

GCCs & IT services: Can collaboration amid global headwinds avert a crisis?

BS business-standard.com/industry/news/gccs-it-services-can-collaboration-amid-global-headwinds-avert-a-crisis-125100601388_1.html

Shelley Singh

October 6, 2025

Global corporations, including JP Morgan, Fidelity International, Barclays Bank, Lowe's, Lufthansa, McDonald's, and Cargill, are expanding their delivery centres in India



The most likely long-term scenario is coexistence of GCCs and IT services. | File Image

[Shelley Singh](#) New Delhi

8 min read Last Updated : Oct 06 2025 | 11:00 PM IST

Listen to This Article

The growth story of India's \$283 billion information-technology (IT) services industry has been interrupted — not just by new technology like artificial intelligence (AI), but also by a combination of factors, from costlier visas to higher tariffs.

For decades, the sector, home to 5.8 million workers, was defined by big outsourcing firms — such as Tata Consultancy Services (TCS), Infosys, Wipro, HCLTech, Cognizant, Tech Mahindra — and mid-tier firms like Mphasis, Hexaware Technologies, and LTIMindtree. In recent years, though, another force has quietly redrawn the map — the rise of global capability centres (GCCs), the in-house, captive hubs of multinationals.

Global corporations, including JP Morgan, Fidelity International, Barclays Bank, Lowe's, Lufthansa, McDonald's, and Cargill, are expanding their delivery centres in India.

According to a July 2025 report titled "National Framework on GCCs" by the Confederation of Indian Industry (CII), India hosts over 1,800 GCCs, up from 700 in 2010. They now employ more than two million professionals, among whom are engineers, data scientists, and risk analysts, who might have otherwise joined traditional IT firms.

"For prominent IT services companies, organic growth has been anaemic, hovering in the low single digits," says Ramkumar Ramamoorthy, partner, Catalincs, a tech advisory firm. "The question haunting boardrooms is: How much will GCCs cannibalise India's outsourcing giants — and how better can they collaborate with them? We have already seen some opportunity loss for IT services companies as GCCs expanded rapidly in the last four years."

Ramamoorthy, who is former chairman and managing director of Cognizant India, sees IT companies collaborating aggressively with GCCs, entering into joint ventures, and even offering Build-operate-Transfer (BoT) services. And in the long term, some GCCs could hive off their units to IT companies for greater efficiency and effectiveness.

A GCC-led playbook

For decades, the value proposition of India's IT services industry has been clear: Low cost compared to the US or Europe, at scale and quality. Indian IT firms built multi-billion-dollar businesses around running large technology operations for global clients. But that equation is shifting.

"With tariff pressures and global uncertainties shaping a cautious business climate, clients have been rethinking priorities and becoming more selective regarding deal flows," says Mphasis Chief Executive Officer and Managing Director Nitin Rakesh, adding, "Mphasis has a long history of collaborating with clients, including GCCs."

The others collaborating with GCCs include Infosys, Wipro, and Hexaware. They are helping them design architectures, deploy platforms, and manage large-scale transformation programs.

GCCs, says Rakesh, provide enterprises with greater agility, ownership, and control than outsourcing to third parties.

McDonald's, for instance, has partnered with Accenture and ANSR, a specialist GCC services firm. Capgemini is helping Japan's Dai-ichi to set up a captive unit. Infosys established a GCC for German airline Lufthansa.

According to Bengaluru-based consultancy UneathInsight, roughly 3–4 per cent of India's technology industry revenue, or about \$8–12 billion, already comes from GCCs. In July, Hexaware Technologies acquired SMC Squared for \$120 million to expand its GCC business. Hexaware will use SMC's expertise to offer clients a GCC services stack, from setup to optimisation.

In the current environment, where IT services face headwinds, GCCs are structurally more resilient, says Gaurav Vasu, CEO, UneathInsight. "They are not dependent on H-1B visas or onsite-offshore staffing. Their delivery is anchored in local talent," he explains. "With rising visa costs and US immigration uncertainty, the high-cost, high-impact roles are being relocated to India. GCCs operate with fewer hurdles."

UneathInsight has trimmed its FY26 IT outsourcing growth projections to 3–5 per cent, citing weak global demand. "But GCCs remain a bright spot," says Vasu. "They're focused on next-gen technologies, and also helping global enterprises hedge against external shocks."

Healthy handshake

There is also a view that the popular narrative that GCCs threaten traditional IT outsourcing might be oversimplified. Increasingly, they're seen as partners, not predators.

Accenture invested \$170 million in GCC platform ANSR in 2024. The consultancy isn't just helping clients set up GCCs, but also helping run them.

Similarly, Infosys, Wipro and HCLTech have created dedicated GCC practices. In May this year, HCLTech appointed industry veteran Kiran Cherukuri as its GCC practice lead. Earlier, in April, Infosys roped in Deval Shah, former MD and country head of India for Danske IT and Support Services (captive of Denmark-based Danske Bank).

Queries sent to Infosys, TCS, Coforge, and Persistent Systems went unanswered, citing silent period requirements ahead of Q2 results.

Indian IT firms are evolving from pure service providers to co-innovation partners. They're helping enterprises enhance their GCCs' technology stacks, AI capabilities, and digital transformation.

So, while the GCC expansion is very visible, it's often not without collaborations with IT services companies. For instance, American food multinational Cargill, despite operating a large GCC in India, continues to engage with TCS and Accenture for managed services. Even companies like Microsoft and SAP — each with GCC footprints — continue to outsource work to Infosys, LTIMindtree, and others.

The workstreams are different. GCCs focus on high-end innovation; IT services handle scale and execution.

History of IT-GCC pacts

In some ways, the GCC boom is a full-circle moment for India's tech story. Many of today's IT and BPO powerhouses — like, Cognizant, Genpact, and WNS — started as captives of global corporations before spinning off into independent, third-party providers.

Back in the late 1990s, Cognizant was Dun & Bradstreet's captive unit. Genpact was spun out of American conglomerate General Electric (GE). WNS started in Mumbai as a British Airways captive unit. Over time, they all evolved into standalone firms and started seeking business as any other third-party services provider.

Ramamoorthy sees a similar cycle playing out in the years to come. "When GCCs hit a growth ceiling, they may either sell out to IT services companies or start offering their services to other clients." That is what happened in several cases, including Dun & Bradstreet, GE, British Airways, and CNO Financial captive units.

Eventually, the parent company's business dynamics and growth trajectory will define where the GCC goes. Ramamoorthy sees two parts to GCCs: "Run the business"; and "change the business". The first involves stable, routine operations — finance, HR, and IT maintenance and support — while the latter is about business transformation through digital technologies.

"Before Covid, GCCs did both. After Covid, the newer GCCs are largely focused on changing the business — leveraging cloud, data, AI, and cybersecurity," says Ramamoorthy. That distinction creates room for collaboration. Indian IT firms, with their scale, process maturity, and cost discipline, can support the "run" side, and also look to collaborate with GCCs on their innovation agenda.

Shift in tech talent

With growth across IT services companies under pressure, they are hiring less.

However, the GCC explosion is reshaping not just revenue streams but also talent equations. GCCs are hiring mid- and high-end talent — engineers, data scientists, and product managers. Many of these professionals are drawn by the chance to work directly with global Fortune 500 companies.

"GCCs are redefining India's tech talent pipeline. They're not just delivery arms — they're product and innovation hubs," says Vasu.

Captive units of companies like Snowflake, Salesforce, Intuit, and Google are building advanced engineering capabilities in India, enabling employees to work on global products from day one. By 2030, India's GCC workforce is expected to swell from 2 million to 3 million, according to the CII report. GCCs are hiring 250,000 to 300,000 every year. For lateral hires, GCCs look within their ecosystem.

“Fresh graduates now see GCCs as the most attractive path to working on next-gen technology and platforms. They offer higher compensation, career growth aligned with their discipline of study, and opportunity to work across global teams from Day One,” says Ramamoorthy.

If the first wave of GCCs was led by Fortune 500 giants, the next is being driven by “nano GCCs” — small, venture-backed global companies setting up R&D centres in India. These companies may not hire thousands, but they focus on high-end work — space tech, genomics, quantum computing, and so on.

Future of hybrid models

The most likely long-term scenario is coexistence of GCCs and IT services.

This will take the shape of joint ventures, assisted captives, centres of excellence — and even exits, like the ones that resulted in the emergence of Genpact, WNS, Cognizant, and others.

For Indian IT, the writing is on the wall: Evolve from being service providers to AI-first solution partners.

As Rakesh of Mphasis puts it: “The definition of value has shifted towards efficiency, speed, and transformation outcomes. For Indian IT services companies, this means evolving beyond traditional outsourcing to become true co-innovation partners.”

Ultimately, the GCC phenomenon is not about rivalry but realignment.

As enterprises internalise digital expertise, Indian IT firms are reinventing themselves to serve a more sophisticated clientele — one that values partnership over procurement.

Many GCCs could sell out to IT majors, as their predecessors did — the way Citigroup hived off parts of its captive unit in the past to TCS, Wipro, and Polaris Software. Others could expand horizontally, becoming multi-client service providers in their own right.

In the global race to build AI and digital capability, India remains the centre of gravity — whether the code is written on a GCC campus or inside a third-party IT services provider.

The writer is a New Delhi-based independent journalist

First Published: Oct 06 2025 | 10:58 PM IST