

# Capable moves

In a world of talent shortages and rising costs, many businesses are starting to think globally, moving key functions to purpose-built hubs around the world.

International companies are increasingly moving key departments overseas, to take advantage of lower costs, larger talent pools or both. While they retain headquarters in their home countries, satellite offices housing high-value functions are springing up around the world.

These global capability centres (GCCs) are not to be confused with outsourced IT or customer service hubs. GCCs are in-house operations that are located away from company headquarters for strategic reasons. While the services transferred to GCCs may include IT and customer support functions, these important corporate outposts can be home to a much wider range of teams and departments.

While by no means a new concept, GCCs are becoming ever more popular. A recent survey by global property company Savills<sup>1</sup> found

that 49% of corporate respondents are planning to set up a global capability centre (GCC) and that 44% of businesses that already operated a GCC expect to expand existing operations into new areas.

## Growing talent pool

Locating important departments away from headquarters may seem counterintuitive, but there are good reasons for doing so. Perhaps the most important is the increasingly frenetic global race for talent.

The Savills research also found that 63% of respondents reported a decline in talent availability in home markets in the last few years. Ageing populations and demographic trends are shrinking the talent pool in many regions, just as the demand for highly skilled employees surges in some areas. The World Economic Forum (WEF) cites research predicting 85 million unfilled positions by 2030<sup>2</sup>.

To counter this challenge, many international businesses are establishing GCCs in areas with large pools of highly skilled people. This tends to mean countries with younger populations and well developed educational pathways, especially in science, technology, engineering and mathematics (STEM) subjects. India is a prime example.

"India's primary attributes for GCCs are a large, skilled talent pool, strong digital connectivity, and innovation and cost efficiency without compromising quality," says Rajesh Guraria, partner at Lodha & Co LLP, a UHY member firm in the country. "Government support for GCCs and regulatory stability are also crucial."

While India remains the global leader in attracting GCCs, other countries with similar advantages are also proving popular with multinational businesses.



“The Philippines has become an attractive destination for GCCs for a number of interlocking reasons,” says Kyle Clarence L. Williams, Tax Associate at UHY M.L. Aguirre & Co. CPAs. “One of them is certainly the country’s large, skilled and increasingly value-added talent pool. The country generates substantial numbers of graduates in finance, accounting, IT, engineering and business administration, and the local industry is shifting into higher-value services – not just call centres.”

### Keeping costs down

Talent is scarcer in many European and North American markets, making it more expensive. By locating key departments overseas, companies are looking to attract the talent they need at a price they can afford. According to the Savills research, costs for entry-level STEM and customer support roles in GCC markets are 73% lower than in cities such as New York and London.

And it is not just about salaries. The cost of renting office space can also be considerably cheaper in popular GCC hubs, as can overheads like utilities and connectivity. Governments also step in to enhance the appeal. “The Philippine government and its agencies have designated the IT-BPM / knowledge services sector a priority, and have instituted tax, regulatory and zone-based incentives to encourage GCC and shared service centre setups,” says Kyle.

But despite obvious cost advantages, GCCs are not confined to emerging

economies. Eastern Europe has become a popular hub for European GCCs, as has Portugal. While these locations are cost-effective compared to London, Paris or Berlin, they do not compare with Asian counterparts on price. What they do have is EU knowhow. Portugal, for example, tends to be favoured by European corporates that want to keep departments within easy reach and inside the EU’s network of overlapping regulations.



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### The right location

Of course, contact centres and some back-office functions have long been seen as ripe for relocation. But the new generation of GCCs go much further. Companies looking to implement or expand GCCs value cost-effective but highly qualified workforces for good reason. Many hubs are not just contact or technical support centres. They can house finance, HR, analytics, legal processes and innovation functions, and even

lead in areas like AI adoption. These are crucial functions, so talent availability and cost-effectiveness – while essential – are not enough on their own. It is essential that GCC hubs have the range of amenities international corporations need, from high quality digital connectivity to smooth transport links.

“Because the Philippines has had a strong BPO and outsourcing base for years, the infrastructure – office parks, telecommunications, a shift-capable workforce, training institutions – is well established, making the transition to higher-value GCC and multifunction operations easier,” says Kyle.

In India, this means that GCC hubs are often created in well-connected secondary cities, away from the more congested urban environments of Mumbai and Delhi. According to Savills’ research, Bengaluru – also known as Bangalore – is the country’s largest GCC centre. It is also the centre of the country’s high-tech industry, offering the skills and digital infrastructure GCCs increasingly need.

In Portugal, GCCs are not confined to the major business hubs of Lisbon and Porto in offering strong transport connections, a cosmopolitan workforce and dynamic technology ecosystems. Secondary hubs such as Braga, Aveiro and Coimbra are now attracting investment thanks to their universities, engineering talent and lower operating costs. ▶▶





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Together these cities form a growing national network of capability centres across Portugal.

Metro Manila is the main GCC hub in the Philippines, but nearby Cebu City is growing in popularity because of a mix of cost-efficiency and lifestyle advantages, while Clark offers a dedicated freeport and well-appointed business parks.

### Everybody wins

GCCs are moving up the value chain and housing ever more important corporate functions that go beyond the back office. That is good for businesses, and it is also good for local economies.

In Portugal, GCCs bring high-value employment, foster knowledge transfer and strengthen the country's position in global value chains. They help retain local talent that might otherwise emigrate, promote collaboration between universities and multinationals, and contribute to regional development through innovation and upskilling. For Portugal, the rise of GCCs signals a shift from cost-driven outsourcing to value-driven capability building.

It is a similar story in India, says Rajesh. "GCCs can significantly benefit a local economy by creating high-value jobs, boosting infrastructure development, and establishing a robust ecosystem of skills and innovation."

Kyle agrees that as well as job creation, higher value GCCs encourage the adoption of new skills at a national level, raising the human



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capital of the country. They support ancillary services, creating a ripple effect across the entire economy, and promote the growth of second-tier cities, relieving pressure on traditional business centres.

### The right support

GCCs are usually the offshoots of Western multinationals, which often need help to establish overseas operations in new jurisdictions. Many turn to local professional service providers like UHY to assist them in navigating local regulations, business conventions and tax laws.

These partnerships begin long before the GCC is operational, with local experts offering help with entity structure, tax modelling, cost benchmarking and location choice. UHY member firms combine local knowledge with a global outlook, offering an integrated approach to establishing and managing a GCC.

In India and the Philippines, UHY offers an end-to-end service for

creating and managing local GCCs. "For a multinational seeking to open a GCC in the Philippines, employing the services of a firm like UHY provides a structured, compliant pathway – from feasibility through implementation and ongoing operation," says Kyle.

GCCs are an increasingly important part of corporate portfolios. These internal multipurpose hubs now offer a range of high value services to the businesses they support, from IT and customer services to digital innovation, supply chain management and R&D. Their importance has increased as multinationals seek to widen their search for talent and reduce costs.

India leads the way in GCC creation, but this is a global phenomenon. GCCs have become a vital strategic tool for international businesses and countries that combine high numbers of skilled graduates with modern infrastructure, supportive authorities and a strong professional services ecosystem are reaping the benefits. ■

### Sources:

<sup>1</sup> Savills online news, demand for Global Capability Centres set to grow, pub. September 2025

<sup>2</sup> WEF, 3 ways Gulf economies are tackling the global talent shortage, pub. February 2025

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