

## Operational Excellence with a Lower Investment: Global Capability Center-as-a-Service

The budgetary and other demands on corporate law departments continue to expand as corporate leaders focus increasingly on ensuring that all units within the business entity contribute to the organization's business goals. Those leaders also expect each unit, including legal, to provide data to demonstrate how well they do in that regard. These paired challenges often tax the internal capabilities of a law department, especially one with limited human and other resources, as most are.

Global Capability Centers ("GCC") available on an outsourced basis, offer one solution to that challenge. A GCC can be set up entirely as an outsourced function or within the corporate structure but staffed on an outsourced basis. When the capability is purchased from a third-party provider on an as-needed basis, the GCC represents GCC-as-a-service.

To establish a common lexicon, a GCC refers to an outsourced or managed service model where a third-party provider establishes and operates a GCC on behalf of a client organization. GCCs are dedicated units set up by companies to perform all or some of a wide range of business functions such as legal, IT services, finance, human resources, research and development, and customer support. They are usually located in offshore or nearshore locations. Establishing Global Capability Centers, which go beyond the conventional low maturity Captive Centers/ Global In-house Center (GIC) models, has

proven to be extremely valuable for top global organizations looking to access top talent and international markets.

For our purposes, let's talk primarily about GCCs designed to support the legal service needed by a business organization to realize its business objectives. Here are the key elements of a GCC as a service:

- **Outsourcing Partner:** This is a third-party provider that takes on the responsibility of setting up, managing, and operating the GCC, leveraging its expertise and infrastructure.
- **Detailed operational guidelines and measurable service levels** agreed upon by the client organization and the GCC provider in the form of a service level agreement (an SLA).
- **Provision by the GCC of those technology and other tools** selected and agreed upon by the client, including their location, application, and availability.

What are some of the benefits of incorporating a GCC in the delivery of legal service to and for the benefit of a corporate client?

- **Cost Efficiency:** By using a GCC-as-a-service model, client companies can reduce operational costs through lower labor costs in offshore or nearshore locations and avoid the significant capital expenditure associated with setting up their own centers to perform the needed services.

- **Scalability and Flexibility:** Companies can scale their operations up or down more easily based on business needs without the constraints of managing their own physical infrastructure and workforce. The third-party provider assumes some risk associated with setting up the GCC, though that provider may be able to re-allocate resources on behalf of other clients if one client's service needs decline or change.
- **Access to Talent:** Leveraging a GCC allows companies to tap into global talent pools, particularly in regions known for specific skill sets such as IT, finance, and engineering.
- **Focus on Core Competencies:** By outsourcing some services to a GCC, a company can focus more on its core business activities and strategic initiatives rather than getting bogged down by operational details outside its "wheelhouse." Agreed-upon service levels and metrics enable the client to monitor the GCC's service delivery on an actionable basis. The outsourced provision and management of the service by the GCC, which provides similar services to multiple clients, allows the GCC to leverage the cost of the necessary expertise and resources across multiple projects, lowering the cost of that expertise for each of those clients.
- **Technology and Innovation:** Third-party providers are well positioned to have the latest technologies, best practices, and innovations available, ensuring that the GCC operates at high efficiency and stays competitive.
- **Risk Management:** Providers can – and should - have robust risk management frameworks in place to handle business continuity, cybersecurity, and compliance, which can be complex and costly for companies to manage on their own. These issues should be discussed and agreed upon during the contracting process and reflected in the SLA.
- A corporate client needs to purchase from a GCC only those services that it does not have, and cannot or does not want to have, internally. A business that has some needed expertise in-house might, for

example, purchase a more limited suite of services from a GCC than another entity that lacks those internal capabilities.

Examples of GCC-as-a-service include:

- **IT Services:** Application development, maintenance, infrastructure management, cybersecurity, and IT support.
- **Business Process Services:** Finance and accounting, human resources, procurement, and supply chain management.
- **Research and Development:** Product development, engineering services, data analytics, and innovation hubs.
- **Customer Support:** Call center operations, technical support, and customer relationship management.
- **Legal and Litigation Support:** Setting up of the back office of a law firm or the back office of a legal department of a company. Research service or document-review service might be purchased on an outsourced basis.

Benefits include:

- **Operational Efficiency:** Streamlined operations with established processes and expert management.
- **Speed to Market:** Faster setup and operationalization compared to building in-house capabilities. This is particularly so in the case of a GCC-as-a-service.
- **Quality and Performance:** Enhanced service quality through specialized providers and adherence to SLAs.
- **Risk Mitigation:** Reduced risks by working with experienced partners who handle compliance and security.

By adopting a GCC-as-a-service model, companies can gain significant strategic advantages, allowing them to remain competitive in a global market while focusing on their core business objectives.

Key points to set up GCC include:

- **Location** A client often selects a GCC strategically to avail itself of a number of

advantages, such as a robust pool of talent in another location, an advantageous business climate, and cost considerations. This location may be in a separate geographic area or in the same nation as the client organization.

- **Infrastructure.** The office space, technology infrastructure, and other facilities needed to support their operations are usually owned by the GCC. The center's infrastructure is tailored to the particular requirements of the activities and tasks performed there on the client's behalf.
- **Legal Entity.** A GCC has a separate legal identity at its place of business as per the local laws. Although GCCs operate independently, they are closely affiliated with the parent organization and apply procedures and standards agreed to by the client in an SLA. To guarantee alignment with the organization's overarching strategic goals, the GCC and the headquarters maintain constant cooperation and communication.
- **Global Network.** A vast array of multinational companies run several GCCs in various parts of the world, forming a worldwide network of capacities. Through this network, businesses can take advantage of time zone advantages, access a wide pool of talent, and strategically place themselves in important markets.
- **Value-related qualities (VRQs).** The degree to which the legal service for a company contributes to that company's achievement of its business objectives is impacted, positively or negatively, by multiple factors. Those factors, which we call value-related qualities or VRQs, vary by the client, the nature of the assignment or project and the capabilities of the service provider, among other factors. GCCs are specialized units that provide various support functions for their clients on a global scale. The VRQs of a GCC ensure its effectiveness and alignment with the strategic goals of the client. Accordingly, a GCC is well positioned to deliver service consistently with the client's needs and expectations.

Here are some key VRQs of a GCC, all of which should be addressed by the client and the GCC at the commencement of their relationship and incorporated into their SLA:

- **Operational excellence:** The ability to execute business processes efficiently and effectively to achieve high performance. GCCs must focus on continuous improvement, adopt best practices, and utilize cutting-edge technologies to optimize operations. This ensures high-quality service delivery and cost efficiency, which are critical for maintaining a competitive edge.
- **Innovation:** The capacity to develop new ideas, methods, or products that drive growth and improvement. GCCs should foster a culture of innovation by encouraging creative thinking and experimentation. This can lead to the development of new solutions that enhance productivity and provide even more value to the parent organization.
- **Agility:** The ability to quickly adapt to changes in the market or environment. In a rapidly changing global landscape, GCCs must be able to respond swiftly to new challenges and opportunities. This requires flexible processes, a dynamic workforce, and a proactive approach to change management, all supported by frequent and full information exchange with the client.
- **Customer centricity:** Placing the customer at the center of business decisions and activities. GCCs should prioritize understanding and meeting the needs of their internal and external customers. This involves delivering high-quality service, building strong relationships, and continuously seeking feedback for improvement.
- **Collaboration:** Working effectively with others to achieve common goals. Effective collaboration within the GCC and with other parts of the client organization is crucial for seamless service delivery. It involves open communication, teamwork, and leveraging diverse skills and perspectives.

- **Transparency:** The quality of being open, honest, and straightforward in communication and operations. Transparency in processes, performance metrics, and decision making builds trust with stakeholders. It also facilitates better alignment, accountability across the organization and nimbleness.
- **Security and Compliance:** Adherence to regulatory requirements and implementation of robust security measures to protect data and operations. GCCs handle sensitive data and information. They must ensure strict compliance with legal and regulatory standards. This includes data protection, privacy, and cybersecurity measures to safeguard against risks and breaches.
- **Talent development:** Investing in the growth and development of employees' skills and capabilities. A strong focus on talent development ensures that the GCC has a skilled and motivated workforce. This involves providing training, career development opportunities, and a supportive work environment that encourages learning and growth.
- **Sustainability:** The commitment to environmentally and socially responsible practices. GCCs should integrate sustainability into their operations by minimizing their environmental impact and contributing to social welfare. This enhances the client's reputation and aligns with its broader corporate social responsibility goals.
- **Ethical leadership:** Leading by example through ethical behavior and decision-making. Ethical leadership is critical for fostering a culture of integrity and trust within the GCC. Leaders should demonstrate ethical conduct, transparency, and accountability, which sets the tone for the entire organization.

These VRQs ensure that GCCs not only provide efficient and effective support to their clients but also contribute to the broader strategic objectives and ethical standards of the businesses. By focusing on these qualities, GCCs can drive significant value for their

clients and themselves and enhance their role as strategic partners SKJ Juris's Global Capability Center is designed to revolutionize technological brilliance and spur creativity and inventiveness across businesses and organizations. Acknowledging the crucial role technology plays in forming and shaping global businesses, SKJ Juris can serve as a strategic facilitator helping its clients achieve long-term successes and digital transformation by harnessing technology applications.

- **Infrastructure Support**

Having separate units at one location helps in expansion and growth of business. SKJ Juris offers its clients three size options for a GCC with seating capacities of 28 seats, 17 seats, and 6 seats. The 28-seat area has a dedicated Manager's Cabin. That same arrangement can be merged with 6-seater, with the 17-seater or with both, depending on the client's needs. Conference rooms, Power Back-up, dedicated EPABX system, access card control system, centralized air conditioners, shared pantry space, shared-washroom facility, and security personnel provide full capabilities to the GCC client.

- **Expertise**

SKJ Juris's multi-functional competencies for establishing its GCCs comprise consultation and support by means of services to organizations. Our expertise in diverse services across industries helps organizations to operate their businesses effectively with complete, real-time control concurrently. We do not simply help organizations to set up their operations but also provide support and expertise in accessing local talent as required by the client. Apart from this, we also ensure smooth functioning of the operations of the organizations in compliance with their regulations/policies.

Salient features include:

- Protection of data and personal information under Indian privacy statutes,

regulations and rulings; India's privacy laws strive to protect personal data and information in an increasingly digital world.

- Centralized multiplicity of service demands that various services are consolidated in a single central location providing the users with a diverse range of offerings through one access point.
- Consistent standards for review of documents and application of client's standards and processes.
- Close coordination with client representatives throughout the project

Benefits include:

- Consistency from matter to matter (due to greater control by client) and across platforms (finance, legal, technology)
- Lower costs
- Centralization of work from a global perspective
- Utilization of expertise of third party (and not creating that expertise in-house unnecessarily)
- Global access for necessary parties, both in-house and outside the client company
- Access to broader talent pool than client company can otherwise tap into
- Contractual control over processes housed in GCC by means of an SLA
- Ability to leverage time-zone differences so as to complete work more efficiently
- Ability to incorporate outsourced operations into internal processes for consistency and accountability

For an organization that has needs for law-related service that it is not in a position to fulfill internally at present or whose needs are changing dramatically on account of growth or other factors, a GCC represents a viable means of securing that needed capability on a very cost-effective basis. By partnering with an organization such as SKJ Juris, such a business organization can rest assured that its needs will be met in a measurable, value-rich manner. ■

—Steven A. Lauer, with the assistance of the SKJ Juris team represented by Saby Ghosh

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