



The new virtual workforce

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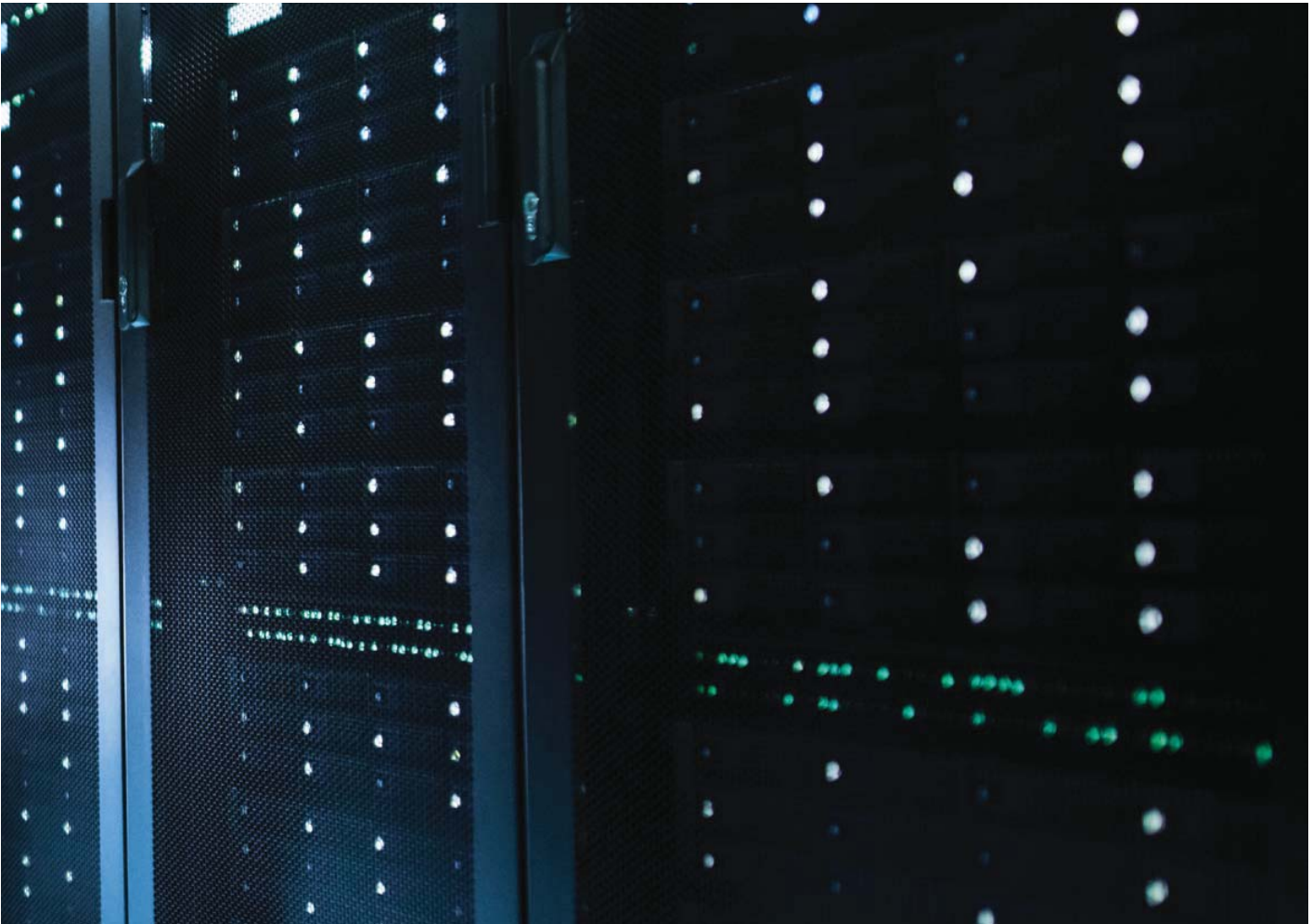
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In 2018 and beyond, the financial industry will face multiple challenges linked to regulations, cyber risk, disruptive technologies, new competitors, and a well-informed customer base. Furthermore, expensive and outdated legacy systems in the financial industry have contributed to the inflexibility and rigidity of established actors.

In this rapidly changing environment, CEOs and COOs must address these emerging challenges and opportunities. Specifically, they should adapt their approaches to drive the transformation of their organizations into more strategically focused, technologically oriented, and operationally agile institutions.

Today, the ability to drive a business forward is largely dependent on having a clear digital strategy supported by leaders who foster a flexible and innovative culture. Innovations and customer expectations have brought a broader spectrum of technologies into the scope of digital transformation. Advanced analytics, blockchain, artificial intelligence, and virtual workforce are just a few notable examples. In this paper, we focus on robotic process automation—a solution that enables organizations to effectively balance long-term goals with short-term performance pressures.



Robotic Process Automation (RPA)— The new virtual workforce

IT Sloan Management Review, an annual survey published in collaboration with Deloitte, (fourth annual survey including more than 4,800 business executives, managers, and analysts from leading organizations around the world) found that increased efficiency (e.g., automation) is, together with improved customer experience, highest on organizations' digital agendas. Similar findings emerged from Deloitte's 2017 3rd Annual Global Robotics Survey (hereafter "RPA Survey"). Continuous improvement and automation remain top priorities for CEOs seeking to enhance their cost income ratios, and even more so in administrative functions and shared-service operations.

Robotic process automation, or RPA, is one of many optimization enablers alongside core system transformation and lean methodologies. It enables organizations to

automate repeatable, manual, rules-based tasks across the organization (back-office activities have proven some of the most suitable).

Organizations are currently in the process of trialing automation with robots performing routine processes that mimic the actions a human would perform when interacting with core applications. Examples of activities often performed by RPA include opening, sorting, and sending emails, extracting structured data from documents, logging into web/enterprise applications, interacting with databases, filling out official forms, reporting, etc.

Whereas robotics can be applied to many different processes, not all of them are equally suitable. A clear diagnosis of processes together with consideration of other available efficiency solutions constitute the first step of your automation journey. Other solutions, such as

automation within the core system or the use of macros, should be considered to determine the best approach and avoid further complicating the landscape.

The second step that needs to be taken prior to investing in RPA is determining the objectives that RPA will be used to achieve. RPA can be deployed as a tactical solution, or as a temporary patch prior to a future larger IT transformation. Features such as fast implementation, non-interference with applications/systems, and ease of use (and maintenance) make RPA an attractive short-term solution. On the other hand, strategic and long-term consideration of RPA allows organizations to achieve many other benefits rapidly and without extensive investment, making the service more attractive than traditional solutions especially for multi-system and fragmented manual tasks. ➤



Why RPA?

The main benefits sought by executives from the automation of processes are freeing up resources for critical initiatives, rapidly streamlining processes, and driving a competitive pricing advantage. In that respect, robotic process automation also improves operational excellence through increased capacity, and improved efficiency and quality, as well as enabling scalability by deploying a “virtual workforce” with numerous advantages:

- Robots perform tasks faster, with a higher degree of accuracy and can operate 24/7
- Processes can be automated and scaled quickly, reducing resource needs for workload spikes
- RPA enables insourcing of processes, providing greater control over service delivery
- RPA can be used as a support for analytics—RPA includes various features that can interpret the data it processes

and generate reports for the audit trail and to improve decision making

- RPA has a short payback period since robots drive existing applications with low integration costs

Zooming in on the financial benefits of RPA, there are a number of factors that directly or indirectly contribute to high ROI, making it an attractive investment. The Deloitte RPA Survey has indicated an average payback of investment of under 12 months, and cost reductions ranging from 20 percent to 60 percent. Several factors converge to improve efficiency. Starting with velocity, we have observed increases from 20 percent to more than 100 percent depending on the type of process. Our experience has shown that execution time for high-volume processes (e.g., central bank reporting, cash reconciliation) can be reduced by as much as five times. And of course, productivity is enhanced “naturally” as the robots operate 24/7.

Non-financial benefits are even further outperforming expectations. A total of

85 percent of respondents to the survey stated that RPA has exceeded their expectation on areas such as quality, compliance, timelines, and flexibility.

Output quality (measured in terms of number of errors) after RPA deployment can reach up to a 100 percent reduction; robots cannot deviate from their designed process path, and as long as the input data is correct, it does not make any mistakes. Improved compliance with laws, regulations, and rules (compliance criteria) can be configured in the robot decision tree. The robots will not allow anything to pass a specified decision point unless set compliance criteria are met.

However, to derive maximum benefit from the factors outlined above, companies will typically need to implement RPA throughout their organization. Robots bring scalability and 78 percent of the respondents who had already implemented RPA expected a significant increase in investment in RPA over the next three years.

RPA journey

The corporate RPA journey should be strategically delivered through three stages: think big, start small, and scale up.

Organizations need to clearly define a vision and a strategy on why, where, and how to set up the RPA program. The introduction of robots will affect numerous domains of the organization such as governance, human resources, processes, controls, and technology; therefore, it requires the involvement of all the relevant stakeholders from the beginning and at every stage thereafter.

Once the strategic vision is defined, companies should start small by performing a proof-of-concept or a pilot to familiarize themselves with the new technology and build awareness within the organization. Proving the compatibility of RPA with existing teams, applications, and IT infrastructure will encourage functions to take ownership of the process. RPA may even serve as a catalyst for cultural change and will garner widespread support as teams start to realize that more of their time is spent on controlling activities rather than on tedious processing tasks. After delivering a pilot, organizations should be in a position to develop, test, and refine their approach (methodology) and prepare to scale up RPA across the enterprise. Scalability will determine the size of the impact and benefits of the RPA technology.

Governance

For a successful launch and integration into the organizational DNA, the RPA program requires clearly defined governance under a senior RPA leader/sponsor. Ideally, the person appointed should be someone with the ability to promote the new technology, approve future financing, and be able to involve and mobilize all of the relevant stakeholders.

Appointing a person from the C-suite or a functional leadership group as a sponsor has proven to be the most successful choice, as these stakeholders are usually the most supportive of RPA and have the appropriate means.

The main benefits sought by executives from the automation of processes are freeing up resources for critical initiatives, rapidly streamlining processes, and driving a competitive pricing advantage.

Setting up a dedicated RPA team under the leadership of the sponsor is the next step. The core team, consisting of the business analysts and developers, should have cross-organizational support and implement continuous communication with the stakeholders in order to achieve quick results. It is key to ensure that employees beyond the core team dedicate enough of their time to helping to identify and select appropriate processes for RPA consideration.

The successful involvement of the IT department is critical for successful deployment of RPA—system selection, access rights definition, credentials, and application maintenance are just a few of the factors crucial to RPA.

Talent

The introduction of a virtual workforce will affect various departments and people within the organization. To fully embrace and benefit from this new technology, companies should engage with all affected employees as early as possible. It is crucial that organizations design the new roles and responsibilities of each affected employee and train them to be able to work alongside

the robots and, more importantly, control their performance and output. One of the key benefits of implementing RPA is that humans are freed up to work on activities with greater potential to add value.

RPA as an entry point into the cognitive sphere

RPA offers an initial stepping-stone into the cognitive automation sphere, which includes much more advanced and powerful technologies and functionalities.

Due to its relative simplicity and high impact, it is an appealing technology with which to familiarize yourself before you consider introducing cognitive automation.

The importance of cognitive solutions in organizations is increasing. Of the organizations that have implemented RPA, 44 percent have already started to identify new solutions as candidates for the further expansion of the spectrum of suitable-for-automation processes.

Furthermore, 28 percent have started implementing cognitive automation. ➔





Conclusion

RPA technology has proven a valuable solution used by numerous organizations not only from the financial industry but also from various other sectors. The adoption of RPA technology is becoming an increasingly important competitive advantage enabling companies to compete on a cost and quality basis.

Many organizations have already embarked on the RPA journey (53 percent of RPA survey respondents) but not all of them have achieved their initial objectives yet. Scaling up RPA success is the current focus for many in the financial industry as only 3 percent of organizations have successfully scaled RPA to a level of 50 bots or more. Robotic and cognitive automation is clearly one significant disrupter in the future world of work that needs to be understood, and responded to, as part of a much wider transition to new ways of working.

HR departments—HR being the most important consideration—should be given an opportunity to realize and acknowledge the empowerment brought by RPA (enabling employees to concentrate on value-added tasks), to contribute to the acceptance of and successful collaboration with the virtual workforce. ●