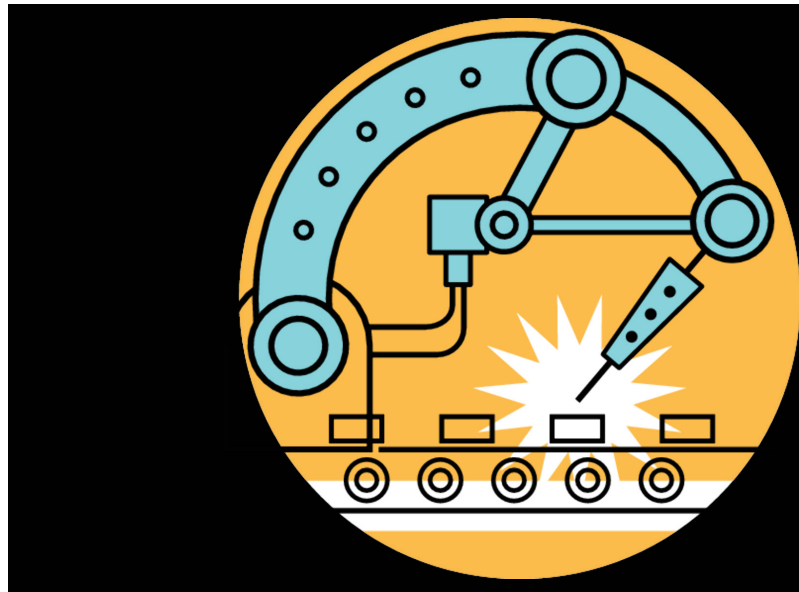


Global outsourcing trends and RPA

With the use of outsourcing growing, outsourcing models and methods are reinventing themselves to adapt to market forces and disruption. To track the ongoing journey of global outsourcing, Deloitte reached out to industry leaders from organizations of various sizes and operational footprints in the Americas, Europe, and Asia. The executives surveyed in our 2016 GOS represent various legacy functions—including Information Technology (IT), Finance, and Human Resources (HR)—from more than 25 different sectors. Our analysis reveals a vibrant pathway for outsourcing to drive innovation into the enterprise.

In the area of RPA, several relevant valuable insights emerged. The increased focus by organizations on process improvement, and the desire for flexibility to expand or contract volume, have catalyzed the need for technology-driven innovation. With its ability to generate significant cost savings amid short deployment timelines where processes are already standardized, RPA is emerging as an excellent option for unearthing new value.

For detailed survey results, visit www.deloitte.com/us/2016GOS.



Global outsourcing perspectives

Zoom in on value

Robotic Process Automation (RPA)

From 30,000 feet

Over the last 20 years, computing power has continued to swell, and the potential now exists to automate many rules-based, repetitive tasks, and to some extent, even teach robots to think like human beings. These capabilities are the genesis of Robotic Process Automation (RPA). Emerging as a major driver of innovation around back-office processing, RPA is well positioned as an enabler of innovation.

As organizations look to extract more value from their outsourcing contracts, RPA is playing a growing part in that value equation. Deloitte's 2016 Global Outsourcing Survey (GOS) indicates 75 percent of organizations surveyed are already realizing cost-saving targets through labor arbitrage, and are looking at new ways to drive the next wave of transformation.

Challenges and opportunities

These statistics give credence to the power of RPA. As the GOS illustrates, rich opportunities exist for RPA to deliver an innovation advantage:

organizations surveyed look toward innovation to reduce cost of delivery. While an outsourcing provider may deploy onshore and offshore resources at different price points post-build, a robot can cost 10 percent-20 percent the cost of an onshore full-time employee in high-cost locations like the U.S.¹

- **Accuracy:** 57 percent of organizations surveyed look to increase process quality through innovation. Robot-based end-to-end processes reduce the need for human involvement to exception processing, which increases consistency.
- **Efficiency Improvement:** 20 percent of GOS respondents identified reduced transaction times as an area to be addressed. Robots have a tolerance to work 24/7/365, and can complete routine mundane tasks that employees often find draining. Robots also address issues like cycle times and throughput, and they can even solve the problem of attrition.
- **Timeline Optimization:** Setting up ERP and BPMS systems can take some

- **Cost savings:** 43 percent of

¹ The robots are coming – A Deloitte insights report

time, but it usually takes just a few weeks to deploy a robot workforce—and once in place, a new process can often be assigned in days. This increased speed in implementation is a major winning factor for RPA over traditional transformation tools.

- **Scale Expansion:** A robotic workforce is highly flexible and scalable. Once the process is designed, it can be scheduled to run when it is needed on as many robots as required.

That is not to say RPA is all benefits and no challenges. Implementation challenges can

be serious, but proactive planning up front can reduce or eliminate them.

- **Security:** Organizations typically do not have a defined IT and security policy needed to govern the implementation. Concepts, such as robots approving robots and user identifications for robots, need to be accepted and applied to ensure comfort of stakeholders.
- **Build or buy?** While automating, customers have a big decision to make: Build robotics capabilities or purchase them? If looking to purchase, one has to consider the providers' existing

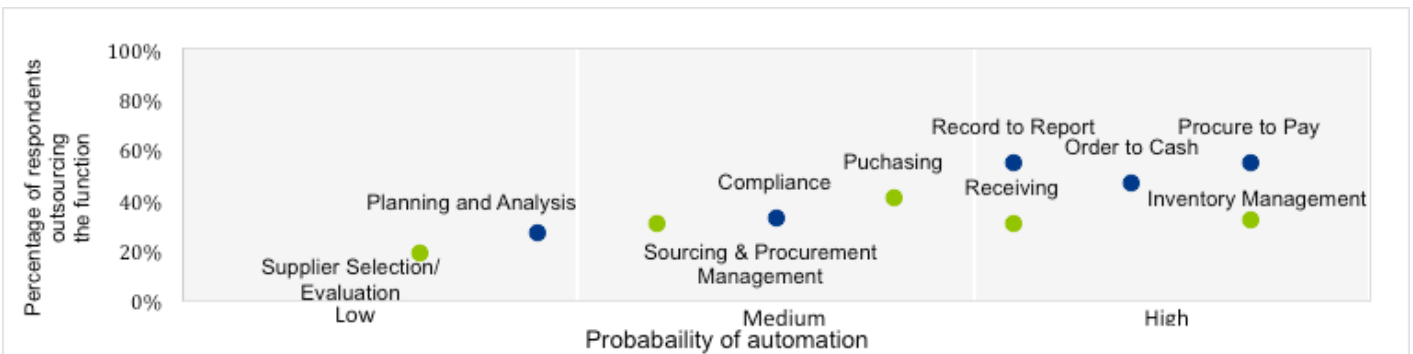
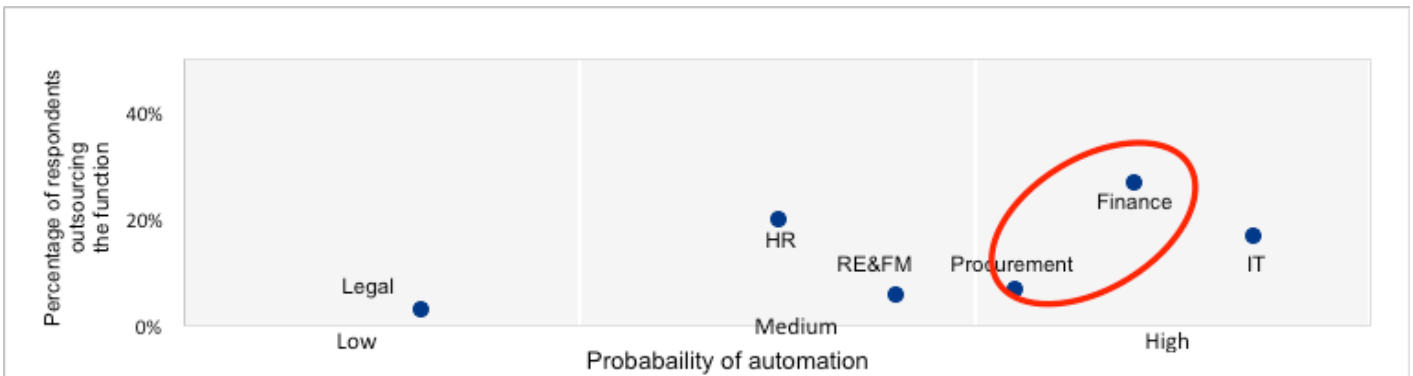
capabilities and third-party providers they might need to connect with to provide such services.

- **Metrics:** Measuring the impact of RPA remains a challenge due to lack of defined metrics. As this gets deeply ingrained in provider offerings, metrics need to be created and tracked to define automation as a success or failure.

These very solvable implementation challenges should not detract from RPA's ability to open new avenues for organizations and providers to explore, often resulting in large-scale transformation.

Lens on innovation: RPA in Finance and Procurement

Our research shows that IT, Finance, and Procurement have services that can be easily automated. A closer look at finance and procurement shows that traditionally outsourced services, such as procure to pay, order to cash, record to report, and inventory management, are good candidates for RPA¹.



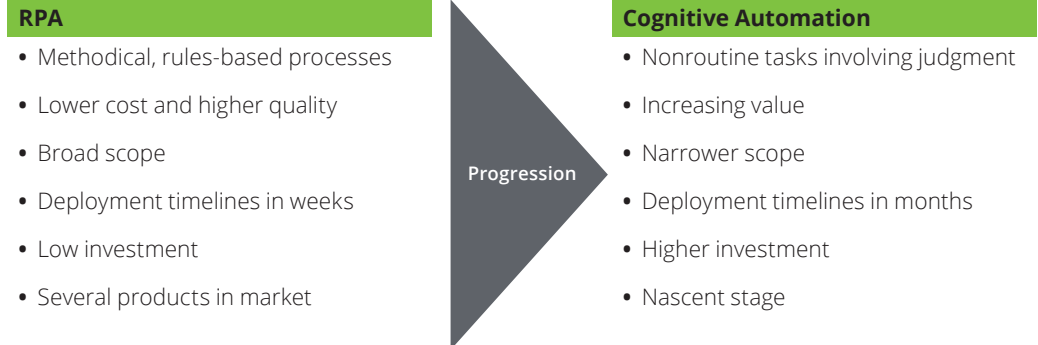
The GOS strongly indicates that within Finance itself, there is an opportunity to automate more than 56 percent of the roles. These roles usually reside with the outsourcing provider, thereby impacting business model of the provider.

A look ahead

As RPA advances, it continues to highlight the need for standard processes to be identified and automated, and the robots performing these tasks to be continuously maintained. Where humans earlier provided service delivery, now they manage and service exceptions. The differences between the traditional operating models and a robotics-driven environment are important to understand.

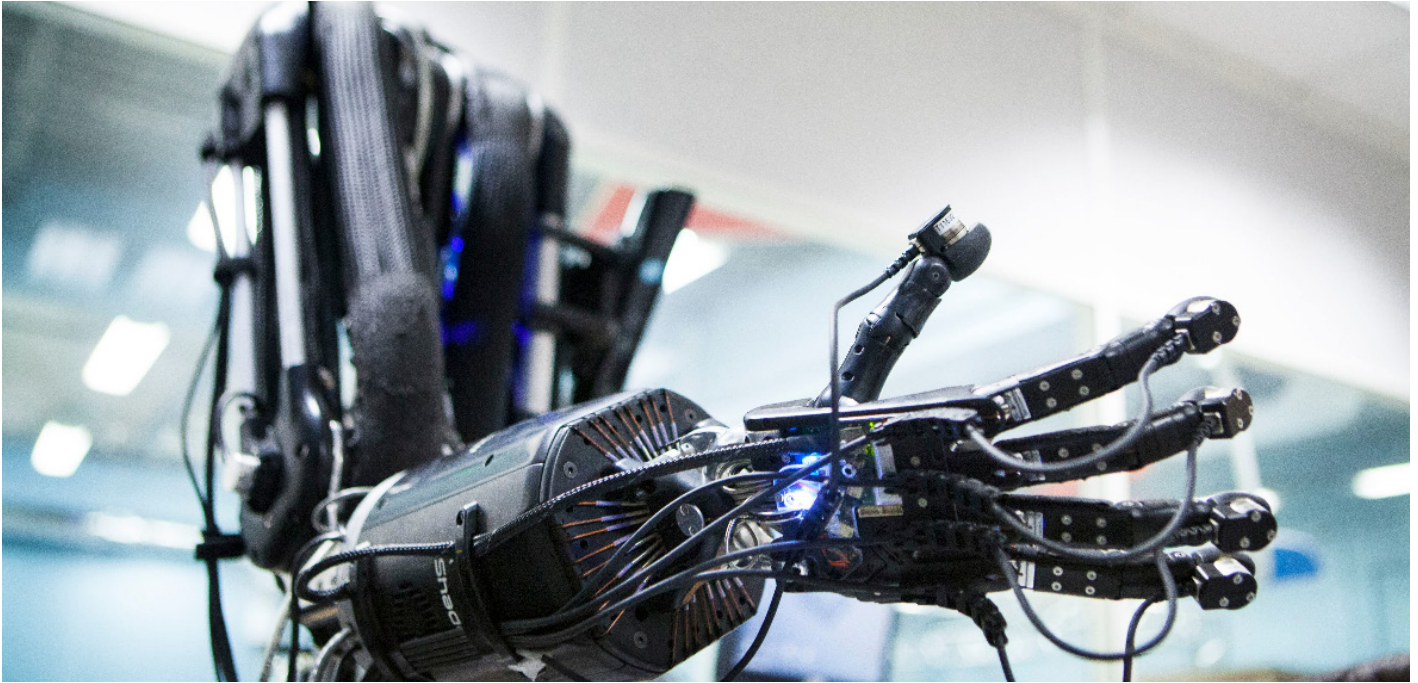
Objectives and levers	Traditional model	Future/RPA model
Outsourcing objectives	Cost reduction <ul style="list-style-type: none"> • Process consolidation and standardization 	Cost reduction <ul style="list-style-type: none"> • Process consolidation and standardization • Work elimination through automation • Quality improvement
Outsourcing levers	Labor arbitrage <ul style="list-style-type: none"> • Colocation • Lagging performance measurement • Lower productivity due to manual process 	RPA <ul style="list-style-type: none"> • Manual exception handling • Continuous improvement • Process transformation • Real-time performance measurement • Higher productivity opportunity considering RPA implementation • Up-front investment in tools

The next phase in automation likely will be driven by intelligent and cognitive automation. Technologies able to perform tasks that previously required human perceptual skills are known as cognitive, and closely related to research on artificial intelligence. Some examples of cognitive automation would include reading handwriting, identifying images, and translating speech.



Let's talk

RPA is here to stay, and will likely be the driving force in outsourcing in the years to come. Customers should ensure that they derive maximum value from RPA through effective contracting and continuous governance of implementations. Providers need to be aware of the implications of RPA on existing operating models and adapt to the changing customer requirements. It takes strategy, vision, and experience to tap into the innovation potential of RPA. If you are looking for ways to better navigate the evolving global outsourcing landscape, manage risks, and realize opportunities, we should talk.



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