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 opportunity exist for RPA to deliver an innovation advantage:

• Cost savings: 43 percent of 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
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 RPA.

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.

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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.

RPA
• Methodical, rules-based processes
• Lower cost and higher quality
• Broad scope
• Deployment timelines in weeks
• Low investment
• Several products in market

Cognitive Automation
• Nonroutine tasks involving judgment
• Increasing value
• Narrower scope
• Deployment timelines in months
• Higher investment
• Nascent stage

Progression

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.