NANO GCC · POINT OF VIEW

The GCC Problem Is at Headquarters

Most nano GCC failures are diagnosed in India but created at headquarters. Why leadership teams treat their own centre as a vendor, and the change programme that turns it into "our team".

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AT A GLANCE

- Headquarters approves a GCC as a strategic decision, then runs it as a procurement contract. A nano GCC of 20 to 200 people has no buffer against that reflex.
- More than 25 GCCs shut in 2025 and closures may double this year. At least two of the three leading reasons sit with headquarters[1].
- The fix is a headquarters-side change programme: a clear narrative, an aligned middle layer, real ownership for the centre and adoption measures that run through the year-two cliff.

01 The wrong post-mortem

Most GCC failures are diagnosed in India. Many are created at headquarters. When a nano GCC stalls, the post-mortem looks at attrition, a weak site leader, the wrong city or a slow hiring partner. Those things happen, but they are usually symptoms. The cause sits thousands of miles away, in how headquarters thinks about, talks about and works with the centre.

The pattern is consistent. Headquarters approves a GCC as a strategic decision, then operates it as a procurement decision. The board deck says "our India team". The day-to-day says "the offshore vendor". The centre gets tickets instead of problems, cost targets instead of outcomes, and status calls instead of a seat at the table. Within 18 to 24 months it delivers exactly what it was treated as: a cheaper, slightly worse outsourcing contract.

One data point makes the case. Business Standard, citing consultancy Neovay, reported that more than 25 GCCs shut in 2025, with closures likely to double this year[2]. The leading reasons named were a change in corporate sponsorship, the centre being seen as a cost centre, and weak local leadership. At least two of those three originate primarily at headquarters.

> *Headquarters approves a GCC as a strategic decision, then operates it as a procurement decision. Most nano GCC failures start in that gap.*

This paper is written for the people who decide whether a nano GCC succeeds: the CEO, CFO, CTO and functional heads at headquarters. It is not about how to set up in India. It is about how to receive a team.

02 The headquarters blind spot

Headquarters does not mistreat its GCC on purpose. It simply has no model for what a GCC is. Most mid-market companies have never run a globally distributed organisation before.

What they do know is outsourcing: vendors, offshore partners, statements of work and service levels. What they have rarely built is a global operating model, distributed leadership, or ownership shared across locations. So, without anyone deciding it, they apply vendor-management habits to a team they own.

[1] Business Standard, "GCCs struggle to go beyond cost arbitrage in AI era, shows data" (17 July 2026), citing data from Neovay. www.business-standard.com/technology/tech-news/gccs-struggle-to-go-beyond-cost-arbitrage-in-ai-era-shows-data-126071401063_1.html

[2] Business Standard, see note 1.

The gap shows in the data. The Nasscom-Zinnov GCC Landscape Report 2026 places 56% of India's 2,117 GCCs in its two lowest maturity tiers: 13% are cost-arbitrage "outposts" and 43% are "satellites" that deliver at scale but stop short of end-to-end ownership[3]. The report's own summary is that the ecosystem has moved ahead while enterprise org charts have not. India has the talent. Headquarters has not yet built the organisation to receive it.

03 The vendor reflex

The blind spot produces a reflex. Twenty years of outsourcing taught finance, procurement and engineering managers one way to work with people in another country: define the scope, set the SLA, review the invoice. They bring that habit to the GCC on day one.

The objectives gap starts there. Industry research consistently finds that GCC leaders in India put far more weight on innovation than the headquarters executives who sponsor them, who rank cost reduction and productivity first. The centre is hired to think. It is then measured as if it were hired to save.

The reflex shows up in small, daily choices. Each one looks reasonable. Together they tell 40 people in Bengaluru or Pune exactly where they stand.

EXHIBIT 1 · THE VENDOR REFLEX VERSUS "OUR TEAM" BEHAVIOUR

Moment	Vendor reflex	"Our team" behaviour
Language	"Offshore", "the India resources", "they"	"Our Pune engineers", named people, "we"
Work intake	Tickets and specs handed over the wall	Problems and outcomes, with the context behind them
Success measure	Cost per FTE, SLA adherence, utilisation	Product, customer and business outcomes shared with HQ teams
Meetings	Weekly status call at HQ-friendly hours	Shared rituals, rotated time zones, India leads presenting their own work
Decision rights	Every hire, tool and priority approved at HQ	Defined local authority over hiring, tooling and delivery choices
Career paths	India roles capped below HQ-equivalent titles	Global job architecture; India staff eligible for global roles
Information	Learns of strategy changes second-hand	In the room for planning, roadmap and all-hands
Credit	Wins attributed to the HQ manager	Wins attributed to the people who did the work

Vertara Global analysis.

The left column is not malicious. It is habit. But a nano GCC has no buffer against it. Every cell on the left is a reason for a strong engineer to leave in month 14.

04 Why nano GCCs feel it first

A 5,000-person GCC can survive an indifferent headquarters. It has its own leadership bench, its own internal market and enough mass to be impossible to ignore. A nano GCC has none of that. Nasscom and Zinnov count 583 mid-market GCCs in India as of March 2026[4]. "Mid-market" describes the parent's revenue, not the centre's size, but many of these centres start and stay in the 20-to-200-person nano range. Four structural facts make them fragile.

- **One sponsor.** Most nano GCCs exist because one executive, often the CTO or COO, championed them. When that person leaves or loses interest, the centre loses its only advocate. A change in corporate sponsorship is the first closure reason cited in recent industry reporting[5].

[3] Nasscom and Zinnov, "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/

[4] Nasscom and Zinnov, see note 3.

[5] Business Standard, see note 1.

- **No local leadership weight.** EY's GCC Pulse Survey 2025 found that 80% of GCCs have less than 10% of leadership roles based in India[6]. In a 60-person centre, that often means one site leader with no peer at headquarters to call.
- **Every person is visible.** In a large centre, one disengaged team is noise. In a nano GCC, losing two senior engineers can stall a product line and confirm every sceptic at headquarters.
- **A faster benchmark.** Nasscom and Zinnov find that maturity which once took a decade is now a design choice made on day one, with 27% of GCCs reaching "portfolio hub" status within five years[7]. A centre held back by headquarters is now compared with peers that were not.

05 The year-two cliff

Nano GCCs rarely fail at launch. They fail between months 12 and 24, when the decisions headquarters made in year zero start to show. We call this the year-two cliff.

EXHIBIT 2 · THE YEAR-TWO CLIFF

Stage	Months	What the centre feels	What HQ typically does	What breaks if HQ gets it wrong
Year 0: Launch	0–3	Energy, hiring, setup	Sponsor engaged, board update, cost case approved	A cost-only mandate is set and never revisited
Year 1: Momentum	4–12	First teams in place, first deliveries	Attention shifts; work arrives as tickets	HQ managers keep the interesting work
Year 2: Reality	13–24	Novelty gone; the ceiling is visible	Sponsor moves on; reviews led by finance	Senior attrition, stalled scope, "is this worth it?"
Year 3: Ownership	25–36	Owns a product or platform, or stagnates	Either hands over ownership or considers exit	The centre is shrunk, sold or closed

Vertara Global framework, drawn from practitioner experience with mid-market GCC setups.

Three forces converge in year two. Launch energy and sponsor attention fade. Vendor habits that felt temporary harden into process. And the centre's strongest people, who joined for the promise of ownership, have had a full year to see whether it is real. If headquarters has not changed how it works by month 12, the cliff arrives on its own schedule.

06 Five headquarters failure patterns

Across mid-market setups, five patterns recur. Each has an early signal headquarters can see for itself, without asking India.

1. **The cost-only mandate.** The business case was built on savings per head, so that is all anyone measures. Innovation, ownership and quality never get a line in the scorecard.
   Signal: *the GCC's quarterly review is presented by finance, not by the business it serves.*
2. **The frozen middle.** The CEO said yes. The HQ managers who must hand over work were never asked. They see the centre as a threat to their teams, keep the interesting work and pass on the rest.
   Signal: *six months in, India is still doing "overflow" and bug fixes.*
3. **The silent narrative.** No one at headquarters has explained why the centre exists, what it means for HQ jobs, or how the two teams will work together. The vacuum fills with rumour: "they're replacing us".
   Signal: *HQ employees cannot name anyone in the India team.*

[6] EY India, "GCC Pulse Survey 2025" (November 2025); leadership-localisation figure as reported by Business Standard (July 2026). www.ey.com/en_in/newsroom/2025/11/58-percent-gccs-in-india-investing-in-agentic-ai-two-third-creating-dedicated-innovation-teams-to-globalize-ideas-ey-gcc-pulse-survey-2025

[7] Nasscom and Zinnov, see note 3.

4. **Remote-control governance.** Every hire, tool purchase and priority needs HQ approval. The site leader becomes a coordinator, and the centre moves at the speed of the slowest inbox.
   Signal: local hiring decisions take longer than the candidate's notice period.
5. **Launch-and-leave sponsorship.** The sponsor treats go-live as the finish line. Attention moves to the next initiative just as the centre needs air cover to take on real ownership.
   Signal: the sponsor has not visited, or held a skip-level with the India team, in the last two quarters.

All five are change-management failures, not operational ones. They are about narrative, stakeholder alignment and adoption, the same disciplines any large transformation needs. Headquarters simply does not recognise a 50-person team in India as a transformation of its own organisation. It is.

07 A tale of two nano GCCs

Two US software companies of similar size open engineering centres in India in the same year, with the same budget and the same calibre of hires. The difference is entirely at headquarters.

EXHIBIT 3 · TWO CENTRES, ONE DIFFERENCE (ILLUSTRATIVE)

	Centre A	Centre B
Size at launch	40 engineers	35 engineers
Mandate	Reduce engineering cost per head	Own the integrations platform end to end
How work arrives	Tickets from HQ teams	Roadmap set jointly with HQ product leads
Career paths	India titles capped below HQ	One global job architecture
Sponsorship	CTO sponsor leaves in month 10; no successor	CEO and CTO co-sponsor; quarterly visits
Month 24	Senior attrition, scope frozen, board asks whether to outsource	Platform owned from India; hiring for a second product line

Illustrative composite drawn from patterns across mid-market setups; not a specific client.

Centre A did not fail because of Bengaluru or Pune. It failed because headquarters built a vendor and called it a team.

08 The "our team" playbook

The fix is not a better site leader or a better city. It is a headquarters-side change programme that runs alongside the India setup, starting before the first hire. We organise it in four moves.

Write the narrative before the job descriptions. Headquarters employees will decide what the GCC means within weeks of hearing about it. Leadership should decide first. A good narrative answers four questions plainly: why we are building this team, what it will own, what it means for people at headquarters, and how we will work together. It should say what the centre is not for, too. If any HQ roles are affected, say so early and honestly. Silence is read as confirmation of the worst case.

Align the frozen middle, not just the top. The CEO's support is necessary and nowhere near sufficient. The decisive stakeholders are the 10 to 30 HQ managers who must hand over work, share context and accept India colleagues as peers. Map them. Meet them individually. Give each one a stake in the centre's success: co-ownership of a team, a shared outcome target, or credit in their own reviews.

Give the centre ownership, then protect it. Assign a product, platform or process end to end, not a slice of tasks. Agree in writing which decisions sit locally: hiring within plan, tooling within budget, delivery approach within standards. Put India leads in the planning cycle and the all-hands. Build one global job architecture so a strong engineer in Hyderabad can see a path to a global role.

Measure adoption, not just delivery. Most GCC scorecards track cost, headcount and SLA. Add measures of whether headquarters has actually adopted the team:

- Share of India work that is owned outcomes rather than assigned tasks

- Number of HQ managers with India team members in their direct line or shared goals
- Cross-location collaboration: joint design reviews, shared on-call, co-authored releases
- India-based leaders in global planning and decision forums
- Regretted attrition of senior India staff, and their stated reasons for leaving

Review these at the executive level, quarterly, for at least the first 24 months. That is the window in which the vendor reflex either sets or breaks.

QUESTIONS FOR THE BOARD

Three or more "no" answers mean the risk to your GCC sits at headquarters, whatever the India dashboard says.

1. Can every member of the executive team explain, in two sentences, why the GCC exists and what it owns?
2. Has that explanation been shared with all HQ staff, including what it means for their roles?
3. Is the GCC measured on at least one business outcome, not only on cost and SLA?
4. Do the HQ managers who hand work to India have the centre's success in their own goals?
5. Does the India team own at least one product, platform or process end to end?
6. Can the site leader hire within plan without HQ sign-off on each role?
7. Are India leads in the room for planning and roadmap decisions?
8. Can an India-based employee apply for a global role on the same terms as an HQ employee?
9. Has the executive sponsor visited the centre, or held a skip-level with its team, in the last six months?
10. If the sponsor left tomorrow, is there a named successor who would defend the centre?

09 Fix the receiving end

The GCC industry spends most of its advice on the sending end: entity setup, location, talent, real estate. Those decisions matter, and they are increasingly well understood. The receiving end, headquarters, gets almost no attention, and that is where most nano GCCs are won or lost.

A nano GCC is not an offshore contract with your logo on it. It is a new part of your organisation, and adding one is a transformation of the whole company, not just of India. Treat it that way from the first board paper, and a team of 50 can become one of your most valuable assets. Treat it as a vendor, and it will behave like one, until someone decides a real vendor would be cheaper.

10 How Vertara Global helps

We work on the headquarters side of the GCC, where few advisers look. Before launch, we run an HQ readiness assessment covering mandate, sponsorship, governance and decision rights, and build the change narrative headquarters tells its own people. Through setup, we map and engage the HQ managers whose support decides the centre's fate, and help choose the operating model and define what the centre owns.

After launch, we run an adoption scorecard and quarterly executive reviews through month 24, so the year-two cliff is managed rather than discovered. The test of success: the executive team answers "yes" to at least eight of the ten questions above. If three or more were a "no", contact Namit Ganjsinghani at namitg@vertaraglobal.com.

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.