

Transforming business models with robotic process automation

Fulfilling the vision of Global Business Services

The convergence of robotic process automation (RPA), machine learning, cognitive platforms and advanced analytics represents the most disruptive force since the Industrial Revolution. Between now and 2025, up to two-thirds of the \$9 trillion knowledge worker marketplace may be affected.

RPA and the cognitive technologies that underpin it will digitize a sizeable segment of the knowledge worker market over the next five to 10 years. RPA is currently expanding into call centers and low-level, transactional business services, and will eventually move into higher-skilled roles within the legal, medical, finance and accounting functions. As more tasks become automated, location strategies will become much less important. This will impact retained organizations, shared services, and third-party outsourcing. Specific to shared services and outsourcing, rather than looking to untapped geographic regions—“the next India”—to drive greater profitability, new unexploited potential will be found through digitization and automation.

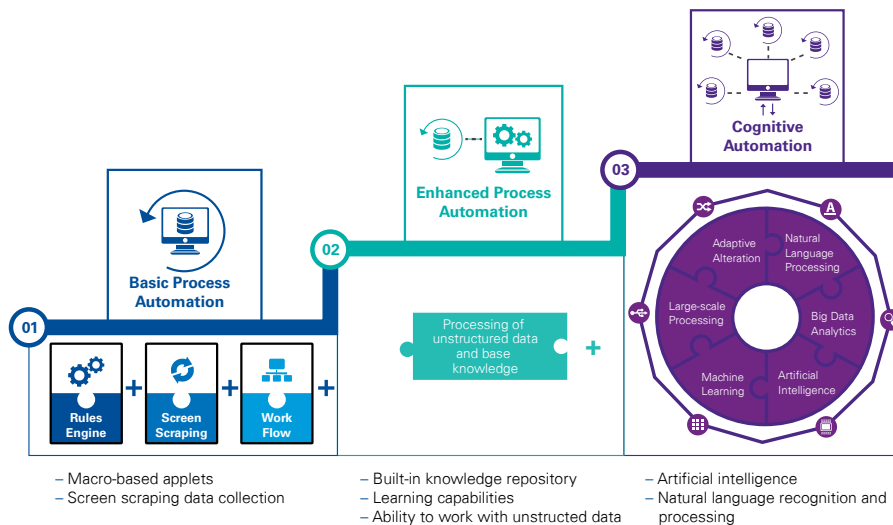
What is RPA?

RPA is the use of technology and “bots” to automate work traditionally done by humans. RPA describes the continuum of technologies used to automate business processes and operations. At one end, it includes the basic automation of parts of a business process, such as auto claim adjudication. At the other end, it covers the application of sophisticated technologies involving cognitive machine processing and elements of artificial intelligence.

There are three classes of RPA. They range from technologies and services common in the market today, such as screen scraping, workflow, and optical character recognition, to more exotic areas, such as true artificial intelligence, machine learning, and natural language processing (Figure 1).

Three classes of robotic process automation

Figure 1



Enablers of automation

While some dimensions of RPA are far from new, advancements in cognitive capabilities and related technologies are expanding the scope of where organizations can apply RPA. Software bots—robots that perform pre-programmed tasks—‘learn’ how to get better at performing more intricate and varied tasks and move on to even more complex ones. For example, IBM’s Watson can understand and interface with humans, thanks to a combination of artificial intelligence and cognitive technologies that mimic human thought processes and communication. As a result, this supercomputer can pore through massive amounts of information and come to conclusions—sometimes even guesses, just like a human.

Task automation technologies are converging with decision automation technologies, making them cheaper, more accessible, and higher-performing than they have been in the past. When revenue and profit have no direct correlation to people, the process becomes scalable, and a different economic model emerges.

The labor landscape

RPA will undoubtedly change the landscape of and need for physical labor. A different level of skills will be required—people who can program and define the requirements for the technologies, as opposed to people who process transactions. Many individuals will not be able to adequately pivot. Thus, preparation and re-skilling will be key for both employees and employers.

As more routine tasks and activities become automated, workers can leverage RPA to perform more strategic work and services, assuming they have the capacity and intellect to move up the skills chain. RPA also will serve as a solution to consistent skilled labor shortages resulting from demographic trends, weak education systems, undermotivated staff, and irrelevant career choices among workers.

The biggest benefits

By far the biggest benefit of RPA is labor elimination, which represents a potential cost reduction of between 45 and 75 percent. Remaining workers can be redeployed to higher valued-added activities that generate greater profit and drive down costs for customers.

Another compelling benefit is the faster payback period. In a labor-centric model, the payback period can be three years or more, thanks to costly turnover and training. Train a robot once and it keeps learning and becoming more productive, recouping the investment in six months to a year.

Other benefits include better transparency and visibility into processes and the ability to capture data more effectively, with greater accuracy, fewer errors, and less risk of fraud.

What is GBS?

Global Business Services is a next-generation operational and organizational model for enterprises to deliver business processes such as HR, finance, IT, and customer care to internal and external customers. It's often applied on a global scale using multiple service delivery models, including outsourcing, shared services and, increasingly, cloud solutions.

Why are organizations considering significant investment in GBS? Because it can help them:

- reduce costs
- get to market faster
- drive process excellence
- unlock the power of data and analytics
- mitigate overall business risk and ensure compliance
- enable excellence and consistency in the customer experience
- build an internal repository of high-quality talent
- establish a consistent brand experience
- accelerate time to benefit from mergers and acquisitions.

RPA can help GBS achieve its goals

RPA can be particularly effective in a GBS environment. Indeed, looking at the benefits above, it's clear there's significant alignment between the value RPA can deliver and the expectations of leading GBS organizations (Figure 2).

While RPA will prove very disruptive to labor markets and business models, its advancement is near inevitable. All organizations should focus on understanding what RPA can and cannot do now and in the future and prepare their operations and workforces for its growth and maturation.

KPMG's GBS framework is optimized and enabled by 10 dimensions

Figure 2



Critical questions to consider about leveraging RPA in your GBS organization:

- How do you separate the hype from the reality when it comes to timelines, providers, offerings, etc.?
- How do you best reframe your strategy and business model to digitize your business processes, eliminate manual activities and drive greater cost efficiency, responsiveness, and productivity?
- What do you expect from your outsourcing relationships in this new, digitized world?
- How will you manage widespread workforce change? Could displaced resources take on higher-value roles, becoming experts who resolve issues that technology cannot?
- How do you address issues such as vastly inconsistent or non-standard business processes, disparate IT systems, and a lack of integration across applications?

How KPMG can help

KPMG recognizes that today's enterprise business services leaders face increasingly complex demands and challenges.

Globally integrated teams from our Shared Services and Outsourcing Advisory (SSOA) practice, in seamless partnership with professionals from KPMG International's broader set of member firm capabilities in risk, transactions, tax, and compliance, help our clients transform their business services to deliver improved value, increased agility, and sustainable business performance.

If your organization is seeking innovative ways to achieve genuine business services transformation,

KPMG SSOA can help. For more information, there's no better place to start than by accessing our research and thought leadership on the [KPMG Shared Services and Outsourcing Institute](#).

[Read more of KPMG's core success factors for GBS here.](#)

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