NANO GCC STRATEGY · POINT OF VIEW

Insourcing Without the Fight

The work is already offshore. The question is who owns it. How a mid-market firm can move work from an IT services vendor into its own nano GCC without disrupting delivery or damaging the relationship.

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AT A GLANCE

- India's GCCs added nearly 200,000 net employees in fiscal 2026, about twice the 110,000 added by IT services firms[1]. More technology work is moving in-house, and mid-market firms are part of the shift.
- Insourcing turns into a fight when incentives collide: the vendor loses revenue, its staff are asked to train their replacements, and the contract is silent on cooperating with a successor.
- Move scope in slices through four phases and three evidence gates, pay the incumbent for a clean handover, and decide early what stays with the vendor.

01 The work is already offshore

Consider a mid-market software company that has run application support and testing through an IT services vendor for six years. The board approves a 60-person nano GCC in Pune. The vendor hears about it from a recruiter, not from the client. Within weeks, two of its senior engineers rotate to another account, documentation requests slow down and the ticket backlog creeps up. Nothing in the contract has been breached. The relationship has.

Most mid-market firms weighing a first nano GCC are not starting from zero. Their application support, QA, cloud operations or data engineering already sits with a vendor, often under a contract renewed several times. The question is not whether the work can be done offshore. It is who should own it, and how to move it without paying for the move twice: once in transition cost and again in lost service.

> *Insourcing is not a termination. It is a capability transfer, and the party holding the knowledge is the party losing the work.*

02 Why insourcing is rising in 2026

India's GCCs added nearly 200,000 net employees in fiscal 2026, almost twice the 110,000 added by IT services firms, the third straight year GCCs have led net hiring[2]. Deloitte's Rohan Lobo has pointed to control of intellectual property, data protection, regulation and higher-value work as the reasons companies are moving work into their own centres[3]. The mid-market is part of this: India now hosts 583 mid-market GCCs[4]. Meanwhile, traditional outsourcing is under pressure. ISG measured Americas IT outsourcing contract value down 23% year on year in the second quarter of 2026, led by application development and maintenance, as AI takes on more of that work[5].

[1] TeamLease Digital data, as reported in TechRepublic, "India GCCs Lead AI and Cloud Hiring as IT Services Trail" (June 2026). www.techrepublic.com/article/news-gcc-ai-cloud-hiring-apac-india

[2] TechRepublic, see note 1.

[3] Rohan Lobo, Deloitte, speaking to The Economic Times (June 4, 2026), as reported by TechRepublic; see note 1.

[4] Zinnov–Nasscom, GCC Landscape in India 2026: The GCC Value Orbit (May 2026); data as of March 2026. zinnov.com/centers-of-excellence/zinnov-nasscom-india-gcc-landscape-2026-report

[5] ISG, "Driven by AI, Americas' Tech Services Demand Accelerates in Q2 to New High: ISG Index" (Business Wire, July 14, 2026). www.businesswire.com/news/home/20260714306199/en

These are different measures and should not be read as a single trend line. Hiring figures do not show how much GCC growth comes directly from vendors[6], and a softer outsourcing market does not mean every function belongs in-house. Together, though, they point one way. Software, data, AI and security, once treated as support, now shape growth and customer experience. More boards are asking not "can a vendor do this?" but "should we own it?"

03 Why insourcing turns into a fight

The conflict is rarely personal. It comes from incentives that point in opposite directions once the word "insourcing" is spoken.

- **The vendor's account team** sees revenue walking out in a market that is already shrinking. The best people are redeployed to growing accounts, and the quality of the remaining team quietly slips.
- **The vendor's delivery staff** are asked to teach their replacements. They have little reason to help, and fear for their own jobs deepens the reluctance.
- **The contract** usually says little about cooperating with an in-house successor. Exit-assistance clauses written years ago tend to be vague on scope, duration and price.
- **The client** often waits too long to say anything, then announces a hard date. That turns a business decision into a breach of trust.

Even without the friction, transitions are hard. Everest Group's 2026 outlook names limited transition and change-management capability among the main obstacles enterprises meet when setting up and scaling GCCs[7]. Insourcing adds a twist: the knowledge sits with the party that is losing the work.

04 A planned transition, not a termination

The firms that insource cleanly treat it as a change in the vendor's role, not the end of the relationship. Three shifts make the difference.

- **Tell them early, and tell them the whole story.** Share the rationale (ownership of core IP, product velocity, talent continuity) before rumours do. A vendor that hears it from you can plan; one that hears it from the market will defend.
- **Move scope in slices, not in one cut-over.** Start with the work that has the clearest boundaries and the least tribal knowledge. Each clean slice builds confidence on both sides.
- **Give the incumbent a stake in a good exit.** Paid transition milestones, a defined run-off period and a role in the future model change the vendor's question from "how do we keep this?" to "how do we hand this over well?"

05 The glide path: four phases, three gates

Ownership should move when evidence says the GCC is ready, never on a calendar date alone. Each slice of scope runs through four phases, and each phase ends at a gate both sides sign.

[6] TechRepublic, see note 1: public figures do not show how much GCC hiring comes directly from IT services firms.

[7] Everest Group, "Global Capability Centers (GCCs) Market Outlook for 2026 – What is Next for Providers" (March 2026). www.everestgrp.com/report/egr-2026-34-r-7948

EXHIBIT 1 · THE INSOURCING GLIDE PATH FOR ONE SLICE OF SCOPE

Phase	Indicative timing	Who leads	Gate to move on
1. Map	Months 0–2	Client, with vendor input: scope, documents, key people	Slice plan agreed with the vendor
2. Shadow	Months 2–4	Vendor leads; GCC team works alongside	Documentation accepted, shadow runs passed
3. Reverse shadow	**Months 4–6**	**GCC leads; vendor stands behind as safety net**	**Service levels held through a full release cycle**
4. Own and release	Month 6 onward	GCC owns the slice	Joint sign-off; vendor run-off ends or moves to a partner role

Timings are indicative for one well-bounded slice; complex legacy scope takes longer. Repeat for each slice once the first has cleared every gate. Vertara Global framework.

The phase most often skipped is the one that matters most. In reverse shadow, the GCC runs the work while the vendor is still on hand, and hidden dependencies surface safely. Skip it, and they surface in production.

06 Contracts, commercials and the year-one bill

Read the exit terms before anyone mentions a GCC. The renewal window is your strongest moment; mid-term, you negotiate from the clauses as written.

EXHIBIT 2 · FIVE CLAUSES TO READ BEFORE THE FIRST CONVERSATION

Clause	What to check	What to negotiate
Termination for convenience	Notice period, fees, rights to withdraw part of the scope	Withdrawal of scope in tranches without penalty
Exit and transition assistance	Is it defined in hours, duration and price?	A separate transition statement of work with milestone payments
Non-solicitation	Can you hire the vendor's engineers on your account?	A named-person release or an agreed conversion fee
IP and documentation	Who owns code, runbooks, scripts and tooling?	Delivery of current documentation as a paid milestone
Service levels during exit	Do SLAs and credits still apply in run-off?	SLAs held through each handover, with joint sign-off

Contract positions vary widely; involve legal counsel before any notice is served.

- **Pay for the handover, not just the run.** A fixed transition fee released against knowledge-transfer milestones gives the vendor a revenue line tied to your success.
- **Offer a future, where it is real.** Specialist or peak work can stay with the incumbent. A smaller, steadier relationship is often better for both sides than a bitter exit.
- **Budget for the overlap.** Year one carries costs the vendor model did not: leadership hiring, set-up, and paying the vendor while the GCC learns. The case rests on later years, through retained knowledge, faster decisions and freedom from a vendor's margin. Model it over at least three years, not one.

07 People, and what stays with the vendor

Knowledge lives in people, not in runbooks. A nano GCC of 20 to 200 people cannot afford to rediscover what the vendor's team already knows.

- **The incumbent's key experts.** Name the five to ten people who carry the system in their heads. Where the contract allows, offer some of them roles; where it does not, fund their retention through the handover.

- **Your GCC's first hires.** Hire leads before engineers, early enough to shadow. A GCC head and two or three technical leads in seat before the first slice moves is a sound rule of thumb.
- **The retained team at headquarters.** The people who managed the vendor will manage the GCC. Their job shifts from contract oversight to product ownership, and they need to be told so.

Insourcing is not all-or-nothing either. HFS Research's 2026 study of GCC services describes the new sourcing model as GCC plus provider, not GCC versus provider[8].

EXHIBIT 3 · A TYPICAL SPLIT FOR A NANO GCC

Bring into the nano GCC	Consider leaving with a partner
Core product engineering and roadmap work	Legacy platforms nearing retirement
Data, analytics and AI close to your IP	Niche skills needed a few weeks a year
Architecture, security ownership and vendor governance	24x7 coverage you cannot yet staff economically
Work where speed of decision matters most	Surge capacity for launches and migrations

Illustrative. The right split depends on the capability, its IP sensitivity and the maturity of the GCC. Vertara Global analysis.

The nano GCC advantage. Large enterprises solve insourcing with scale: transition offices, governance teams and long overlaps. A mid-market firm cannot. Its advantage is different. A small team absorbs knowledge faster, sits closer to the business and can take capability slice by slice instead of in one large migration. Done well, size becomes an advantage rather than a constraint.

08 Four mistakes that derail insourcing

- **Hiring GCC leaders too late.** Leads who arrive after the first slice has moved have nothing left to shadow.
- **Moving too much scope at once.** One big cut-over turns every hidden dependency into a production incident.
- **Treating documentation as knowledge transfer.** Runbooks describe the system. People know why it behaves the way it does, and only shadowing transfers that.
- **Treating the vendor as an adversary.** A vendor that expects to be punished protects itself. One with a clear future role helps.

The firms that insource well do not run it as a procurement exercise. They run it as a capability transfer. Vendors can transfer work; only organisations can absorb knowledge. The real task is not moving the work. It is building the team that will own it next.

QUESTIONS FOR THE BOARD

1. Which capabilities do we need to own in three years, and which can a partner run well?
2. What do our exit, non-solicitation and IP clauses allow today?
3. Is GCC leadership hired early enough to shadow before the first handover?
4. Who are the vendor's key experts, and how do we keep them engaged to the end?
5. Can we tell the vendor, in one conversation, what its role will be after the transition?

[8] HFS Research, HFS Horizons: Global Capability Centers (GCC) Services, 2026 (May 2026), report excerpt. www.hfsresearch.com/research/hfs-horizons-global-capability-centers-gcc-services-2026

09 How Vertara Global helps

We start with the capability, not the contract. We map what should be owned and what a partner should keep, review exit and IP terms with our legal partners, and design the slice plan, the transition commercials and the conversation with the incumbent. The deliverable is a sequenced glide path with gates, owners and dates, and a vendor relationship that survives the move.

Because many GCCs are tested in year two, we stay involved after handover: checking that each slice holds its service levels, that knowledge is staying in the team, and that the remaining partner role is working. The test of success: a GCC that owns its work, and a vendor that would still take your call.

ABOUT VERTARA global

Vertara Global is a practitioner-led GCC advisory firm. We help mid-market companies across sectors and geographies design, set up, scale and transform their Global Capability Centres, from the first business case and location choice to the operating model, entity, talent and workplace.

Our services span five pillars:

1. GCC Consulting
2. Legal & Entity Support
3. People Advisory
4. Digital & AI
5. Engineering GCC Solutions

Client-first and leader-led: senior practitioners run every engagement, and we stay involved after handover, because year two is where many GCCs are tested.