VERTARA global
GCC ADVISORY

POINT OF VIEW

The Rise of the Neo-Captive GCC

Why Ownership Beats Both Outsourcing and Traditional Captives

Between building a captive and outsourcing to a vendor, a third model is emerging: one in which the enterprise owns every decision and specialist partners own only tasks.

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Executive summary

For most enterprises, the choice between building a captive and outsourcing is no longer a real choice. Captives give control but demand time, capital and leadership bandwidth most firms lack. Outsourcing gives speed but hands away the knowledge and talent that make a capability worth having.

A third category is forming between them: the **Neo-Captive GCC**, a centre the enterprise governs and owns, but builds and runs with specialist partners.

> A Neo-Captive combines **owned governance**, **partner-enabled operations**, **flexible talent** and **accelerated setup** into a single operating model.

The market is already moving this way: nearly half of recent GCC setups involve a provider partnership, and 70% of executives have pulled outsourced work back in-house. This paper defines the model, explains why it is emerging now, shows where it fails, and sets out how Vertara Global helps enterprises build one.

1. The false binary

For three decades, global delivery has been framed as a two-door choice: build it yourself or buy it from someone else. Captives (then called Global In-house Centres) were the default for large multinationals in the 1990s and 2000s. Over the following two decades, much of that work shifted to third-party outsourcers. Now the pendulum is swinging back, with captives re-emerging as the preferred vehicle for strategic work.

The swing is visible in the numbers. According to the Zinnov-Nasscom India GCC Landscape 2026 report, India alone now hosts 2,117 GCCs across 3,728 units, generating $98.4 billion in FY26 revenue, close to the $100 billion Nasscom had projected for 2030. In Deloitte's 2024 Global Outsourcing Survey of more than 500 executives, 78% of organisations operate GICs and 70% have selectively insourced work previously delivered by vendors.

Yet the same survey finds 80% of executives plan to maintain or increase third-party outsourcing spend. Enterprises are not choosing one door. They are walking through both, often without a design for how the two fit together. That gap is the subject of this paper.

Why now?

Three shifts are quietly reshaping the economics of global capability centres and making traditional models less fit for purpose.

- **AI is eroding the advantage of scale.** When smaller, AI-augmented expert teams can do what large benches once did, a vendor's headcount or a captive's campus counts for less. What gains value is what cannot be rented: proprietary context, data, product knowledge and the people who hold them. That argues for owning the core and orchestrating the rest. Deloitte's 2024 survey finds 83% of executives already use AI within outsourced services.
- **The mid-market has arrived.** According to Nasscom and Zinnov, mid-market firms accounted for nearly 35% of new India GCCs over the two years covered by their mid-market study. They need global talent without a large-enterprise infrastructure footprint.

- **Specialised skills now matter more than labour arbitrage.** Enterprises go offshore for AI, cloud, cybersecurity and product engineering talent. Specialised skills need ownership to retain; infrastructure does not.

> The question has changed from "captive or outsourced?" to **"what must we own, and what can we orchestrate?"**

2. Why enterprises struggle with traditional captive build-outs

A fully owned captive requires an enterprise to become a recruiter, employer, compliance operator and infrastructure owner before it delivers any business value. Large enterprises absorb this. Most others cannot.

- **Slow time to value.** A full captive at scale can take 9–18 months to reach steady delivery, yet industry advisers say GCC leaders now get 12–18 months to show impact, down from about 30 months.
- **A high-stakes first hire.** The centre head is appointed before anyone knows what the centre will become, at ₹1.3–3 crore a year, and 72% of GCC leaders cite scarce 8–15-year talent as their top concern.
- **Specialist scarcity.** Senior AI/ML roles often take more than 90 days to fill.
- **Creeping cost.** Real estate, compliance, security and wage inflation can erode the business case within 3–5 years, according to Everest Group.
- **The year-two cliff.** Most centres hit early hiring targets, then stall on mandate and maturity. Everest finds fewer than 10% reach the top tier, and industry data cited by Business Standard suggests about 30% of GCCs set up since 2021 have plateaued.

The mid-market feels each of these hardest. According to Nasscom and Zinnov, mid-market firms run 480+ India GCCs, 27% of the total, many of them under 100 people: too small to build every support function in-house.

3. Why outsourcing lacks control

Outsourcing buys speed by renting someone else's machine. For standard work, that still makes sense. For differentiating capability, the rental terms are the problem.

- **Knowledge leaves with the contract.** Product and process know-how accumulates on the vendor's side, and exiting means rebuilding it.
- **The talent is not yours.** HFS Research found close to 9 in 10 IT services staff feel under-challenged, while GCCs pay up to 30% more and offer more direct impact.
- **Incentives point the wrong way.** Vendors are paid for effort or scope, not for strengthening the client's capability.
- **Results lag expectations.** In Deloitte's 2024 Global Outsourcing Survey, only 25% of executives report lower vendor service costs or better service quality so far.

That is why 70% of executives have pulled some scope back in-house, and why executives now rank quality control and rebuilding internal expertise ahead of pure savings. The pull is toward ownership; the friction in Section 2 is what stops many firms getting there alone.

4. The emergence of hybrid models

The market has answered the false binary with a wave of in-between models. Everest Group counts 300+ GCC setups in a recent year, nearly half involving provider partnerships. HFS Research finds 40% of Global 2000 enterprises already run a hybrid model, rising to nearly 65% among those with 15+ years of GCC experience. The 2026 Nasscom-Zinnov landscape report now lists BOT variants and managed GCCs alongside outsourcing as standard setup routes.

Each hybrid solves part of the problem. None solves all of it by default.

Model	What it solves	What it can leave unsolved
Assisted build-out (advisor-led captive)	Design quality, location and entity choices	Execution bandwidth still sits with the client
Build-Operate-Transfer and variants	Speed now, ownership later	Transfer risk; culture and knowledge built in the partner's image
GCC-as-a-Service / managed GCC	Fastest start, opex instead of capex	Ownership can drift into a long-term vendor relationship
Employer of Record (EOR) pilot	A team in weeks, no entity	Not built to scale; limited employer brand
Managed or flexible workspace	No lease or fit-out on the critical path	Solves space only
Fractional leadership	An experienced head without a full-time bet	Interim by design; needs a succession plan
Co-sourcing / hybrid GBS	Captive core plus vendor scale for non-core work	Two operating cultures to govern

The pattern is clear: enterprises want captive-grade control with outsourcing-grade speed. The risk is equally clear. A hybrid assembled deal by deal, with no single owner of the design, becomes outsourcing under a different name. The Neo-Captive is a way to make the hybrid deliberate.

5. Defining the Neo-Captive GCC

> A Neo-Captive is a global capability centre in which **the enterprise owns every decision and the partners own only tasks.**

The distinction matters because capability is created through decisions, not through administration. A Neo-Captive is captive in governance and intent, partnered in execution. Four pillars define it.

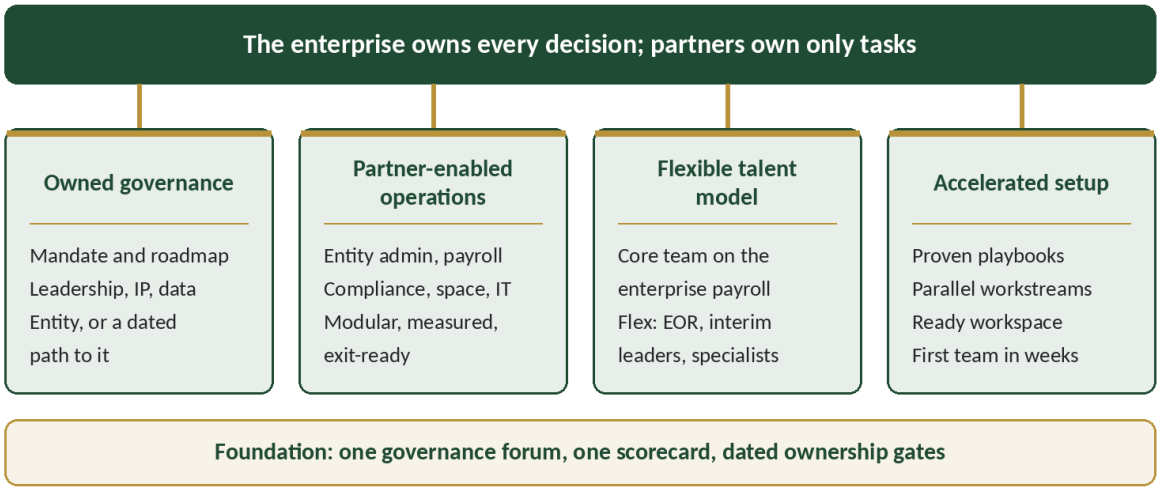


Exhibit 1: The four pillars of the Neo-Captive GCC

- **Owned governance.** The enterprise holds the mandate, roadmap, leadership accountability, IP, data and talent strategy, and owns the entity from day one or holds a dated path to it. Decision rights are never in a partner's scope.
- **Partner-enabled operations.** Specialists run entity administration, payroll, compliance, workspace, IT and recruitment delivery, each modular, measured and replaceable, with exit terms agreed up front.
- **Flexible talent model.** A permanent core on the enterprise's own payroll holds the critical knowledge. Around it sits a deliberate flex layer: an EOR bridge, interim leaders, niche specialists.
- **Accelerated setup.** Proven playbooks, parallel workstreams and ready workspace get a first team working in weeks while the permanent structure is built behind it.

How the Neo-Captive compares

Dimension	Traditional captive	Outsourcing	BOT	GCC-as-a-Service	Neo-Captive
Decision rights	Enterprise	Vendor, within contract	Partner until transfer	Shared, often partner-led	Enterprise, always
Who employs the core team	Enterprise	Vendor	Partner, then enterprise	Provider	Enterprise; flex layer may be partnered
Time to first team	Slowest	Fast	Fast	Fastest	Fast
Capital profile	High upfront	Opex	Opex, then capex at transfer	Opex	Mostly opex, owned where it matters
IP and knowledge	Retained	Leaks to vendor	Retained after transfer	At risk if long-term	Retained from day one
Flexibility to scale	Low	High	Medium	High	High
Dependency risk	Low	High	Medium (transfer event)	Medium to high	Low by design: modular, exit-ready partners

The Neo-Captive is not a new contract type. It is a design discipline: decide what must be owned, partner everything else, and keep the right to change partners without changing the centre.

An illustration

A hypothetical example, not a client case.

Consider a SaaS company with around $2 billion in revenue that wants to build an AI engineering capability in India. It needs 40 specialists quickly and has no local entity, office or leadership. A traditional captive could take 12 months or more to stand up fully. Outsourcing would be faster, but the company's product knowledge and model IP would build up inside a vendor.

As a Neo-Captive, the company draws its ownership line first: roadmap, model IP, data, engineering leadership and talent strategy stay with the company from day one. It then launches in managed workspace, with an employer-of-record bridge for the first hires and an interim India head who has done setups before, while the entity is incorporated in parallel. As the centre proves its mandate, the core team moves onto the company's own entity and a permanent leader is appointed. In year two, the company reviews its partners: talent acquisition comes in-house; payroll and facilities stay partnered.

> The company gets outsourcing-grade speed without giving up captive-grade control.

6. The Neo-Captive operating blueprint

The design starts with one line drawn through the operating model: what the enterprise must own, and what it can orchestrate. Everything else follows from where that line sits.

What to own, what to orchestrate

Layer	Owned by the enterprise	Orchestrated through partners
Strategy and mandate	Charter, roadmap, success metrics, HQ sponsorship	Benchmarking and market input
Leadership	Accountable centre head (permanent once the mandate is proven)	Interim or fractional leadership during launch
Core talent	Roles holding product, process and customer knowledge; career paths	Search, sourcing and assessment delivery
Flex talent	Workforce plan and the rules for using flex capacity	EOR bridge, niche specialists, project capacity
Legal and compliance	The entity, policies, risk appetite	Incorporation, statutory filings, payroll, audit support
Workspace and IT	Security standards, data and IP controls	Managed office, fit-out, infrastructure operations
Culture and change	Values, ways of working, HQ–centre integration	Change and communication programmes

Four tests for drawing the line

An activity belongs on the owned side if any of these is true:

1. **Knowledge test:** losing the people who do it would cost the business more than a quarter to rebuild.
2. **Differentiation test:** it shapes the product, customer experience or competitive position.
3. **Risk test:** a failure would create regulatory, data or reputational exposure the board would own.
4. **Decision test:** it involves choosing priorities, not just executing them.

Phasing

The Neo-Captive is built in four phases. Each ends at a gate the enterprise controls, so the ownership line moves on evidence, not on a contract date.

Phase	What happens	Gate the enterprise controls
1. Design	Set the mandate, draw the ownership line, select location and partners, agree exit terms	Mandate and ownership line signed off by the sponsor
2. Launch	First team in weeks via managed space, an EOR bridge and interim leadership; entity incorporated in parallel	First team delivering; entity ready
3. Anchor	Core team moves onto the enterprise's own entity; permanent leader appointed; governance in a regular rhythm	Core team owned; permanent leader in place
4. Scale and rebalance	From year two, review the partner mix each year; bring in-house what has become core	Annual ownership review

7. Where Neo-Captives fail, and how to avoid it

The model's strength, many partners under one governance, is also its main risk.

Failure mode	Symptom	Safeguard
Ownership drift	The "temporary" partner setup is still running in year three	Dated gates for entity, leadership and core-team conversion
Orchestration overload	Many partners, no single owner; HQ spends more time coordinating than the centre saves	One client-side integrator, one governance forum, one scorecard
Flex becomes the core	Critical knowledge sits with contractors and EOR staff	Annual knowledge-test review; convert the roles that pass
Year-two stall	Hiring targets met, mandate never expands	A second-year value plan agreed at launch

Each is a governance failure. A Neo-Captive is only as strong as the enterprise's grip on its own decisions.

8. Where Vertara Global fits

Vertara Global is built to be the **architect and orchestrator of the Neo-Captive**: the partner that helps the enterprise draw the ownership line, assemble the right specialists around it, and keep the enterprise in charge as the centre grows.

> **Why Vertara specifically?** Vertara sits above the ecosystem rather than within a single delivery model, bringing together GCC strategy, partner orchestration, leadership advisory and launch support under one governance framework. Delivery-led providers are built to run a centre. Vertara is built to make sure the client owns it.

- **Model-neutral.** Vertara does not start from a product to sell. The right model is the one the client's mandate, risk appetite and timeline call for.

- **Leader-driven.** Every engagement is led by senior practitioners who have built and run capability centres.
- **Present in year two.** Vertara stays engaged after launch to track the centre against its mandate and rebalance the partner mix as it matures.

How Vertara supports each pillar

Neo-Captive pillar	Vertara's role	Vertara capability
Owned governance	Mandate and charter design, operating model choice, ownership line, governance forum and scorecard	GCC Strategy and Consulting
Partner-enabled operations	Partner selection, contract and exit terms, single-point orchestration through launch	Legal and Entity Support; consortium partners for finance, audit and compliance
Flexible talent model	Core vs flex workforce design, leadership hiring strategy, interim leadership, employer value proposition	People Advisory
Accelerated setup	Location choice, parallel launch plan, workspace model, technology and AI foundations	Digital and AI; Engineering-specific GCC Solutions

Built for the mid-market

The Neo-Captive matters most to firms that cannot spare 18 months and a large leadership bench to build a centre, and cannot afford to hand their differentiating work to a vendor. That describes most mid-market companies, across sectors, and especially those starting with focused centres of 20 to 200 people. It is the segment Vertara was built to serve.

9. Conclusion: questions for leadership teams

The next generation of GCCs will not be defined by how many people they employ, but by how effectively they convert global talent into enterprise capability.

> **Ownership, not headcount, will become the defining measure of success.**

The Neo-Captive gives enterprises a way to achieve both speed and control, without becoming dependent on either a large captive infrastructure or a long-term outsourcing relationship.

Before choosing a model, leadership teams should be able to answer five questions:

1. What is the centre's mandate in year one, and what should it be in year three?
2. Which activities pass the knowledge, differentiation, risk or decision test, and must be owned?
3. Who in the enterprise is accountable for the design, not just the launch?
4. What are the dated gates for entity, permanent leadership and core-team ownership?
5. How will we know in month 18 whether the centre is succeeding, and who will be watching?

Vertara Global works with leadership teams to answer these questions before a single hire is made, and stays engaged to make sure the answers hold.

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Designing a capability centre? Talk to Vertara Global about building one you own from day one.

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