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STRATEGIC OUTSOURCING AND SHARED SERVICES
By Fabiano Rosa

OPINION

What companies need to know when considering automation

Successful lessons for organizations considering automation 'to infinity and beyond'.

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As the hype continues around Robotic Process Automation (RPA) and Artificial Intelligence (AI), organizations are looking to invest additional efforts to better understand potential benefits and risks associated with these.

The fact of the matter: RPA and AI are already a reality and many service providers are taking an active role in the lookout for opportunities to maximize their service delivery models, profits and increased client satisfaction.

Below are some ideas and considerations for organizations prior to determine a course of action:

- **Understand the benefits beyond the hype:** Organizations should have a realistic perspective on the potential benefits RPA/AI can bring to their environment. Obviously the excitement to bring those to life and all the value add innovation that can be achieved are phenomenal. Prior to executing, just make sure investments are made towards a sound business case - in which a realistic perspective of benefits and risks is presented, not the hype effect.

- **Determine demarcation points in order to maximize benefits:** If service providers are already deploying RPA and AI to some of the services offered to an organization, there is a good leverage case to be used. These should translate in both financial/non-financial benefits to the services provided. In order to achieve this, it is important to determine what the opportunities are and activities that can be automated through the service provider's capabilities. By doing so, organizations can potentially minimize capital investments, and at the same time allow RPA and AI related risks to be managed by such service providers.

- **Review your service provider's agreements prior to adopting RPA and AI:** Like other disruptors such as Cyber and Cloud, it is important for organizations to have appropriate commercial terms in place prior to entertain RPA/AI services so that the organization's interests and risks are aligned with the organization's procurement, outsourcing, privacy and supplier risk policies. The hype effect shall not create unnecessary exposure or challenges for the organizations that otherwise could have been prevented.

- **Determine overlap between initiatives across the organization:** It is common for different areas within an organization to work independently on their respective challenges and opportunities. In order to determine the organizations best course of action, a holistic approach aligned with the organization's strategy should exist. This will enable the organization to identify overlaps and also promote collaboration within the organization. Another important point goes back to basic strategic sourcing principles around effective governance and economies of scale – as financial benefits and costs should be clearly stated and understood.

- **The importance of Governance and Risk Management should not be understated:** I know I have written this topic before but I felt the need to reemphasize the importance to having "all ducks in place". This is particularly important for organizations in highly regulated sectors (e.g., Financial Services, Insurance and Healthcare), for which this should be considered a top priority.   *Remember that*

organizations should not compromise their ability to comply with their respective regulatory requirements, as this can have a significant impact to the organization's reputation and bottom line.

• **Enjoy the excitement and discovery process but do not underestimate change management:** There are a lot of "pluses" bringing disruptive technologies to an organization. Take the time to enjoy and generate the required momentum – so that change management activities are positively perceived across the different organization levels and generations. Usually organizations that pursue these through business transformation exercises tend to dig deeper on the potential additional values the organization can achieve beyond the hype. For example, the need to change processes that, although efficient, will require significant changes to support the organization's desired future state RPA and AI. That also help the organization's internal staff to gain valuable knowledge and experience through hands on experiences as the business transformation is being executed. In other words, the excitement and hype may help foster employee's engagement.

• **Understand where the market is going beyond the hype:** There are talks of RPA/AI organizations going public or being a target to large service providers such as IBM and CapGemini. Before entertaining a direct relationship with a specific RPA/AI service provider, it is very important to understand the potential issues of a fourth party and the implications to the organization service delivery model. For example, the Bank of New York Mellon faced significant challenges due to an acquisition of one of its main service providers by another institution back in August 2015 – The Wall St. Journal has an interesting article on it.

The conclusion: Go ahead and have fun! At the same time, do not lose sight of potential exposures for the organization. In today's world, organizations cannot afford reputational risks   / impacts to their brand and clients. Remember that the higher the benefits, the higher the risks. At the same time, organizations cannot afford to stay put, as our worlds breathes change.

A final and important update: the **Wall Street Technology Conference** is taking place in New York City on May 24. Further details can be found here. I look forward to seeing you there!!!

About This Year's Wall St Technology Conference: Managing Risk & Reward in a Digital World

2016 will be the year that companies go beyond the hype, get to reality and actually invest in digital innovations that produce results and deliver ROI. It is the year that providers will go from selling buzz-ware to offering real industry-driven solutions.

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