

As IT services recruitment drops, GCCs pick up slack

Global Cos Enter India Eyeing Talent Pool

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Bengaluru: With large IT services companies reducing their workforces in the first quarter of 2023-24, global capability centres (GCCs) – the technology arms of multinational companies – look set to outshine the rest of the Indian tech industry this year in hiring. And if that happens, it would be a first, and would be illustrative of the rapidly growing attractiveness of Indian tech talent for global companies.

The big four IT services companies combined had a reduction of nearly 18,000 people in the quarter ended June. Only TCS had a net addition – a mere 523. Infosys, Wipro and HCL had headcount declines of 6,940, 8,812 and 2,506 respectively. They have been hit by weak macroeconomic conditions and recession fears in the West, which is resulting in longer decision-making cycles, and slow deal ramp-ups. The reduction in headcount is worse than even in the first quarter of FY21, when the pandemic struck.

On the contrary, many GCCs are hiring, and many new ones are entering India looking for talent. Lalit Ahuja, founder of workspace and HR solutions platform ANSR, expects GCCs to make an incremental addition of 4-5 lakh employees in the 2023-24 financial year. He says irrespective of the economic cycles, GCCs work in conjunction with the enterprise's core programmes. Many global companies, he says, are likely to replace their on-shore contractors (third party service providers) with their GCC workforce.

Ramkumar Ramamoorthy, partner at growth adviso-



“GCCs will make an incremental addition of 4-5 lakh employees in the 2023-24 financial year.”
Lalit Ahuja | FOUNDER, ANSR



“The attractiveness of GCCs as an employer has gone up substantially. It's a myth that GCCs hire only experienced talent and not from campuses. In fact, GCCs today hire well more than 100,000 graduates across educational institutions focused on STEM, management, and humanities across the country.”
Ramkumar Ramamoorthy | PARTNER, CATALINCS

ry firm CatalinCS, says that as digital transformation is core to differentiation and growth, GCCs want to 'own' those capabilities rather than 'lease' them. “In the past three weeks, Citigroup, Deutsche Bank and NatWest announced plans to hire thousands of employees, adding to their combined headcount of over 60,000 professionals in India. Looking at the quarterly earnings of listed companies in the past two quarters, I am more than convinced that the incremental net headcount addition in GCCs this calendar year will be materially higher than that of traditional third-party IT/BPM companies,” he says.

Nasscom's estimates show that of India's total tech workforce of about 5 million, the GCC talent pool is over 1.6 million. Eight years ago (2014-15), GCCs had about half that number; at 750,000. India has 1,580 tech centres of GCCs, and that number is rising every month.

US luxury retailer Neiman Marcus Group (NMG) established a GCC recently to develop a new digital play-book that enhances store, on-



“GCCs and Indian IT services are complementary and core to India's tech industry as they have put the country on a higher growth trajectory.”
KS Viswanathan | VP – INDUSTRY INITIATIVES, NASSCOM



“GCCs have built resilience and evolved as powerful change agents owing to differentiated capabilities agnostic of the location.”
Venkat Shastri | MD - INDIA, ALLEGIS GROUP INDIA

line, and omni-channel experiences. The company plans to hire 500 people for the Bengaluru tech hub in the next 8 to 10 months. The \$31-billion Inspire Brands, the second largest restaurant chain in the US with brands like Arby's, Baskin-Robbins, Buffalo Wild Wings, and Dunkin', recently set up a tech innovation centre in Hyderabad.

India is home to about 25% of GCCs of global retail/CPG (consumer packaged goods) companies, employing over 50,000. About 63 retail and CPG companies including Walmart, Target, Tesco, Lowe's, Nestle and Pepsico have tech centres in the country.

Venkat Shastri, India MD of US-based technology services provider Allegis Group, says GCCs have emerged as the innovation powerhouse of enterprises blending core and contextual knowledge to drive scale. “GCCs are powerful value creators, catalysing innovation beyond the arbitrage. They are integral to future-proofing the tech capabilities of global enterprises with the customer as the parent entity,” he says.