Align costs with business strategy

Organize your future with robotic process automation

pwc

The impact of Robotic Process Automation on a company's operations and competitive positioning is significant on a number of fronts: economic value, workforce advantages, quality and control improvements, and flexible execution. In fact, a couple of RPA's greatest benefits are often overlooked: its ease of deployment and the speed and agility it confers on the enterprise. But given the inevitable disruption caused by RPA, business leaders should focus on a few key implementation principles: automate as much as possible, focus on frontend processes, maximize productivity, and aim for 100% auditability. RPA can help companies organize themselves for the future. It is a foundation for machine learning, artificial intelligence and a more autonomic enterprise.

45%
of work activities can be automated

$2 trillion
savings in global workforce costs

Based on PwC estimates

By now many executives have heard the term Robotic Process Automation (RPA). Although sometimes misinterpreted due to the absence of robots, RPA software is a powerful tool to perform manual, time-consuming, rules-based office tasks more efficiently by reducing cycle time and at lower costs than other automation solutions. PwC estimates that 45% of work activities can be automated, and this automation would save $2 trillion in global workforce costs.

Besides the cost and efficiency advantages, a couple of RPA's greatest benefits are often overlooked: its ease of deployment and the speed and agility it confers on the enterprise. Until now, most cost optimization and efficiency improvement initiatives have reduced costs through centralization and standardization of processes. However, forcing all or most parts of an operation into a standardized business process

over time reduces the organization's ability to react nimbly to changes and business opportunities. This tradeoff between cost, efficiency and business agility presents a difficult choice for businesses.

Companies have tried to use Business Process Management (BPM) and Process Transformation to manage these tradeoffs. But these solutions often meet resistance during deployment and fail to achieve widespread adoption across an enterprise. For example, while BPM can streamline process flow and eliminate wait and downtime between process steps, actual process execution largely remains manual. As for Process Transformation, companies often shy away from the massive change and costs necessary to redesign processes and jettison existing work methods.

The most overlooked benefits of RPA
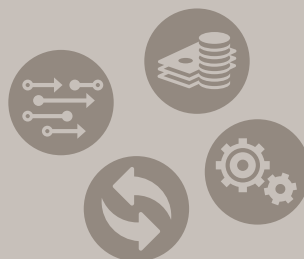
Ease of deployment
Enterprise speed and agility

By comparison, RPA allows separate business units within a company to customize solutions to rapidly digitize processes, delivering significant and sustainable value in short timeframes while reducing overall risks. By building and deploying these intelligent operations at the business unit level, managers can support repetitive processes without conforming to centralized standards for those processes, thus achieving efficiencies and cost savings while preserving flexibility. These types of processes are especially common in finance and accounting, HR administration and claims processing but can also be found embedded in several different functional parts of the organization.

For example, a high growth technology company located in California with $2 billion in revenues recently conducted an RPA Proof of Concept (POC) as part of a finance and accounting process transformation. The company selected a variety of front office and back office processes with varying degrees of RPA complexities to test. The results of the POC illustrated reduced costs (10% - 15% based on the process), improved controls (100% auditability), compressed cycle time (saving 3,000 hours) and the ability to realign talent to focus on value-added activities. Encouraged by these results, the company is preparing to expand the use of RPA across the broader organization.

On an even larger scale, consider the experience of a top 5 U.S. bank. Executives there had aggressively pursued outsourcing and offshoring to lower costs for years but realized that those avenues were tapped out. In their search to implement the next stage of business process improvements, they decided to investigate RPA. Specifically, the bank commissioned a POC around digitizing its loan processing functions. The results were dramatic: an opportunity to compress activities by 60% and reduce headcount by 30%. As a result, the bank established a roadmap to implement RPA across loan processing functions.

The Power of Automation

- **Economic Value**
- **Workforce Advantage**
- **Quality and Control Improvements**
- **Flexible Execution**

As these company examples show, the impact of RPA's capabilities on a company's operations and competitive positioning are significant and can be felt on a number of fronts.

Economic value. RPA can reduce operational costs and attain ROI goals faster than a traditional enterprise resource planning (ERP) deployment. There are two major reasons for this. First, RPA-inspired process automation is localized to a business unit or function, which means the solution can be deployed faster and more precisely. Second, RPA does not require navigating through complicated systems integrations or require higher level programming. It works through the user interface and avoids traditional process integration, such as IT resource investment, business requirements documents, and significant development time. Reduced integration needs and implementation times lower costs and create faster ROI.

Workforce advantages. Companies can shift from a labor centric operating model to a technology enabled operating model, and be less constrained by labor costs, labor supply and local labor legislation. A digital workforce is capable of working 24x7 and requires limited to no oversight, and can scale in response to business growth with speed, agility, and resiliency. Meanwhile, traditional workers can shift attention to higher value, more strategic tasks, and other business development activities.

Quality and control improvements. RPA digitizes expensive and error prone manual processes. Every step in the process, every activity performed, and all sources of data have a digital audit trail. By carefully planning a company's control processes, a company can embed thresholds and guidelines into the automated processes, expediting testing and risk compliance. This reduces errors, improves quality and compliance, and can also improve customer satisfaction through reduced queries, and complaints.

Flexible execution. Unlike traditional ERP initiatives or process transformation initiatives, which are usually large scale and measure success in years, RPA initiatives can be deployed on a variety of scales. Some small scale deployments can realize benefits within a few weeks while benefits from larger scale transformations may take 6 to 12 months. In other words, companies have the flexibility to experiment with RPA or to fully commit based on the depth of transformation they want to pursue.

A digital workforce is capable of working 24x7

Managing Through Disruption

- **Redefine Workforce Roles**
- **Reorganize Structure**
- **Review Sourcing Relationships**
- **Enable Cross-Functional Collaboration**

Any company that chooses to embrace this disruptive technology and the opportunities it promises must be prepared to manage the significant technological and cultural challenges that will ensue.

By automating processes, organizations can refocus, redeploy and/or reduce the workforce. However, senior leaders will need to allay fears that employees may have about their future roles by explaining the shift in focus to tasks that are higher in value, including innovation, analytics and management of source data.

Organizations will also need to define and address RPA ownership. Indeed, the role of the Global Process Owner (GPO) is critical.[1] They are put in charge of determining how to make a process efficient and error free. Under most circumstances, business units should own the automation of tasks for which they are responsible in order to give them agility. However, the business units should work with the CTO's office to consider the impact of this change on the organization's IT strategy and roadmap, as well as the changing role of IT.

RPA deployment also means that more of the company's transactional work currently outsourced to third-parties can come back in-house or remain in-house, allowing companies to maintain ownership of their processes and controls. As a result, businesses will need to reevaluate their vendor management organization and outsourcing contracts to ensure they are still relevant and beneficial.

Business units that may not have typically collaborated in the past will have an opportunity with RPA to share cross functional processes with one another. Ideally, this will open opportunities to gain cross functional process efficiencies and lead to greater cost reduction. But to ensure participation of all business units, senior leaders will need to make clear that collaboration is a priority for the company.

1   Help your GPO succeed: Benefits, innovation, and change arising from the role, Thomas Torlone, U.S. Leader of Enterprise Business Services at PwC, 2016 URL: https://www.linkedin.com/pulse/help-your-gpo-succeed-benefits-innovation-change-arising-torlone?published=t

Getting the Most Out of Automation

Implementation of RPA usually begins with a Proof of Concept. End-to-end POC takes approximately one to two weeks to complete (see Figure 1).

Figure 1: Proof of Concept

| Phase	POC Selection	Process Re-engineering	Programming and Testing
Activities	• Determine Complexity • Confirm SME Availability • Estimate Value Impact	• Interview Process Stakeholders • Evaluate Process Efficiency	• Install RPA Software • Develop Automation Solution
Level of Effort	1–2 Days	2–3 Days	5–7 Days
Stakeholders Involved	Business SME/ RPA COE	Business SME/ RPA COE	RPA COE

SMEs - *Subject Matter Experts*   COE - *Center of Excellence*

Once that is complete, business leaders undertaking an RPA deployment should focus on a few key principles to maximize value from the initiative.

Automate as much as possible. Evaluate current processes with an end-to-end, cross-functional lens and maximize automation across processes.

Focus on frontend processes. Maximize the use of automation during initial steps of a process and work in coordination with other departments or functions because upstream process improvements have a magnified impact on downstream steps.

Maximize productivity. Evaluate process dependencies between the traditional and digital workforce and schedule RPA solutions intelligently to optimize uptime while not overwhelming production systems.

Aim for 100% auditability. Consider applying automation to processes to create a complete digital trail and improve controls for tasks that are otherwise too labor intensive to fully audit.

Moving toward Artificial Intelligence (AI)
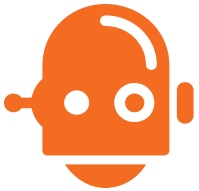
Although RPA is still a relatively new application, early adoption by leading companies shows that by redefining work processes and reassigning employees to higher value activities, by reducing cost and human errors, and by increasing compliance and efficiency, RPA can take companies to the next level of productivity optimization.

As companies increase the scale of automation within the enterprise, they will steadily improve their automation algorithms and continue to see new applications for RPA to create sustainable and long-term transformational change and competitive advantage. In other words, RPA can help these companies organize themselves for the future. It's the next step toward cognitive computing, artificial intelligence and a more autonomic enterprise.

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