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# The Journey Toward Intelligent Automation

An Avasant Perspective by Chirag Rawat, Associate  
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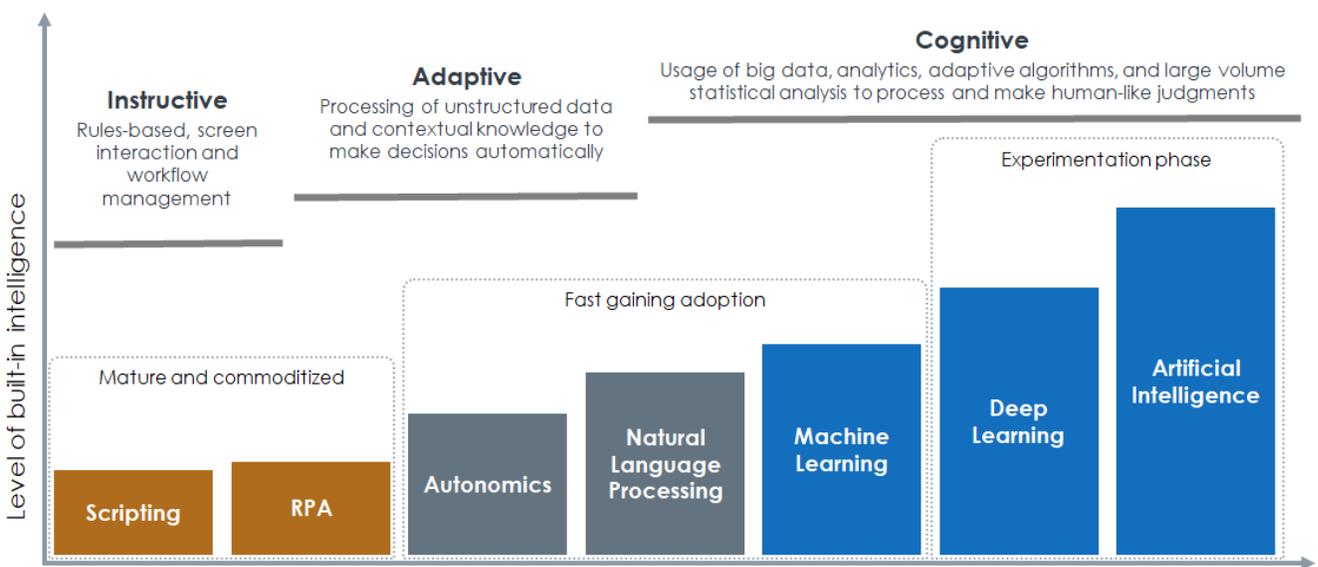
# The Journey Toward Intelligent Automation

Defined as the application of robotic process automation (RPA) along with artificial intelligence (AI) technologies such as machine learning, natural language processing and computer vision), Intelligent Automation (IA) is bringing fundamental changes to how enterprises operate. Both the work (i.e., business processes) and the worker (i.e., resources) are evolving at breakneck speeds. The workforce now includes machines with software intelligence that enable enterprises to handle unstructured data rapidly, achieve savings within 6-9 months, 100% ROI by the second year, and above 90% efficiency gains. Beyond these hard business benefits, IA brings new skills that enable people to develop entirely new processes, essentially carving out new directions to expand what's possible for their enterprises.

## RPA Has Come A Long Way

RPA, the earliest form of IA, has significantly matured over the last four to five years. According to Avasant's Radarview™, 2018 is the year when Global 2000 organizations across industries will embrace it for multi-process use cases and achieve large-scale benefits. The demand for RPA is driven by business objectives of achieving better compliance, quicker cycle time and autonomous processing. By this year, 40% of RPA adopters would have moved beyond experimentation to early adoption of AI to drive business process transformation. A combination of cognitive technologies is being increasingly utilized by industries such as banking, insurance, finance and retail to deliver more value in front-, mid- and back-office processes.

Several enterprises see the adoption of intelligent automation as a journey towards progressive adoption of cognitive technologies:



## Pitfalls in the Journey

Despite the purported ease of implementation of IA, several engagements do not achieve the returns that enterprises expect. These are the common pitfalls enterprises encounter when trying to scale IA:

1. Moving to scale without a defined automation program
2. Choosing the wrong processes
3. Lack of a strong business case
4. Lack of early engagement with key stakeholders
5. Lack of a change management program
6. Selecting the wrong tool and implementation partner

### 1. Moving to scale without a defined automation program

A clear vision and a well-defined roadmap are key to the success of an Intelligent Automation implementation. A good roadmap goes beyond implementing a number of bots; it envisions IA as a digital transformation program. It lays out key defined goals, agenda and initiatives to achieve them. It covers:

- Benefits sought – Among the range of benefits an IA program can offer, which of them aligns with the strategic goals: enhancing customer centricity, increasing human productivity, better managing compliance, being able to achieve process efficiencies or achieving quick ROI?
- Timeline of implementation – One that clearly lays out milestones for achieving benefits progressively
- Stakeholders involved – A RACI-based categorization of involvement required from key stakeholders, including Process Excellence, IT, HR, Security and Procurement
- Operating Model – Choice of hybrid, decentralized or centralized model of governing and scaling IA
- Partnerships required – External partnership with tool and service provider required to implement and scale IA
- Technology advancement – A progressive vision of adapting and using more advanced IA technologies

### 2. Choosing the wrong processes

The aggressive marketing by IA tool vendors spur enterprises to want to start quick, but they forget to learn quick. One of the major reasons for early failure in any IA implementation is choosing wrong processes for automation. A process that is low volume, non-standardized, not leveraged across the enterprise and has a high exception rate is not the ideal process for testing or

implementing automation. A good process balances the business value with the ease of implementation. This means measuring and assessing the following with respect to each other:

Business Value	versus	Automation Suitability
<ul style="list-style-type: none"> <li>• Criticality</li> <li>• Hours back to the business</li> <li>• Process training cost</li> <li>• Reduction in cycle time</li> <li>• Hiring avoidance</li> <li>• Attrition avoidance</li> <li>• Reduction potential in audit and management overhead</li> <li>• Benefit scalability</li> </ul>		<ul style="list-style-type: none"> <li>• Error rate</li> <li>• Number of rules-based tasks</li> <li>• Number of exceptions</li> <li>• Degree of centralization</li> <li>• Degree of standardization</li> <li>• Degree of process maturity</li> <li>• Level of input consistency</li> <li>• Transactional volume</li> <li>• Frequency of system changes</li> </ul>

The processes that score high in the above factors should be included in the first implementation wave. Processes with the next level of scores can be prioritized in the next series of implementation waves. This exercise can also help assess processes that need some level of redesigning before IA implementation to receive holistic benefits. Selecting the right process candidates also helps in establishing early wins, enhancing confidence within the stakeholder group and creating the much-required momentum to scale the initiative enterprise-wide.

### 3. Lack of a strong business case

Several enterprises begin their IA journey without fully considering the total cost of process ownership. This prevents them from correctly estimating the timeframe for ROI, effort required, licensing cost, changes required to the infrastructure or processes and post-implementation services required. Building a strong business case goes beyond FTE calculation and includes the following:

- FTE Costs
  - Process execution efforts
  - Training
  - Overhead
  - Attrition and hiring
- Licensing Costs
  - Annual licenses from automation tech vendors
  - Hosting fees (may be optional)
- Infra Costs
  - Telecom costs
  - Implementation costs
  - One-time costs of consulting, configuring, implementing, deploying and training fees
  - Maintenance cost

- Costs associated with keeping robots up-to-date with changes in the process and applications

A solid business case provides transparency and sets the right expectations for savings and speed to ROI. This goes a long way in strengthening project management, governance and winning executive support for the IA initiative.

#### **4. Lack of early engagement with key stakeholders**

It is critical to identify and involve key stakeholders early in the engagement. Implementing an IA initiative touches various stakeholders:

- IT – for server hosting or local machine installations, resources with skills and knowledge of tool configuration and other systems
- HR – for policies on user access and ID creation as well as to access directory and user management services
- Security – for controlling the way bots interact with certain critical applications and auditing the code
- Procurement – for choosing the right set of tools and implementation partners
- Process Excellence Group – for adherence to the standard operating procedure of running the process

Without the support of these stakeholder groups, the IA initiative is bound to fail. Getting them involved at the initial stage of executive sensitization and POC helps create trust and cooperation.

#### **5. Lack of a change management program**

Despite all the sales pitches by tool companies, an IA initiative is not just a simple deployment of a new software. A strong change management program sets the right expectations for the relevant stakeholders because it fosters rapid communication, facilitates implementation to gain quick wins, and prepares the organization to operate with a digital workforce. It includes the following elements:

- Definition of the objectives of the IA program, nature of impact and expected implementation timeline
- Communication of the right message through right channels to the right audience
- Education and training of audiences impacted by change
- Piloting IA projects
- Enhancing the readiness and redesign of the new organization

#### **6. Selecting the wrong tool and implementation partner**

When it comes to choosing the right automation tool, it's not about buying from firms with the biggest marketing budgets; it's all about the software's comparative strengths and weaknesses. Here are the key questions to ask when selecting a tool for IA:

- Usability - how easily can the tool be learned, configured and managed by a business user?
- Scalability - how easily can the bots be re-deployed, customized and scaled across various geographies, process variations and tech environments?
- Experience - has the software gained maturity in a similar industry for processes that have similar levels of complexity?
- Functionality - is the software future-ready for more intelligent use cases?
- Controllability - does the software have a strong command center that allows for starting-stopping, designing and deploying bots easily?
- Robustness – is the software secure and easy to integrate with various ERPs, apps and infrastructure?
- Partnership & Support - what is the breadth and depth of its implementation partners? What type of support will it provide post implementation?
- Licensing flexibility - does the pricing model reflect the tool's commitment to results and speed to ROI?

Equally important is the selection of an implementation partner that understands your business requirements and context as well as the functionalities, customizability and configuration of the tool. The key assessment factors when selecting an implementation partner include:

- Strengths in Intelligent Automation: This factor considers the current state of the implementation partner's practice in terms of its strategic importance, the maturity of offerings and capabilities, and client engagement. The nature and sophistication of solutions, use cases being addressed, market acceptance, quality of talent and execution capability are all important contributing elements.
- Capability to Innovate: This factor assesses the investment approach and innovation focus of the provider, and how it aligns with the future direction of the industry. The overall strategic investments, including both organic and inorganic ones, towards capability and offering growth, technology development and human capital development, along with the innovations that the implementation partner develops are critical contributing factors.

This factor focuses on provider's initiatives towards market creation and development, knowledge development and collaboration with industry stakeholders. This includes the level and nature of engagement with the stakeholder and startup ecosystem, thought leadership initiatives such as industry-guiding white papers and points of view, and contributions to industry associations and events.

## External Partnership: The New Normal

According to Avasant's Radarview™, implementation partners have evolved significantly over the last five years to become the nuclei for enterprise automation. They have emerged as the largest channel of IA sales and they facilitate the bundling RPA tools along with AI and analytics

engines to offer comprehensive intelligent automation solutions. Leveraging their domain experience in a variety of industries and functions, they have also developed a services integration offering that orchestrates and manages various tools and intelligent solutions through mature business algorithms.

Owing to the above trend and limited internal capability, several enterprises look to partner externally. This is a smart business move because implementation partners:

- Show willingness to co-invest in POCs and developing enterprise capability through training and transitioning
- Commit to more aggressive cost-saving targets by leveraging automation tools in existing outsourcing deals
- Have strong and strategic partnerships with tool companies and can provide licensing discounts
- Leverage their strong business process experience and client context to optimally configure the tools
- Provide technical expertise to establish suitable operating models such as COE that help in scaling IA
- Assist in AI enablement of business processes by leveraging proprietary tools
- Assist in capturing requirements and creating process related documentation in an agile fashion
- Provide support in standardizing some of the process candidates for enhanced benefit realization

## Conclusion

Leading-edge enterprises know that Intelligent Automation is crucial to managing the increasing complexity of business processes and the increasing volume of business data. However, the road to a successful IA implementation is not smoothly paved. As we pointed out in the six pitfalls above, enterprises need to be very astute about their strategy and the associated choices they make. A well thought out plan that clearly sequences out the processes to be included in different phases of the IA implementation while also setting the right expectations for all enterprise stakeholders is a cornerstone of success. The choice of both the tool and service provider partnerships is the next most important decision that will spell the difference between an implementation that advances the enterprise towards competitive advantage, or one that erodes internal confidence in automation and essentially take the enterprise backwards.

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## About the Author



Chirag Rawat is an Associate Director at Avasant with over 9 years of outsourcing experience. His background includes Consulting, Account Management and Operations. He has worked with F500 corporations, country governments, parastatal bodies, international organizations; helping them through their technology sourcing decision making. He has onsite clients in the United States, delivering a full suite of performance, financial, contract and relationship management for their sourcing initiative. His work also includes providing strategic advice for socio-economic development and technology performance improvement.