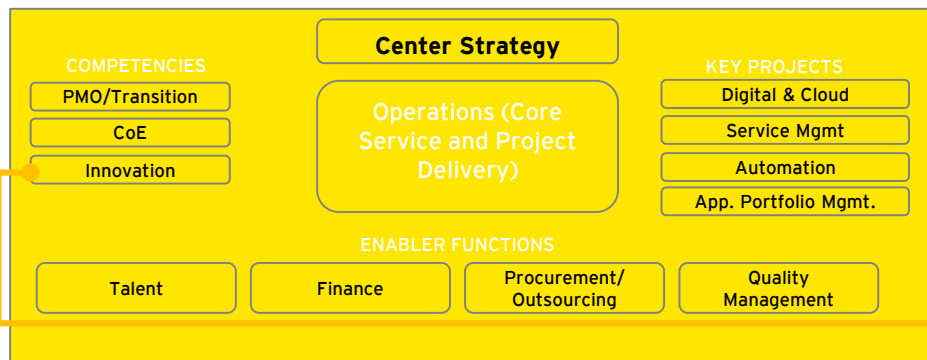
## Build in-house capabilities for Automation with focus on service improvement and capability build



- In partnership with service providers, GICs are actively deploying RPA and ITPA technologies
- They are also enabling cross-functional automation in partnership with other functions (e.g. HR on-boarding leading to access right authorization)
- The main objective for automation in GICs is service improvement and capability building (and not cost)

# 5

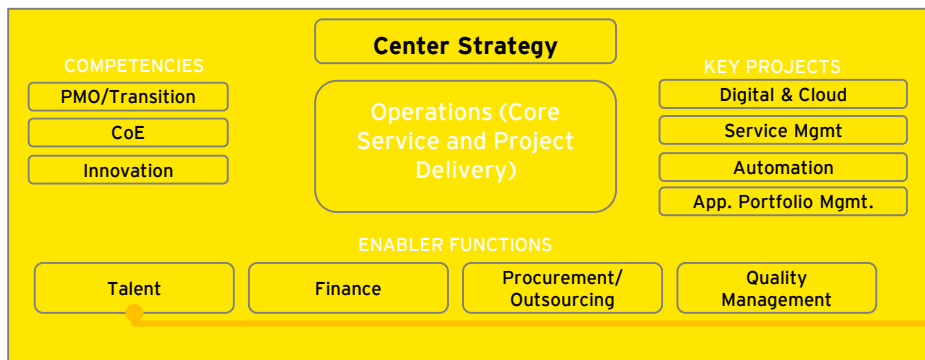
## Partner with external eco-system to innovate and improve the value delivery



- There is a major attempt to reposition the GICs from capacity oriented hubs to innovation hubs
- To drive the innovations, the GICs are partnering with the external ecosystem consisting of start-ups, universities and research organizations
- The next frontier is to monetize the innovation attempts into more tangible outcomes

# 6

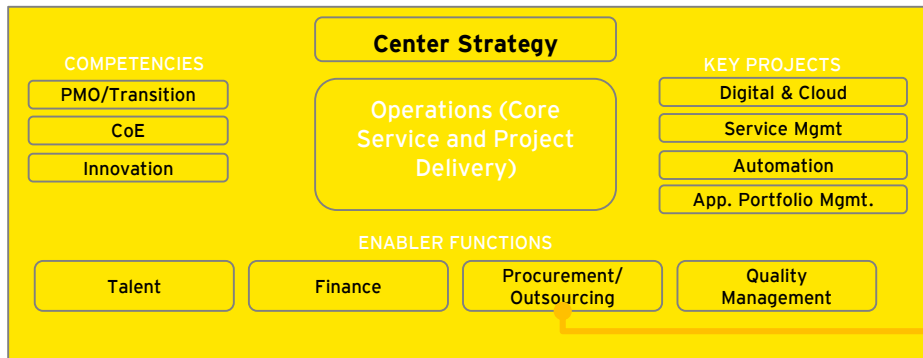
## Focus on transforming the skill sets of the talent base and improving people supply chain



- In many cases, the GICs have not been able to fully service the parent organization due to lack of (or delay in hiring) the right talent
- Leading GICs are focusing on special training programs for new age competencies such as Analytics, cloud, Big data and IoT
- They are also focusing on improving their overall people supply chain

# 7

## Building strong capabilities around procurement and vendor management



- IT service providers bring capabilities (like scale, platforms and deep technical knowledge) that GICs will find difficult to replicate
- The best GICs find the right balance between internal and external capabilities
- GICs are focusing on how best they can act as procurement specialist for global IT and manage the vendor relationship after the contracts are in place



# India Global Business Services (GBS) Advisory

Leading dedicated independent Global Business Services (GBS) Advisory practise in India

## Leading dedicated independent Global Business Services (GBS) Advisory practise in India



150 +  
practitioners



Over 200  
clients



#1 in IAOP  
World's Best  
Outsourcing  
Advisors



300+ GIC & BPM  
engagements  
delivered

Global reach, established methodologies and cross functional expertise: EY is one of the most globally integrated GBS practise with established and time-tested methodologies enabling us provide a one-stop sourcing SSC/BPM solution

### Why EY's GBS Advisory Services

#### 1. Breadth and depth of experience

- Supported 200+ Global Business Services & finance transformation engagements, covering over 30 countries
- Dedicated multi-disciplinary team of 150+ professionals, with significant outsourcing/captive and lean six sigma experience

- Highest ranking amongst the Advisors in 2015, 2016 & 2017 at the IAOP® annual "World's Best Outsourcing Advisors list"

#### 2. Leading dedicated GBS Advisory practice

#### 3. Extensive industry insights & knowledge

- EY India has been conducting a cost and operations benchmarking study across GICs for the past 10 years
- Our commitment to the industry - EY India GIC Leadership Forum

- We have 140+ strong RPA practice globally who has delivered 50+ Proof of Concepts and 5+ engagements in RPA

#### 4. Robotics Centre of Excellence

#### 5. Industry Connect – EY GIC Leadership Forum

- EY India GIC Leadership Forum, a dedicated platform for industry players to focus on best practices

# Breadth and depth of experience (contd.)

Our Global Business Service engagements have covered, multiple industries and service offerings.

|                          |                                                                                     |                                                                                     |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                     |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
|--------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Telecom</b>           |    |    |     |    |    |    |    |    |  |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
| <b>Technology</b>        |    |    |     |    |    |    |    |    |  |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
| <b>IT/ ITeS</b>          |    |    |     |      |    |    |    |    |  |   |    |                                                                                       |                                                                                       |                                                                                       |
| <b>Retail &amp; FMCG</b> |    |    |     |    |    |    |    |    |  |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
| <b>Pharmaceutical</b>    |    |    |     |     |    |    |    |    |  |   |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
| <b>Manufacturing</b>     |    |    |     |     |    |    |    |    |  |   |    |                                                                                       |                                                                                       |                                                                                       |
| <b>BFSI</b>              |  |  |   |  |  |  |  |  |                                                                                     |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
| <b>Others</b>            |  |  |  |  |  |  |    |    |  |  |  |  |  |  |
|                          |  |  |  |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                     |                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |

A 3x3 grid of shelves. The central shelf contains a glowing red lamp with a white conical shade. A thick yellow frame surrounds the grid, with a break in the bottom-left corner. The background is dark with a grid pattern.

**Thank You**

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