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INTRODUCTION

GIC Centre is an offshore, owned, integrated, strategic platform for leveraging global talent. GICs in India now number about 1450, employing more than 800,000 individuals and generating approximately $23 billion in revenue. GICs’ ability to create cost savings for an enterprise—while tapping India’s talent pool have led to that impressive growth.

The Indian Global In-house Center or GIC, landscape has evolved significantly over the last 20 years. Originally called captive centers in the early 1990s, GICs are offshore centers that perform designated functions for large organizations.

The GIC Advantage

- **Cost Savings**: Cost Savings from GICs is at least 35% lower for a company than working with 3rd party service providers.
- **Better Talent**: GICs have access to large IT talent pool and can attract better talent with low attrition compared to service providers.
- **Easy Setup**: The process of setting up a GIC has become very easy and straightforward.
- **Ecosystem Benefits**: Partnership with startups, technology players and IT vendors present in the ecosystem allows co-operation.
- **Value added benefits**: GICs have matured rapidly to take end-to-end ownership and play a significant role in driving value and additional benefits.
India provides the widest array of services (IT, BPO, KPO, R&D, Engineering services etc) and the most mature service providers.

**Global sourcing of services to India**

<table>
<thead>
<tr>
<th>Customer Interaction Services</th>
<th>Back Office Transaction</th>
<th>IT/Software operations</th>
<th>Finance/Accounting services</th>
<th>HR Services</th>
<th>Knowledge services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service (Voice/Email)</td>
<td>Check, Credit/Debit card processing</td>
<td>Application development</td>
<td>Billing Services</td>
<td>Payroll services</td>
<td>Data analytics</td>
</tr>
<tr>
<td>Marketing services</td>
<td>Collectives &amp; Receivables</td>
<td>Application Testing</td>
<td>Account payables</td>
<td>Healthcare Administration</td>
<td>Data Mining</td>
</tr>
<tr>
<td>Telesales</td>
<td>Direct &amp; indirect procurement</td>
<td>Packaged application outsourcing</td>
<td>Account receivables</td>
<td>Hiring &amp; Recruitment</td>
<td>Data/Knowledg e management</td>
</tr>
<tr>
<td>Order processing</td>
<td>Transport administration</td>
<td>Implementation services</td>
<td>General accounting</td>
<td>Workforce Training</td>
<td>Voice of customer feedback</td>
</tr>
<tr>
<td>Customer support</td>
<td>Logistics &amp; Dispatch</td>
<td>IT helpdesk</td>
<td>Auditing &amp; Compliance</td>
<td>Retirement Benefits</td>
<td></td>
</tr>
<tr>
<td>Warranty Administration</td>
<td>Warehouse Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer feedback</td>
<td></td>
<td></td>
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</table>
GICs IN INDIA

The GIC story in India continues on its growth path – a segment that started out as an afterthought to facilitate lower cost has now emerged as an imperative. In the process, it has become a key segment of India’s IT-BPM industry in terms of revenue & employment generated and its value addition to the parent firm.

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2017</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of GICs</td>
<td>750</td>
<td>~1,450</td>
<td>93.3%</td>
</tr>
<tr>
<td>Revenue (USD billion)</td>
<td>11.5</td>
<td>23</td>
<td>CAGR ~17%</td>
</tr>
<tr>
<td>Employees (`000)</td>
<td>425</td>
<td>800</td>
<td>CAGR ~14%</td>
</tr>
</tbody>
</table>

GICs in India is expected to touch $50 billion by 2020

GIC Employees (1000s)
GICs employ ~14% more people than in 2003

GIC Revenue Growth (USD Billion)
GICs revenue has grown ~17% than in 2003
GICs IN INDIA

GIC Landscape: Top 5 trends

- 50% Of Global GICs are set up in India.

- 50% Software/Internet

- North America & Europe

- ER&D

- Tier II cities

- 40% Of Global 2000 firms are enabling digitalization - Mobility, Cloud, Analytics, AI, digital payments, etc.

- Ranks No 1 in terms of number of GICs and employees.

- Headquartered GICs account for >90% of GICs in India.

- Is the largest segment both in terms of number of GICs and revenue share.

- Coimbatore, Ahmedabad, Vadodara, etc are emerging GIC centres due to proximity to manufacturing facility and access to low cost talent.
### GICs IN INDIA

**Headcount of GICs**

<table>
<thead>
<tr>
<th>Headcount</th>
<th>No of GICs</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;200</td>
<td>~600</td>
</tr>
<tr>
<td>200-500</td>
<td>~380</td>
</tr>
<tr>
<td>500-1000</td>
<td>~250</td>
</tr>
<tr>
<td>&gt;1000</td>
<td>~220</td>
</tr>
</tbody>
</table>

### Industry Segmentation

- **BFSI**: 54%
- **Hi-Tech**: 16%
- **Manufacturing**: 11%
- **Healthcare**: 6%
- **Retail**: 4%
- **Construction & Utilities**: 4%
- **Transportation**: 3%
- **Other**: 2%

### Education Segmentation

- **B.Tech/BE**: 66%
- **Polytechnic**: 9%
- **MCA**: 7%
- **MBA**: 3%
- **BSC**: 3%
- **BBA**: 2%
- **B.Pham**: 2%
- **BA**: 1%
- **MSC**: 1%
- **Others**: 6%
The Indian Global In-house Center landscape has evolved significantly over the last 20 years. Originally called captive centers in the early 1990s, GICs are offshore centers that perform designated functions for large organizations. GICs will be expected to deliver new forms of value, including helping their home enterprises unlock the true potential of digital technologies in the future.

Evolution of the Value Proposition of GICs to Parent Organizations

**Cost Arbitrage**
- An alternative to Service Providers
- Provide parent organization with resource pools at cheaper costs

**Centres of Excellence**
- Complement Service Providers
- Provide Niche skills to Parent Organization. Eg- Engineering, PLM services

**Value Creation**
- Deliver Business outcomes
- Ensure Parent organization retains its competitive edge in the market.

Current and future role of GICs

<table>
<thead>
<tr>
<th>Role</th>
<th>Current Role</th>
<th>Future Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low cost delivery center</td>
<td>76%</td>
<td>14%</td>
</tr>
<tr>
<td>Global service factory</td>
<td>18%</td>
<td>46%</td>
</tr>
<tr>
<td>Focus on high end skills</td>
<td>6%</td>
<td>22%</td>
</tr>
<tr>
<td>Manage processes end-to-end</td>
<td>0%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Accenture Report
TALENT

Talent has played a vital role in driving growth of Indian global in-house centers (GICs) over the past decade. Today, India is home to more than a thousand GICs, and about 200 companies employ greater than a thousand people. But to help their parent organizations excel in the digital age, GICs will need to build and sustain a digitally savvy workforce.

Characteristics of talent GICs seek-

1. **Alignment of GIC Talent and leadership**- Both talent and leadership are culturally aligned with the home-office, working with the relevant business context, thereby leading to empowered teams and higher productivity.

2. **Ownership and accountability**- Is a key characteristic of GIC talent. GIC leaders and teams typically own complete functions, are accountable for business outcomes and influence strategic decisions without the traditional authority.

3. **Academic focus**- Typically, candidates would have or would be interested in pursuing higher education, adding to the skillsets of the talent pool and the enterprise eventually.

4. **Communication skills**- The talent is characterized by better standards of communication skills and is culturally acclimatized to working in cross-office environments. They have the ability to comprehend and provide feedback, communicate issues and collaborate to resolve them.

5. **Lean Teams**- These teams are typically lean and carry no bench workforce unlike service organizations.

GIC Workforce in India ('000s)

**Overall headcount**

![Bar Chart]

- 400 (2013)
- 550 (2014)
- 685 (2015)
- 745 (2016)
- 800 (2017)

60\% Of the talent in GICs is employed in Technology space (except BFSI)
TALENT

The ability to find and attract the right talent has become more critical than ever for GICs and in some ways, even more challenging. The digital skills shortage is expected to spark a talent battle, where GICs will have to compete against existing and new rivals for the best talent.

Top barriers in attracting talent

- High employee expectation
- Compensation and benefits
- Work/Life balance
- Nature of work
- Positioning of GICs
- Organization brand
- Award and recognition
- Fast career progression
- Risk Averse
- Flexibility to work place
- Creative recognition of their value
- Work/Life balance

Other challenging areas to attract talent-

- HR and business leaders at odds
- Shortfalls in funding and technology support
- Changing aspirations of digital Millennial
- Mismatch between employee expectations and engagement levels
- Leadership deficit*

*Leadership deficit- Many GIC employees are not very satisfied with their leaders. Many leaders have difficulty responding to those demands on short notice. This widens the already existing gap between leaders and their direct reports, which further lowers job satisfaction and engagement.
TALENT
Experience-wise breakup in GICs

Types of talent as proportion of total workforce

<table>
<thead>
<tr>
<th>Experience Range</th>
<th>Total Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 Year</td>
<td>17%</td>
</tr>
<tr>
<td>1-3 years</td>
<td>28%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>24%</td>
</tr>
<tr>
<td>Above 5 years</td>
<td>31%</td>
</tr>
</tbody>
</table>

Transformation of attraction and engagement

GIC talent is very segmented, differentiated and mostly young. GICs are now commonly using multiple innovative approaches to recruit, on-board and engage talent, which have been highlighted below:

**Recruiting**
- Referrals
- Innovating sourcing strategies-
  - Social media
  - Alumni
  - Hackathons
  - Conferences & Industry events
- Positive candidate experience

**Onboarding**
- Pre-boarding and onboarding practices
- Mobile apps
- Business context
- Cultural context
- Process/technical
- Events
- "keep warm" communication

**Engaging**
- Culture
- Integration
- CSR support and activities
- Flexibility
- Work culture
- Education advancement
- Cross functional training
- Employee surveys

Accenture Report
TALENT

Change in expectations from Talent-

• **Talent Ambassadors** – 33% of Indian companies will increase their spend on this front to help decrease external dependency and make the most of their brand with resources that are already at their disposal.

• **Buy out notice** – Impact of increasing notice periods

• **Salary Hike** - Average hike is upto 30%

• **Joining bonus** - 54 percent of employers are using signing bonuses -- which can be 10 percent to 20 percent of the CTC for middle managers and professionals.

Why candidates prefer GICs?

The nature of work involved in a job strongly influences candidate’s decision making to seek employment with a GIC. A survey conducted by Accenture lists down the major factors that candidates take into consideration while seeking job with a GIC-

<table>
<thead>
<tr>
<th>Nature of Work</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training &amp; Development Opportunities</td>
<td>13%</td>
</tr>
<tr>
<td>Work Culture</td>
<td>24%</td>
</tr>
<tr>
<td>Awards and recognition</td>
<td>27%</td>
</tr>
<tr>
<td>Career Progression opportunities</td>
<td>33%</td>
</tr>
<tr>
<td>Work/Life balance</td>
<td>38%</td>
</tr>
<tr>
<td>Compensation and benefits</td>
<td>38%</td>
</tr>
<tr>
<td>Job stability</td>
<td>39%</td>
</tr>
<tr>
<td>Organization Brand</td>
<td>44%</td>
</tr>
<tr>
<td>Nature of Job</td>
<td>45%</td>
</tr>
</tbody>
</table>

Accenture Report
TALENT

Talent Strategy of GICs-

Build brand employer-of-choice to attract “innovators”

Access prospective employees on problem solving skills and innovation potential

Seed an intrapreneurial culture by hiring/engaging successful entrepreneurs, enabling innovation, re-skilling current employees and rewards

Transformation of TA in GICs

- The TA team now works closely with business leaders throughout the GIC organization to craft a forward-looking talent acquisition and retention strategy.

- Conducts strategic workforce planning using a thorough understanding of talent supply and demand gaps in various parts of the company.

- Collaborates with a diverse array of leaders to create an employee value proposition that centers on fostering a sense of meaning and providing other forms of value the employees seek.

- Digital technologies are being used to consumerize employee experiences, by tailoring them to individual employees to further create a sense of personalized meaning

Progressive GICs use mobile technology to design a wide range of personalized experience for employees:

- Internal job search
- Candidate interview
- Competency assessment
- Mobile learning & engagement
- Time, leave & expense management
# TALENT

Leveraging digital technologies by the TA function-

<table>
<thead>
<tr>
<th>Mobility/ Web</th>
<th>Workforce Planning &amp; Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Employee interviews</td>
</tr>
<tr>
<td></td>
<td>- Employer brand marketing sites</td>
</tr>
<tr>
<td>Big Data</td>
<td>- Talent scout</td>
</tr>
<tr>
<td></td>
<td>- Predictive retention models</td>
</tr>
<tr>
<td>Social</td>
<td>- Alumni communities</td>
</tr>
<tr>
<td></td>
<td>- Extended workforce</td>
</tr>
<tr>
<td></td>
<td>- Social Media Candidate connect</td>
</tr>
<tr>
<td>Cloud</td>
<td>- SaaS workforce planning</td>
</tr>
<tr>
<td></td>
<td>- Saas Talent sourcing</td>
</tr>
</tbody>
</table>

### Talent Landscape- Location Segmentation

- Bangalore: 43%
- Pune: 12%
- Mumbai: 11%
- Hyderabad: 10%
- NCR: 8%
- Chennai: 4%
- Others: 12%
The Captive sector has been roping in a major section of the talent with the promise of good packages and global exposure.

The average salary structure across domains and company types is mentioned below-

<table>
<thead>
<tr>
<th>Average salaries Across Domains</th>
<th>Salary range (LPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Research</td>
<td>7.82LPA</td>
</tr>
<tr>
<td>IT</td>
<td>8.65LPA</td>
</tr>
<tr>
<td>Financial Research</td>
<td>8.96LPA</td>
</tr>
<tr>
<td>Primary Research</td>
<td>9.03LPA</td>
</tr>
<tr>
<td>Analytics</td>
<td>11.7LPA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salary trends Across Company Types</th>
<th>Salary range (LPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captive Centres</td>
<td>12-14 LPA</td>
</tr>
<tr>
<td>Consulting Firms</td>
<td>14-12LPA</td>
</tr>
<tr>
<td>Domestic Firms</td>
<td>14LPA</td>
</tr>
<tr>
<td>IT Service Providers</td>
<td>9-11LPA</td>
</tr>
</tbody>
</table>

The best domains for a fresher to work in a captive are-

<table>
<thead>
<tr>
<th>Salary trends Across Company Types</th>
<th>Salary range (LPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytics Service Providers</td>
<td>6.3 LPA</td>
</tr>
<tr>
<td>IT</td>
<td>6.7LPA</td>
</tr>
<tr>
<td>Traditional Indian Businesses</td>
<td>6.9LPA</td>
</tr>
<tr>
<td>E-commerce</td>
<td>8.4LPA</td>
</tr>
</tbody>
</table>

Across industries, this year in India, avg. salary increase in likely to be 9.5% and for the first time in 8 years.

For over a decade, India has been leading the average salary increase percentage, followed closely by China & Philippines.
Influence of digital technologies

With digital forces disrupting established business models, technology has ceased to be a mere enabler of business to a veritable driver. The advent of analytics, mobility and cloud based solutions offers organizations new avenues to enhance customer experience, increase agility and rationalize costs. The business value chain is being digitized with organization functions like marketing, research and development, production and logistics evincing interest in technology as never before.

The rise of in sourcing and adoption of new technologies will increase the relevance of GICs to the parent organization. GICs will have to ensure their parent organization retains its competitive edge in the market.

- Share of technology workforce of leading MNCs operating out of India
- Number of CoEs across verticals currently in India
- India is rapidly becoming the power-centre for MNCs.
- India centre is the largest GIC outside the HQ location
- India has emerged as the 2nd largest destination (after the US) to setup a centre for digital transformation.

Out of total GICs in India

- 20% digital software GICs
- 65% Internet GICs
- 70% Headquartered from the US
EXPANSION PLANS

Expansion plans of some of the current India based GICs

- **Exxon** has already announced an investment of USD 500 m to set up a Technology and R&D center in Bangalore
- **Target** is the latest big outsourcer to take IT back in house.
- **Lowes** is increasing its India footprint and making investments to create an ecosystem that delivers technology-based solutions.
- **Diageo** setting up its IT captive center, this involves providing Salesforce automation, distributor management solutions, trade promotion and supply chain support, brand and trade data analytics and pricing insights in over 50 markets worldwide. Diageo Business Services India will start with 200 employees and increase the head count to 1,100 over the next three years.
- **Barclay Technologies Centre** India Ltd, an offshore unit of the London-based financial services firm, is planning to add 100,000 sq. ft in Pune, where it currently operates. At present, the firm employs around 15,000 people from a 75,000 sq. ft office in Pune.
- **Intel** is investing Rs 1,100 crore to set up an R&D centre in Bengaluru. The centre will be dedicated for chip design and verification purposes, one of the largest for the company

New Set-ups:

- **Google** plans to set up its first data centre in India in the city of Mumbai by 2017, to improve its services to local customers wanting to host their applications on the internet, and to compete effectively with the likes of Amazon and Microsoft.
- **Munich Re** is opening a composite branch office in Mumbai to service the property-casualty, life, health reinsurance markets across the country.
- Australian telecom major **Telstra**, which has been outsourcing technology work to Infosys for nearly 10 years, has plans of setting up captive unit in India. The firm’s large service provider Infosys will help it set up a unit with 200 people initially. The company is expected to work on emerging technology areas at lower costs at the India captive.
- Ivanhoe Cambridge-backed logistics developer **Logos Property** is making its first move into India, teaming up with a Assetz Property Group to build high-end warehouses across the country. The platform, Logos India, will build and manage around 20 million square feet of modern logistics properties in Mumbai, Pune, Chennai, New Delhi, Bangalore, Hyderabad and Ahmedabad.
- **Ascendas-Singbridge** has become the latest international real estate investor to bet on India’s industrial real estate sector after the Singaporean developer announced a joint venture with Bangalore-based industrial specialists Firstspace Realty.
GICs are looking to add an additional 30,000 jobs this year on a net basis (excluding those who quit firms in the category to find jobs elsewhere)

Talent demand as per experience:

- **Less than 2**: 4% Rise
- **2-5**: Stable
- **5-10**: 3% Rise
- **10-20**: 5% Rise
- **More than 20**: 11% Drop

**Sources** –
Primary Research through first hand data collection
Secondary data from - Nasscom Report & Accenture Report