



HFS

Enterprise reboot perspectives

**Automation evolution:
from single task to
strategic, unified tool set**

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According to the 2020 KPMG Enterprise reboot report,¹ nearly all business and technology executives surveyed — 97 percent — said they are investing, in some form, in automation technology.

According to our research, before COVID-19, executives felt that robotic process automation (RPA) would be the most important investment area over the next two years.¹ However, after the onset of COVID-19, which has placed the global economy in a tragic stranglehold, this perception shifted.

In a marketplace dominated by COVID-19, many companies across numerous industries have largely deemed RPA projects to be discretionary rather than transformational. In its place, cloud-based, low-code software — a much more rapidly deployed, drag-and-drop option — has been the focus from an automation perspective for cost takeout, customer service, and data ingestion work. RPA, as a strategic solution, has not been reprioritized to date.

Over the coming months and years, however, depending on the business cycle when we come out of COVID-19, we believe we will see a resurgence of RPA.

¹ Enterprise reboot: Scale digital technologies to grow and thrive in the new reality, August 2020. HFS Research in conjunction with KPMG International.

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The KPMG Enterprise reboot perspectives series digs deeper into insights captured from the global Enterprise reboot report. Leveraging insightful data from the two-phased global research effort, augmented with experienced guidance from KPMG leaders, we offer this pragmatic series to help our readers better understand how to leverage emerging technology to thrive in the new reality.

This Enterprise reboot perspectives piece was developed by Todd Lohr, KPMG principal, Technology Enablement and Automation, and Marcus Murph, KPMG principal, Digital Lighthouse.



A look back, a look ahead

RPA was already starting to fade a bit because most large, Fortune 50 companies long ago engaged a vendor to help them organize and initiate their automation strategies. Pre-COVID-19, the RPA market was focused more on the next tier of businesses, the Fortune 1000. These smaller companies had interest in RPA, but didn't have multimillion-dollar budgets. Rather than standing up a comprehensive center of excellence, they were looking for an initial proof-of-concept. Those projects have gone away because, in the current environment, RPA is considered more discretionary than "must have."

For smaller organizations, the potential value is there, but robotics really comes to life at scale. Building a bot might have a \$50,000 price tag. But if that bot is only replacing one person, it's probably easier to just keep that person on the job. If the bot is replacing 100 people, however, the spend can be justified. But the companies that have achieved that scale have already committed the budget and done the work. The ones that were hoping to follow in their automation footsteps have struggled to visualize the return on investment (ROI).

Going forward, we believe smaller organizations should think differently about how to invest in RPA. They need to employ less expensive technologies and move away from a center-of-excellence-led structure. The approach to the automation component of digital transformation should be viewed not as a band aid with short-term bots, but as an integrated exercise in instituting software as a service (SaaS), moving to the cloud, replacing inefficient pieces of the workflow, and, where appropriate, incorporating offshore-managed services.

Integrated use of technologies is key

Today's process- and task-automation environment embodies the convergence of various emerging technologies. The modern automation platforms vendors are now offering are based fundamentally on drag-and-drop functionality that is tending toward low-code, not no-code, configuration-based structures, intelligent routing, and task-based workflows.

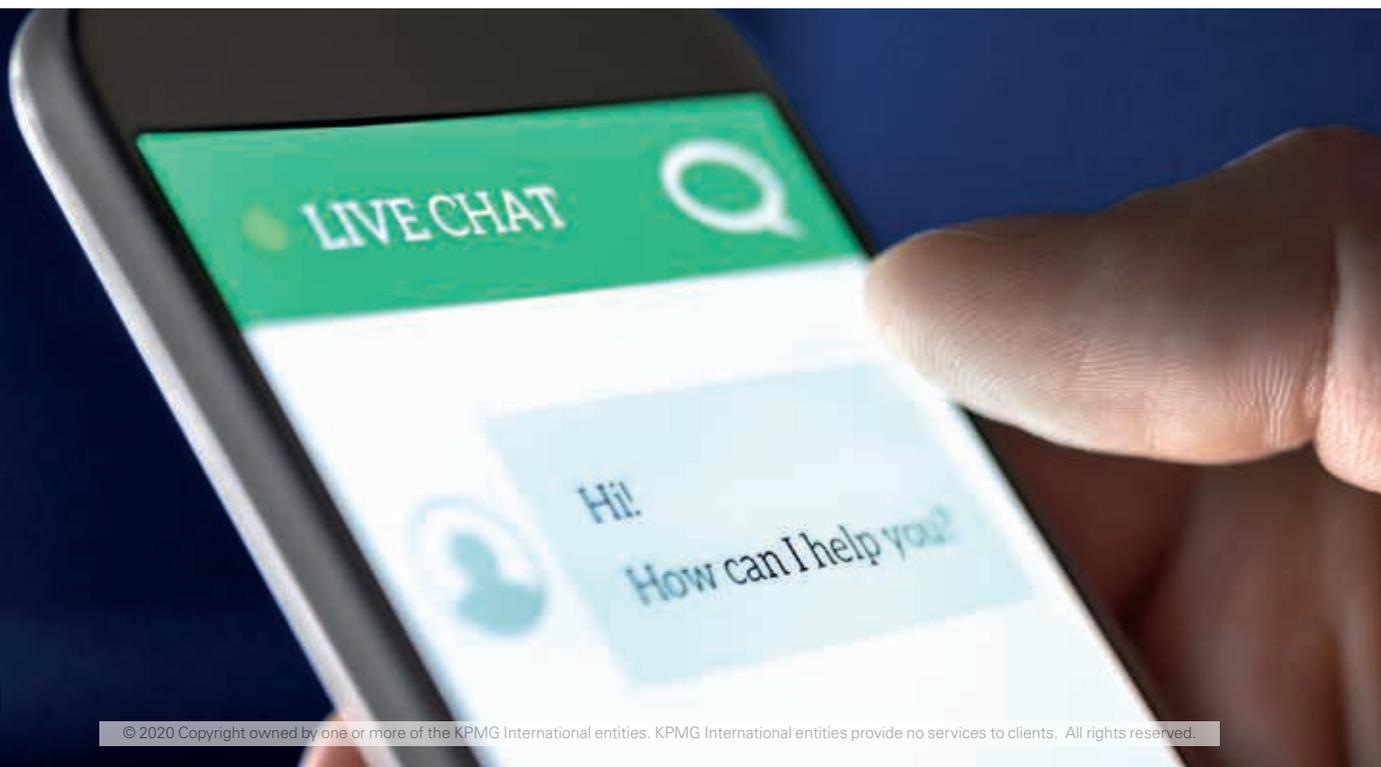
Digital transformation is less about solving a problem (a task which, of course, is not unimportant), and more about a strategic tool set or work bench. That's the pivot that we're seeing at organizations large and small. And, industry-by-industry, COVID-19 has been an accelerant in this process. Clearly, a number of industries' operating models and supply chains are now under duress as customer needs and expectations evolve. And that's making it challenging for companies to invest in the future.

It's not as though companies weren't already thinking this way — virtually every company had a digital transformation agenda. It's just that operating models have been impacted in a way that has accelerated certain aspects of that

agenda, whether it's online channels, cost takeout, enhanced efficiency, or a number of other considerations.

We view low-code applications as a key automation tool by itself, but also as the enabling foundation of a broader set of emerging technologies — 5G, artificial intelligence/machine learning (AI/ML), and data analytics — at the center of a COVID-19-accelerated digital transformation.

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A unified digital strategy

Our philosophy has been that automation is not about a hammer looking for a nail. The challenge currently is that technology vendor offerings are relatively disparate and siloed overall, essentially flooding the market with a bunch of hammers. We don't believe in forcing RPA into an organization. We prefer to take a business-first approach — strategically solving for cost takeout or increased throughput or increased order-management efficiency — and then engaging the appropriate technologies.

RPA should be a complementary element of an integrated digital strategy. To effectively transform that process, companies should have RPA doing data ingestion, natural language processing reading the data, and ML defining the rules, all within a well-defined workflow that transmits the data to a human for validation and distribution. That's the science; the art is delivering multiple technologies to an organization that doesn't necessarily have maturity in all of those areas — they may have two hammers, when they really need five.

Ultimately, the tech stack of the future is going to be more complex, not less. More complex in that it's going to include multiple technologies, less in that core application architectures will evolve toward cloud-enabled enterprise resource plans powered by an automated platform that will address the unique intricacies of the organization's business and operating models. Everything beyond standard enterprise processes — the activities companies want to move off-premises to the cloud — will be configured in an integrated manner and likely cloud-based. This approach eliminates the perpetual series of digital one-offs. Everything will be automated and customized by plugging-in relevant SaaS and platform as a service functionalities.

RPA is a building block, not the building. If you're planning a modern, cloud-enabled technology platform, from a practical standpoint, RPA is really a short-term remedy. In an immediate sense, that's not a bad thing — when you're sick, you need to address the symptoms right away — but robotics is not a sustainable, scalable solution. RPA certainly is not going away, and it actually may be a dominating strategy over the next couple of years, but over time we see it as more of a transient technology — bots read data, digest it, and apply rules to it. Nothing more. It helps you pick the proverbial low-hanging fruit.

If you're looking to build a custom solution, you likely wouldn't make RPA the centerpiece of your strategy. The more productive approach would be to orchestrate a low-code workflow that doesn't require screen-scraping from a variety of disparate sources. To improve your ability to realize positive, meaningful outcomes, create a digital intake forum within a web application that has automation and AI built in, unifying your tool set and eliminating the need for the bot.

That's how you truly operationalize a digital transformation.

To learn more about *Enterprise reboot*, our latest research report that explores the current and future state of emerging technologies, please visit: home.kpmg/enterprisereboot.

Enterprise reboot survey methodology:

From March–June 2020, KPMG International and HFS Research conducted two global, cross-industry quantitative surveys of 900 business and technology executives about their enterprise’s investment in and adoption of emerging technology. All respondents held executive-level positions at Global 2000 enterprises with over US\$1B annual revenue. The study was conducted in two phases: March–April, when many countries were starting to see the impact of COVID-19, and May–June, when many economies and societies were shut down due to the virus. By conducting two phases of research, we sought to achieve a fuller picture of the impact of COVID-19 on enterprise approaches to emerging technology adoption and the sentiment toward the evolving emerging technology landscape. Research covered process automation, artificial intelligence, smart analytics, hybrid cloud, multicloud, blockchain, 5G, edge computing, IoT, augmented/virtual reality (AR/VR), cybersecurity, quantum computing, and trusted data backbone.

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