Unlock Latent Value by moving to COPO

A Strategic Perspective on Ring-Fenced GCCs, AI-Led Transformation, and the Dual-Partner Model

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The Quiet Crisis Inside a GCC

Here's a paradox playing out in boardrooms across the Fortune 500 and GCC-heavy Indian ecosystem: the Global Capability Center that was supposed to be the enterprise's proudest transformation story is quietly becoming more complex one to change.

A decade ago, building a Company-Owned, Company-Operated (COCO) — a 'pure-play' captive GCC — was the obvious move. It delivered control, cultural alignment, IP protection, and predictable cost arbitrage. For many enterprises it still does. But the operating environment that made COCO the default has shifted underneath it:

AI Has Compressed the Value of Pure Scale

A 1,000-person captive built for process volume is now competing against AI-augmented teams a third its size.

Cost Arbitrage No Longer Moves the Needle

Wage inflation in Tier-1 Indian cities, rising attrition costs, and the overhead of running HR, facilities, compliance, and vendor-management in a non-core geography have eroded the "cost-efficient captive" thesis.

Capital and Management Bandwidth Are Scarce

CXOs are being asked to fund AI transformation, not real estate and back-office administration.

Boards Are Asking a Harder Question

Is the GCC still core to our IP and expanding enterprise capability to innovate, or has it quietly become an operations business we happen to own?

> For a growing number of enterprises, strategic IP, innovation capability and governance must remain fully owned. But day-to-day operational delivery and talent management are becoming a distraction from that core objective. Enterprise value gets 'locked' — and even becomes 'trapped value' — when the strategic need becomes a second priority to operations and talent management.

That realization is what is driving the shift from COCO to COPO — Company-Owned, Partner-Operated — and, more specifically, towards a 'ring-fenced GCC' executed with a dual-partner combination: a global technology and AI major (an IBM-type partner) working alongside a specialist GCC capability catalyst & orchestrator (a Quintes-type partner).

This article lays out why this COPO model brings the best of both worlds to achieve the **end objective** and how it actually works, and - most importantly - how AI-led transformation inside a ring-fenced structure creates value that goes well beyond cost, without diluting the two things enterprises fear losing most: **their intellectual property driven innovation capability and their culture.**

1. COCO vs. COPO — What Actually Changes

It helps to be precise about what a model shift does and does not change, because the COPO model is clearly **not "outsourcing any part of the GCC"** — which is the biggest reason Boards hesitate.

Dimension	COCO (Captive)	COPO (Ring-Fenced GCC)
Legal ownership of the GCC entity	Parent company	Parent company (unchanged) Or, a Separate & Dedicated Legal Entity from Quintes Global
IP, data, and proprietary technology	Parent company	Parent company (unchanged)
Strategic direction and governance	Parent company	Parent company, via joint governance charter
Day-to-day operational execution	Parent company's own management layer	Specialist operating partner
Talent employment	Directly employed by parent	Transferred to partner entity or talent exchanged under service agreement, ring-fenced to the account
Capex and infrastructure	Parent-funded	Partner-funded or shared, reducing parent capex
Technology and AI stack delivery	Built internally, often slowly	Delivered by global tech major (AI, platforms, engineering depth, proven outcomes)
Cultural and brand alignment	Native	Contractually and operationally preserved via ring-fencing
India GCC Compliances	Full responsibility with Parent	Majorly led & supported by specialist Partner

The critical design principle is **ring-fencing**: the operating partner runs a dedicated, exclusive unit for the client — not a shared delivery pool — under the client's brand, security perimeter, and governance cadence. This is fundamentally different from traditional BPO/IT outsourcing, where a vendor runs the client as one account among many in a shared bench.

2. Why the IBM + Quintes Combination Is the Template Worth Exploring

The reason a dual-partner combination outperforms a single-vendor takeover is that a captive GCC spin-off to COPO model actually has two distinct roles to combine, and very few organizations are excellent at both.

Role 1 — Run the GCC Operating Model

Ensure the Captive or better still the 'One Enterprise' mindset — not just an extension but the hub where the GCC is a digital twin of the enterprise. Outcome or value focus across initiatives, hiring & retention, facilities, compliance, payroll, specialist GCC leaders, career pathing, SLA & delivery governance, and innovation practices.

This is the domain of a specialist GCC capability catalyst like Quintes — firms whose entire business model is built around standing up and running dedicated GCC units for global enterprises across BFSI, healthcare, manufacturing, and technology clients, with mature playbooks for talent, location strategy, one team and value mindset.

Role 2 — AI & Emerging Technology: The Real Conundrum for GCCs

Legacy application rationalization, cloud and hybrid infrastructure, agentic AI and automation, cybersecurity, and the platform engineering needed to make the GCC AI-native rather than AI-adjacent. This is the domain of a global IT major like IBM, which brings hyperscale delivery depth, proprietary platforms, and enterprise-grade AI governance frameworks such as IBM Advantage and BOB, , that most captives - even large ones – cannot replicate internally within a reasonable time or cost.

IBM brings the 'Client ZERO' experience of delivering north of **$4.5bn saves impact** deploying these Proprietary AI solutions. The collaborative arrangement can be mutually agreed to extend AI/Tech capability to GCC operations beyond COPO to COCO as well as to the enterprise as a whole — termed the **Collaborative Capability Chain**.

How do I optimize investment?

Finding the money for AI investments when budgets are slashed every year.

How do I drive AI at scale?

Finding the right model and ensuring execution at enterprise scale.

How do I build AI-driven IP?

Ensuring AI capability at scale drives own IP and becomes an extended enterprise capability.

How do I future-proof investments?

Securing data and staying current as technology evolves rapidly.

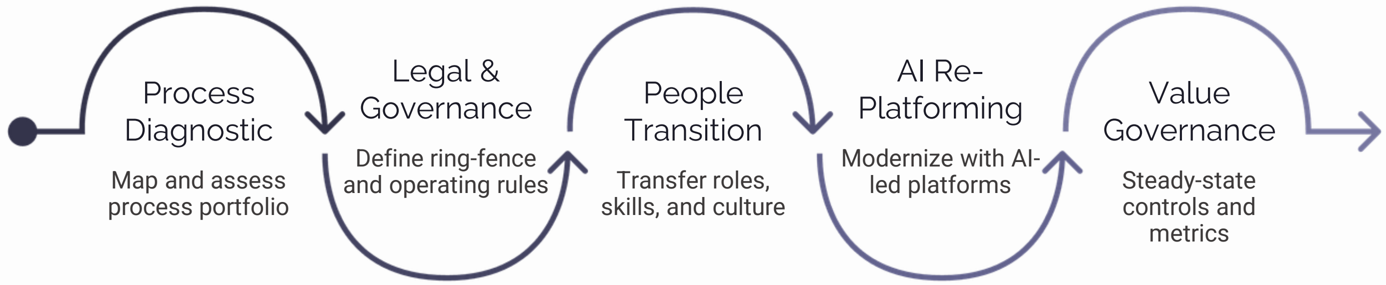
How do I attract AI talent?

Attracting and retaining the requisite talent needed for transformation.

Put together, the partner combination gives the enterprise **Operational Intimacy plus Technology Depth** delivered through one ring-fenced, accountable structure — while the enterprise itself steps back from running the operations room and refocuses on strategy, product, IP, innovation and competitive advantage for the core business. This "co-creation, co-operation, co-execution" pattern - global technology major plus GCC specialist, working jointly under the enterprise's governance - is increasingly the structure large technology firms are formalizing through dedicated GCC partnership programs, precisely because enterprises need and have been asking for exactly this combination.

3. Transition to COPO — The Playbook

A ring-fenced COPO is a structured transition, not an overnight outsourcing vendor swap. The enterprises that get this right typically move through **five stages**.



Stage 1 — Process Portfolio Diagnostic: Separate "Core IP" from "Operations Hub"

Map the GCC's activities across two dimensions: **Strategic Differentiation** (does this function embody proprietary domain knowledge, advanced technology, or competitive advantage?) and **Operational Complexity** (does this require process expertise with AI at scale, to deliver simplicity and/or connect with upstream business to enhance/ intensify innovation?). This produces 3 buckets:

- **Retain and deepen** — strategic architecture decisions, data science IP. Stays fully inside the enterprise, COCO-style, non-negotiable.
- **Transition to COPO** — operations and business services of finance/HR/ procurement/ service operations, platform operations, application maintenance, testing, service desk, data engineering, product engineering, algorithms, pipelines, Tier-2/3 support - high-volume, execution-heavy, technology intense work where a specialist partner's maturity outperforms the best internal management.
- **Sunset or automate** — legacy processes that AI and automation should eliminate entirely during or after transition or phased out over a period given the 'context' of the core business.

Stage 2 — Legal and Governance Architecture

This is where "ring-fencing" is made real, not just promised:

- **IP assignment and licensing clauses** making explicit in the master services agreement, not just intent - that all code, models, data, and derivative work created by the ring-fenced unit belong to the enterprise, with the operating partner holding no residual rights.
- **Dedicated legal entity or ring-fenced unit** within the partner's structure, with segregated access controls, dedicated servers/tenancy, and a security perimeter that meets the enterprise's own compliance standard (not the partner's generic standard).
- **Governance council** with joint enterprise-partner representation, with escalation rights where the veto sits with the enterprise, not the partner.
- **Exit and reversibility clauses** —the enterprise must always retain the contractual right to bring the unit back in-house or re-tender it, with a defined transition period and full knowledge transfer obligation. This single clause does more to protect enterprise leverage than almost anything else in the contract.

Stage 3 — People Transition, Done Right

The single biggest cultural risk in any spin-off is how people experience the change - during and post the transition. Best-practice transitions:

- Offer **transparent, opt-in transfer terms** with protected compensation, tenure recognition, and continued access to enterprise-branded career frameworks where feasible.
- Service assurance to the **key leadership layer** inside the ring-fenced unit - typically the GCC head and a few functional leads, acting as the cultural and strategic bridge.
- Preserve **brand identity on the ground** – badge, floor branding, town halls, leadership visits - so employees experience continuity of mission even as the employer of record changes.
- Drive **Scientific Restructuring –** Partner will Invest in Tech / AI enablers helping in migrating human workers to hybrid workforce - leading to reducing humans or deliver more work with same humans. In a way, the people restructuring will be more scientific and tech based that combined 'hi-tech, hi-touch' rather mere cost optimization without the human touch. The COPO GCC can become 'AI First' driven operations.

Stage 4 — AI-Led Re-Platforming

This is where the partner combination earns its premium. Instead of simply running the GCC as-is under a new vendor management (which only captures cost savings), the technology partner under COPO re-architects the operating model around AI:

- **Agentic AI for Tier-1/Tier-2 support and transaction processing,** freeing human capacity for judgment-heavy work.
- **AI-assisted software engineering** (code generation, testing, refactoring) that compresses delivery cycles.
- **Unified data and AI platforms** that give the enterprise a single governed view of the GCC's output, quality, and IP lineage - critical for maintaining oversight in a partner-operated model.
- **Predictive workforce and capacity planning**, replacing static headcount models with dynamic, demand-linked staffing.
- **Collaborative capability chain**: Through this collaborative arrangement, the enterprise can work with the partner to extend the capability to GCC operations beyond the COPO model to the company operated GCC model (COCO) as well as to the enterprise as a whole for driving the core business – leading to what is termed as 'Collaborative Capability Chain'

Stage 5 — Steady-State Value Governance

Once transitioned, value tracking shifts to a continuous operating rhythm: quarterly business reviews tied to outcome metrics (not just SLA adherence), joint innovation roadmaps, and a standing "IP audit" confirming all new work product remains correctly assigned to the enterprise.

4. The Value Unlock — Why This Is Bigger Than Cost Efficient Operations

Enterprises that treat a COCO-to-COPO transition purely as a cost play typically capture **15–25% opex reduction** and stop there. That is real money, but it is not the ceiling. The organizations extracting the most value are targeting four additional, larger levers.

1. Capital Reallocation

Every dollar no longer spent on GCC facilities, HR infrastructure, and operational management headcount is redeployable to core product R&D, M&A, or AI capability building. For many enterprises this capital-freeup effect **exceeds the direct opex savings**.

2. Speed to AI Maturity

A captive GCC building agentic AI, MLOps, and modern data platforms alone typically takes **18–36 months** and multiple failed pilots to reach production maturity. A partner combination with existing AI accelerators can compress this to a fraction of the time - because the enterprise is buying proven capability, not building it from scratch.

3. Talent Capacity Elasticity

A ring-fenced, partner-operated structure can scale up or down **20–30% in a quarter** to match demand — something a COCO captive structurally cannot do without painful hiring/layoff cycles. *The Capacity is elastic. The Capability is expanding!*

4. Risk Transfer on Execution

Attrition risk, compliance risk, facilities risk, and delivery-SLA risk shift substantially to the operating partner — while strategic risk stays fully with the enterprise, where it belongs.

> Taken together, these four levers routinely produce **total value 2–3x the direct cost savings alone** — but only when the AI transformation is predicated on the 'operating model that segregates operations and people' and is designed as the centerpiece of this transition, not bolted on afterward.

5. Protecting What Enterprises Fear Losing

The two objections that stall almost every COCO-to-COPO conversation are **IP dilution** and **cultural erosion**. Both are manageable with deliberate design — but only if addressed structurally, not just assured verbally.

On IP: Legal, Technical & Technological Discipline

The discipline here is legal, technical and technological, not aspirational. Enterprises should insist on:

- Segregated code repositories and model registries under enterprise-controlled access
- Contractual IP assignment with no ambiguity
- Regular independent IP audits as part of governance

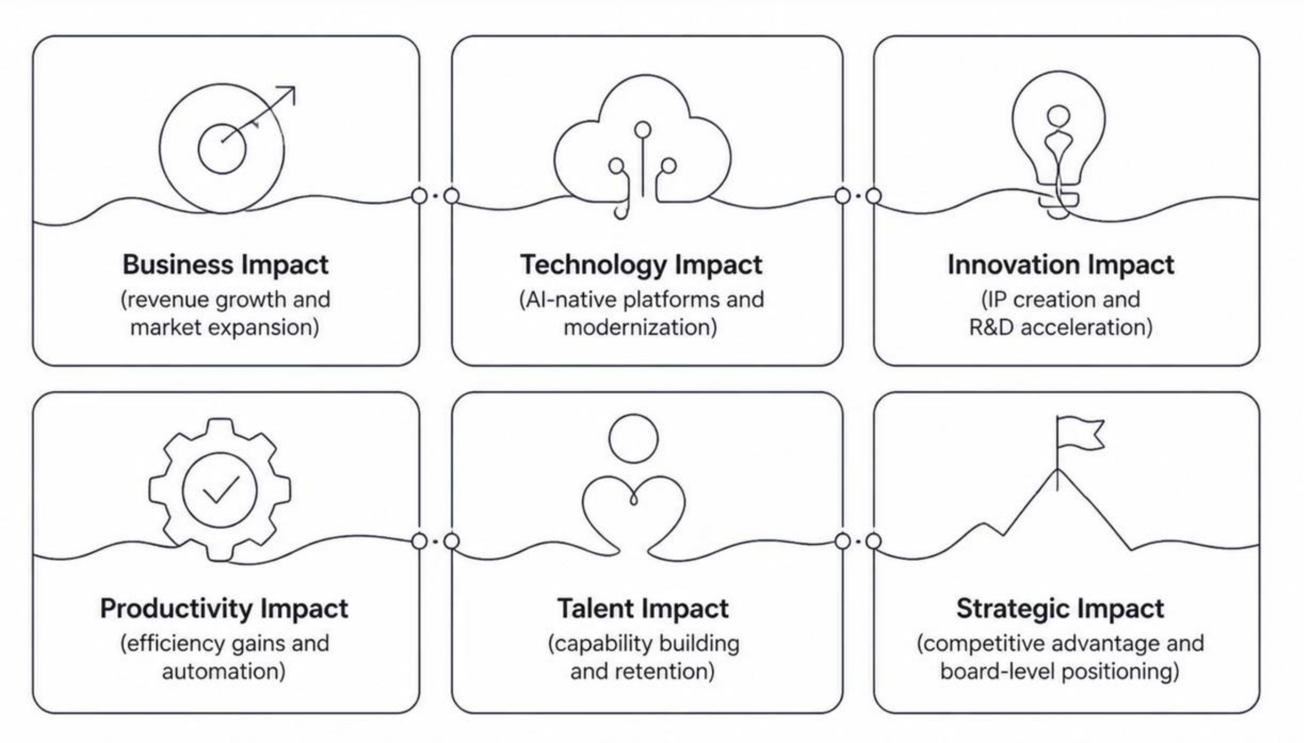
All code, models, data, and derivative work created by the ring-fenced unit belong to the enterprise. The operating partner holds no residual rights — this must be explicit in the master services agreement, not just intent.

On Culture: Co-Created, Not Imposed

Culture erodes when people experience change as abandonment, not when their employer of record changes on paper. The antidote is:

- Visible enterprise leadership presence inside the ring-fenced unit
- Continuity of mission and brand experience for employees
- Treating the transition as a co-created operating model redesign — with people informed and, where possible, consulted

Enterprises that invest in this transition experience typically see **engagement metrics better than pre-transition levels within two to three quarters**. Employees continue to support the same business objectives, work with the same stakeholders, operate under enterprise values, and participate in enterprise programs — all with hybrid skill sets that connect GCC to the Business as One Enterprise.



> The objective is not outsourcing. The objective is **transformation amplification**. The organizations that embrace this shift will move from viewing GCCs as cost centres to recognizing them as strategic growth hubs and platforms.

In Summary — The Bottom Line

The COCO captive model was the right answer to a cost-efficiency or even cost effectiveness question a decade ago. The question that enterprises are actually asking today is different: *how do we stay owners of our IP and culture while handing off the operational weight that has to be simplified using advanced Tech & AI at scale to merge into our core competitive advantage, and use that freed-up capital and management bandwidth to move faster on AI for the enterprise?*

> A ring-fenced COPO GCC unit, executed through a dual-partner combination that pairs deep GCC capability expertise with global technology, scalability and AI depth, is the structural answer to that question. Done with rigorous legal ring-fencing, a genuine people transition, essence of GCC and AI transformation built into the redesign from day one — not layered on after — it turns the GCC from a cost centre the enterprise merely runs into a strategic asset the enterprise actively leverages, without giving up an inch of what makes it defensible: its IP, and the culture that built it.

Summarising Benefits

No Business Disruption

No change in the way the captive was organised immediately.

No People Impact

All get jobs; site leaders & functional leads become operating partners with job assurance.

Guaranteed Savings

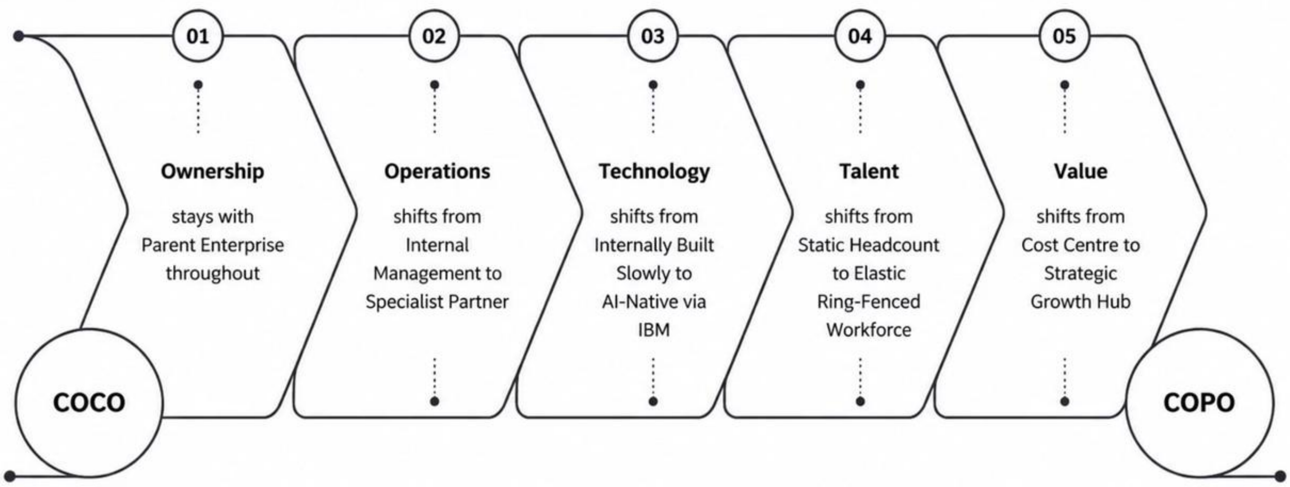
Savings spread over the contract period with financial engineering — upfront joining bonus, reducing charges YoY.

Market Position

Strong market position to Wall Street; strategic partner to support rapid AI adoption.

The COCO → COPO Journey at a Glance

From trapped value to strategic asset — the transformation arc across five dimensions.



What the Enterprise Retains

- Full legal ownership of the GCC entity
- All IP, data, and proprietary technology
- Strategic direction and governance with veto rights
- Brand identity and cultural mission on the ground
- Exit and reversibility rights with full knowledge transfer

What the Enterprise Gains

- 15–25% direct opex reduction — and up to 2–3x total value
- Compressed AI maturity timeline from 18–36 months to a fraction
- 20–30% quarterly capacity elasticity without employer brand damage
- Transfer of attrition, compliance, facilities, and SLA delivery risk
- Access to $4.5bn+ proven AI savings frameworks via IBM Client ZERO

1. **Today**
   COCO captive: operational weight consuming management bandwidth and capital
2. **Diagnostic & Design**
   Portfolio mapping, legal ring-fencing, governance charter, partner selection
3. **Transition**
   People transition, AI re-platforming, brand continuity, SLA handover
4. **Steady State**
   COPO ring-fenced GCC: AI-native, elastic, IP-protected, culture-preserved
5. **Strategic Horizon**
   Collaborative Capability Chain: GCC as enterprise-wide AI innovation hub

About the Authors

This paper was developed by practitioners with deep expertise in GCC strategy, AI-led transformation, and enterprise operating model design. It reflects the combined perspective of **Quintes Global** and **IBM** — two organizations whose partnership model is built around the principles described in this article.

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Trailblazer CEO of an Innovative GCC Company and the founder of pioneering Industry Platform. A seasoned professional with entrepreneurial experience of over 2 decades in GBS/ GCC Advisory & Operations, Business Process Transformation and Technology space. Rakesh is well-recognized in the industry and has been felicitated by leading and reputable media houses as the 'Young Entrepreneur with difference', 'Pioneer', 'Thought Leader', 'Most Influencing Voice in the Business Service's space. Rakesh was honoured as the "People's CEO of the Year" at the 9th Edition of PeopleFirst HR Excellence Awards in Dubai, and as one of the Top 30 Influential Young Entrepreneurs (2016) by the Insight Success magazine and featured on their cover story, and as India's Greatest Leaders 2017-18 – 'Pride of the Nation'.

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Bringing over two decades of expertise in guiding global enterprises through complex digital and operational transformations, Ramit has throughout his career, successfully partnered with clients not only to articulate growth strategies, M&A initiatives, operating model reviews, and technology roadmaps, but also to actively implement these strategic recommendations end-to-end. Over the past five years, his focus has centered on leveraging emerging technologies and AI to create new value and launch innovative business models. He currently leads IBM's Cognitive Process Services (CPS) in India a $1+ billion industry-leading outsourcing business focused on Finance & Accounting, Procurement, and HR operations where he continues to drive comprehensive digital reinvention and back-office excellence.

COPO Transition Assessment

Explore a structured diagnostic to map your GCC's process portfolio, identify ring-fencing opportunities, and model the value unlock potential for your enterprise.

Partnership Inquiries

For further information or to explore the dual-partner model for your GCC, please reach out to your Quintes or IBM relationship contact.

Collaborative Capability Chain

Learn how the IBM + Quintes combination can extend AI capability beyond the COPO model to your company-operated GCC and enterprise as a whole.

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