

STATE OF RETAIL/CPG GCCs IN INDIA 2022



About ANSR

ANSR is the market leader in enabling organizations build, manage and scale global teams through Global Capability Centers (GCCs). ANSR provides full life-cycle services including GCC design, setup and operations. ANSR's unique and differentiated 'GCC-as-a-Service' is delivered in a no-CapEx and 'pay-as-you-grow' manner that significantly enhances 'time to value' and neutralizes the known risks associated with setting up globally distributed teams.

Companies cutting across size, industry and markets rely on ANSR's expertise to successfully build global business and technology teams. Since its inception, ANSR has established 95 GCCs, enabling employment for 95,000 in enterprise talent, with \$1.6B in investment and using 9M sq ft of workspace.

Our experience spans industries including retail/CPG, banking, insurance, travel and transportation, and healthcare. We operate in supply-rich locations such as India, Central and Eastern Europe, South America, Canada, and Southeast Asia.

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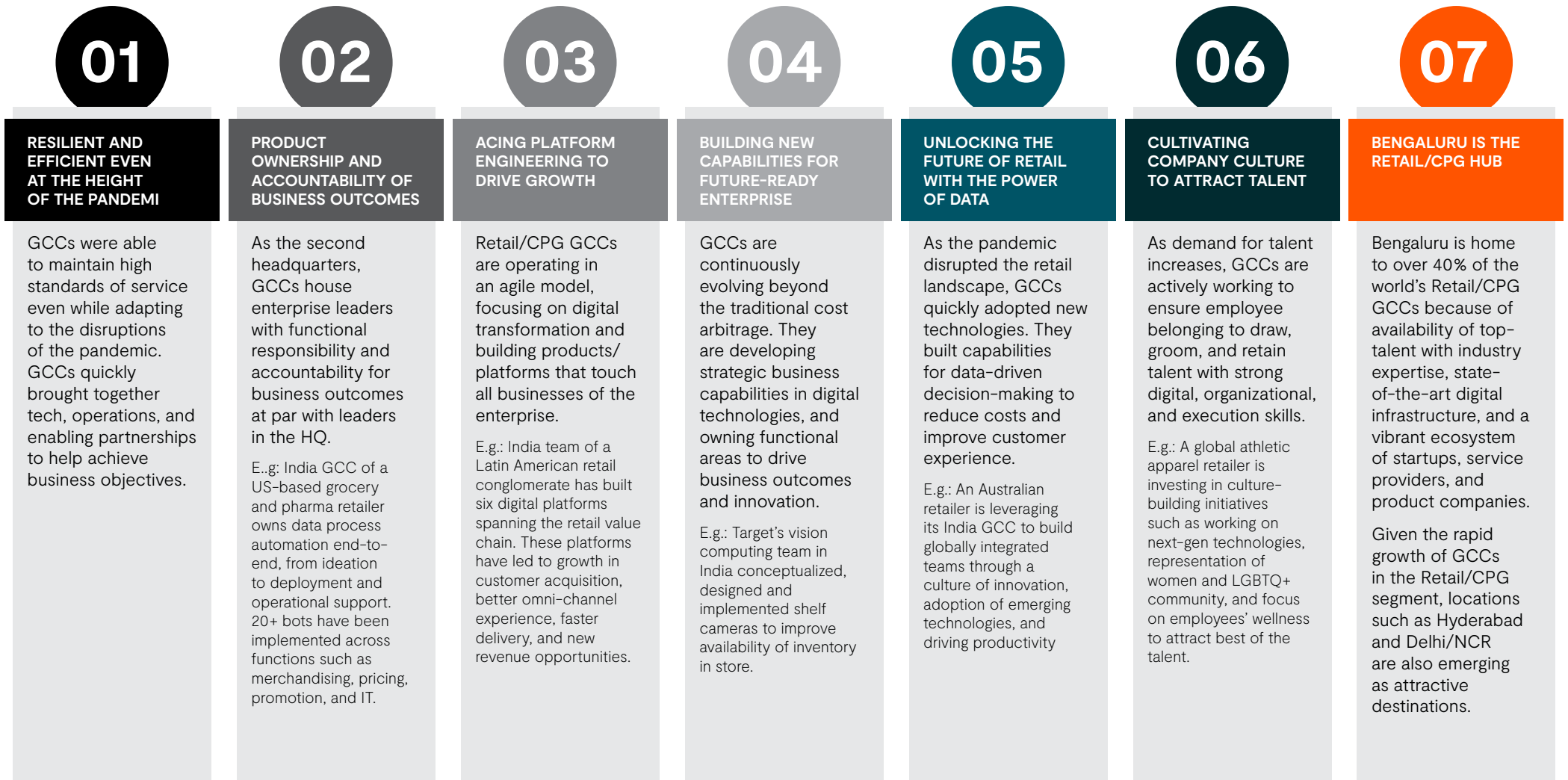


Table of Contents

Executive Summary	04
Survey Results: GCC Value Proposition	14
Survey Results: Understanding Core Capabilities	17
Survey Results: Understanding Operating Model	26
Annexure	31
Survey Methodology	36

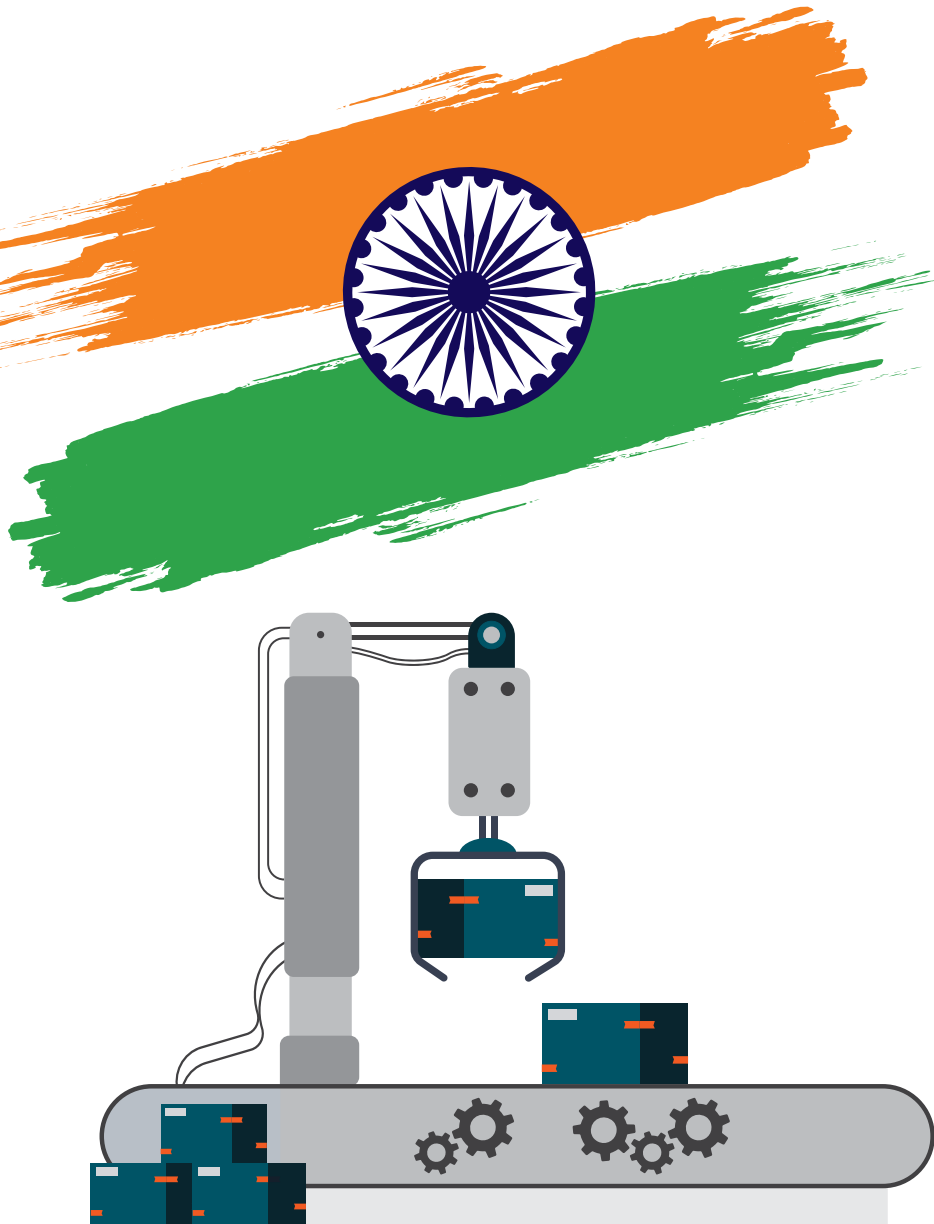


Retail/CPG GCCs become second-HQ



The Retail/CPG GCC landscape is booming in India

- India is home to the GCCs of **~29% of global Retail/CPG companies** and **employ ~60,000 people** in India
- Retail/CPG is one of the fastest growing GCC segments in India, with **7-Eleven, Giant Eagle, Lululemon Athletica, Neiman Marcus, Northern Tool + Equipment, Adidas**, opening centers during 2020-2022
- Over 50% of the Retail/CPG GCCs have been setup **in last 7 years, driven by the success of incumbents, mature operating models, and accelerated speed-to-value**
- **~25 Retail/CPG enterprises** are expected to establish new GCCs in India over the next 2-3 years

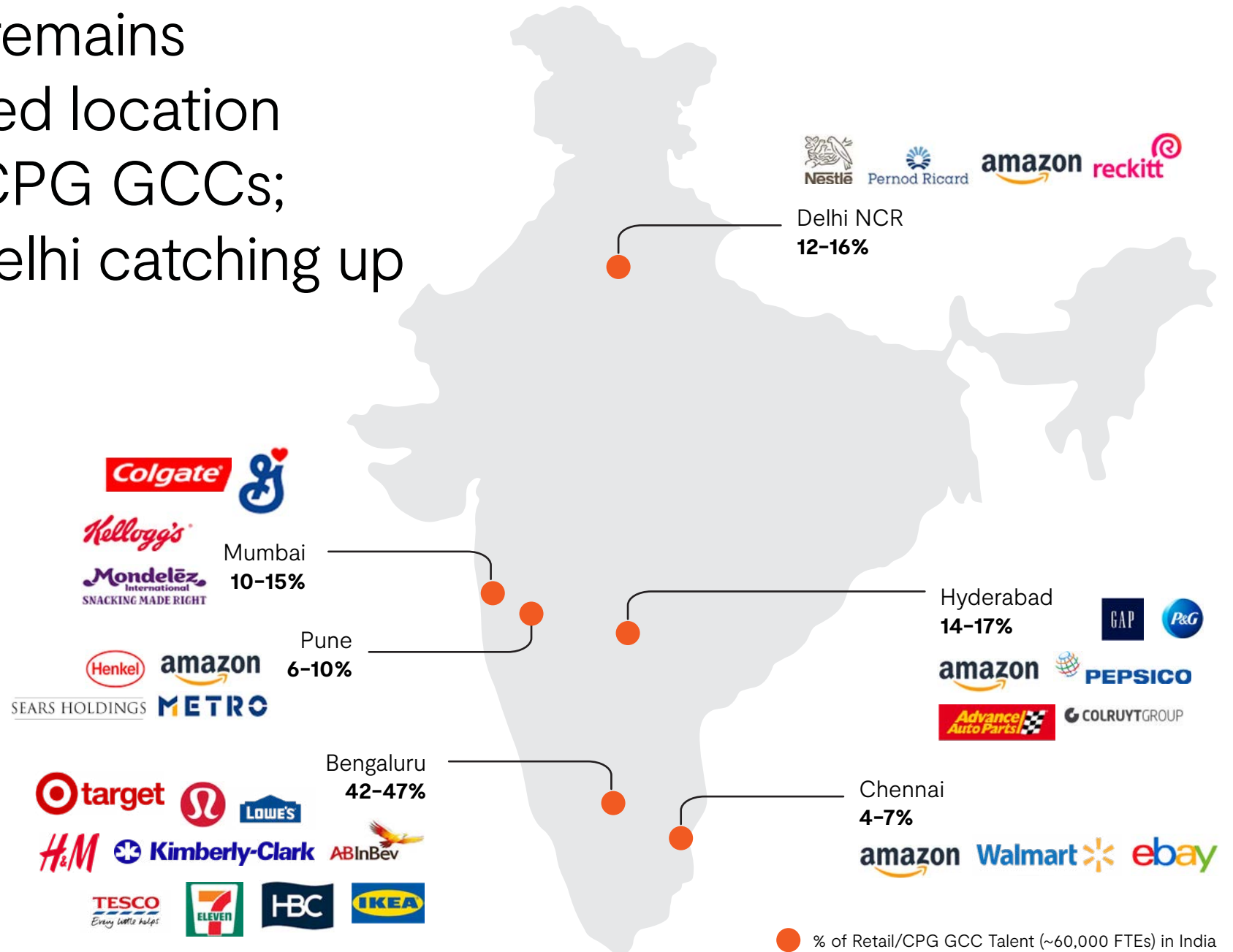


World-leading Retail/CPG firms setup GCCs in India



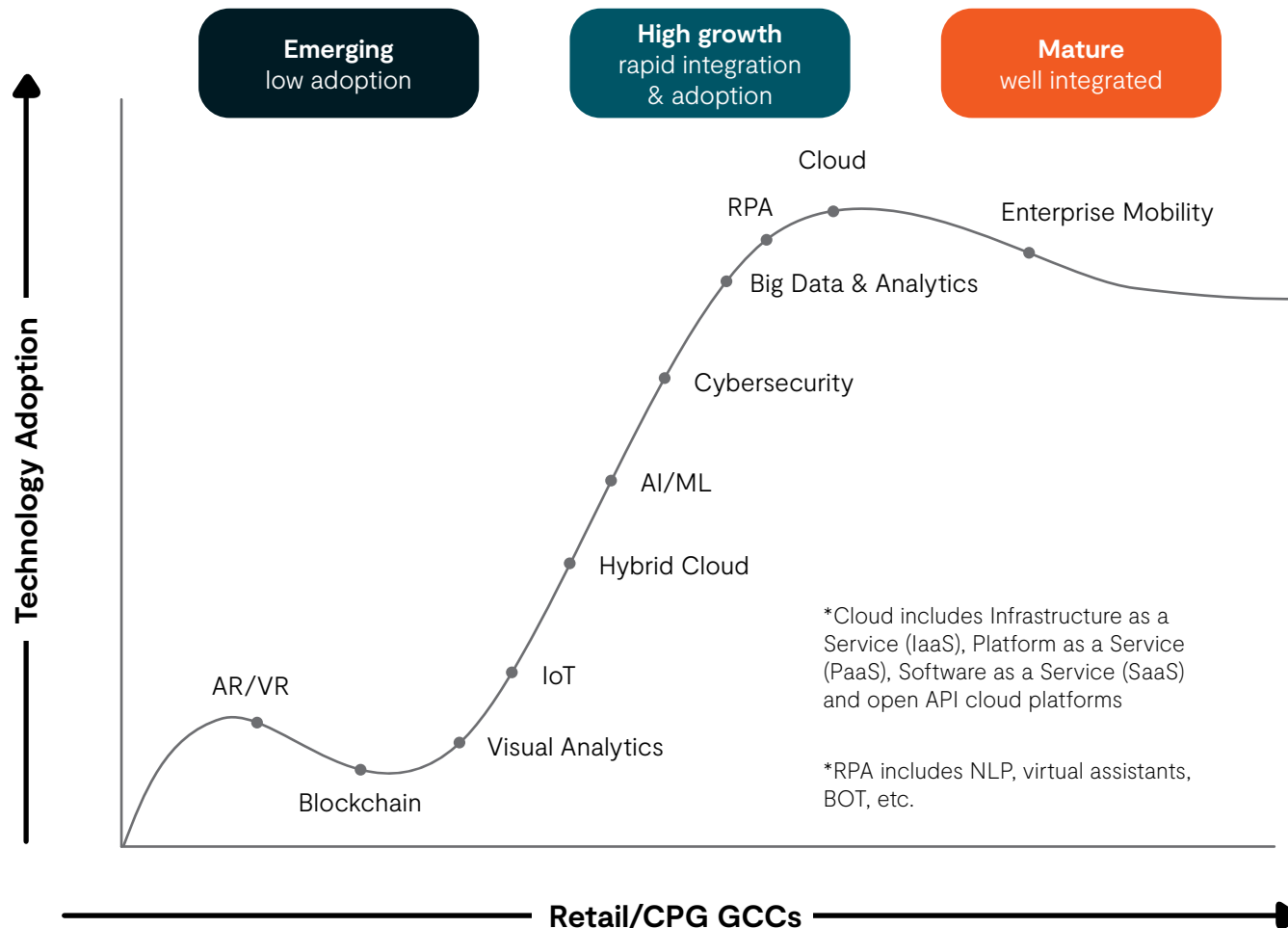
Since 2015, some of the world's largest Retail/CPG players have set up GCC operations in India. They have made significant investments in building digital capabilities and accelerate innovation.

Bengaluru remains the preferred location for Retail/CPG GCCs; Mumbai/Delhi catching up



Source: ANSR

Retail/CPG GCCs scale tech adoption for their parent orgs



- GCCs empower enterprises to embrace newer technologies, creating a competitive advantage
- They accelerate the deployment of cloud-based high-performance computing
- They are building big data & analytics, cloud, and mobile capabilities
- Blockchain and AR/VR applications are emerging

Retail/CPG GCCs support strategic technology and business functions

Technology & Digital



Digital Commerce



IT infrastructure and cloud



ERP



Security Ops Center



Store Systems



Network Ops Center



Analytics



Emerging technologies



IT Support

Business & Retail Functions



F&A Shared Services



Merchandising



Store Operations



Customer Service



HR Shared Services



Order Management




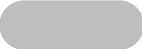
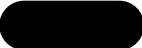
Supply Chain and Logistics



Marketing

Retail/CPG GCCs power technology maturity for parent orgs



-  Deployed at scale by most GCCs
-  Medium level of adoption by GCCs
-  Limited instances of adoption by GCCs

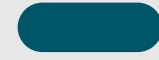
Digital Commerce

Omnichannel, e-commerce, mobile commerce



IT infrastructure and cloud

Cloud (private, public, hybrid) & IT core technology (databases, networks, business continuity)



Store Systems

POS lab, selling systems, merch systems etc.



ERP

Back-office applications, warehouse management system



NOC (Network Operations Center)

Network operations & support



SOC (Security Operations Center)

Security operations, cyber security



Emerging technologies

RPA, Robotics, AR, VR, IOT; enterprise architecture



IT Support

Technical helpdesk - voice, non-voice



Analytics

Data management, basic and advanced analytics

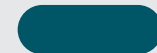


Retail/CPG GCCs ramp up delivery of core business functions



Merchandising

Merchandise planning, item setup & maintenance, analytics & reporting



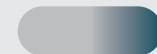
Store Operations

Store planogram, store design, store performance reporting, store asset protection



Supply Chain and Logistics

Planning, source & procure, order management, delivery, reverse logistics



Marketing

Digital marketing, creative, customer analytics, media services management, web & app management



Deployed at scale by most GCCs



Medium level of adoption by GCCs



Limited instances of adoption by GCCs

Retail/CPG GCCs automate transactional processes to improve productivity within corporate functions



Finance & Accounting P2P, R2R, O2C	
Human Resources HR shared services	
Customer Experience Voice support, chat, email, self-service	



Deployed at scale by most GCCs



Medium level of adoption by GCCs

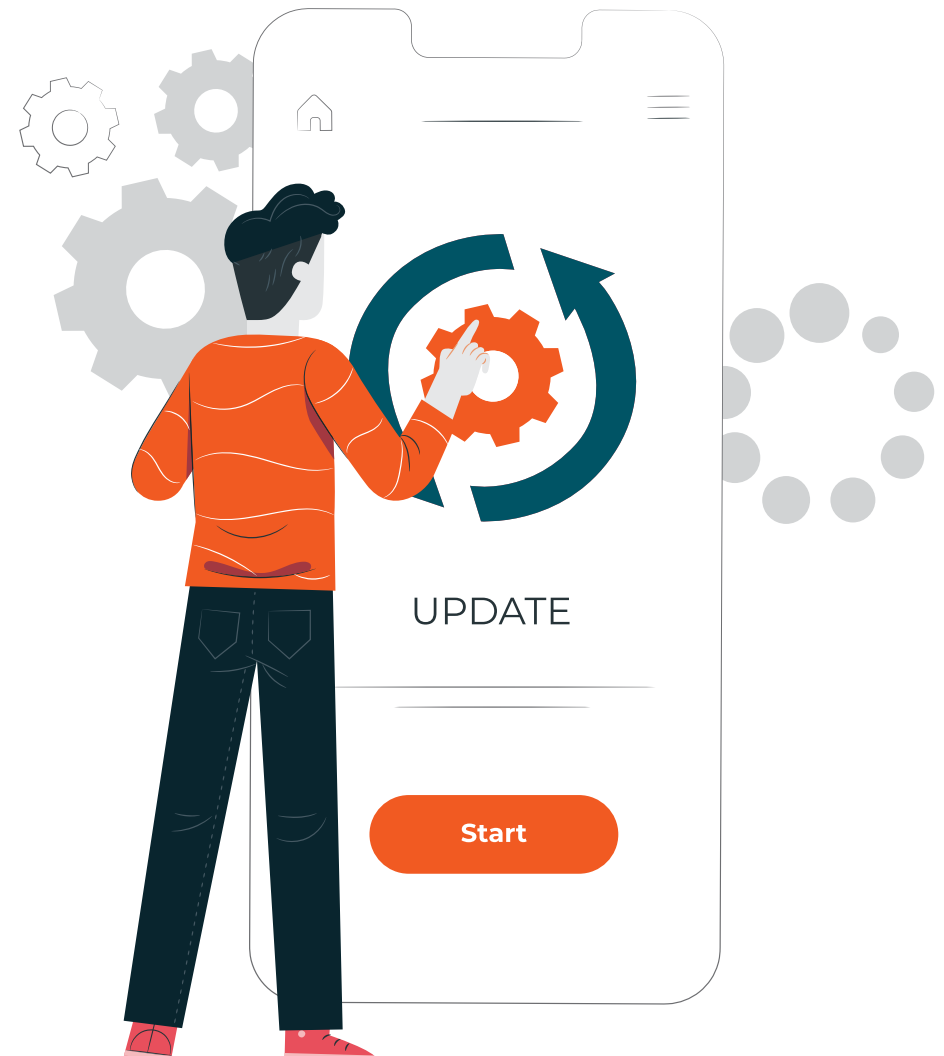


Limited instances of adoption by GCCs

Retail/CPG GCCs top priority: Becoming enabler of business growth and revenue

They are building new capabilities, driving business transformation, and creating sustainable value.

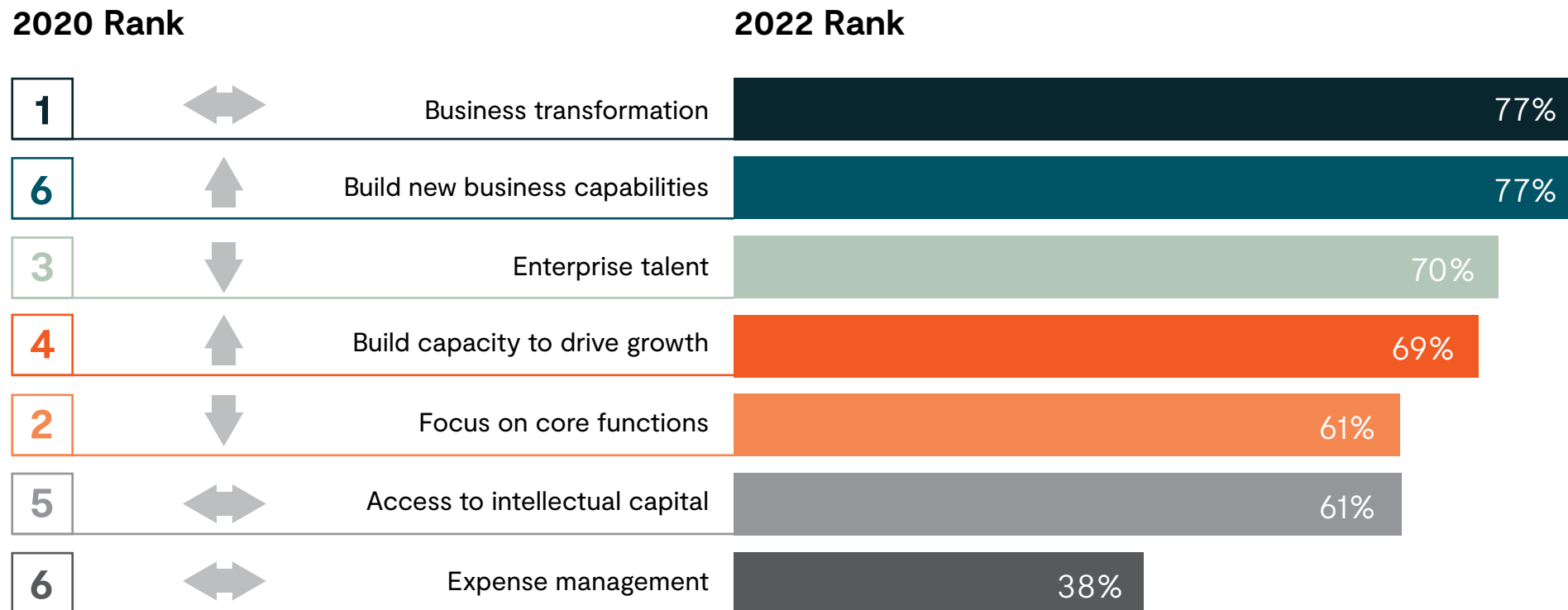
- Building new capabilities for the future-ready enterprise **[Target case study]**
- Creating sustainable value with advanced analytics, digital commerce, cloud, and information security **[a Latin American retail conglomerate case study]**
- Driving digital transformation and tech leadership with product ownership and accountability for business outcomes **[a US-based grocery and pharmacy retailer case study]**
- Adopting new technologies and enabling data-driven decision-making to reduce costs and improve customer experience **[an Australia-based retailer case study]**
- Creating a great company culture to hire and retain quality enterprise talent **[a global athletic apparel retailer case study]**



SURVEY RESULTS: GCC VALUE PROPOSITION



GCC's most significant value-add: Business transformation and building new business capabilities



'Business transformation' retains the top spot from 2020 as the most significant benefit delivered by Retail/CPG GCCs. More importantly, 'building new business capabilities' has moved 5 spots to become the second biggest value-add. And GCCs continue to hire top talent to drive innovation and growth.

Note: Arrows represent increase/decrease in percentage of respondents

Case study: Building new capabilities for the future-ready enterprise



- For Target Global, stocking store shelves with the right products at the right place at the right time is paramount to in-store customer retention. Target India GCC leveraged vision computing to deliver that.
- The Guest eXperience Center (GXC) in Target in India designed, developed and implemented battery-operated cameras to monitor inventory on shelves. They built it with wireless connectivity and remote management capabilities.
- These cameras trigger alerts to team members when there is limited or no product on the shelf. This helps them replenish stock on time.
- The cameras detect and recognize products across the store and compare them against recommended planograms. This ensures the placement of right products at the right places, augmenting guests' ease of shopping.
- This innovation cemented a new capability for the Target team in India in building custom, scalable hardware systems. It also provided opportunity for inter-disciplinary collaboration while building complex and scalable solutions.



~450 cameras
piloted in 12 stores for
high-demand categories

Low Cost

Target gained more control over their product development capabilities at lower cost than working with external partners



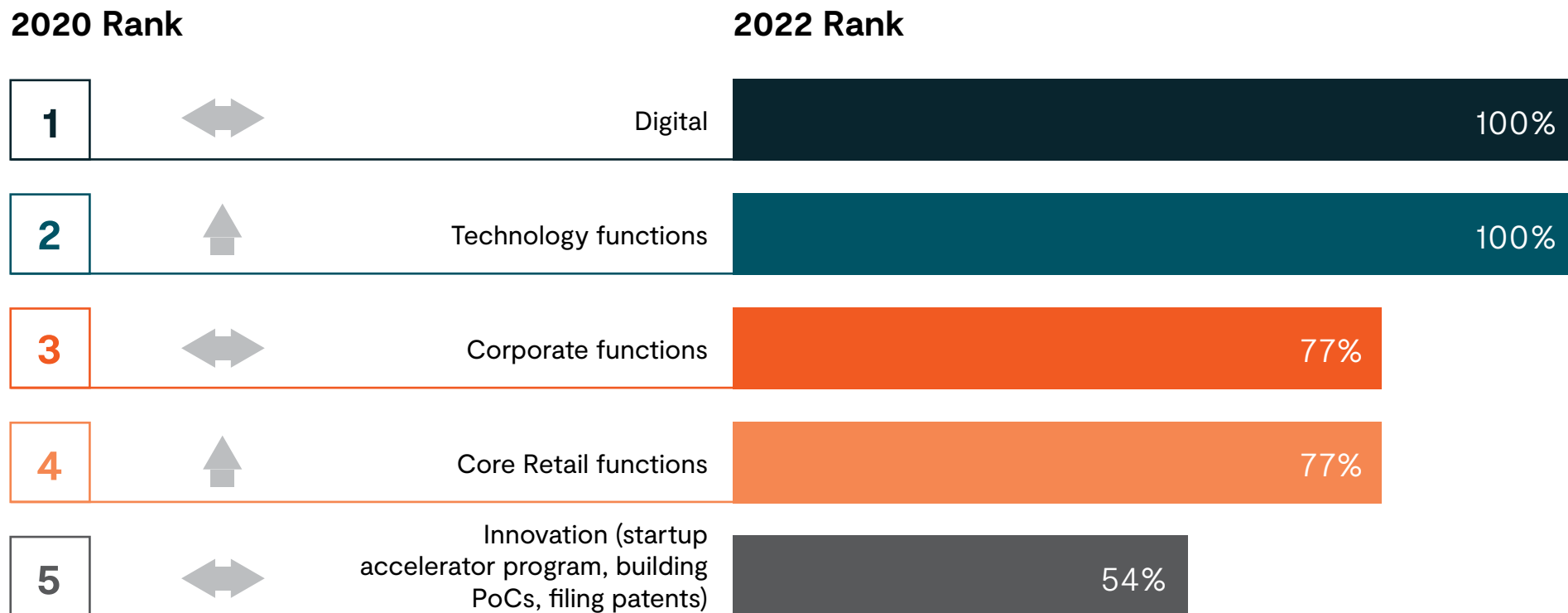
Augmented Inter-functional collaboration

The highly complex requirement pushed teams to collaborate and develop a new in-house capability.

SURVEY RESULTS: UNDERSTANDING CORE CAPABILITIES



GCC growth engines: Digital and technology functions



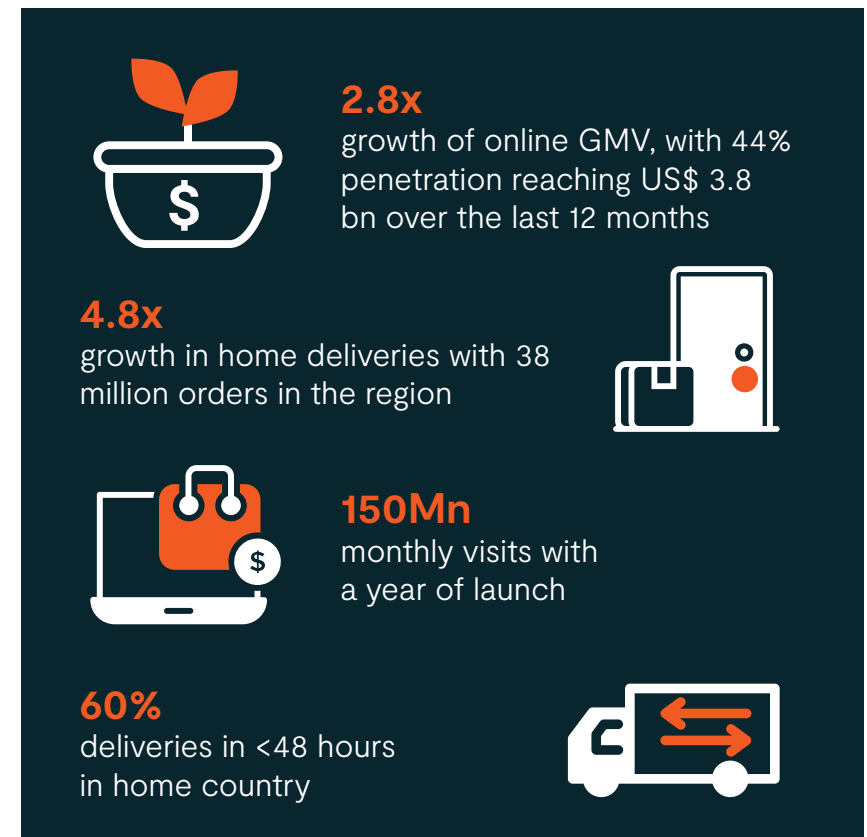
GCC growth engines remain the same as 2020. India's highly skilled tech workforce powers GCCs to develop capabilities in advanced analytics, digital commerce, etc. Outside-in innovation is becoming mainstream through collaborations with the startup ecosystem.

Note: Arrows represent increase/decrease in percentage of respondents

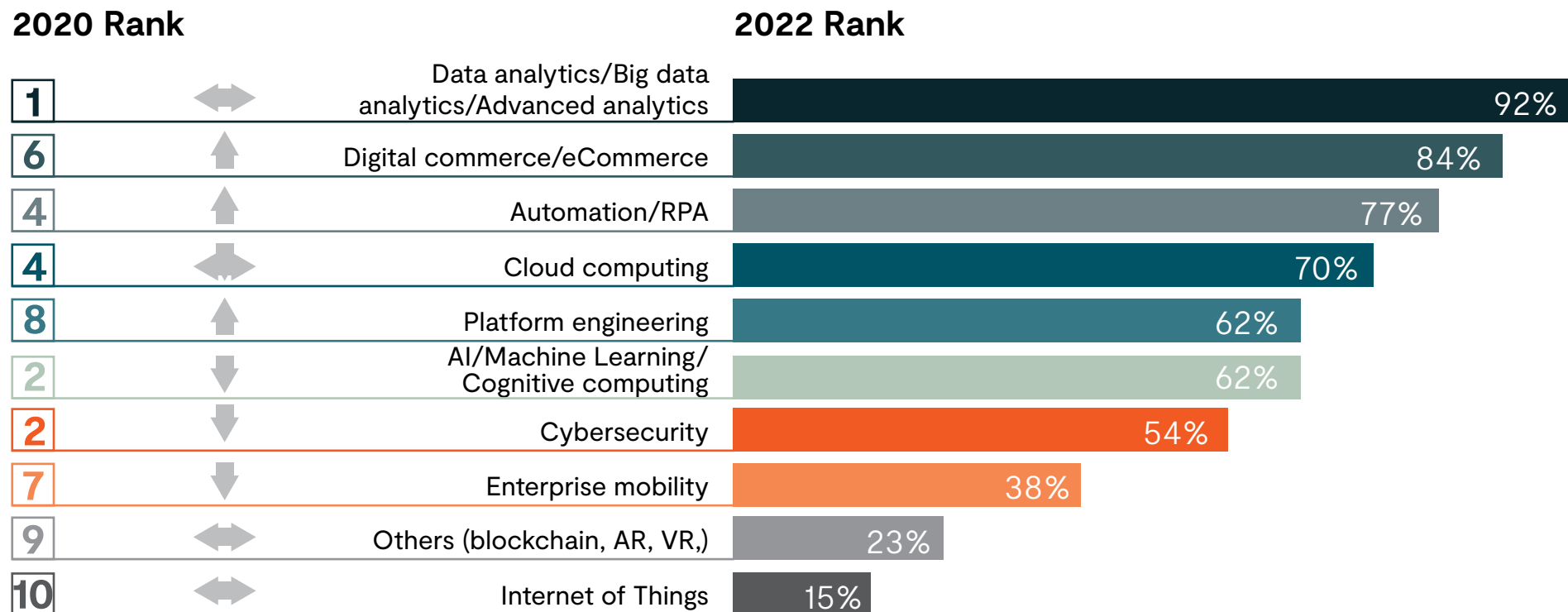
Case study: Digital platforms as growth engines

A Latin American retail conglomerate — the first from the region to establish a GCC in India — needed to strengthen their digital transformation initiatives. The India GCC planned and executed the platform strategy for the group present in seven countries with Spanish and English-speaking customers. The India team operates in an agile and distributed model delivering several digital products:

- **E-commerce Platform** – Apps, websites, and social commerce etc.
- **Integrated Marketplace Platform and Global Seller Center:** To enable sellers manage products efficiently
- **Financial Products Platform:** Payment processing and digital wallet for easy and faster settlement
- **Retail Platform:** Merchandising, demand forecasting, and POS system
- **Logistics Platform:** Home delivery platform to improve service levels in numbers and duration of fulfilment i.e., within 24 and 48 hours
- **Customer Data Platform:** Leveraging data analytics for customized experience



Key investment priorities: Data/advanced analytics and digital commerce



Big data and analytics retain top spot as key investment priorities for retail/CPG GCCs over the next 6-12 months. D2C and e-commerce move up the list, given the pandemic-induced limitations of in-store shopping. Automation and RPA power agility and productivity.

Accelerated investment priorities: Cloud and infosec

2020 Rank

2022 Rank



Since 2020, Retail/CPG GCCs have built maturity in application development and maintenance, including products and platforms. Investments have also grown in infrastructure, cloud and information security (setting up NOC, SOC etc.)

Key engagement impact: GCCs have end-to-end ownership of corporate functions



Mature GCCs are automating transactional F&A and HR processes to drive efficiencies. Procure-to-pay is the most mature function with >95% of work being done from India centers. Within Record to Report, GL accounting and reporting, reconciliation are supported. GCCs are leveraging internal HR data to analyze trends, patterns, and forecasting attrition and hiring demand.

Case study: Product ownership and accountability for business outcomes

The India GCC of a leading US-based grocery and pharmacy retailer supports functions across technology, business, and product organizations. It builds foundational tech capabilities such as infrastructure, quality engineering, application development and support. It spearheads modernization initiatives such as RPA, data analytics, cloud and platform engineering. It supports core business functions such as finance, merchandising, supply chain, marketing, and global HR shared services. The organization also has co-located product teams to enhance customer experience.

In a short span of time, the India center has stepped up to have product ownership and accountability for capabilities such as RPA and Learning & Development (L&D).

- **RPA:** GCC owns data process automation from ideation to deployment and operational support. 20+ bots have been implemented across functions such as merchandising, pricing, promotion, and IT.
- **L&D:** GCC has a director with teams across India and US to support L&D for stores, warehouses, corporate, and GCC.
- **Product:** GCC has a group product manager responsible for end-to-end delivery of products, currently hiring product managers and product owners in India and the US.

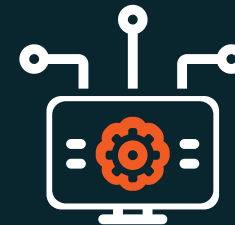


~10 FTEs

time savings due to implementation of RPA across functions

1Mn

customers enrolled in company's loyalty program; next goal is 10 million



Innovation

building PoCs with modern technologies such as REACT, API, Databricks, and agile integration with the backend

Omnichannel Experience

creating and improving products for 270+ stores' customers



GCC transformation areas: Merchandising and supply chain



Merchandising and supply chain/procurement ops are the biggest areas of transformation delivered by Retail/CPG GCCs. They are leveraging analytics to predict future sales, improve store productivity and elevate performance. Automation of inventory management processes is a priority.

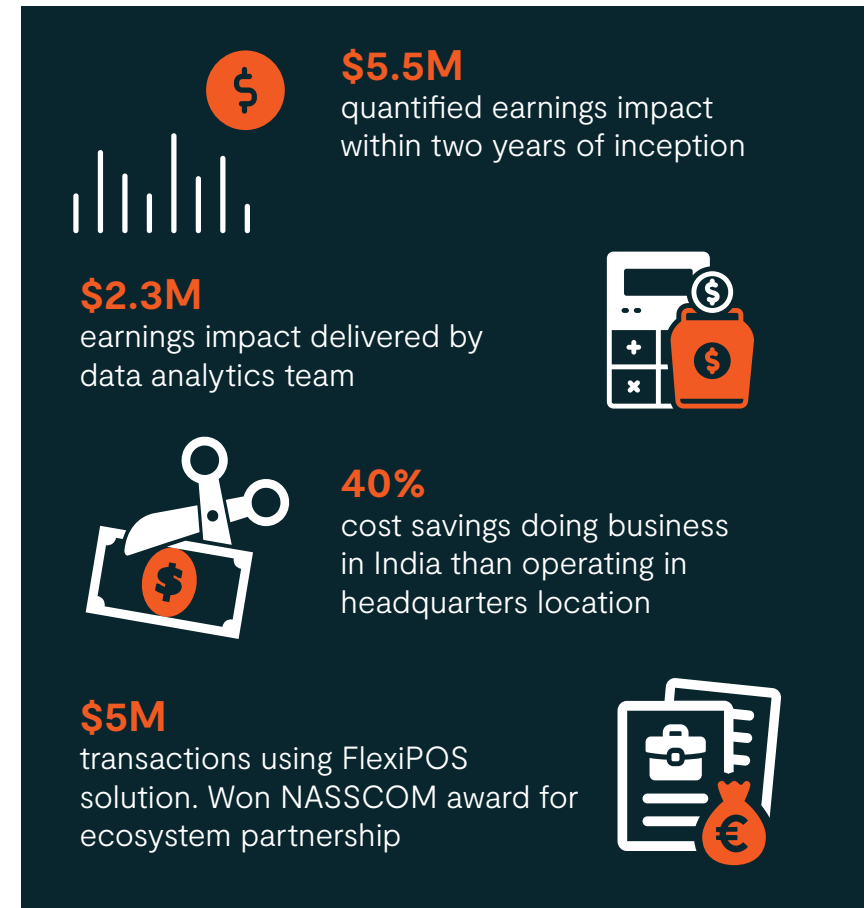
Note: Arrows represent increase/decrease in percentage of respondents

Case study: Unlocking the future of retail with the power of data

A chain of departmental stores based in Australia established its GCC in India to build innovation capabilities across IT (mobile, security, Dev Ops), inventory management, advanced analytics, data platform, and global finance.

India GCC's data analytics team played a key role in reducing inventory shrinkage and determining optimum markdown prices for clearance products to achieve optimal sell-through. They leveraged Integer Programming Method to recommend an optimal pack size, improving efficiency and reducing handling costs at distribution centers. This minimized total number of packs handled through the supply chain, resulting in \$3M-\$5M AUD savings per annum in handling and procurement costs.

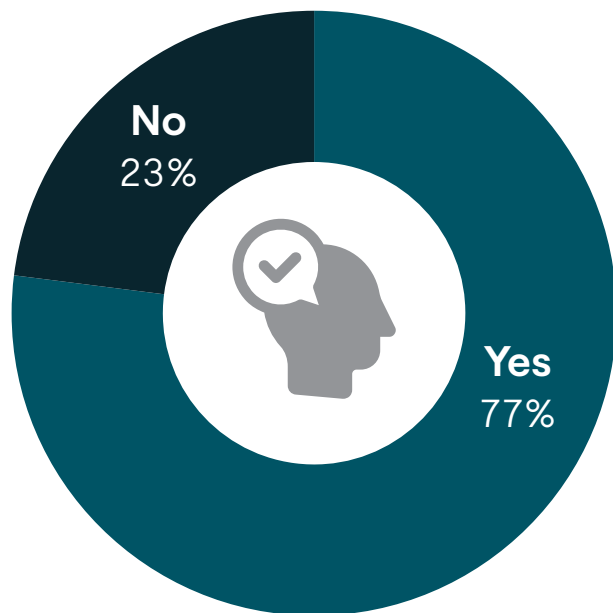
The GCC is also innovating by partnering with startups through its Tech Accelerator Program. "FlexiPOS" from ERetail Cybertech is an example of scalable solution coming out of the Tech Accelerator.



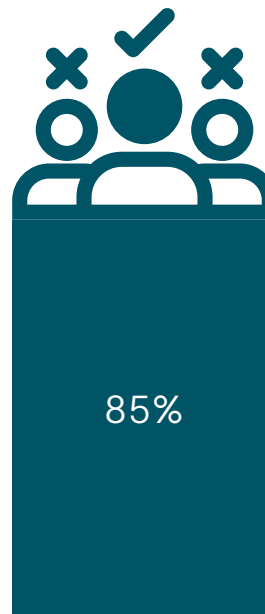
SURVEY RESULTS: UNDERSTANDING OPERATING MODEL



Talent imperatives: Building GCC leadership; attracting and retaining the right talent



- **Yes** – Global leadership at GCCs
- **No** – GCCs with local mandate

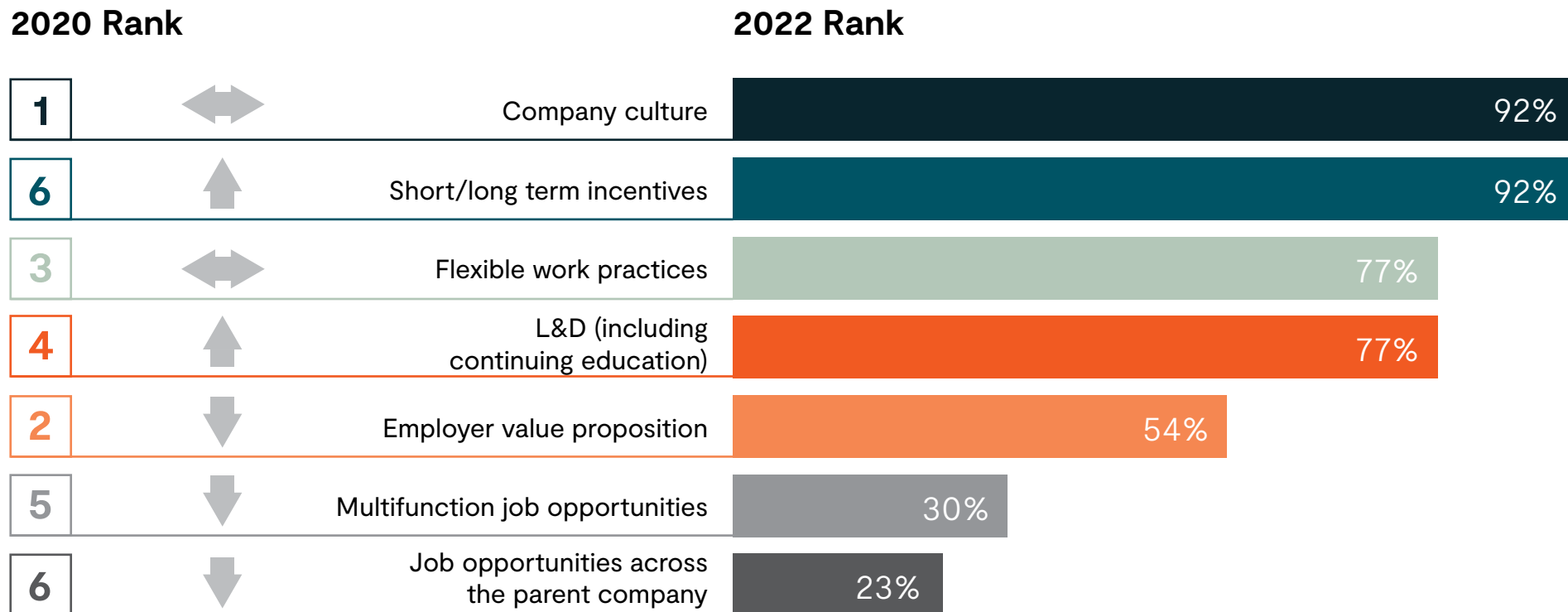


- Over 10% growth
- 5-10% growth

· Over two-thirds of respondents have many global leaders operating out of the GCC. Retail/CPG GCCs expect >10% growth in their headcount in 2022 over 2021.

· Hiring and retaining talent has become a next frontier of competitive advantage for global organizations including GCCs. Retail/CPG GCCs expect >10% growth in their headcount in 2022 over 2021

Talent initiatives: Nurturing organizational culture and belonging



Workforce management is top of Retail/CPG GCC leadership. They are building compelling employer value propositions to attract top talent, including company culture, incentives/rewards, 100% hikes to top performers and equity for the long-term retention.

Note: Arrows represent increase/decrease in percentage of respondents.

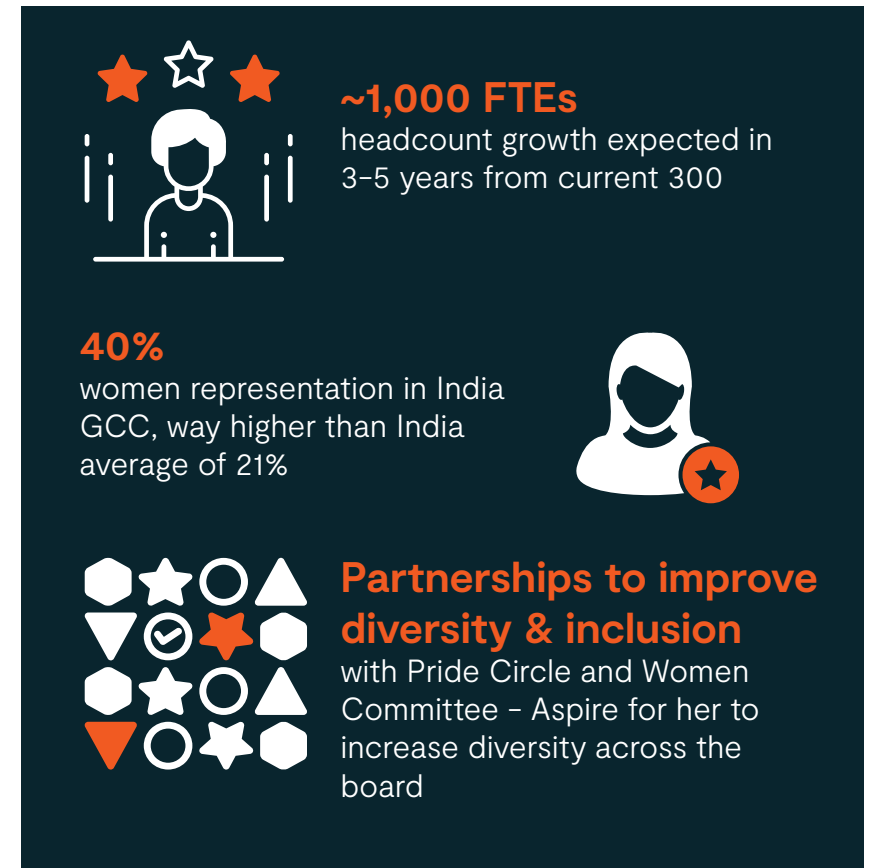
Case study: Cultivating company culture to attract talent

A leading athletic apparel retailer established its India GCC to power its ambitious goal of doubling revenue in five years. The India GCC acts as an extension of the headquarters to build technology capabilities touching all aspects of the retail value chain.

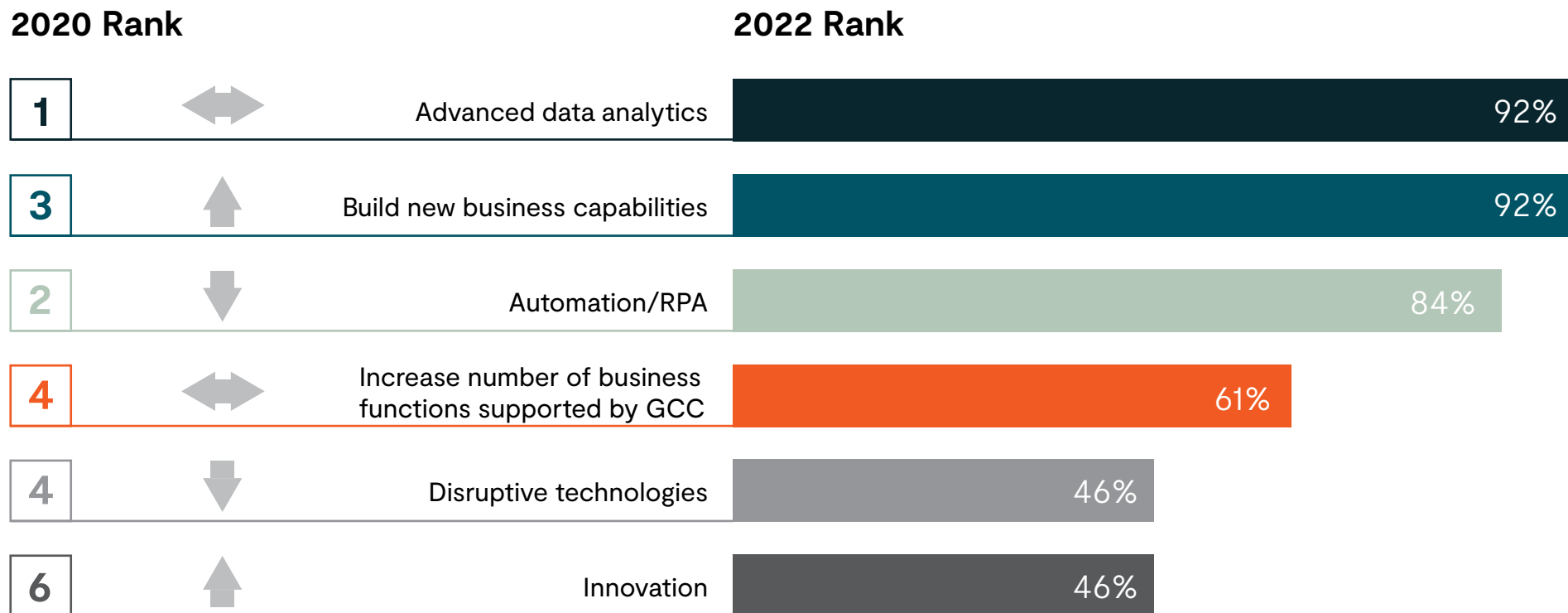
Wellness: Employees design their day to meet their individual needs. They are encouraged to undertake wellness activities in the office premises. They also get a monthly allowance, just like all their global employees are entitled to, for any form of group exercise

Diversity and Inclusion: The company prides itself as the only Fortune 500 enterprise with over 50% women as board members and CXOs (CTO, CFO, Chief Brand Officer, Chief People Officer, and Chief Legal Officer)

Open culture and flat hierarchy: Their culture sends a strong message to employees of being trusted and valued members of the organization, all working towards the common purpose



Future outlook: Becoming an integrated business partner for their enterprise



Advanced data analytics remains a key investment area. However, Retail/CPG GCCs are expanding their scope to build new capabilities across the value chain. They are also driving towards more representation of corporate and core retail functions.

Note: Arrows represent increase/decrease in percentage of respondents.

ANNEXURE

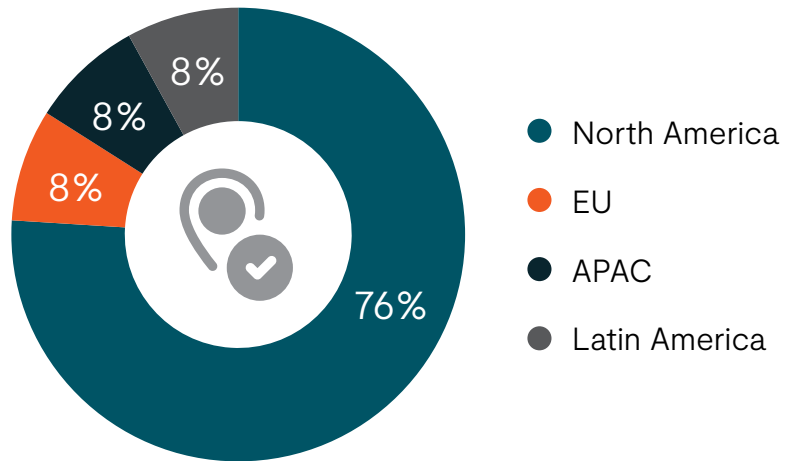
SURVEY DEMOGRAPHICS

OF THE RETAIL/CPG GCCS

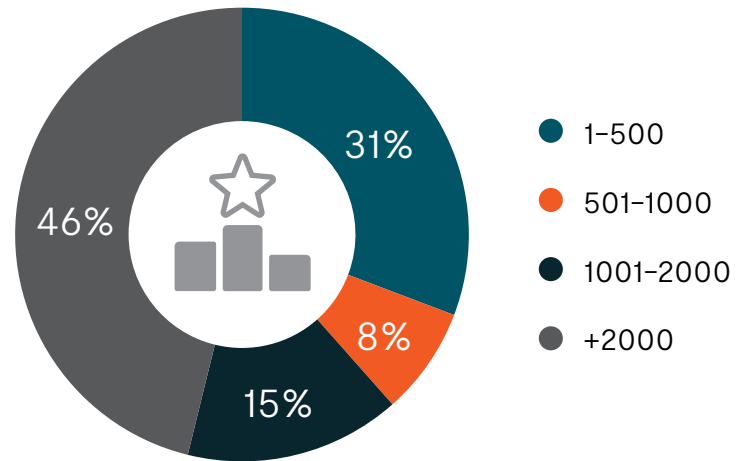
IN INDIA



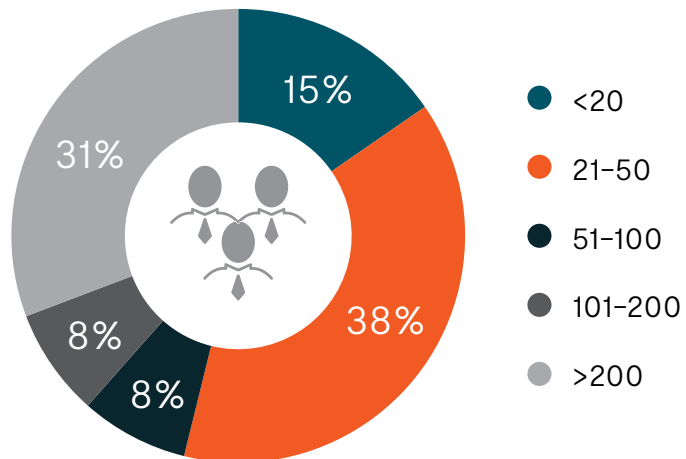
HQ Location*



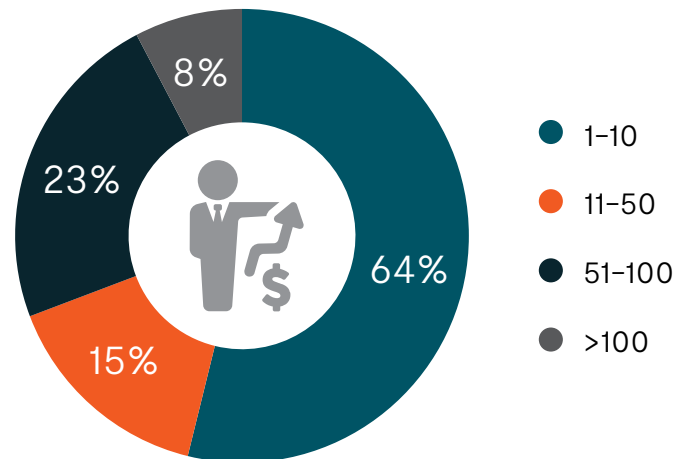
Forbes Global 2000 Ranking*



Global Headcount (in '000s)*

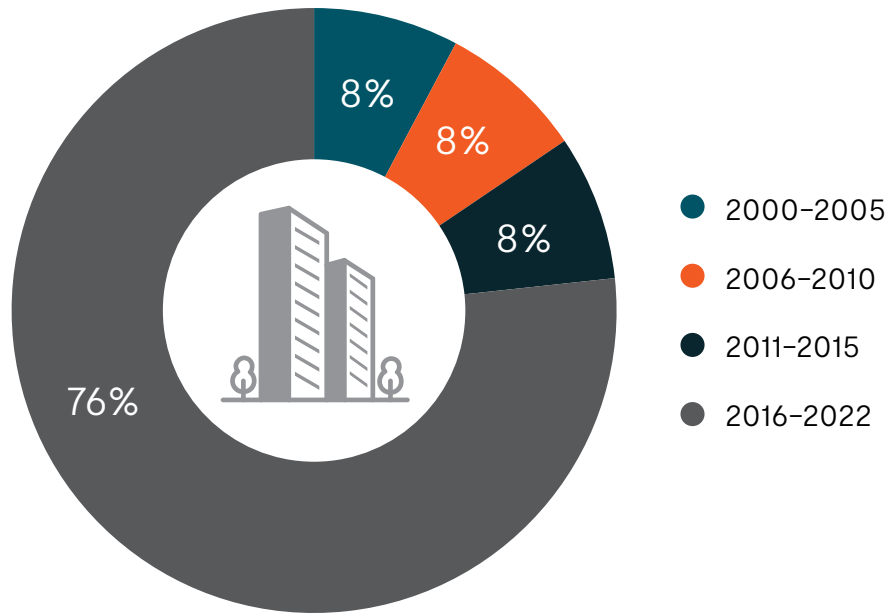


Annual Revenues (\$Bn)*



* Information on parent organization

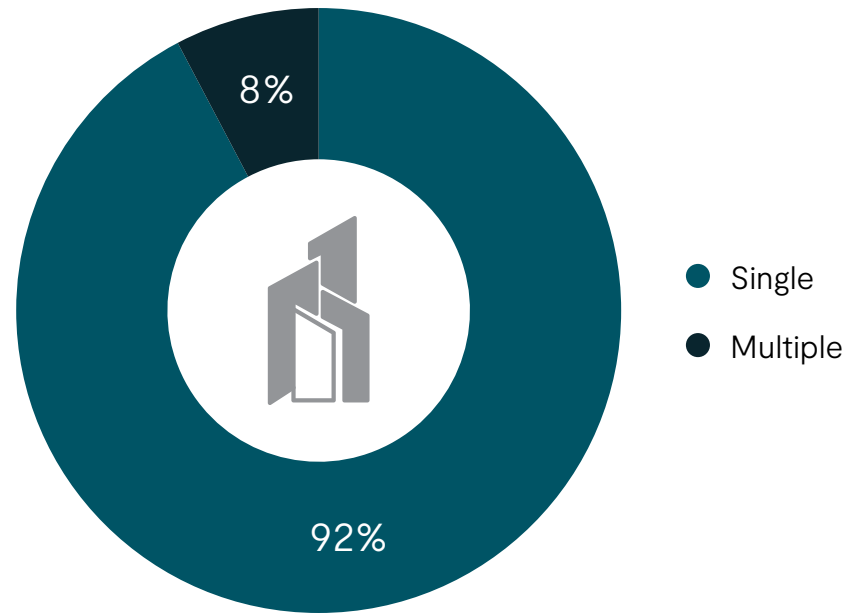
Year of Establishment



Year of establishment

Early Retail/CPG GCCs were setup in 2005. However, since 2015, there has been an accelerated establishment of GCCs driven by the success of incumbents, mature operating models, and accelerated time to setup.

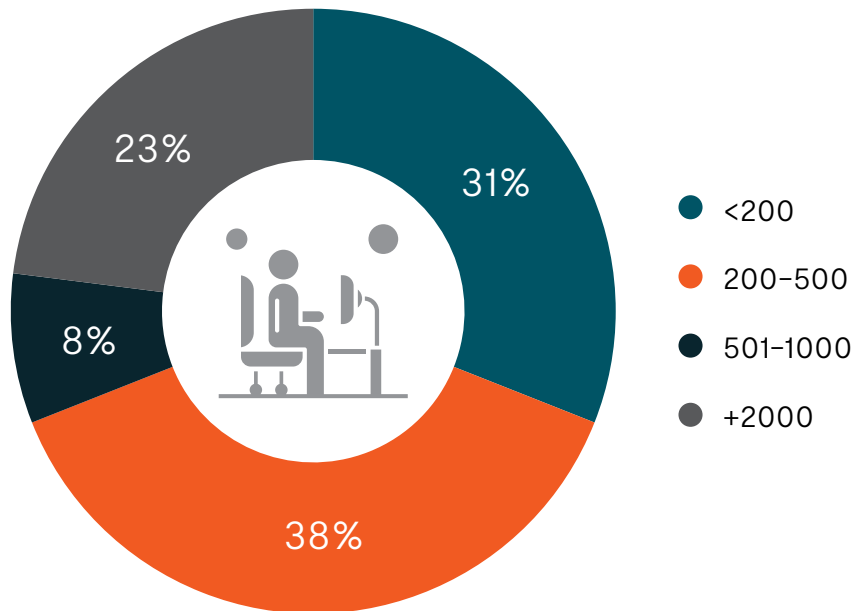
No. of Centers



Number of centers

Unlike sectors such as BFSI and technology, Retail/CPG companies typically have a single center in one geographic location.

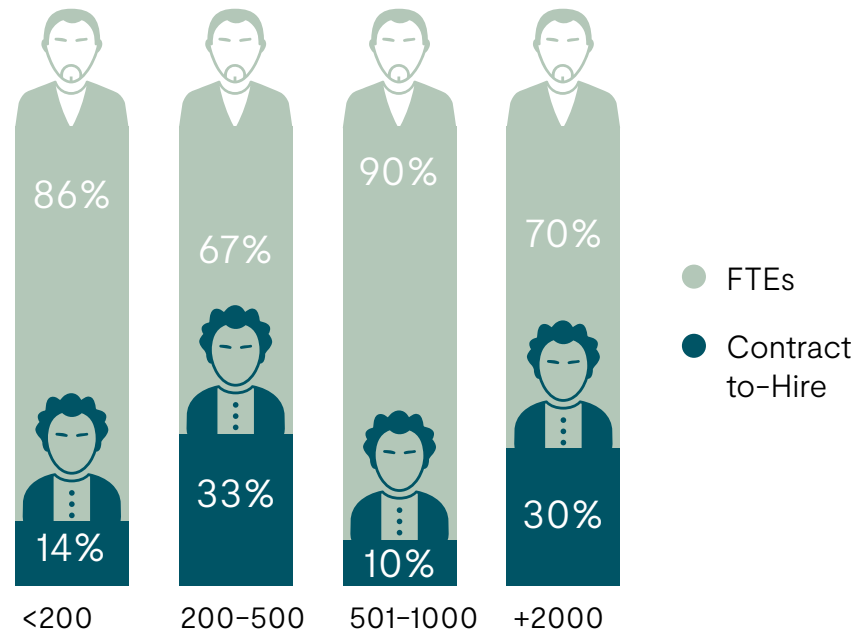
GCC Headcount Includes FTE + Contract-to-Hire Talent



Employee strength

~30% companies have 500+ employees. Operational maturity gives a lot of room for innovation and focus on disruptive ways to scale and expand the contribution from India

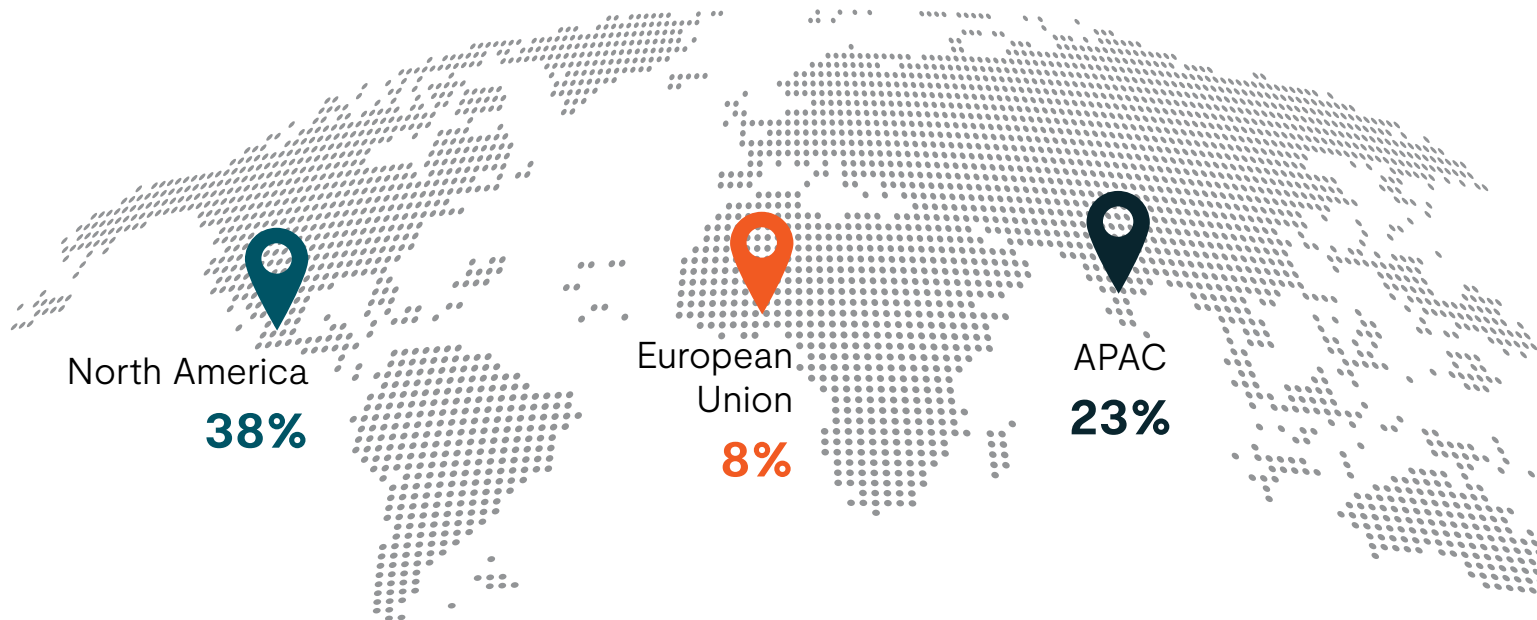
Contract-to-Hire Talent by Retail/CPG GCCs



Leverage of Contract-to-Hire talent

Leveraging gig employees has become a staple skill expansion strategy for both mature as well new-age GCCs.

New Geographies Served in **2021**



- Retail/CPG GCCs headquartered in North America extensively leverage India for establishing global capability centers
- Enterprises from the APAC region are setting up business support locations in India
- Companies domiciled in non-English speaking countries are leveraging India GCCs for work with limited language dependency

SURVEY METHODOLOGY

*25 RETAIL/CPG GCCs



Report Overview

The report is based on survey and brainstorming sessions undertaken by ANSR between January and June 2022.

Survey

The insights published in this report are based on responses to the “Retail/CPG Survey 2022” rolled out to executives of enterprises with Global Capability Centers in India, between February and April 2022. The participants of the survey are Heads of GCC Operations.

Secondary Research

The market research experts at ANSR conducted detailed secondary research for analysis. The team relied on the organization’s database of information, leadership view, and public websites to gain better understanding into the insights.

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ANSR is the market leader in helping leading global organisations accelerate digital transformation and technology innovation through Global Capability Centers (GCCs). Companies cutting across industries and markets are relying on ANSR's expertise to build high performance, technology, business and innovation teams across India and Poland. Since its inception, ANSR has established over 95 GCCs, aggregating to over 95k enterprise talent, with over \$1.6B in investment and using over 9M sq ft of workspace.

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