

CEO's Briefing



Software Robots, revolutionary new tech automating admin tasks?

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attention

In IT, every couple of years a new technology comes along which promises to change the world. But clever tech can be difficult to separate from clever marketing and, sometimes, expensive tech isn't all that it promises to be!

Right now, RPA (Robotic Process Automation) is gaining significant attention. It claims to be able to automate ordinary and mundane office work and that's a big claim, so this is important.

Well known RPA tools are: Automation Anywhere, Blue Prism and UiPath – these have attracted big headlines and blessed their vendors with huge valuations! This briefing is a balanced view on what we are seeing and what we are doing with RPA in mid-market companies.

As ever, we work closely with tech vendors but we have no commercial links with them, so our views are entirely independent.

Rise of the Robots?

Look around an office and you will see plenty of people whose main work is dealing with systems and information. Data, requests and instructions comes in from emails and other sources, and go out similar ways. People handle information, organise it, fix it, share it, and ensure that different systems are up to date so that the right things happen. Whether this is product information, contracts, claims, pricing, or just tracking holidays, new employees... a modern office is full of this kind of activity.

RPA is technology that can replace these systems-based tasks, so it promises to automate much of the ordinary work that many office workers do for a living. Forrester (a well-respected technology research company) estimate that, by 2021, there will be over 4,000,000 robots doing office and administrative and sales related tasks!



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The RPA trend follows from the offshoring trend. But as wages in low-cost economies have gradually inflated, so companies have reached out for tech that can keep a lid on their cost-base.

This echoes the story of labour-intensive manufacturing which moved offshore in search of low-wage workers. But, these days, low-wage workers are much more costly than they used to be! So profitable manufacture has to be based on automation and innovation, rather than just driving down pay. And, in the same way, profitable office-work can't rely on repetitive tasks being done by poorly paid administrators.

As RPA has gained traction and become more sophisticated, its use has spread beyond large off-shore “paper-processing factories”. RPA is now increasingly being used in the mid-market to replace ordinary office staff, to bring about efficiencies, improve auditability and control, and to reduce errors.

So perhaps this is the next industrial revolution ... AI removing the need for humans doing admin work? Companies can radically reduce their headcount and hence their costs and errors. So here it comes... better, faster service at lower cost!

Get to the point! What is RPA?

RPA is really just a set of tools to allow scripting of system tasks. So activities like logging onto systems, reading emails, reading attachments, looking things up, sorting and combining information, updating records, sending information, logging off systems... these can all be scripted and automated.

RPA includes facilities to devise these scripts using simple, visual design tools with “drag and drop” style features; recorders to allow users to show the tool how they work; as well as more complicated scripting languages. It includes dashboards for monitoring and managing the software robots that execute the scripts, as well as special functions for handling exceptions, reports and errors.

Importantly it allows for real people to be involved at any stage. So rules can be added that people are needed to authorise certain steps, or get notified if limits are exceeded, or unusual things happen.

Modern RPA tools work with all kinds of technologies, so the script can involve opening emails in Outlook on Windows, using an old green-screen system as well as a webpage, reading a PDF or scanning a paper invoice.

Most importantly RPA tools are often modelled like employees. So you can think of an RPA “bot” running through the jobs that a person would do which allows a much clearer cost-benefit analysis. The bot logs into the systems with its own usernames and passwords like a real person, you can email them like a member of the team, they might even leave a message for you on your mobile phone.

RPA is not necessarily about improving or fixing processes or systems. One of the great strengths of RPA is that this tech slots in to automate what's currently happening. So it's relatively quick and simple to do.

But that's also a huge weakness as it means that underlying problems may not get fixed. It's a bit like “papering over the cracks”, a new layer of software to cover up for software that's not properly integrated, or processes that haven't been simplified.

Is RPA really new?

Old-timers and cynics will grudgingly say that RPA isn't really new and we've seen it all before. Perhaps they're right and a lot of this has been possible for many years.



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Certainly if you break down RPA tools in to their components then you can argue that much of this has been available for some time. But modern RPA tools are conveniently packaged, have wider application and are easier to use. Put together these changes move RPA into the mainstream.

Is RPA part of the AI revolution?

RPA is often linked with AI (Artificial Intelligence) and presented as part of the AI revolution! Perhaps this is just to add some sizzle to the idea and perhaps to boost the valuations of the vendors!

So, let's be honest, RPA tools aren't really AI.

But there is a link and you don't have to be a genius to see that this is the next step. For example, at the moment you might have to script precisely how an incoming support request might be handled, but machine learning technologies could quite simply classify these requests by analysing how humans have handled these requests in the past.

And companies will increasingly use intelligent bots to handle simple queries or requests from customers or prospects rather than relying on people to handle these routinely. It will make obvious sense for these bots to initiate RPA to execute the query or request.

So RPA and AI are linked and will move closer together.

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Perhaps an interesting analogy is that whereas AI might give us self-driving cars, RPA is just a self-parking car. Self-parking cars execute a defined and simple manoeuvre, they exist today and they work. Self-driving cars, on the other hand, are complicated, risky and there aren't many of them cruising on our motorways at the moment.

Where is RPA really working? What are the benefits?

The consultancy, McKinsey, claim that 60% of occupations could have 30% or more of their constituent activities automated. This is consistent with our experience. Automating entire jobs is hard, but lots of jobs include plenty of tasks that can be automated.

The headline focus for RPA is obviously cost reduction but in reality this tends to feature less than expected. Instead we see 7 clear benefits:

1. Faster, 24/7 operation and reduction of errors – it goes without saying that bots can do the jobs of humans faster, don't tire after lunch, and don't go home at 5:30.
2. Centralised management and standardisation. In reality it is often difficult to prescribe ways of working, especially to people distributed in different offices who are used to doing things their own way. RPA allows experts and managers to identify how things should be done and to roll that out – end of story.
3. Reduced costs. Of course this is the attention-grabbing issue but the often becomes a lesser issue once the real opportunities are more clearly understood.
4. Clear rules, alerts, controls and security. RPA can guarantee that managers are consulted when thresholds are exceeded, sign-off is always obtained when necessary, or that only qualified people are able to make certain decisions. RPA allows these rules to be codified and applied with certainty.
5. Improved business continuity. Cloud systems don't rely on availability of premises, so if the building is closed due to fire, flood, or just a lorry wedged in the car park gate (!), automated processes can continue.



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6. Documentation and audit trail, especially for companies in highly regulated or high-risk activities. Implementing RPA involves documenting processes which can be produced for audit purposes (and, unlike human processes, you can be confident they are being followed).

7. Scalability – companies that want to grow, or that have seasonal peaks, can avoid the cost and complexity of scaling up their team. This can be a major win for companies who have very labour-intensive back-ends.

It is particularly interesting to note that often RPA frees up highly experienced knowledge-workers who are experts in the business and its processes. Management recognise their value and the depth of knowledge and, when RPA means they are no longer preoccupied by repetitive tasks, they are able to make a real difference to customers and to the things that matter.

We have successfully introduced RPA in a variety of sectors including legal, insurance and logistics. The benefits have been especially clear for:

- businesses with lots of processes, paperwork and perhaps regulatory or contractual compliance issues
- organisations that have grown through acquisition so have complicated, inconsistent ways of working
- companies where there are laborious jobs, perhaps imposed by customers or suppliers or partners who have their own systems and ways of working that create repetitive activities
- situations where well paid experts or managers find themselves involved in low-skill repetitive work.

How effective is RPA really?

The most important takeaway message is that we have certainly used RPA to deliver significant automation of manual tasks. We have delivered cost-benefit cases and helped organisations to significantly downsize their admin teams, streamline their activities, and get smarter about how they operate.

However, the issues are as follows:

1. RPA tools are often expensive and their implementation requires significant effort from both IT experts and business experts. This is not a small or simple project, it spans multiple systems, departments and people - setup, testing and implementation can be tricky. High levels of engagement and commitment are required from the Board all the way down and business experts need to be engaged and supportive (rather than fighting to protect their jobs). So the entire project needs to be well supported, well communicated and part of a strategy.

2. The project is difficult to plan. Seemingly simple tasks can turn out to be complicated and complicated tasks can turn out to be simple. There is a danger of “paralysis by analysis” so a flexible approach is needed - leave complexities and exceptions to humans, focus on automating the next simple task. The project should be driven on an incremental 80/20 approach all the time, prioritising the simplest and most repetitive activities.

3. The project does not end, it becomes business as usual. When systems change, scripts need to be changed. Details and issues will emerge, new unexpected situations will come about. Once you have a large number of tasks automated then there will be frequent issues. It is vital to have inhouse expertise in the RPA tools or to have a good relationship with a provider who can help at a reasonable day-rate. So, yes, the mundane tasks can be shrunk, but they are replaced by a new RPA maintenance task. This task is smaller, smarter and more value-adding – but, make no mistake, RPA is a complicated machine that needs maintaining (by well-paid humans!)



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So what's our conclusion?

RPA offers huge benefits, but should not be seen as a simple means to achieve tactical cost savings. It is a strategic move towards a smaller, higher-value, more intelligent business.

RPA offers the opportunity to reinvent your back office with fewer people spending their time on mundane tasks. Instead you can impose structured, documented, controlled processes across the business in a standardised way with fewer errors.

Strategically, RPA enables your business to be well placed for growth and for adoption of new automation and AI technologies that will surely come in the future. Reports and information can flow more easily to enable better decision-making by your managers or, one day, by AI. Over time, more of your customers, suppliers and partners will deal with you through online channels, and RPA fits with this picture.

Many of your key staff are probably bogged down with repetitive tasks today. RPA can free them from this morass, enable them to do things that matter to your customers and your business, and position you for growth.

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