

# De-mystifying Robotic Process Automation



GET CONNECTED



[www.Avasant.com](http://www.Avasant.com)

## Why do we need RPA?

Traditionally, the outsourcing industry has operated under a “lift & shift” business model, wherein business processes from high-cost markets have been sent to low-cost destinations. However, this has led to a variety of issues such as poor quality of services, difficulties in vendor management, and loss of operational control. Reporting and auditing can be cumbersome in such situations. As a result, the outsourced transactions and resulting output are often not integrated into the enterprise's larger IT framework. This deprives decision makers of insights from their data that could have driven strategy.

Governance issues aside, pursuing arbitrage in established outsourcing destinations such as India, Philippines & China is becoming less desirable due to rising commodity and living costs. Moreover, outsourcing of labor intensive and rules-based processes leads to human-errors and makes the business vulnerable to security breaches and fraud.

*Robotic Process Automation (RPA)* addresses these problems and allows enterprises to reduce their reliance on offshore outsourcing. RPA uses technology to automate routine and standardized tasks that require judgement and adaptability. It enhances the performance of processes with relatively low recurring expenditure. There are several compelling reasons for RPA adoption, some of which have been listed below:

RPA offers the following benefits, among others;

*Strategic* – Market differentiation; ability to stay ahead of competition; Increases capacity and enhances productivity; Indirect benefits, e.g., market expansion, core services augmentation, introduction of new services and technologies.

*Operational* – Does not disturb underlying computer systems (lightweight IT); Ability to circumvent force augmentation / multiplier effect in rapid scaling due to spike in transactions; Near-zero error rates enabled by automation; Higher efficiency generated via increased productivity, accuracy, reduced cycle times, audits, advanced analytics, etc.

*Financial* – 25-70% cost savings; 24/7/365 execution at a fraction of the cost of human equivalents; Cost equivalent of 1/3 of an offshore FTE and 1/9 of an onshore FTE; Reduces recruitment and training costs; Indirect benefits, e.g. reduces employee-generated fraudulent losses

## Is this Rocket Science?

RPA enables non-engineers to automate certain business processes quickly and cheaply. RPA software emulates autonomic self-learning capabilities. It can “observe” a user execute a function and record all necessary steps and actions. It can also learn business rules and apply them to specific workflow events. The below figure shows the logical phasing of RPA technology, as it ‘learns’ and becomes ‘intelligent’ in process.

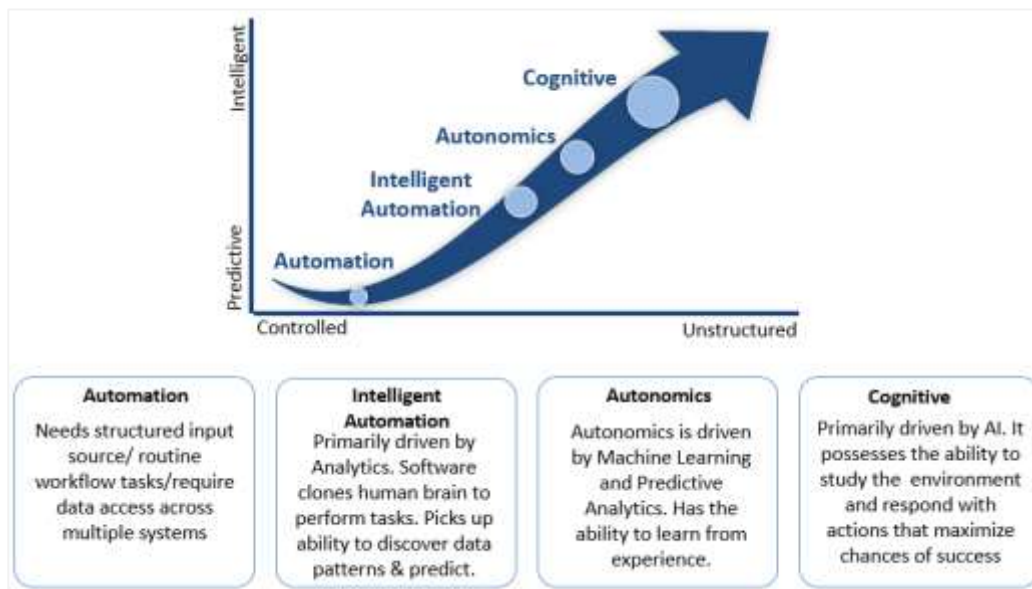


Figure 1 – Developmental phases of Robotic Process Automation

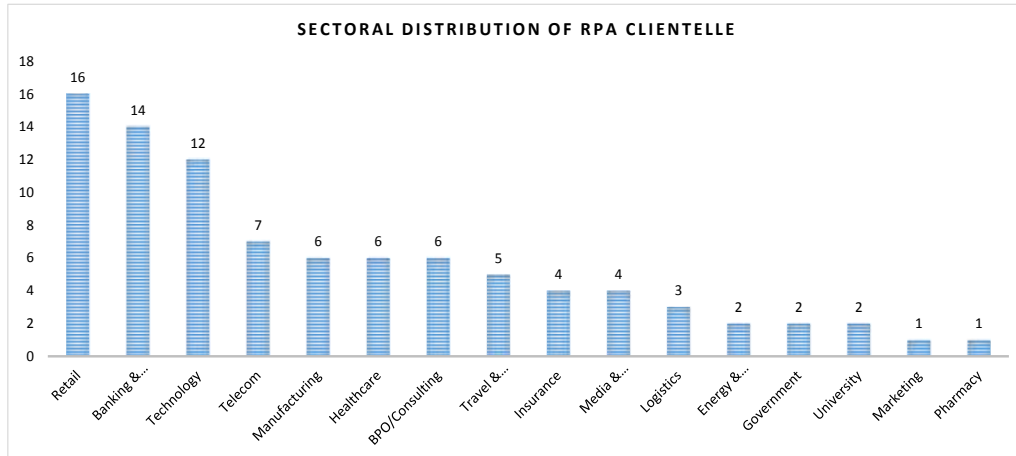
## Will RPA be a right fit for my type of business?

Avasant research shows that most major industries are already experimenting with RPA in different forms. Even governments and universities are exploring RPA.

**Trend 1** – Industries with a high volume of transactional activities present a stronger case for immediate adoption. Automating these activities have the potential for immediate cost savings. Generally, adoption rates are also higher in traditional B-2-C sectors such as retail, or banking.

**Trend 2** - Rule-based transactional services, e.g., F&A, some HR functions (Payroll) and IT services (support and maintenance), are good candidates for RPA. Services that require human intervention, e.g., corporate planning, marketing, product development will most likely be late adopters.





Source: Avasant Research. Sample Size = 90

Figure 2 – Industry trends in adoption of RPA

## Who are the players in this ecosystem?

The RPA space is evolving rapidly with new players announcing their tools/solutions every week. Following are some of the main players in the RPA value chain:

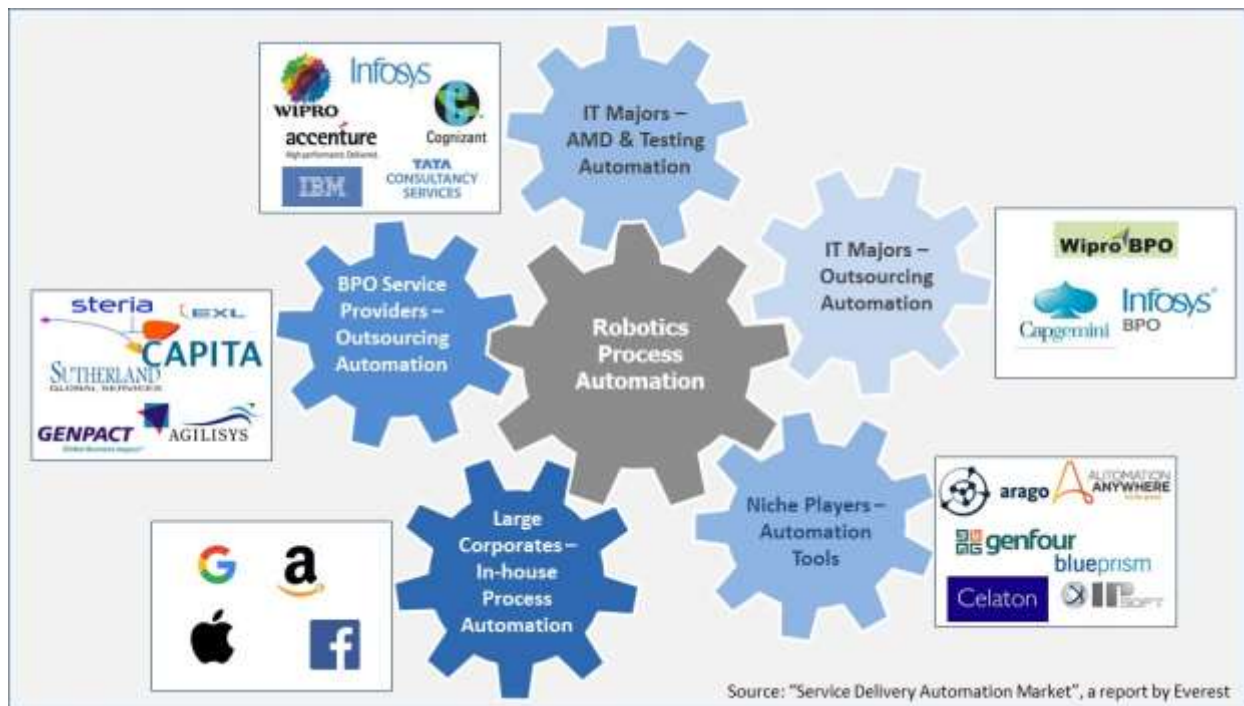


Figure 3 – Ecosystem of companies engaged in Robotic Process Automation

## Should companies rush to adopt RPA?

Although RPA could provide significant benefits to companies adopting RPA, any organization should assess its alternatives first. Specifically:

- **Business Process Reengineering:** In the first instance, companies might wish to audit its processes to see which ones might need to be reengineered, simplified or eliminated altogether. In our assessment, we have found that many companies have antiquated or unnecessary processes that need to be re-engineered or eliminated.
- **Business Process Automation:** Many of today's BPM (Business Process Management) software systems already have the capability to streamline and automate processes. Companies could unlock automation capabilities that they have already invested in before introducing another RPA solution.
- **Application Modernization:** Companies with legacy software systems should consider modernizing their application stacks first as the impact on productivity and efficiency could unleash significant opportunities to improve and automate processes.
- **Outsourcing:** Companies that leverage BPOs could encourage their service providers to adopt RPA to further reduce FTE dependencies and drive efficiencies. Service providers have been able to pass on cost savings to clients after RPA adoption. RPA adoption enables BPOs to commit to higher quality metrics with a lower headcount.

Only once companies have considered the above alternatives, should RPA be evaluated as the next lever for cost and performance improvement. We recommend that organizations carefully analyze where RPA can have the optimal impact, which functions should be automated first and then pilot RPA across these areas to assess the impact and adoption.

## How can we get started with RPA?

Avasant has developed a framework for assessing readiness and suitability of RPA implementation. This framework provides the tools to select processes and activities likely to have the greatest effect on the businesses' overall strategy and margins.



© 2016 Avasant LLC. All Rights Reserved. Proprietary and Confidential. No part of this document may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval devices or systems, without prior written permission from Avasant LLC.



**Anupam Govil**  
Partner  
[anupam.govil@avasant.com](mailto:anupam.govil@avasant.com)  
+1 (512) 762-7384



**Abhijeet Nayak**  
Consultant  
[abhijeet.nayak@avasant.com](mailto:abhijeet.nayak@avasant.com)  
+91 846-498-2404