How to build high-performing engineering teams that boost GCC success

thoughtworks | ANSR

Indian technology organizations are beginning to offer more than just cost arbitrage.

“India is the global GCC capital,” declared Deloitte in 2021. India accounts for over 45% of the global capability centers (GCCs) in the world, with leading multinationals such as Tesco, Target, 3M, 7-Eleven, Lowe’s, Finserv Global and Falabella setting up engineering teams in the country. The number of employees in GCCs grew by 75% between FY 2015 and 2020.

The reasons for this increasing interest in setting up GCCs in India go beyond just the cost arbitrage and include:

Available and plentiful talent

Each year, India produces between 80,000 to 85,000 digitally skilled graduates, and this is growing at 30% year-on-year. This includes skills in technologies such as cloud computing, big data analytics, social media and mobile platforms, Internet of Things (IoT) and artificial intelligence (AI).

Thriving innovation ecosystem

There are over 40,000 active startups in India solving problems with technology, including leading-edge tech, such as AI, Internet of Things (IoT) and augmented reality/virtual reality.

Experienced leadership

India is home to experienced senior leaders, thanks to the IT-BPM boom of the previous decade, with a proven track record in building successful and gold-standard technology solutions.

Government support

State and union governments are providing incentives, regulations and policies to support GCCs and drive growth with one example being the Gujarat International Finance Tec-City (GIFT City), a greenfield smart city which aims to attract financial services companies by offering attractive tax regimes.

To make the most of the opportunity presented to GCCs, they need strong, dynamic, agile and high-performing engineering teams. In this ebook, Thoughtworks and ANSR will draw from our collective experience working with GCCs, enterprises and startups across the globe to bring together good practices and success stories.

Here are the five tenets of building high-performing engineering teams that boost GCC success:

- Alignment on business vision
- Adaptive leadership with autonomy
- Connected communities
- Distinctive talent with a mindset for innovation
- GCC design that accelerates the digital journey at HQ

#1 Alignment on business vision

Bring everyone on board your journey

Success in the digital era depends on organizational alignment; the glue that binds teams together in their collective journey towards business goals. Yet, alignment often starts and ends with senior leadership, hindering org-wide collaboration. To truly have organizational alignment, GCCs need:

Effective leadership

Effective leaders are able to combine ideas and opinions from across a wide group of stakeholders and distill them into a plan to achieve organizational goals. They provide the linkage between regional engineering teams and corporate priorities.

In GCCs, we see effective leaders rally their teams around specific goals by defining what's important, reducing distractions and providing a framework for measuring impact. You'll only see genuine organizational impact when leaders are in lockstep with the organization's global priorities.

Having a single engineering lead — who could be based in the GCC or at global headquarters — can significantly improve organizational alignment. Several organizations follow the 'two-in-a-box' model where a project is equally coordinated by two managers. While this approach ensures better quality of decisions, decision making can be slow if communication is not effective. Two-in-a-box arrangement also runs the risk of employees across different global locations receiving mixed signals or facing misalignment in goals.

The India GCC of a large US home improvement company identified this risk early and shifted to what they call the 'one-in-a-box' approach. This single engineering lead approach turned out to be a fundamental shift that helped them better align the enterprise and the GCC to common vision, mission and goals, thus creating a truly boundaryless organization.

Shared values and purpose

Values and purpose are critical business elements that, when strategically developed and embraced at all levels, help organizations harness resources, skills and innovation effectively. Values help navigate decisions, motivate employees and nurture customer faithfulness.

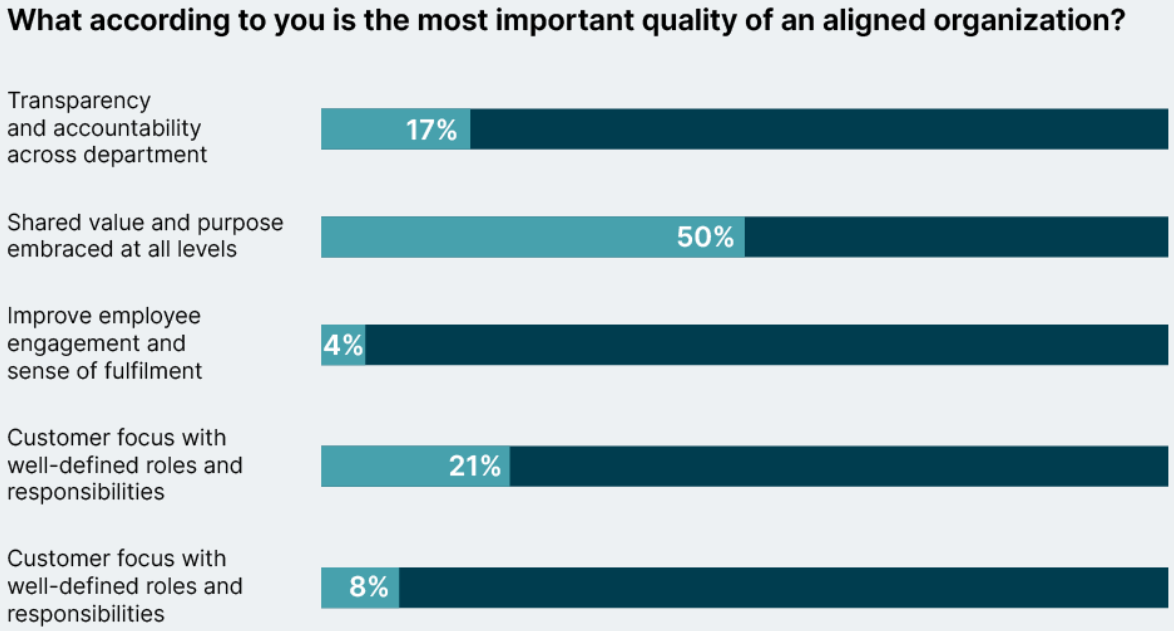
An organization that defines its purpose, and activates values to support them, can identify risks early and deliver long-term success in a rapidly changing business environment. Such organizations are ideally positioned to navigate change, disruption and rising expectations from employees, customers, partners and communities.

Building a strong engineering culture requires inculcating the values and purpose on a company-wide basis. It’s all about fostering an environment in which every member of the team has a chance to reach their full potential and thrive.

Transparency

Transparency is an essential value that has the power to turn apprehension into trust, hesitation into action, and division into alignment.

A transparent culture drives better business outcomes by aligning the global teams around shared goals and by building trust that everyone involved will achieve those goals. Yes, transparency in the workplace can be a double-edged sword, but the benefits often outweigh the risks. Most often it is difficult for the management to pull back the curtain on business numbers and big decisions. However, being transparent with employees about the company's performance, product roadmap, future plans etc. can offer an increased sense of ownership and trust.



ANSR survey finds shared value and purpose voted the most important quality in an org.

In a recent survey conducted by ANSR, 50% of the GCC leaders believe the most important quality of an aligned organization is embracing shared value and purpose at all levels.

Case study: how an American investment bank delivered business alignment across global teams

A large North American investment bank embarked on a journey to build the treasury of the future, modernizing decades-old commercial cash management and payments, with their GCC based in India. They built business alignment by:

- Committing to nurturing alignment to business goals
- Clearly defining goals and business value of the work being done
- Well-articulated delivery frameworks and key success criteria
- Hybrid workforce strategy — building core products in-house, engaging partners like Thoughtworks for complex tech areas

The treasury platform, built out of the India GCC, is successfully powering customer relationships through transparent, streamlined and faster services in the US, UK, Germany and other parts of the EU.

#2 Adaptive leadership with autonomy

Nurture the ability to create and respond to change in turbulent business environments

According to a survey by The Economist Intelligence Unit, 88% of executives say that organizational agility is key to global success. Businesses need to be agile across three levels — operational, portfolio and strategic — and adaptive leadership is critical to that. At Thoughtworks, we believe there are four critical components to adaptive leadership.

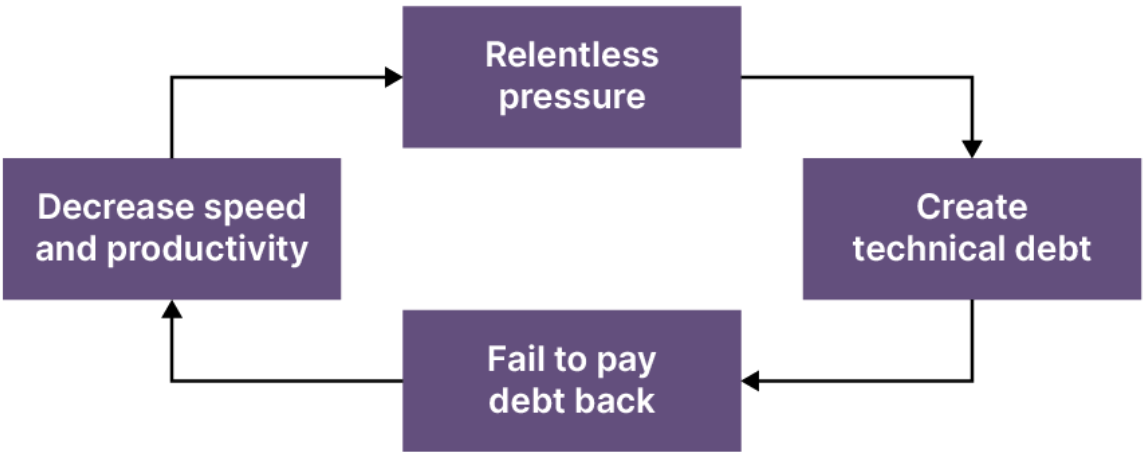
Improving speed-to-value

Agile engineering is about delivering value early and often, with every iteration. This isn't just about engineering value,as in new features, but also business value, as in making sure the new features are useful to the wider enterprise.

Having a passion for quality

Choosing speed over quality results in technical debt. Martin Fowler, chief scientist at Thoughtworks describes technical debt by saying, "Software systems are prone to the build up of cruft - deficiencies in internal quality that make it harder than it would ideally be to modify and extend the system further. Technical Debt is a metaphor... that frames how to think about dealing with this cruft, thinking of it like a financial debt. The extra effort that it takes to add new features is the interest paid on the debt."

Adaptive leaders create a virtuous cycle for their teams of building high-quality products > accelerating delivery > decreasing pressure > and repaying debt. They set schedules and reasonable deadlines focused on the quality of delivery.



Vicious cycle that teams get caught in if they do not build high quality products that accelerate delivery

Doing less

More work isn't always more value. Adaptive leaders know where to focus and how to prioritize. They know that distributed teams can end up working odd hours and get overwhelmed.

Engaging and inspiring teams

A crucial part of adaptive leadership is to inspire teams to greatness rather than motivate them to mediocrity. In Agile communities, this is achieved by advocating for self-organizing teams, collaborative interactions, technical excellence, participatory decision making and adaptive (non-command-control) leadership. At Thoughtworks, our leaders regularly check whether their teams:

- Have sufficient autonomy, or are waiting for decisions to come from somewhere outside of their control.
- Are fully cross-functional teams that can make decisions and move fast.
- Operate with collective ownership or a siloed mentality.
- Encourage each other to learn and excel.

Based on the findings, they design interventions to help.

Case study: how Thoughtworks' adaptive leadership approach helped Gojek scale

Gojek, a leading Southeast Asian 'Super App', is a one-stop platform for transport, payments, food delivery, and logistics, with more than 20 services. It was built by co-sourced teams across multiple geographies, including the Thoughtworks team. The adaptive leadership approach ensured:

- **Engineering excellence:** Setting and practicing core engineering principles across the GCC, partner orgs and the HQ.
- **Line of sight to business impact:** Colocated engineering and product teams map their technology OKRs to product OKRs and business OKRs, clearly seeing the real-world value of their work.
- **Focused teams:** Identified and delivered cross-portfolio impact for product growth. For instance, separate teams handled scaling across different countries so that the product enhancement teams didn't lose focus.

#3 Communities as a competitive advantage

Build connected communities around and outside of tech

Thoughtworker, Jonathan Liang, makes critical points about the cultural and competitive advantages of internal communities. He approaches them across three spheres of influence:

Individual

Everyone learns more through teaching, two-way sharing and enabling others. So, communities serve to strengthen engineering excellence in every individual.

Business

Communities serve as catalysts for Thoughtworks' relevance in the ever-evolving technology market by growing internal capabilities and external relationships.

Industry

Communities help Thoughtworks make a broader impact on the tech industry and how we hire.

At Thoughtworks, communities form the fabric of the organization. They are part of the talent, capability and people functions. These communities act as sounding boards for ideas, prevent reinventing the wheel and inspire people on their career journeys. An important outcome of this is the various events we host — VodQA, Geeknight, XConf, Converge, etc.

Case study: how organic communities nurture synergy and collaboration

A large American OEM set up its software teams for four different businesses in the GCC in India. In the US, these four businesses were spread across multiple cities, forming silos over the years. The community in the India GCC used informal communication networks to identify synergies and opportunities for collaboration. This led to the GCC forming an engineering Center of Excellence (CoE) that brought together the people, skills and software under one umbrella.

This helped the OEM:

- Cross-pollinate ideas and best practices for engineering excellence.
- Leverage applications from one business to another to prevent unnecessary redundancies.
- Reuse skills and software licenses, saving significant costs.
- Imbibe cross-business innovation making an impact of over $400MM for the enterprise's digital journey.

This could only be achieved because the company designed the GCC to bring IT and business closer together.

#4 Distinctive talent with a mindset for innovation

Power inorganic growth through collaboration

Innovate or stagnate is a stark reality for today's enterprises. Organizations at varying degrees of digitization are aligning their digital journeys with their businesses' core goals. And as these digital journeys progress, leaders are realizing the benefit of re-energizing internal teams and providing them with the right tools to develop new ideas and products. Such innovation-led cultures succeed when 'tensions' challenge the status quo. And, this requires a willingness to experiment, co-create, to accept failure, take risks, appreciate non-hierarchical structures and strengthen team spirit — across the board and not just at the leadership level.

Cultivating effective intrapreneurship involves not just empowering employees with the autonomy to turn brilliant ideas into products or services but also requires consistent and rigorous training, support and education — that will help move ideas into the prototype stage.

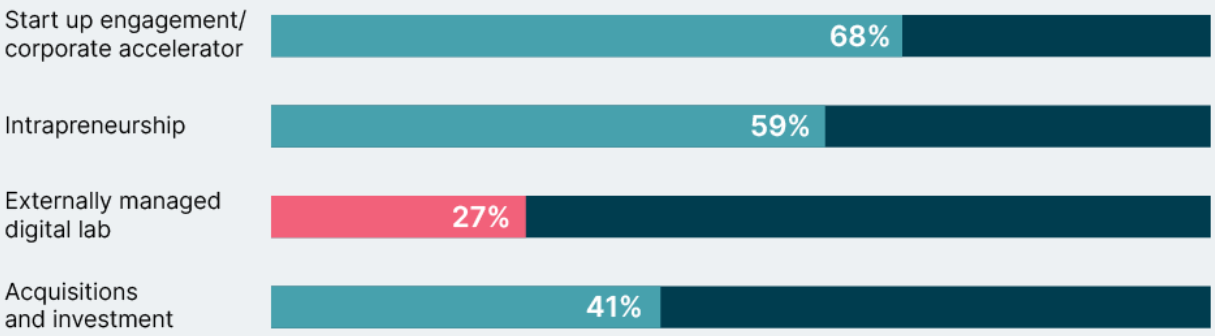
Corporate-startup collaboration

This is an important and viable strategy for companies who want to extend the boundaries of their innovative capabilities. And, for such collaborations to flourish, global organizations will have to establish the right processes and culture by leveraging the GCC model. A good place to start is creating a formal program for scouting promising startups, evaluating them for suitability and acquiring and funding these collaborations.

A programmatic approach with well-honed processes can enable companies to scale their innovation capacity quickly; to create global innovation centers, while also ensuring their partnerships align with the broader growth strategy. This is a realization of how scaling innovation requires an ecosystem that brings together the best talent to create products and solutions aligned to business goals.

In such a collaboration, large organizations will have to adopt a flexible approach, as startups tend to move and adapt at a much quicker pace. Also, fostering an agile culture within the GCC is critical to prepare teams to work well with their startup counterparts.

What innovation model would you be interested in exploring for your organisation? (Select all which apply)



ANSR survey finds the start up or accelerator innovation model works best for GCC's specific needs.

Case study: how a reinsurance provider collaborated with startups to drive innovation in their GCC

A leading reinsurance provider aspired to embed innovation into their organization and drive it from their GCC in India. Over time, the reinsurer saw much success across several accelerator programs that helped them:

- Build relationships with the startup ecosystem
- Design and develop an innovative insurance product that would have applications in the Brazil and India markets
- Create multiple smaller products and solutions for the global insurance industry
- Get 20+ client engagement opportunities
- Acquire seven startups as suppliers of innovative solutions for the global insurance industry
- Put the India GCC on the global tech map, establishing the company as a thought leader and a champion of innovation

#5 Design and leverage GCCs to accelerate the digital journey at HQ

Gear up to be the driving force of digital transformation

In 2022, technology is no longer a support function. In the increasingly digtial world, global enterprises realize that tech is the engine that drives future success. Tech leaders expect advanced technologies such as artificial intelligence, machine learning, augmented reality/virtual reality (AR/VR), Internet of Things (IoT) etc., to be critical drivers of revenue and innovation. A growing number of multinationals are turning their GCCs into tech innovation hubs that accelerate the digital journey at the headquarters.

Case study: how ANSR and Thoughtworks partnered with Falabella's India GCC to deliver digital transformation

Falabella partnered with ANSR to establish a GCC in Bangalore in 2018. With the help of their GCC, the global retailer wanted to build digital capabilities that would make customers' lives simpler and their shopping enjoyable. Falabella envisioned a future where stores and eCommerce are not merely sales channels but levers for growth. To achieve its digital transformation goals, Falabella selected Thoughtworks as their strategic technology and delivery partner in early 2019.

Since then, Falabella and Thoughtworks have worked together in a co-sourced manner. Falabella's transformative journey champions rapid experimentation and innovation, principles of agile software development, engineering excellence, data analytics, product thinking, elastic infrastructure and evolutionary architecture.

Together Falabella and Thoughtworks have built a digital retail backbone: not just for the retailer's current business goals but also to accelerate its presence in emerging touch points and operating models of the future — eventually opening up additional non-linear streams of revenue. With the transformation, the entire Falabella ecosystem is now hosted on the cloud, delivering the expected benefits:

- 114% year-on-year growth in gross merchandising value
- 60% improvement in load time on its Falabella and Sodimac platforms
- 30% reduction in search errors
- 300% increase in search speed (from 40,000 to 120,000 results/minute)

It has not only emerged as a powerful, scalable, cloud-native, multi-tenant digital commerce platform that serves as a strategic asset connecting the entire Falabella ecosystem, but it also serves as a backbone for future growth.

In effect, GCCs will drive enterprise growth. But, are you geared for success?

Working with several global enterprises and their GCCs, Thoughtworks and ANSR have identified the five tenets of building high-performing engineering teams that boost GCC success.

Alignment on business vision

Every team member needs to be aligned to the business vision. This requires:

- Effective leadership that brings together diverse views, synthesizes them and nurtures these ideas toward achieving organizational goals
- Well-defined processes around knowing what the goal is and how it impacts the business, customers, employees and the world at large.
- Transparency to turn apprehension into trust, hesitation into action, and division into alignment.

Adaptive leadership with autonomy

Businesses need to be agile across three levels — operational, portfolio, and strategic — and adaptive leadership is critical to that.

- Improving speed-to-value, both engineering value and business value
- Having a passion for quality, creating a virtuous cycle of building high-quality products > accelerating delivery > decreasing pressure > and repaying debt
- Doing less, knowing where to focus and how to prioritize
- Engaging and inspiring teams to greatness rather than motivating them to mediocrity

Connected communities

There are cultural and competitive advantages of internal communities across three spheres of influence.

- Individuals develop engineering excellence through community learning, sharing and teaching
- Business gain relevance in the market through their dynamic and engaged communities
- Businesses make a greater impact on the industry through their communities

Distinctive talent with a mindset for innovation

The above three tenets enable organic innovation. For inorganic innovation, GCCs often seek support from the startup ecosystem. To leverage this, they need:

- Formal startup collaboration programs for scouting promising collaborators, evaluating and acquiring/funding them
- Programmatic approach designed to scale while ensuring each partnership aligns with their broader growth strategy
- Innovation ecosystem that brings together the best talent to create products and solutions that are fit for the purpose
- Agility to work well with their startup counterparts

GCC design that accelerates the digital journey at HQ

A growing number of multinationals are turning their GCCs into tech innovation hubs that accelerate the digital journey at the headquarters.

- Aligning GCC initiatives to ambitious business goals instead of simply outsourcing small tasks
- Team structures that are flexible without disrupting community dynamics
- Collaborating with high-technology organizations like Thoughtworks to build complex products
- Leveraging the startup ecosystem for innovation and scale

As the world grows increasingly digital, GCCs will play a key role in shaping the future. High-performing engineering teams will become the driver of that journey. Success will belong to those who can innovate, collaborate, execute and evolve. This needs a consistent focus on people, processes and technology.

About Thoughtworks

Thoughtworks is a leading global technology consultancy that integrates strategy, design and software engineering to enable enterprises and technology disruptors across the globe to thrive as modern digital businesses.

Thoughtworks invented the concept of distributed agile and we know how to harness the power of global teams to deliver software excellence at scale. Today, we help our clients create their own path to digital fluency and to build organizational resilience to navigate the future.

More at www.thoughtworks.com

About ANSR

ANSR is enabling companies to build distributed teams in support of workforce transformation, building strategic capacity and onboarding global enterprise talent. Through a flexible, 'no-capex,' 'pay-as-you-grow' subscription-based engagement model, ANSR mitigates traditional risks associated with establishing and operating global teams.

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

More at www.ansr.com