

Can GCCs Survive in the Deglobalization Era?

Focus on AI, big data and cloud optimization strategies to enhance ops efficiency & biz impact to thrive.

By Raju Chellam



During a GCC (global capability center) strategy retreat, the chief innovation officer proudly introduced the company's new "Tech Hub"—a modest repurposed storage room outfitted with a beanbag chair, a lava lamp, and a whiteboard still faintly marked "Janitorial Roster."

"This is where transformative ideas will ignite," he proclaimed. Within a week, an attempt to power a 3D printer triggered a building-wide outage. The space was discreetly renamed "The Reflection Room" and soon became a haven for robust conversations with smuggled beer and spicy snacks. Surprisingly, productivity shot by 25%.

If that anecdote made you smile, these statistics should make you think for a while: The global GCC market is set to reach US\$403.22 billion by 2032—up from US\$172.34 billion in 2024—growing at a CAGR of 11.21% during the period, according to DataM Intelligence, an Indian market research firm.

"The GCC landscape is evolving rapidly with value-

driven operations," the firm says. "There's more focus on innovation, advanced analytics and automation to deliver strategic business outcomes using AI, automation technologies and cloud computing."

The shape of GCCs has changed significantly after the Covid-19 pandemic. GCCs have shifted from shared service centers focused on simple transactional tasks to become their organization's primary resource for foundational support functions including finance, infocommunications, innovation and product development.

THE FLIP SIDE

Leading global centers have achieved that shift in three phases, McKinsey notes. First, they earned the "right-to-play" in more complex business activities by demonstrating the ability to deliver high levels of service, quality and cost efficiency. Second, they earned the "right-to-partner" by demonstrating the ability to help the wider enterprise develop better

processes and adopt new technologies. Third, they earned the “right-to-lead” by demonstrating that they can consistently deliver the best solution available. And now, leading global centers are poised to take the next evolutionary step by becoming a source of strategic competitive advantage for their enterprises by driving talent growth, customer experience, leadership and innovation.

The key is to first focus on ABC (AI, big data, cloud) optimization strategies to enhance operational efficiency and business impact. GCCs are accelerating digital transformation by adopting hyperautomation and integrating technologies such as AI, RPA (robotic process automation) and ML (machine learning) to build self-optimizing business processes. The goal is to enable employees to focus on strategic, high-value tasks and let automation handle repetitive operations.

“To stay competitive, service providers must align their offerings with AI-first, automation-led, insight-driven operating models that support real-time decision-making and seamless enterprise integration,” Accenture advises. “GCCs that successfully embed AI and automation can unlock sustainable cost efficiencies, enhance decision quality, and deliver superior customer experiences.”

Big data is also central to GCCs’ evolution into strategic hubs. By analyzing large volumes of data, GCCs can enable faster, smarter decision-making, predictive insights and operational efficiency. That’s because real-time analytics support automation and enhance agility. When effectively leveraged, big data analytics can transform GCCs from mere support functions into drivers of innovation and enterprise value.

A cloud-first approach is becoming a foundational principle for GCCs to enable enhanced security, scalability and agility, Accenture says. “Beyond structural decisions, enterprises must also focus on digital and AI readiness, ensuring that modern GCCs are built with cloud-first, automation-driven architectures,” the firm says.

Another equally critical pillar is talent. To build future-ready GCCs, enterprises must invest in talent across AI, data analytics and cybersecurity. This is where India stands out with an estimated 5.5 million ICT professionals and a consistent influx of STEM (science, technology, engineering, mathematics) graduates entering the workforce annually. According to a report by BCG (Boston Consulting Group), India accounts for 16% of the global AI talent pool, ranking second only to the US in AI skills penetration and contributions to open-source AI projects on GitHub.

THE FLOP SIDE

So far so good. The moot question: Can GCCs survive in the deglobalization and protectionist era?

As global economic policies shift towards protectionism and national self-reliance, GCCs face increasing pressure. Governments are imposing stricter data residency laws, reshoring mandates and trade barriers that challenge the cross-border flow of talent, tech and services—core pillars of GCC operations. GCCs were traditionally built on global labor arbitrage and centralized service delivery. They now risk fragmentation as countries prioritize domestic capabilities and local employment.

Rising geopolitical tensions and supply chain nationalism are also prompting enterprises to rethink offshore strategies. In this climate, GCCs may struggle to justify their centralized, cross-border models. Without adapting to the new normal, many GCCs could face downsizing, repurposing, or even closure. The shift from globalization to regionalization will require a fundamental rethinking of the GCC value proposition.

While GCCs are evolving rapidly in scope and ambition, the majority remain focused on delivery execution, underutilizing their potential to act as capability hubs powering enterprise-wide transformation. “Only 8% of GCCs have advanced significantly across the three dimensions most critical to enterprise value: innovation, competitive differentiation, and operational efficiency,” BCG reports. “Based on our global survey covering GCC and enterprise leaders across industries, the report reveals a sharp maturity divide.”

BCG ranked the top seven countries in GCC maturity with India leading the pack, followed by Malaysia, Mexico, Philippines, Poland, Singapore, and the US. “India strikes a rare balance with about 30% of GCCs being mature performers, while underperformance is limited to just 6%,” BCG notes. “Despite no underperformance in Poland, only 9% of GCCs there are above average, suggesting a stagnant mid-tier with minimal progression into higher maturity. As for the US, it has the highest share of top and above average performers (35%) but 10% underperformers indicating polarized maturity.”

AI presents both opportunities and challenges. While it can significantly enhance operational efficiency, it also poses risks to employment. For example, HDFC reduced call center costs by 30% through chatbot automation. HSBC in Hong Kong automated 90% of its loan approvals. In July,

“Rising geopolitical tensions and supply chain nationalism are also prompting enterprises to rethink offshore strategies. In this climate, GCCs may struggle to justify their centralized, cross-border models.

Microsoft announced a reduction of 9,000 jobs—about 4% of its global workforce—as part of a major restructuring linked to its AI investments, including tools like GitHub Copilot that now perform tasks previously handled by humans.

This trend underscores a broader issue beyond tech deployment: the strategic decision-making process at the executive level. Often made in isolation, without wider consultation, these decisions can be misaligned with organizational realities. McKinsey estimates that poor strategic choices have cost Asian banks over US\$10 billion annually. Yet, within these same organizations, AI is predominantly used to automate lower-tier functions while senior leadership who approve these deployments remain largely unaffected by automation. This imbalance raises critical questions about fairness, transparency and long-term workforce strategy.

TWELVE TIPS

As global markets shift towards protectionist policies and regionalization, GCCs must evolve to remain relevant and resilient. Here are 12 strategic recommendations—in alphabetical order—to help GCCs survive and thrive:

Accelerate: Automation and AI adoption. Leverage AI, ML and automation to mitigate rising operational costs and talent shortages while maintaining elevated levels of productivity and service quality.

Build: Digital sovereignty. Develop infrastructure and capabilities that reduce dependence on foreign technologies, particularly in cloud computing, data management and AI platforms.

Create: Innovation hubs. Reposition GCCs from cost-saving units to strategic centers of innovation, agility and enterprise transformation.

Diversify: Service portfolios. Expand beyond traditional IT and support functions by offering high-value services such as AI, cybersecurity and digital transformation consulting.

Enhance: Cultural and language adaptability. Equip teams with regional language skills and cultural fluency to better engage with local markets and stakeholders.

Focus: On ESG. Align GCC operations with ESG (environmental, social and governance) goals to

meet growing expectations from regulators, clients and investors.

Grow: Government relationships; Proactively engage with local governments to influence policy, access incentives and participate in national digital initiatives.

Harvest: Multi-hub strategies. Adopt a distributed model by establishing regional micro-hubs to reduce geopolitical risk and enhance operational resilience.

Invest: In local talent. Shift from global hiring models to cultivating strong local talent pipelines through partnerships with universities and tertiary institutions.

Juxtapose: Public-private partnerships. Collaborate with government agencies, industry bodies and academic institutions to co-create innovation ecosystems and shape policy direction.

Keep: Cybersecurity close. Strengthen cybersecurity and data governance frameworks to comply with local regulations and safeguard enterprise assets.

Leverage: Local leadership. Empower regional teams by developing local leadership, ensuring decisions are aligned with market realities and building trust with host countries.

Since we started with a productivity joke, let's end with another. At the leadership summit, the CEO declared: “We're embracing AI to future-proof our decisions.” A chatbot was deployed to assist senior executives. It could analyze reports, schedule meetings and even generate strategy slides. The CFO asked it to predict stock prices. The CMO wanted it to write inspirational tweets. The CIO tried to teach it empathy. The intern used AI to automate the execs' weekly reports. The data showed productivity rose by 25% even though nobody did anything different. The result: the intern now chairs the AI Steering Committee. ¹⁰⁰

Raju Chellam is a former Editor of Dataquest and is currently based in Singapore, where he is the Editor-in-Chief of the AI Ethics & Governance Body of Knowledge, and Chair of Cloud & Data Standards.
maildqindia@cybermedia.co.in

