Governing the bot revolution

How centralized control stops ad hoc RPA deployment and drives true transformation
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Racing ahead with RPA

Gone are the days of relying only on labor arbitrage, functional consolidation, and lean process models to deliver on processes reengineering and efficiencies. Today, organizations across the board are shifting away from processes based on low-cost labor and offshoring and instead virtualizing that labor through a form of digital labor called robotic process automation (RPA).¹

RPA leverages technologies such as rules engines, workflow, and screen scraping that—when combined—are able to replicate rudimentary “swivel-chair” activities that don’t require much knowledge or insight, such as cutting and pasting data from one system to another.

Although less sophisticated than other types of artificial intelligence, intelligent automation, and digital labor technologies, RPA still promises to deliver immense value to organizations. Using RPA to automate transactional activities improves accuracy, efficiency, and speed of critical business processes while also freeing up people to focus on more strategic work and driving greater job satisfaction.

With the ease of implementation provided by RPA, its adaptation across the enterprise can be explosive and disjointed.

RPA tools leverage several tried and true technologies to automate very rudimentary swivel-chair processes found in almost all organizations today. The swivel-chair processes are typically repetitive in nature, involve multiple systems, and follow very explicit steps.

RPA market heats up

Gartner and Forrester predict the RPA market will grow:
- 41 percent each year until 2020.
- Reaching $2.9 billion in 2021.

¹ Why robotic process automation adoption is on the rise (ZDNet, November 18, 2016)
KPMG analysis reveals that organizations are more active with basic process automation than enhanced process automation or cognitive automation. Meanwhile, the Institute for Robotic Process Automation, calls RPA “a digital gateway drug,” helping organizations take the first steps towards becoming artificial-intelligence-enabled enterprises.

It’s no wonder Gartner forecasts the RPA software market will grow by 41 percent year over year to 2020 and Forrester research finds that the RPA market will explode from $250 million in 2016 to $2.9 billion in 2021.

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2 Global IT-BPO outsourcing deals analysis (KPMG, February 2017)  
5 The RPA Market Will Reach $2.9 Billion By 2021 (Forrester, February 13, 2017)
Is your organization one of the many racing ahead with RPA? Don’t go too fast. As organizations are drawn to the very attractive potential benefits of RPA, many seem to get carried away.

Unlike complicated IT integration projects that can take months or years to deploy, RPA tools run at the user level, require no deep integration efforts, and can be installed on a desktop. RPA tools can be thought of as quick-hit technologies and allow for a very piecemeal approach to automation. They often return immediate benefits upon implementation of the very first process automation. They also deliver incremental benefits with every subsequent process or subprocess you automate. Organizations can see meaningful benefits in a matter of weeks, but more typically in a couple of months.\(^6\)

Thirsty for speed, many business units drool at the thought of such easy implementation and total deployment control. With IT out of the way, many business units are quick to untether from the IT project pipeline boat anchor that seems to bring all great business initiatives to a screaming halt. They’ll start rolling out hundreds and hundreds of bots over the course of months.

At first, flying solo may seem like smooth sailing. But this approach has strong headwinds that can easily land a project up on the shoals.

Eventually, things start to change in the environment. Business processes evolve, new versions of the automation platform are deployed, business applications are updated, and suddenly there’s an ocean of “rusty ole bots” that no longer work and are quickly sinking to the bottom. Further complicating matters, employees are now either gone or redeployed to higher value activities, and there was no established approach for documenting the original manual process—let alone its automated replacement. Now what? There’s no working bot, no documented process knowledge, no employees—and suddenly a familiar saying echoes through your head: “Speed kills.”

\(^6\) Demystifying digital labor (KPMG, 2016)
Centralizing RPA: Balancing control and speed

When business units race straight ahead with RPA implementation, without thoughtful and planned enterprise-wide coordination and governance, it tends to cause serious problems down the line. Its adaptation across the enterprise can become explosive and disjointed, with business units acting on their own without governance and oversight. Chaos ensues. Organizations may experience unnecessary corporate risk, inconsistent quality, needless resource redundancy, and an overabundance of new robotic technologies deployed across the various business lines.

A better approach is centralizing RPA delivery through an enterprise-wide RPA approach. An enterprise-wide RPA approach balances the need for speed with the need for control, helping organizations realize the promised value of RPA initiatives.

At KPMG, we have seen companies realize strong results with three different enterprise-wide RPA delivery models, moving from partial to full centralization: A center of excellence (CoE) model, a hybrid model, or a shared services model.
To varying degrees, all three models centralize some amount of governance and some amount of RPA shared capabilities and knowledge. Delivery of the business services component varies across the three different models with a model centralizing all such services, another which federates them completely, and one that is a mix of both.

Coordinating the approach to digital labor does not mean you have to forgo the idea of empowering the business to run fast. Any enterprise-wide RPA approach should include:

— Solution enablement of RPA business services: Providing the business units with the end services (e.g., process assessments, automation design and build, run and support, etc.) they need to leverage automation

— RPA efficiencies and knowledge across the enterprise: The deployment efficiencies that result from market intelligence, lessons learned, training, know-how, and experience

— Enterprise-wide governance: Helping avoid unnecessary risk, control costs, and align with policies and objectives at a corporate level.

While there is no one-size-fits-all approach to centralizing delivery of RPA, the hybrid model is most likely the end outcome for a typical organization simply because it provides the business units with a high level of knowledge, efficiencies, and governance while allowing them to provide as much of the RPA capabilities as they choose to support. The hybrid model allows the business units to mature their digital labor capabilities at their own business-unit-specific pace.
Enterprise-wide delivery, enterprise-wide benefits

Whether your RPA journey ends with a full shared services model that includes RPA delivery, efficiencies, and governance capabilities, a pure CoE model focused on efficiencies and governance, or a hybrid of both, your approach is sure to be far-and-away more effective than the type of unchecked RPA deployment we described earlier. By providing a more methodical and deliberate delivery approach, your organization can realize a slew of enterprise-wide benefits:

**Cost optimization**: Avoid investment duplication by leveraging automation resources, tools, and solutions across the enterprise (e.g., licensing, maintenance, and training).

**Standardized platforms, tools, templates, and methodologies**: Establish and maintain a portfolio of automation technologies, tools, templates, vendors, and methodologies that leverage standardization to empower rapid deployment from process assessment through design, build, run, and enhance.

**Risk management**: Define an enterprise-wide risk appetite as well as the associated risk identification and mitigation guidelines, policies, and standardized control framework that is supported by centralized compliance monitoring and reporting.

**Leading practices**: Share digital labor experiences across the enterprise and capture lessons learned as well as reusable solutions (e.g., a reusable bot library).

**Market intelligence**: Provide a centralized approach to key advances in automation capabilities and strategies across institutions, geographies, and industries (i.e., digital labor research).

**Flexibility and scalability**: A centralized solution model is more adaptive to changes in the business model and is able to more easily scale up and down and shift and share resources based on business needs.

**Empowering the business**: Enable each business unit to mature its digital labor capabilities at its own pace while simultaneously delivering automation by leveraging centralized resources.

**Broad process automation**: Allow broad process automation across multiple business units for maximum benefit.
Governing the bot revolution
Tips for success

Organizations that are on the path to adopting an enterprise-wide RPA solution model should keep in mind the following tips for success, based on KPMG’s deep experience helping leading, cross-industry organizations implement CoE, hybrid, and shared services models for RPA and other critical business activities.

Create a centralization plan

— **Problem:** It is common, early in an RPA implementation, for the RPA center to provide virtually all of the automation delivery, know-how, and capacity. This model can become limiting when scaling to multiple business units or functions, unnecessarily inhibiting those business units with potentially strong RPA capabilities.

— **Lesson learned:** A fully centralized model (i.e., a shared services model) can be a good practice when just starting out. However, a road map should be in place for evolving to a hybrid model in order to enable more rapid scaling while preserving core knowledge and standards.

Document, document, document

— **Problem:** The urge to run fast often leads to a focus purely on the end state automated process development, which results in little to no documentation of the existing manual process or the transformed automated version of the process. When downstream errors occur (e.g., bots break), or there is a need to revert back to a manual process temporarily, the knowledge does not exist to resolve the execution issues or perform the process manually.

— **Lesson learned:** Develop enterprise-wide standards and templates for documenting the before and after process flows, systems required, data sources, feeds, and error checking. Adopt a release methodology that includes phase gates to help ensure all documentation is available prior to releasing to production. In addition, include documentation updates in all change control processes.

Set development standards

— **Problem:** Developing automation scripts can be a mix of art and science. A lack of scripting standards may lead to longer development time, inconsistent approaches, disparate results, quality issues, and maintenance nightmares.

— **Lesson learned:** Develop or adopt development standards, such as standardizing log file placement, modularizing scripts for simplicity and reusability, using dynamic delays for application latencies, and leveraging variables whenever possible to reduce bot modifications. Provide thorough training in support of these standards, and leverage peer reviews as part of a formal quality assurance process to verify standards have been followed.
Final thoughts

RPA is a game-changing technology—one that is probably already changing the landscape of your front- and back-office business functions, or soon will. Studies show software robots can help automate approximately 45 percent of the business activities people currently perform in the workplace.¹

But deploying RPA isn’t as simple as it might seem. You can’t just let your business units run wild, unleashing bots left and right to take over the “robotic” tasks of your business that humans really shouldn’t be doing anyway.

Rather, smart, forward-thinking companies will implement RPA in a careful, deliberate, planned, and strategic manner. An enterprise-wide RPA delivery model is a key enabler of this implementation plan, providing the necessary level of centralized control to minimize risks associated with technology enablement and realize the true, long-term value of RPA.

¹ Four Fundamentals of Workplace Automation (McKinsey Quarterly, November 2015)
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David B. Kirk, PhD, is a managing director in KPMG’s Advisory practice, specializing in shared services, IT and BPO outsourcing, IT assessment and strategy, and IT transformation. David has spent the last 30 years helping companies understand how best to leverage technology to transform the way they do business—without being consumed by it. Most recently, David’s focus has been on RPA, a technology approach to displacing client knowledge workers with virtual workers. David is the technical lead on the KPMG RPA Taskforce and has spoken at multiple industry conferences about RPA.
How KPMG can help

Regardless of where you stand currently with respect to your understanding and capabilities in digital labor, KPMG can assist you in taking your next (or first) step toward a centralized digital labor operating model. KPMG can prepare you for this digital labor journey, assist in responding to the associated challenges, and help you realize the significant value this disruptive opportunity presents through the implementation of an enterprise-wide delivery strategy.