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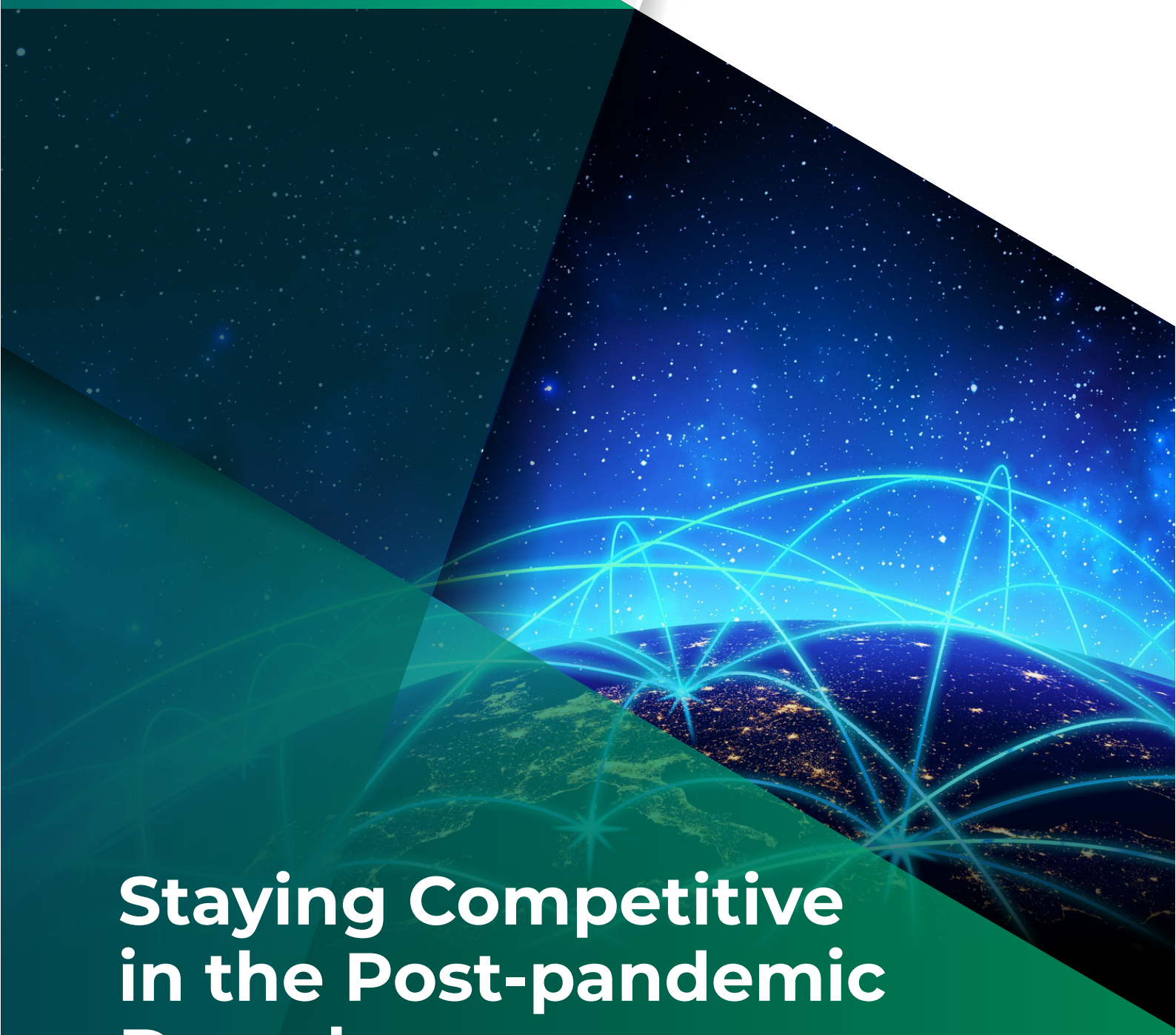


Staying Competitive in the Post-pandemic Decade

Transformative technologies to ignite innovation and accelerate your advantage in the Global In-house Center (GIC) Sector.

Introduction

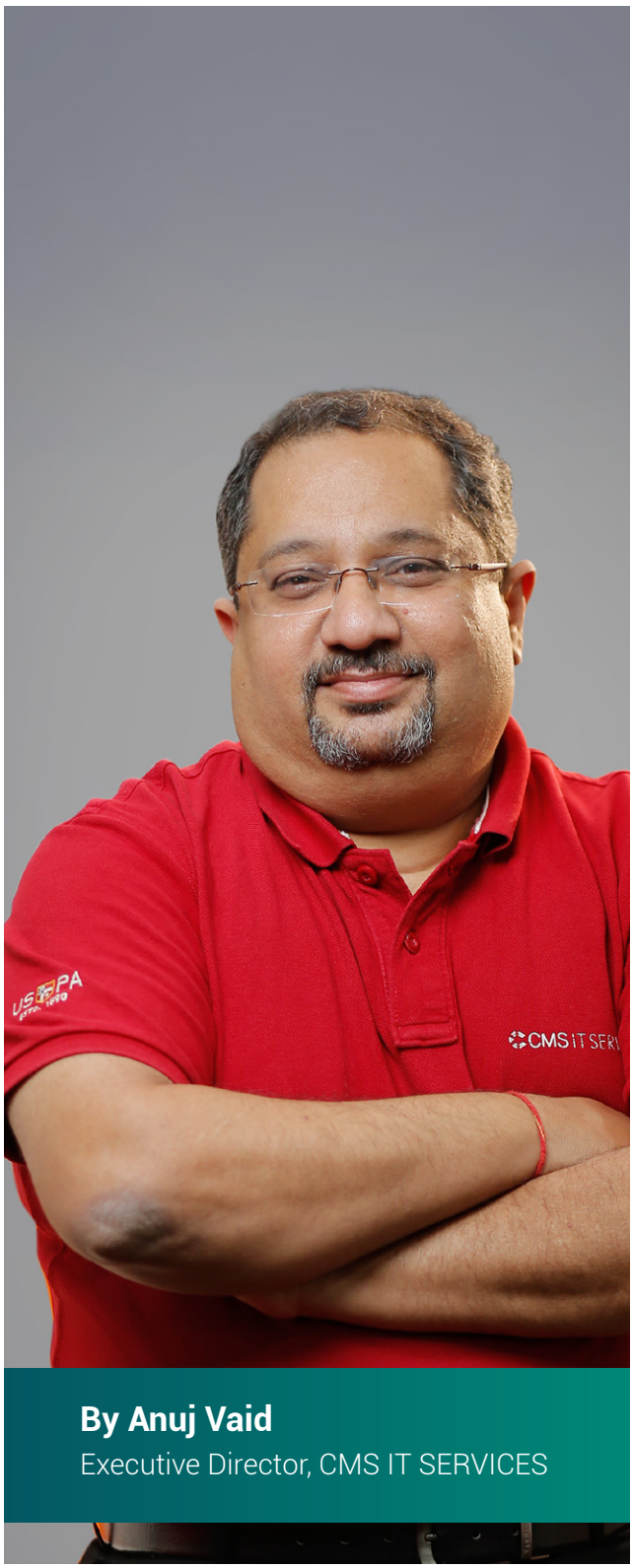
The World Economic Forum expects India to regain its position as the fifth-largest economy by 2025 and emerge as the third-largest economy by 2030 (Source: World Economic League Table 2021).

To achieve this goal, we will have to do more with fewer resources, scale up to international productive standards, and create unique differentiations that enable us to compete on global platforms. Technology - in the form of digital working and more - will play a crucial supporting role in this saga of achievement.

Even before the pandemic, organisations that truly embraced digital working experienced an increase in employee productivity even as the overall cost of operations reduced. The new work models also allowed them to access untapped talent pools and reduce staffing costs by hiring in Tier 2 and Tier 3 cities.

Moving forward, advancements in multiple emerging technologies will converge to create unprecedented value. It's up to us to anticipate and make the right strategic technology choices. So, what technologies should you be tracking and investing in?

Here's our definite round-up of the foundational technologies to keep on your radar:



By Anuj Vaid
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Foundational Technologies for 2022

Zero Trust architecture

India is the third-most cyber-attacked country in the world. Distributed workloads, remote working and connected devices make networks, services, apps and data more vulnerable than ever before. Fortification of endpoints and a zero trust posture is imperative.

Cloud maturity

Intelligent workload management and operational stability through custom cloud configurations is the way forward. According to Gartner, "The rapid pace of innovation in cloud infrastructure and platform services (CIPS) makes cloud the de facto platform for new digital services and existing traditional workloads alike, which is why 40% of all enterprise workloads will be deployed in CIPS by 2023, up from only 20% in 2020." (Source: Gartner Predicts the Future of Cloud and Edge Infrastructure, Katie Costello, February 8, 2021).

Hyperautomation

Gartner expects that by 2024, organizations will lower operational costs by 30% by combining hyperautomation technologies with redesigned operational processes. (Source: Gartner - Forecast Analysis - Hyperautomation Enablement Software, Worldwide, Cathy Tornbohm, 22 March 2021). This will reduce/replace manual resource allocation, system tuning and configurations, data management and mining, service management and systems provisioning.

Conversational AI

Just like cloud brought scale and speed within reach of small companies with small budgets, chatbots empower small teams with small budgets to deliver the 24/7 customer-first experience typically associated with enterprises.

IoT everywhere

By 2022, there will be 29 million connected devices on the internet and 50% will be IoT devices (Source: Telecommunications Industry Association). Smart homes, wearables, smart cities, smart grid and industrial internet will be the most popular applications.

Intelligence at the edge

Gartner predicts that by 2025, 75% of business-generated data will be generated and processed at the edge. (Source: Gartner - Technology Insight - Edge Computing in Support of the Internet of Things, Santhosh Rao, 13 July 2017). AI at the edge allows mission-critical and time-sensitive decisions to be made faster, more reliably and with greater security.

Data

By 2024, we will have generated 149 zettabytes of data globally (Source: Statista). The velocity and quality of data enables businesses to think less sequentially and more disruptively.

5G connectivity

5G ushers in an era of unprecedented connectivity - superfast, ultra-reliable, low latency networks that seamlessly support up to 1 million devices per square kilometre. This 1000x increase in compute capacity (compared to 4G) is the foundation on which IoT, big data, AR/VR, etc deliver immersive experiences.

> The next frontier in IT services will evolve beyond the discrete consumption of service models and technologies, and instead will be driven by the nexus of cloud, edge, 5G, AI, IoT, and data and analytics.
>
> ***Sid Nag, VP Analyst, Gartner***

Trends in Global In-house Center (GIC) Sector

Out with outsourcing, in with innovation

GICs in India - which started off as cost-saving operations of multinational corporations - have climbed the value chain and begun to drive revenue, with the domestic entities inking external deals and owning sales. A rich talent pool, backed by a robust domestic market and a digital backbone that accelerates transformation, has helped GICs evolve into innovation nerve centers, responsible for R&D, strategy, product innovation, and everything in between. Building on this, India's GIC sector is expected to scale as high as USD 85 billion by 2025.

> India is home to 1300+ GICs, creating 1.3 million jobs and generating USD 33.8 billion in gross revenue.

Source: NASSCOM

GICs have played a key role in accelerating the digitization of the country. As GICs matured from business support operations (call centers) to centers of excellence (CoE), they brought global best practices to India. They also helped strengthen and expand the talent pool by offering offshore assignments and global learning opportunities. Lastly, some GICs are actively mentoring start-ups in various technology domains and collaborating with academia - offering curriculum-based courses and internships to university students. In this manner, they helped develop a digital-ready workforce and culture that enables the country to capture the digital opportunity.

Industry evolution

GICs in India have contributed considerably to the development and enhancement of the HR, procurement, finance, operations, and IT functions. They've also made a mark in software product development and R&D.

- Indian GIC leaders have started holding global leadership roles and running global teams and organizations from India

- Teaming up of start-ups with in-house centers will be more prevalent, leveraging domain expertise of the former so the latter becomes more innovation-focussed

- Inculcating a culture of leadership, ownership and accountability amongst the workforce will become a top priority to keep pace with the parent-company

- Investing in cybersecurity posture development and enterprise resource planning infrastructure will become instrumental in service delivery excellence

- Building R&D and niche competencies among GICs is taking precedence as far as MNCs are concerned

- Funding digital initiatives that allow IT to be more agile, competent, and resilient is recapturing the originally intended productivity goals of inhouse centers

- Increased focus on collaborating and developing deliverables locally to ensure a more even distribution of power between the local centers and the parent companies

- Innovative technologically adept product delivery systems can eventually impart independent functionality minimizing the oversight from the multi-national parent firm

Challenges

- Ensuring seamless cross-border data access while also keeping data completely secure and complying with different regulations are key issues.

- Deciding on an Operating Model and overseeing digital transformation is a hassle for GICs owing to the tediousness of setting up a separate governance structure, with new KPIs offshore, under a different cultural format.

- The requirement for experts with domain knowledge and desirable skill sets considerably exceeds the availability and ability to retain them, raising the cost of acquisition considerably

The impact of GICs is more than monetary. They've contributed to the digital-ready reputation of the country by investing in capability and leadership development. They also help nurture an innovation ecosystem that energizes start-ups. Internally, they've found their footing as equal strategic partners to the international organization. Many of them are leading the enterprise digital transformation initiatives for their parent companies out of India.

Enabling Technologies

Cognitive automation, AI/ML, NLP, blockchain, big data etc are just some of the many technologies transforming the GIC landscape and rewriting the boundaries of productivity, efficiency, and innovation.

- Robotic Process Automation, Cognitive Automation etc are instrumental in optimising the delivery cycle to produce more refined market-ready products

- AI-based chatbots take over the first layer of support, freeing up in-house employees for more intellectually intensive tasks, thus boosting productivity
- Big Data will allow for predictive analytics that can proactively locate problem areas, especially challenges that crop up in the early stages of GIC development
- IoT helps monitor the entire value chain, provide real-time insights, and develop informed strategies that maximise delivery output
- ERP powered by hyper-automation, cloud and AI/ML will revolutionize business process efficiency by providing a holistic outlook of the entire system
- Cybersecurity run on timely extrapolation, detection and response will reduce cyberattack incidents that may reduce confidence of parent companies in GICs
- Blockchain technology also improves the transparency of processes thus creating a more collaborative environment sans misinterpretation
- GICs can collaborate more effectively with incubators to develop more talented subject experts by using AR/VR to train them as per their requirements and standards

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200
more GICs by 2024

Over 100 GICs are expected to open in India in 2021 and **over 200 by 2024** compared to only about 40 in 2020 (Source: ANSR research)

60%

60% of Enterprise CXOs expect more work to shift from the global headquarters to the Indian GIC over the next 3-5 years (Source: NASSCOM)

20-25%

India accounts for **20-25 %** of offshore retail and CPG GICs (Source: Everest Group)

Into the resilient future: a path forward

Now that the pandemic has changed how we do business forever, it's time to find pathways to a responsive and resilient future. It's time to enable agility with scalable digital systems purpose-built for distributed workforces. It's time to embrace hybrid-computing and multi-cloud models as pivotal components of business infrastructure.

As you lay the foundation of a digitally transformed future, you will want to evaluate the technology and vendors you choose. Here are a few things to consider.

What to look for in technology solutions

- You will want a technology stack - hardware, software and business applications - that **fits your business** just right, and keeps your customers happy.
- Your technology will need to integrate and work seamlessly with your existing infrastructure, so it augments and **amplifies your previous IT investments.**
- Solutions that are easily and quickly deployed substantially **accelerate your time to market** and drive quick returns.
- Cloud-native solutions offer you **unlimited elasticity** at an unbeatable price, allowing you to start small, learn what works for your business and scale fast.
- As threat actors become more sophisticated, **in-built security** may be the single-most critical consideration for your business's reputation and safety.
- Bespoke solutions that **automate and auto-learn** in your unique operating environment will drive higher ROI and keep your business future-fit.

What to look for in a digital transformation partner

- **Culture fit** is critical. A win-win approach and a strong desire to create value are at the heart of every good vendor relationship.
- Pick a partner who brings a **complete team** to the table, not just techies. You will want to involve business enablers, domain consultants, and support teams to ensure you've built a holistic solution for your users
- A partner with the right **intellectual property, frameworks and best practices** will make your life immeasurably easier by delivering risk-free and error-free repeatable deployment models.
- A partner with **global know-how and local insights** is a strategic advantage for your teams and your customers.

The bottom line - be it technology or transformation partners, **long-term sustainability** is the key. You want technology solutions that scale and adapt to the future and relationships that last the distance.

We hope you find these insights and commentary as illuminating as we do, and we welcome the chance to discuss what they mean for your business.

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