

Introduction: Leveraging the Global Advantage

In Section 1, we looked at VUCA, the new rules of engagement for businesses and why digital transformation matters for enterprises. As enterprises across industries embark on digital transformation, they must solve for specific challenges in their industries, as we have elaborated on in Section 2, and harness the key technologies that are the building blocks of the digital stack, as outlined in Section 3.

In this section, I want to propose that every enterprise in the digital age has to be a global enterprise. Introducing my eight new rules of management in Chapter 1 of Section 1, I had mentioned that nobody can do it alone in the VUCA world. The digital age is too complex and there are too many forces at work. It is very difficult to operate and succeed in a silo. Therefore, my rule seven was, 'Build an open organization and a web of partnerships'. One of the most important aspects of this is to have a global mindset and capitalize on global opportunities, both from the market demand and supply chain perspective.

The IT services industry is an important enabler helping enterprises leverage global advantage in delivery. This industry,

which has a strong centre of gravity in India, eastern Europe and many other emerging economies allows enterprises across the world to benefit from the cost, talent and scale advantages that many emerging economies offer.

This global IT services footprint includes both service companies and global enterprises who have established their dedicated technology and operations centres in emerging economies. In this section, I have used the term Global Delivery Centre or GDC to cover both types of entities (service companies and ‘in-house’ centres). I have used the same term consciously for both types of entities, despite the obvious differences between the two. While the ownership structure of these entities is different and there is often a ‘build vs. buy’ trade-off to be made between these choices, my thesis is that the operating model and mindset have to be the same for both types of companies – one of deep partnership and integration as a global enterprise.

GDCs are absolutely pivotal for enterprises to succeed in the digital age. Technology is the core foundation of digital, and GDCs are the centre of gravity for this technology execution. They provide not just the cost but also the innovation and velocity advantage necessary in this VUCA world. While GDCs have existed for many years, to meet the new expectations from technology in the digital age, the GDC’s proposition and operating model have to change significantly. Historically, GDCs have been seen as cost and execution centres; this needs to change, and they have to become revenue and innovation centres. This is a fascinating opportunity. Enterprises that are able to make this transformation and leverage global delivery effectively will stand to gain a real advantage in the digital age.

I have been a participant and a leader in this industry, helping shape the evolution of the GDC over the past twenty years almost. I led McKinsey’s Knowledge Centre in India from 2002 to 2010, and that was not just an opportunity to build a cutting-edge centre that was continuously defining what could be done from a GDC, but it

also became a showpiece for us at McKinsey to demonstrate GDC best practices to our clients looking to set up GDCs themselves. Subsequently, I led the global delivery network for Fidelity's international business for six years. Along the way, I led the Global Inhouse Centres forum for NASSCOM (the industry body in India for IT and BPO companies) for a number of years, where I helped define the value addition framework and maturity roadmap for GDCs.

It has been a fascinating journey for me to see – and shape – how GDCs have grown from being support centres to becoming a source of competitive advantage for global enterprises. This opportunity to leverage the global advantage – the why, what and how of it – is the focus of this section.

Chapter 1: Why enterprises need a global delivery model in the digital age

Here, I establish that the global delivery model is crucial for success in the digital age. Enterprises are facing the dual challenge of protecting their existing revenue streams while investing for future growth. The global delivery model is essential for reducing costs while simultaneously increasing the velocity of transformation/innovation as well as addressing the skill gaps in building world-class capabilities.

Chapter 2: Global Delivery Centres nearing tipping point, and ready to step up

I share my observations that many GDCs are reaching tipping point and are ready to step up their role. Many GDCs are uniquely positioned to be a strategic asset for enterprises by virtue of their scale and co-location of capabilities. Additionally, the GDCs' leadership maturity can further accelerate value realization for enterprises.

Chapter 3: Global Delivery Centres can be revenue and innovation centres

In this chapter, I highlight how best-in-class GDCs are delivering substantial value added benefits by being both innovation and revenue centres. On the one hand, they are becoming centres for change/continuous improvement for enterprises, and on the other, they are moving up the value chain in existing services. 'Cost+talent+domain expertise' is the success recipe for GDCs in the digital age. I have detailed six principles that have worked well in moving GDCs up the value chain, giving examples from my own experience in the industry.

Chapter 4: Maximizing Global Delivery Centre potential through changes in organizational approach

In this chapter, I make the observation that despite the opportunities on the horizon, many GDCs have not realized their full potential. I share my perspectives on the factors that enterprises must rethink to maximize value from their GDCs. These include structural and mindset changes with respect to the operating model, enhancing CXO-level engagement and bringing in entrepreneurial leadership at the GDC.

Chapter 5: Evolution of Global Delivery Centres and the new ask of GDC leaders

The call to action for GDCs is to move from execution to leadership. This is the need of the hour so that GDCs and the global enterprises can realize their opportunities in full. To make this move happen, the critical need is to develop a new generation of leaders who will be torchbearers at the GDCs on their journey from execution to leadership. Four critical shifts that are required from GDC leaders to make this happen have been discussed in detail in this chapter.

Finally, the chapter provides guidance as to how GDC managers can build a global mindset and become successful leaders.

Chapter 6: How to build a world-class knowledge centre

In this chapter, I lay out my perspectives on building a world-class knowledge centre. Proprietary knowledge is a key requirement in the digital age for an enterprise's long-term sustainable competitive advantage. A knowledge centre can become a source of innovation, transforming the core proposition and service model for large global firms. I describe my perspective of the journey and discuss the key building blocks necessary for a knowledge centre, based on my experiences in leading McKinsey's Knowledge Centre.

This case study provides a good example, not just for research or analytics type of capabilities, but for many other high-end, expertise-oriented capabilities that GDCs can build. I strongly believe that my learnings from building the McKinsey Knowledge Centre are still very relevant and provide a great framework for where GDCs need to now go in the digital age.