INNOVATING WITH AI-POWERED AUTOMATION

Abstract

Global Capability Centers (GCCs) in India have evolved from a small beginning in 1985 to a $60 billion sector with over 1,800 centers employing 2 million people by 2025. What began as cost-driven offshore operations has transformed into strategic innovation hubs that handle core functions, including R&D, analytics, and digital transformation for their parent companies. Here is an article examining the current trends reshaping the landscape, including geographic expansion beyond traditional hubs, the rise of mid-market GCCs, and an intensified focus on value creation over cost arbitrage. Most significantly, 70% of GCCs have prioritised artificial intelligence adoption, with AI-driven automation revolutionising operations across banking, healthcare, retail, and technology sectors. These developments position Indian GCCs as global centers of excellence for AI-powered business transformation and strategic innovation.

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The journey to now

The journey of Global Capability Centers (GCCs) in India has been a remarkable one. This journey started one fine day forty years ago, when Texas Instruments established their first Research and Development (R&D) Centre in Bangalore in 1985. TI was followed soon enough by Citibank, who established a captive centre for software development in Pune. The trickle turned into a flood by the 1990s and early 2000s, as several multinational companies from the US and Europe set up Information Technology (IT), Enterprise Resource Planning (ERP), software development and Business Process Outsourcing (BPO) centres in the country. The prime attraction for all these companies was the lower labour and operational costing, offering businesses substantial savings over operating costs in their home countries, and giving them access to a vast technical talent pool. India's highly skilled, STEM-skilled workforce also spoke English as a second language. India graduated – still graduates — up to 1.5 million engineering graduates annually, higher even than the US with 1.36 million graduates.

It did not take long for state governments to realise the economic benefits of these operations and get into the game. The country's state governments and the federal government laid out the red carpet with Software Technology Parks (STPs), Special Economic Zones (SEZs), and later, dedicated GCC policies offering tax breaks, subsidies, and compliance relaxations, to foster GCC growth.
As we transitioned from the first to the second decade of the new century, these outposts evolved to handle, even lead, the adoption of cloud computing, Robotic Process Automation (RPA) and other technologies in a bid to drive costs lower and reap higher efficiencies. Offshore work took on more strategic importance, as Artificial Intelligence (AI) made its way into the technology stack by 2015.
We now arrive in 2025 in our timeline. Over the last decade, with evolving infrastructure and improved connectivity, office spaces, and advanced ecosystems in cities like Bengaluru, Hyderabad, Pune, and emerging centers, India became an ideal GCC destination. The business climate in the country encourages innovation, flexibility, and ease of scaling operations for multinationals looking for both back-office support and advanced digital capabilities.

What is a GCC? It bears examining what sets a GCC apart from a typical offshore office. Some of the key differentiating factors are outlined in the table below.

Aspect	Global Capability Center (GCC)	Typical Offshore Office
Ownership/Control	Wholly controlled by the parent company	Often managed by a third-party vendor
Functions	Handles core, strategic, and innovation functions (R&D, analytics, digital, customer ops)	Typically handles non-core, transactional tasks like IT support or simple BPO
Integration	Deep integration with HQ operations, knowledge transfer, and long-term presence	Limited integration; project- or task-based
Talent Strategy	Direct access to local talent, leadership pipeline, and upskilling focus	Variable; depends on vendor arrangements
Duration	Long-term commitment, multi-year scope	Often short- to medium-term
Scope	End-to-end services spanning multiple business lines	Usually narrow, specialised focus
Purpose Evolution	From cost arbitrage to innovation and strategic value	Mostly cost and scale-driven

It is evident that what started as cost-saving back-office offshore sites has evolved into strategic, in-house hubs for business transformation and value creation engines, embedded in the parent company's global operations. India is home to over 1,800 GCCs as of 2025. The top GCC hubs in the country are the IT capital Bangalore with 880+ centres, Hyderabad, Mumbai (financial services), Pune (manufacturing/engineering), Delhi/NCR (e-commerce), and Chennai (engineering).

Some of the key trends governing GCCs are:

A shift from cost savings to value creation: GCCs now focus on driving digital transformation, R&D, and customer-centric innovation, rather than just hunting for cost efficiency.

Rise of mid-market GCCs: Mid-sized global firms (revenue $50M–$1B) are now fueling new GCC growth, specialising in industry verticals like fintech, health tech, and e-commerce.

Market size and growth: By 2025, the Indian GCC sector is projected to reach a market value of US$60 billion, with over 1,900 centres and 2 million employees.

Talent skilling and leadership: Upskilling and reskilling employees for new-age technologies is a top priority, with partnerships between GCCs, academia, and edtech firms.

Sustainability and diversity focus: Most of the GCCs are now integrating climate change, sustainability, and diversity initiatives into their operational models.

A move towards innovation with AI and automation: GCCs are shifting to the usage of AI in significant ways. Many are actively exploring AI-driven solutions across a gamut of use cases to transform their operations.

Expansion beyond the initial hubs: While Bengaluru, Hyderabad, Mumbai, Chennai, and Pune are established GCC hubs, emerging cities like Ahmedabad, Vadodara, Jaipur, and Visakhapatnam are catching up, supported by state policies and incentives.

The last trend is particularly noteworthy. In tandem with technology-driven enterprises the world over, GCCs are mainstreaming AI, particularly GenAI. As per the EY India GCC Pulse Survey of 2024, nearly 70% of GCCs have prioritised generative AI, with 78% actively upskilling teams and about 37% running real-world AI use cases.

AI-driven automation solutions are reshaping GCC operations in several areas: from R&D, product personalisation, and customer support, to fraud detection, loan processing, and network management. Proofs of Concept (POCs) and early deployments of AI solutions are happening.

The adoption of AI is particularly prevalent across banking/finance, healthcare, retail, and technology, enhancing regulatory compliance, drug discovery, supply chains, and experiential marketing.

The focus on integrating AI for innovation has created an upsurge in demand for data scientists, ML engineers, and a new role – "AI product managers". This exemplifies the shift toward a digitally skilled workforce. All GCCs are now firmly set on AI-driven digital transformation and enhancing enterprise-wide intelligence as immediate strategic imperatives, driving growth and strengthening their role as global innovation hubs. Some of the key technologies powering product, service and process innovation in the GCCs are:

Cognitive automation: automating complex decision-making, natural language processing, and other cognitive tasks using AI

Big data analytics: the processing of large datasets and extraction of insights that allows organisations to leverage the exploding amounts of data they harvest via Internet of Things (IoT) sensors, financial transactions, movement of people, vehicles and goods, and smart devices

Chatbots and virtual assistants: embedded into interaction points across customer journeys, these AI-enabled technologies help companies deliver superior customer experiences to users across the globe.

Driving innovation

What is the real benefit of these AI technologies to GCCs? The previously mentioned EY report mentions three key benefits of AI adoption in GCCs –

improvement in customer experience via automated chatbots, personalised support, and sentiment analysis; more efficient operations; and improvements in IT and cybersecurity. Other key areas of focus for AI-powered innovation include product development, finance, HR, sales and marketing.

On a strategic level, GCCs have leveraged AI to realise:

- More informed, data-driven decisions made with precision and speed
- Automation of more complex tasks, with better efficiency and accuracy
- Continuous innovation with a focus on AI-powered R&D.

Change is the only constant. This has never been truer for technology than it is now. AI is driving change and flux on a weekly, almost daily basis. To innovate and channel change towards marketplace success is no mean feat. The GCCs in India are well-positioned to do so with AI-driven automation on their side.

How can Infosys BPM help?

Expert partners can accelerate true innovation underwritten by the latest technologies. With an AI-first approach to business innovation, Infosys has been harnessing the power of generative AI and agentic AI to build exponential business value for GCCs and enterprises across the world.

For more information, contact infosysbpm@infosys.com

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