After the RPA pilot

A programmatic approach to intelligent automation to scale growth, manage risk, and drive enterprise value

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Getting on the RPA bandwagon

Business leaders and chief information officers around the world are jumping on the robotic process automation (RPA) pilot bandwagon to start their companies on the automation journey. Some RPA pilots are evaluating software designed to stitch together known technology concepts—such as screen scraping and macro-based automation—through user-friendly tools to take process automation to the next level. Other pilots are venturing into the use of machine learning and cognitive automation to unleash new business insights.

These pilots—or proof-of-concept programs—help leaders set a foundation for their understanding of RPA, while at the same time introducing new ideas for how automation can help scale operations or define new business strategies.

And now the pilot was successful, and leaders are seeing the possibilities. So what happens next?

When performing RPA pilots many companies get stuck in basic automation and stop there. Other companies have basic and cognitive automation pilots going on simultaneously.

Aligning the goals of basic RPA with cognitive computing and artificial intelligence can seem improbable. But are the objectives really that different? Leaders want to use *all levels* of automation to drive business growth, manage risk, and increase value.

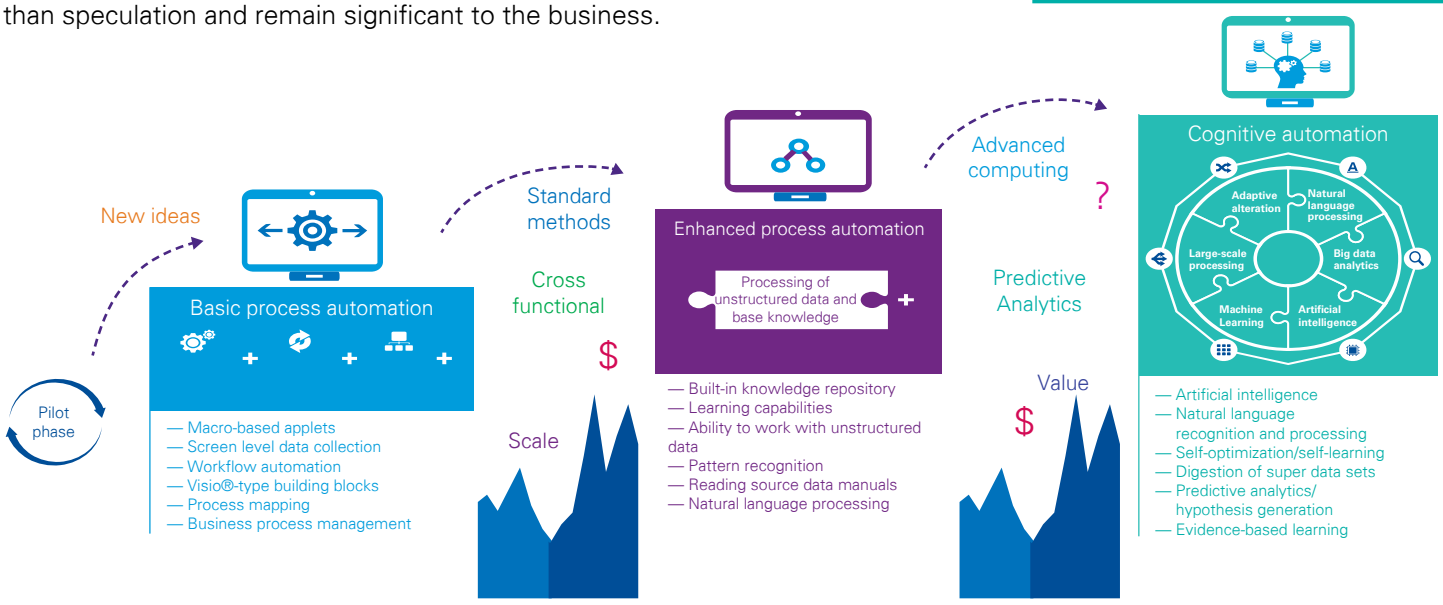
The trick is having a strategy for getting from pilot to program, and putting in place a comprehensive structure looking beyond the RPA pilots to intelligent automation (IA) as an across-the-board investment. This ensures IA ventures become more than speculation and remain significant to the business.

Intelligent Automation definitions

Basic – rules-based process automation, e.g., uses macro-based applets with Visio-type building blocks to automate a process

Enhanced – enhanced process automation, e.g., uses pattern recognition, base knowledge to process unstructured data; limited machine learning

Cognitive – uses natural language recognition and self-learning to gather information and drive insights



It is easy to get caught in a "one-dimensional" automation world

The "Intelligent Automation" program aligns the spectrum of tools, technologies, and *possibilities* so leaders can plan and execute their automation strategy effectively.

But how can leaders ensure that IA is more than a one-time cost play? How are future automation opportunities identified and evaluated for both risk and benefit? How is "electronic employee" service performance monitored? How do leaders ensure the optimal mix of basic, enhanced, and cognitive automation? How is business continuity maintained if the IA solution fails? How is system security, change management, system processing, and authentication control maintained as automation risk becomes more complex? How will IA be used to transform the business?

Leaders know technology is changing rapidly, and IA is a moving target. Implementing a "bullet-proof" value-based program is critical to managing the automation revolution and ensuring it delivers positive business impacts over time. Robust program management balances risk and reward with structures driving sustainable IA value. KPMG believes an IA program model delivers these ideals.

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Avoiding the pitfalls—case studies

Before exploring how companies can transition from a successful RPA pilot to a program that drives value, let's look at a few examples where the organization made some wrong turns and examine the pitfalls they encountered.

Case study 1

Lack of coordination

A global organization launched an RPA program across its regional shared-services delivery centers. RPA leaders were charged with integrating automation opportunity solutions into back-office operations as a means to achieve cost-reduction targets.

What went wrong?

- ***Contract ROI*** – The teams contracted independently with the various RPA providers making it difficult to share solutions and achieve contract ROI.
- ***Design standards*** – Non-standard methods were used to formulate solutions making testing and usability validation complex, and increasing risk.
- ***Stakeholder impact*** – The broader effects on the business and stakeholders weren't analyzed up front, making the integration of changes more difficult.

Cycles of redesign – The intended benefits and ROI from the program ultimately weren't realized, as projects got stalled or got stuck in multiple cycles of redesign.

Case study 2

Failure to align and prioritize

A global IT organization had an existing approval process for making project decisions affecting IT spend. Its key decision criteria focused on 1) alignment with the IT road map, and 2) meeting basic ROI thresholds. RPA leaders were charged with using this model to approve and prioritize its projects.

What went wrong?

- ***Strategy alignment*** – Business and technology strategies weren't aligned, creating conflict around project prioritization.
- ***Balancing risk*** – Prioritization didn't include balancing business and IT risk, leaving this to change control, resulting in cycles of redesign.
- ***Retained organization*** – Decisions were focused on cost, with no retained organization analysis; decisions were revised multiple times, leading to suspension of RPA projects.
- ***Policy alignment*** – Policies supporting RPA programs weren't considered or identified. In addition, foundational elements didn't exist to guide decision making.
- **Who goes first?** – The pilot delivered a great outcome, and multiple RPA projects were approved, but the teams had no plan for operationalizing the results.

Case study 3

Not addressing risks

A global telecom organization implemented several RPA solutions across multiple back-office services. The solutions were tested in live service environments, and postimplementation change control was managed through IT service desk "break-fix" protocols.

What went wrong?

- ***Solution testing*** – Not enabling an identical "sandbox" environment to test solutions put production environments and customer business operations at risk.
- ***No solution library*** – Not cataloging reusable solutions drove unnecessary rework, reviews, approvals, retesting, and increased production implementation risk.

Change control – Not including RPA and customer process changes in a system or tool change control council meant the impacted RPA solutions stopped, risking a halt to business operations.

Getting Beyond the Pilot

In light of these attempts, let's walk through how one company that initiated an RPA pilot was able to regroup after encountering some roadblocks to successfully reach the finish line.

A Fortune 50 retail client wanted to launch a function-specific RPA program. The company systematically reached out to their service teams to find RPA opportunities, then set savings targets. Next, the teams began independently engaging RPA tool providers and/or worked with strategic service partners to pilot their RPA initiative. While some teams managed to create some "bots" for certain processes, they failed to integrate monitoring tools or processes, and consequently had no visibility to production impacts unless something went wrong. What's more, each team was acting alone, so there was no way to align best practices or define an operating standard. Finally, the teams didn't have a way to optimize beyond the initial labor savings (e.g., multi-use bots, automation library, cross-functional rationalization of RPA licenses, etc.). Facing these challenges, the program stalled.

Nevertheless, the client was determined to move forward with the RPA initiative. However, the client didn't know how to align the teams and get beyond "the pilot." Realizing it was at an impasse, the organization paused and analyzed its efforts so far to date. They recognized that a strategic "reboot" was necessary.

They began again with an independent review of their RPA pipeline. A series of structured workshops and detailed analyses delivered a pipeline with a valuation increase of about $9 million and an automation heat map categorizing basic, enhanced, and cognitive opportunities. After successfully creating a road map, redefining savings opportunities, and effectively engaging global service teams, their next challenge was twofold: prioritizing projects fairly for all, and getting the work done.

Moving forward, the client enhanced their existing IT project approval process to support three key IA needs:

1. Balancing automation risk and value
2. Supporting global process and IT security standards
3. Identifying effects on employees during initial solution analysis.

Further, to make IA design and build activities scalable, they introduced standard tools, templates, and methodologies. To gain insight into the effects on operations, they defined a series of metrics used to monitor automation operations and evaluate program success. Finally, to increase visibility into year-on-year value, they set up a center of expertise to make the program sustainable.

The client's integration of a holistic IA program now provided them with needed global IA oversight, from ideation through implementation; included a cross-functional stakeholder engagement structure (i.e., HR, audit, IT security, risk) to support project assessment, prioritization, and conflict resolution; and used metrics, reporting, and analytics to monitor service change results and impacts, and drive intended value.

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How the Intelligent Automation program model creates sustainable value

We have seen how an **Intelligent Automation** program can help enhance and expedite the implementation of IA throughout an organization. Here are four critical characteristics for success:

- **It is strategically positioned** – Positioning **IA on par with other business strategies** as integral to enterprise objectives is the best place to start. Similar to outsourcing (OS), these dependent IA vendor relationships are treated as strategic. Global process owners (GPO) use IA to transform end-to-end services. Global teams engage in IA opportunity evaluation to ensure bad processes are not automated.
- **It uses a "center of excellence" service model** – Establishing a **center of excellence (CoE) demonstrates a commitment to IA**[1] success. Focus drives effectiveness, and CoEs drive transparency to IA results. CoEs have varied formats (virtual, centralized, regional, etc.) and engage cross-functional teams. CoE governance guides IA strategy and validates results. Clarifying decision rights balances governance and operations accountabilities. Incorporating IA support roles (e.g., HR, IT Security, Internal Audit, risk) in decision-making ensures change integration is well managed.
- **It has a robust delivery framework** – Integrating **technologies, toolkits, and tactics into IA program execution** safeguards sustainability. Including relevant designers, IT professionals, and operations teams in testing makes sure solutions work. Socializing and managing life cycle compliance (e.g., intake, approvals, testing) ensures team interaction is clear. Program management, repository, and workflow tools[2] makes oversight effective.
- **It incorporates a proactive risk management structure** – Making **IT risk and security control oversight a part of IA development** ensures solutions are sound. Like any technology integration, change control is critical to implementation success. An IT security risk and control framework provides this support. Risk mitigation strategies linking security reviews to IA validation ensures business goals and technology risks are appropriately considered.

[1] "*Governing the bot revolution*," David B. Kirk, PhD., KPMG LLP May 24, 2017 https://www.kpmg-institutes.com/institutes/advisory-institute/articles/2017/05/governing-bot-revolution.html

[2] Example tools include: *Service Now* – issue/idea intake; *Archer* – audit, or *Tableau* – reporting

Getting started

We have taken a close look at one company's experience with implementing an IA program, noting the pitfalls they encountered and the remedies they applied to move forward. If your organization is considering embarking on an IA program, here are five important factors to consider:

1. **Start with a vision and develop a strategy.** The IA vision is where technology leaders and process owners connect. Respective tech and business strategies incorporate IA goals and objectives; these are used to formulate the IA roadmap. This roadmap is routinely realigned with business and tech strategies over time.
2. **Clarify oversight roles and responsibilities.** IA stakeholder groups are not limited to IT leaders and process owners. They include representatives from IT security and internal audit to manage risk; and HR, communications, and change-management teams to oversee the effect this effort might have on the business and employees. This group executes program governance.
3. **Design a robust ideation-to-integration oversight model**. The IA life cycle is the focus of the program. Starting with idea intake, it incorporates business and use case[3] evaluation, risk and security reviews, project selection and prioritization, solution design and build, business change integration, and service monitoring and value realization (metrics).
4. **Build a structure enabling scalability.** The IA program ensures the automation build is logical. For example, existing processes and tools are fully leveraged. A library is used to track and retrieve reusable IA solution components (e.g., logging in to SAP). This makes solution build efficient, reduces risk, and increases compliance by using previously approved designs.
5. **Incorporate IA tools into the IT architecture.** The IA program bridges the gap between business and IT. Business leaders often self-serve when it comes to IA technology to reduce costs. But remember, IA tech needs to sit on an IT server somewhere and solutions need to be tested. Proactive business and IT leaders work together to ensure respective policies support the automation strategy. A key challenge facing business and IT leaders is the staging of suitable automation solution test environments—this is where programs often become stalled. Business and IT leaders must work together to ensure architecture environments work for everyone.

[3] Business case looks at cost savings; use case looks at process efficiency.

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How KPMG can help you on your automation journey

Is your automation journey stalled? Are automation pilots happening all over, but lacking cohesion? Do you have multiple automation vendors with no means to optimize the work? Do you have some automation outsourced, some insourced, and have trouble monitoring results? Are outsourcing contracts working against you? Do you have trouble transforming your automation ideas into solutions? Are your solution designs incomplete because of changing processes? Is your relationship with IT (or business) helping or hindering your automation journey? Do you know how to measure year-over-year value of automation? Are impacted teams throwing up barriers and resistant to change?

The KPMG Intelligent Automation program provides the foundation for addressing these challenges. Our people make the difference. Our methods, tools, and accelerators simplify the journey. We work together with our clients to bring the solution home.

About KPMG

Technology's influence on business is undeniable, and organizations are seeking innovative solutions to drive genuine business service transformation. Cloud, connectivity, mobile, intelligent automation, and the Internet of Things are evolving and quickly infiltrating and transforming the workplace. These developments are forcing organizations to think faster, become more flexible, and enhance service delivery to realize improved value, increased agility, and sustainable business performance.

KPMG's Emerging Technology Risk (ETR) Services Network and our Shared Service and Outsourcing Advisory (SSOA) practice partner can work with you to customize the right business solution. Our elite network of ETR technology specialists and outsourcing and service governance professionals bring extensive experience in risk management, global business services, shared services, outsourcing risk, transactions, tax, and compliance. We work together to evaluate your business need and deploy the resources and KPMG power to enhance the balance of risk and reward.

For more information, you can access our research and thought leadership on the KPMG Institute Web site: www.kpmg.com/us/insights.

For more information on KPMG's Intelligent Automation program and capabilities, please visit www.kpmg.com/us/intelligentautomation.

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Eugene is an accomplished management consultant with more than 20 years of experience supporting leading organizations in areas including IT strategy, outsourcing, shared services, vendor management, global services supply chain, risk management, and operational transformation. With broad global experience in Europe, Asia, and Latin America, Eugene has served clients across financial services, retail, pharmaceuticals, hi-tech, private equity, healthcare, aerospace and defense, and media and entertainment. He is a regular speaker at industry events and is often quoted in leading business and industry publications. Eugene serves as a board member of the International Association of Outsourcing Professionals (IAOP) and the Association of Latino Professionals in Finance and Accounting (ALPFA).

Martin Sokalski
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Martin is an experienced leader in emerging and disruptive technologies, risk management, and IT audit and assurance. Throughout his 17-year professional career, Martin has embarked on an exciting journey to assist organizations in overcoming a variety of business and technology challenges with a focus on driving value and managing risk. Most recently, Martin's efforts have focused on helping organizations embrace the "art of possible" and designing new (and responsible) digital operating models enabled by innovation and emerging technologies. Martin has advised clients on technology- driven innovation and transformation, risk management, governance, compliance, and IT audit and controls integration. He is also an experienced thought leader and active member of industry and subject matter communities.

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Julie brings more than 25 years of operational and leadership experience to organizations and provides guidance to leaders, key stakeholders, and operations teams, helping them navigate current challenges. Julie considers company culture and ways-of-working when analyzing current needs and uses this information to develop practical, customized solutions. Applying feedback and recommendations, she pursues the best outcomes for the organization and works side-by-side with company professionals to devise the right way to integrate sustainable change into the organization.

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Kelly has experience with various forms of risk consulting, specializing in digital labor, internal and external audit support, and SOC reporting. She has led and executed engagements across a range of industries and sectors including technology, media and telecommunications, manufacturing, consumer markets, and healthcare. Kelly has also delivered a wide range of traditional and innovative solutions to her clients, including emerging technologies (i.e., mobile, cloud, digital labor) risk assessments, technology-enabled business process reviews and controls integration, IT audit support for Sarbanes-Oxley and financial statement audits, it internal audit projects over emerging technologies, Service Organization Control reporting, and various other risk and compliance related engagements.

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