

Operations Practice

Innovation hubs: How GCCs are shaping the future of business

Global capability centers (GCCs) are rapidly evolving beyond their traditional roles as execution centers, becoming increasingly important as enterprise innovation hubs.



Enterprises are looking to Global capability centers (GCCs) as critical innovation hubs to stay ahead in the competitive landscape, but the difficulty lies in aligning strategic priorities with the capabilities of GCCs to maximize their impact.

In this episode of *McKinsey Talks Operations*, host Daphne Luchtenberg is joined by McKinsey partners [Abhilash Sridharan](#) and [Malcolm Gomes, Debasis Panda](#) of TransUnion, and [Pravin Goel](#) of BlackRock to discuss how GCCs are evolving to become central to enterprise innovation and strategic success. How can enterprises ensure that their GCCs build the talent they need and capture the value of new technologies?

The following conversation has been edited for length and clarity.

Daphne Luchtenberg: A recent episode of our sister podcast *Future of Asia* examined [how GCCs are evolving to the next generation](#), becoming an increasingly critical catalyst for productivity and innovation for the global enterprises they serve. Today we're taking a closer look at how that change is being achieved, with a focus on two areas.

First you'll hear from McKinsey partner Abhilash Sridharan, discussing the talent supply chain at GCCs. He's joined by Debasis Panda, head of GCCs for TransUnion, and Pravin Goel, who is the managing director and country head for BlackRock in India. Let's listen in as Abhilash kicks off this conversation.

Abhilash Sridharan: An ideal GCC focused on positioning itself as a talent headquarters for the enterprise can aim to follow what we call the "10/30/50 approach." What it means is 10 percent of the leaders for the enterprise come from the GCC, 30 percent of the overall employee base resides in the GCC, and 50 percent of the new

age skills that the enterprise is building are with the GCCs.

Given that context and with the increasing focus of GCCs to become the talent headquarters for the enterprise, can you suggest a few areas in which GCCs are building their talent supply chain? Over to you, Pravin.

Pravin Goel: I do think we are living through an exciting period for GCCs to truly build the new age skills and capabilities. We've always done the [building of capabilities](#). But this time feels super special in terms of the impact it could have on how the business itself changes—and the leadership opportunity around it.

I'd call out four or five big things that we're building. Number one is product. We've historically had a huge amount of engineers on one hand and a large team of operators on the other hand. Co-locating product management in the middle is a huge unlock, and that's what we're building right now. So that's number one—product.

Clearly, it'd be remiss not to talk about [generative AI \(gen AI\)](#). And we are definitely building that today. The third one I would call out is [cloud](#). We've all had our journey to the cloud, and we're building the capabilities around that.

And the last that I would call out, which is I think super important in the journey that we're on now, is building core skills. A lot of GCCs today call themselves the "microcosm of the firm," but quite honestly, many of them are like doughnuts. They are hollow at the core. So for me to say we are a microcosm of Blackrock and not really have a very big, relatively impactful presence for investment is not appropriate. We are building core business skills, especially with respect to transition risk and sustainability—and also in business transformation.

For example, we're building skills around how we rearchitect the way we do investment risk at the firm.

Abhilash Sridharan: Perfect. Thank you, Pravin. Debasis, we welcome thoughts from your side as well.

Debasis Panda: When we look at talent, to me, it is the most defining element in establishing efficient and resilient GCCs. Having the right talent is a path to a major competitive advantage not just for the GCCs but also for the enterprise. And when we look at the global operating model, essentially it is a talent operating model, which drives the enterprises across the globe.

Talent is a multifaceted and continuous journey, and it requires collaboration effort at many levels. The most important pieces are, how do you have the core skills in terms of the business and the ability to have the ever-changing technology depth in that, and how do you create that? The talent supply chain is where we look at creating those core skills and the domain expertise, and the technology piece is how we ensure a platform or a model where all that is enabled.

Next in terms of the talent supply is how the middle level of leadership is built in into the organization, and then how you are building in the senior-level leadership in the organization so that you truly perform as transformation hubs and you are able to drive transformation programs, which will be the theme of the day as we go through all the technology disruptions, all the innovations, that happen around it. So essentially, this is holding a strong understanding of your business, being nimble enough with your rescaling strategy to be able to cover all technologies, and then having a path for how you move across the different layers of development and start owning functions as enterprise leaders.

Abhilash Sridharan: Thank you, Debasis; you highlighted some very interesting nuances. As we all know, the market for talent is already competitive. And a GCC is constantly faced with the issue of attracting the right talent—and then retaining them. How can GCCs approach this challenge and effectively manage that talent supply chain, particularly for the newer breed of talent? Perhaps Pravin, we could start with you.

Pravin Goel: Yes, I think the one-word answer in my mind is “culture.” We need to create a work environment that is more about interactions and less about transactions. And when it comes to creating the right environment, while the leader sets the tone at the top, [all roads do lead to managers](#). Managers who connect with people on their teams at a human level make all the difference in how people feel. And that needs to be throughout the entire life cycle of employment: hiring, onboarding, re-recruiting even.

I previously talked about the need for leaders to switch from content to context. Let me talk about another really important need for switch that is needed to attract, retain, and groom talent. [We need to switch from instructing or telling](#), which is a tendency for far too many managers, to listening. And there's a quote around this, which is, “Courage is what it takes to stand up and speak, but courage is also what it takes to sit down and listen.” While we need to keep the “hygiene” factors—stability, competitive pay and benefits—I think the real differentiator is in building a [purpose-led culture through our leaders and managers](#).

Abhilash Sridharan: That's spot on, Pravin, and thank you for sharing that wonderful quote and for your insights on managing the supply chain for external talent—and you also touched upon internal talent. Debasis, I would love to understand, what are actions and investments that GCCs could take

in reskilling and upskilling internal talent? And what role do you think internal talent has in effectively managing the overall people supply chain?

Debasis Panda: The challenge today with many GCCs is the limited visibility of the internal talent pool and how you then go about managing and driving it right. To me, the most important thing to start with is creating a skill database. That gives you a complete view of the internal talent pool, and you then leverage insights out of that in terms of how you drive it. In the current world, skill is the new global currency. It is what drives organizations; it is the most impactful currency in the world. The key is to move away from job-based recruitment to [hiring on a skill-based way of thinking](#) so that you are deploying your associates for a specific skill, not for the titles or what the job demands.

What has worked well for us are a couple of things. One is we have created a culture of associate-driven excellence, where associates play a very significant role in leading innovation and learning. This is primarily focused around experiential-learning programs, which could be “geek walks” or gamified hackathons that run quarterly over years so that upskilling and reskilling become the hygiene of the enterprise in terms of the culture.

The second piece is, how do you [create an internal-talent marketplace](#)? If we are driven through skills, then it’s important that there is a very strong internal-talent marketplace. This enables people to seamlessly move across functions or requirements and drives your best internal talent mobility. So just like on a sports field, you double up in a different role, depending on what the situation demands. To me, it’s all about culture. It’s all about looking at specific things in how you drive your reskilling and upskilling strategies and focusing on where the value is.

Abhilash Sridharan: Thank you, Debasis, for a very comprehensive insight on that topic. Pravin, if I may ask you, what are the channels that are leveraged? And how can GCCs be proactive in managing talent sourcing?

Pravin Goel: Obviously there is social media: Instagram, LinkedIn, et cetera—the whole notion of meeting the talent where they are rather than waiting for them to come to us. And there is the notion of referrals—our employees are the best brand ambassadors, they know our culture, and so on. But let me pick two new ones and the innovation opportunities here.

The first one I would pick is campuses. And let me talk through our experiences at the campuses. Our campus hackathon event, which we call “HackKnight,” has become such a huge success. In the social media realm, I think the term would be “viral.” We see a lot of students taking pride in putting “HackKnight participant” on their LinkedIn profile. It’s really not so much about whether they are the winner; it’s about celebrating the human essence of cocreating some innovation and enjoying that.

And I can imagine this becoming our own version of *India’s Got Talent*—the whole notion of putting a spotlight on people’s unique talents and skills in a celebratory tone rather than judging or evaluating if anyone is good enough for us. So I think that is a unique opportunity to innovate on how we [engage the next-gen talent](#) and meet them where they are. And that’s one on the campuses.

The other one I would bring up is the notion of industry events and conferences, and especially in context of applied knowledge, rather than the interviews. You get interview behavior in an

interview, and if you want applied skills, attend an event. For example, in our context, applied research is very important, and we are engaging with conference and industry participants on applied research. And I think that's another great channel, to your question earlier, Abhilash.

Daphne Luchtenberg: Great to hear about the new ways of finding talent in GCCs. I particularly liked the complementary ideas of both building internal talent pools and going out to meet talent where they are—whether that's on the university campuses or via social media. That conversation also touched on the need to build talent in gen AI, which leads us neatly onto the second part of this episode. Pravin and Debasis are now in conversation with McKinsey partner Malcolm Gomes, talking about the [transformative power of technology and gen AI](#) in GCCs. Let's listen in as Malcolm kicks off the conversation.

Malcolm Gomes: Over the past few years, we've seen that there have been a few technology and AI trends that have reshaped the world around us—the rapidly reducing cost of storage and processing, ever-expanding availability of data, then the sophistication and advancements in AI moving from deep learning, and now gen AI. I would love to hear from both of you what, from your vantage point, are the biggest trends you see. Maybe starting with you, Pravin, and then Debasis.

Pravin Goel: The innovation trend I would like to call out, which I think is specifically very important for GCCs, is product and co-locating product management expertise in the middle of engineers on one hand, and GCCs have a lot of engineers, and operators on the other hand, and GCCs have a lot of operators. Co-locating product management in the middle of that is a huge unlock for innovation, and not only with the product design benefit from the treasure trove of insights that the existing GCC

teams have. It will also enhance the commercial acumen for the existing teams.

Debasis Panda: We are in the midst of the most exciting trends and innovation, and this will continue to reshape our world in many exciting ways. We talked about AI, and we are talking a lot about analytics, the metaverse, immersive internet, and a few things more. To me, the most important innovation trend will be AI everywhere. The way we are seeing its proliferation, it will augment nearly every possible job and business process across industries.

Now models like no-code AI, with its easy drag-and-drop interfaces, are enabling us to create pilots, which we will be able to drive into intelligent products and services. Within the context of AI, there is also significant value or potential of how data is going to be leveraged through the analytics. I feel like every single organization will compete on analytics. And the winner will be determined primarily by the speed of data to action and by the quality of the models that we do and the decisions which we infer out from them. So it will be a very good integration of how AI plays into data, how data is transformed into insights, and how those insights drive decisions.

Malcolm Gomes: Thank you so much, Pravin and Debasis. It does sound very exciting—especially some of the things you already described that you're seeing. And I fully agree that the potential is immense. I think it would be good to understand, why do you believe GCCs, given where they sit in the enterprise, are well suited to capture this opportunity—or in some sense, derive the maximum impact from this opportunity—for innovation?

Debasis Panda: When we look at GCCs, the way they have evolved, we have the GCCs with the right capability, the right talent, and the focus to drive

innovation, and that cuts across all kinds of technologies and process parts as well. For example, whether it is operations, whether we are going for delivery on the technology side, or whether we are looking at business support functions, GCCs have the scale. They have the depth to create pilot programs, tested for success, and then leverage them across the enterprise. And there is a very strong ecosystem surrounding them in terms of start-ups, which can be leveraged for this. So in fact, GCCs can become the innovation lighthouse for the enterprise in terms of driving the innovation agenda around these new technologies and the innovation trends.

Pravin Goel: This is about playing to win, not to avoid losing. And I'll start with our strengths here. GCCs have a proven track record in operational excellence. They excel at streamlining processes, optimizing workflows, and driving efficiencies throughout the enterprise, not just in their own location. And they've developed what I would call a "mosaic of perspectives" across various markets, different client segments, and different regulatory landscapes and are uniquely positioned to have that diversity of business perspective.

What we now need to do is channel that same energy—the same discipline and diverse perspective—into the realm of innovation, and I think it makes perfect sense. I talked about how product in the middle of engineering and operations is a big unlock. Likewise, gen AI provides that spark needed for the business transformation. And the beauty of this is happening exactly when you're trying to evolve into the innovation hub. The huge COVID-19-related remote-working tailwind, the huge realization of distributed leadership, is coming exactly at the same time as gen AI is ready to help transform the businesses. By the way, the start-ups and the tech ecosystems in the country have also

developed at the same time. So yes, I agree. It's an exciting opportunity, especially for GCCs in India.

Malcolm Gomes: Wonderful for sharing that. I absolutely agree. It's a confluence of multiple forces reinforcing each other. So maybe moving to the last segment of this very interesting conversation, I think now, from a full enterprise standpoint, a GCC—like both of you said—is the innovation engine. But how do you think you can truly capture value back to the enterprise? And in terms of enterprise level, costs, customer experience, and the top line, how does this scale to eventually have impact at the enterprise level?

Pravin Goel: I do think this starts with strategic alignment moving—and needing to move—from content to providing context. Through that context, make sure everything we do in GCCs is aligned to the strategic priorities of the firm, and that strategic alignment will create the business impact that we talked about here.

And then there is prioritization. This is about making the switch from doing 100 different things, that operational strength, into knowing stuff that really matters. I think it really is in that space on strategic alignment and prioritization. But there is an important piece I want to also bring here, which is, it's all about people, and it's all about the culture we create for our people. We have talked about gen AI, and *it's never just tech*, even in tech firms.

Let's now talk about Gen Z. And perhaps somewhat opposite to the popular perception, I do believe that next-gen talent values financial security, job stability, and so on. But that is just a starting point. There is a huge need for us to create a purpose-led culture, empathy, respect, flexibility, and so on. So I think it's about creating the right culture and making sure we stay aligned.

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Malcolm Gomes: Debasis, how about you?

Debasis Panda: As we look at the enterprise, it's right. Innovation is a great opportunity for all global enterprises. And within that opportunity, GCCs have this opportunity in how they play a bigger role in the enterprise strategy and enterprise priorities by driving some of this innovation agenda.

Now what plays in favor of the GCCs? To me, the most important thing is the availability of high-quality talent who can work on cutting edge technologies, who have already proved at scale. The second piece I will say is the ecosystem, in general, helps to proof test some of our capabilities and scale those capabilities across the enterprise. So these are big strains that GCCs can leverage and drive some of the innovation agenda for the enterprise.

And having said that, when we look at the GCCs today, there is a significant amount of maturity we

see, where there's a deep domain expertise already established. So I think these are the opportunities now. And with so much of technology exploration happening, GCCs can play a significant role, which will be a part of the sweet spot to drive the enterprise value.

Malcolm Gomes: Thank you, Debasis and Pravin, for sharing your valuable thoughts on this very exciting topic.

Daphne Luchtenberg: Wow those were two great conversations. Technology enabling people and talent to drive the next generation of GCCs, and so powering the wider transformations across the enterprises they serve is a compelling idea—and it is already happening. Many thanks to everyone involved in this episode, and if you'd like to know more about GCCs, gen AI, or talent, be sure to check out our growing bank of podcast programs.

Debasis Panda is the senior vice president of global operations and head of global capability centers at TransUnion. **Pravin Goel** is the country head and managing director for India at BlackRock. **Abhilash Sridharan** is a partner in McKinsey's Mumbai office, **Daphne Luchtenberg** is a director of communications in the London office, and **Malcolm Gomes** is a partner in the Bengaluru office.

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