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ROBOTIC PROCESS AUTOMATION
READINESS

Three Change Management Questions for Business Leaders

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EXECUTIVE SUMMARY

Robotic Process Automation (RPA) is a disruptive and game-changing technology that presents an opportunity to adapt, change and achieve significant results. But how ready are leaders to embrace the transformation that RPA portends?

As great as the opportunities are for RPA, practical applications of the technology in banking, insurance, health care and manufacturing suggest that most companies do not adequately socialize their RPA initiatives. Before embarking on the RPA journey, leaders should assess the interests of key stakeholders, their current and desired states of operation, their existing talent pool and senior executive willingness to sponsor the integration of human and virtual labor.

In terms of managing the change involved, RPA sponsors must be prepared to address these questions:

- How will work processes change?
- How will skills requirements change?
- How will the organization change?

This ISG white paper outlines a strategy that business unit and shared services leaders can adapt to build an effective business case for RPA transformation. The author focuses on how a model of collaboration can address the disruptive challenges inherent in RPA by facilitating communication and shared interest between project sponsors, stakeholders and skeptics.

EXPECTATIONS AND PERCEPTIONS

Going into an RPA initiative, senior management expectations of RPA are often not clearly defined beyond the basic belief that the technology is faster, easier and cheaper to implement than traditional automation systems. A typical scenario is that a business unit head will attend a conference and, intrigued by RPA's potential, engage with senior executives as well as with IT and other constituencies. While the former may respond enthusiastically, the latter often push back, perceiving that their traditional spheres of influence are being violated (more on this later). This sets the stage for a contentious business case discussion.

Hype is another potential issue – while it's true that RPA implementations are consistently delivering ROI within 90 days of deployment, overstating claims regarding speed and ease of implementation can lead to skepticism and/or disappointment with results post-deployment.

In this context, education on the part of RPA champions is imperative not only to set realistic expectations within the boardroom but to productively engage with peer constituencies. Key points to address include cost, speed and resource requirements of deployment, as well as organizational change and HR impacts. While all the questions can't be answered upfront, proactively bringing questions to the table can allay concerns and facilitate engagement.

Another factor to consider is that perceptions of RPA vary widely among different business constituencies. IT leaders may view an RPA initiative as infringing on their turf and object to the notion of process innovation taking place outside the purview of their traditional area of expertise. CIOs may also question how RPA differs from traditional automation programs, or push back and argue that RPA implementation will require scarce resources to implement and manage. Conversely, some CIOs conclude that RPA doesn't really fall within their scope of responsibility and doesn't require their involvement.

For an RPA sponsor, engaging early, often and effectively with IT is imperative. In terms of disruption of existing technology and systems, the impact of RPA is relatively minimal, as the tools run on local servers and don't require changes in operating systems or existing applications. However, while RPA doesn't require significant IT resources, IT involvement is needed to deploy and maintain servers and to create the development environment necessary to test and deploy RPA tools. And while RPA proponents may be tempted to circumvent the IT function if it's perceived as a bottleneck, doing so risks creating a shadow IT environment that leads to technology disconnects and performance and security issues. IT involvement, meanwhile, not only ensures a smoother RPA implementation but allows the IT function to leverage the technology to improve service delivery.

Compliance and risk management may also object to RPA on the grounds that the technology poses a security risk. Here again, education can assuage these concerns, since the consistency, accuracy and auditability of RPA applications enhance compliance capabilities. While these benefits are rarely front and center of an RPA business case, they are increasingly important to organizations operating in highly regulated industries. For a healthcare organization, for example, the ability of RPA to facilitate adherence to HIPAA guidelines can be critical.

Human Resources executives often express concerns related to RPA's impact on staff and the organization. Questions arise related to how people interact with technology and, specifically, how they interface with their new "virtual partners." Perceptions of impacted employees can vary widely, and can range from delight at the elimination of mundane tasks to fear of job loss.

A proactive and clearly articulated communications plan that anticipates potential concerns is imperative to prevent rumors and speculation, and must extend beyond the operational unit directly impacted by automation to include upstream and downstream business units.

If the objective is to leverage RPA to reduce costs by eliminating FTE positions, the HR function needs to be involved in developing a proactive plan to manage the impact on the employee population. That said, the preponderance of RPA business cases ISG has observed are focused on driving higher levels of productivity and processing, and scalability by doing more work with the same number of people.

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For RPA sponsors operating in this environment, an effective change management strategy that addresses the questions outlined below is imperative.

HOW SHOULD WORK PROCESSES CHANGE?

In most cases, the question of how processes should change can't really be addressed without beginning to actually automate the existing process. Put differently, automation and process redesign should work hand in hand and be addressed in parallel. This enables an understanding of what parts of the process can and can't be automated, and provides practical insight into the capabilities of RPA tools.

For example, ISG worked with a healthcare firm deploying an RPA solution designed to scan documents and pull benefits data. The implementation team discovered that the robots couldn't read the scans, and that higher resolution scanners were required for the documents to be legible to the robots. Since the team had no way of knowing this going into the initiative, undertaking an extensive process redesign prior to applying the tools would have been a waste of time.

The hand-in-hand approach also applies to a broader automation strategy. One basic question is whether automation should precede process optimization, or vice versa. Here again, it's not an either/or proposition, but rather an ongoing dynamic involving design, testing and refinement. Similarly, some companies may start with a large-scale automation project aimed at accruing benefits over the long term, while others step gingerly into RPA with a small pilot such as general ledger or time and expense to achieve a quick win and move the needle. Regardless of the strategic emphasis, measuring outcomes provides proof of concept and builds momentum for change.

Once the business case for RPA is established, design and implementation of an RPA governance structure provides a foundation for effective change management on an ongoing basis.

This allows, for example, Lean Six Sigma and continuous improvement initiatives to align with RPA capabilities to combine the principles of lean operations with the leap in innovation enabled by automation.

HOW SHOULD SKILLS REQUIREMENTS CHANGE?

RPA talent is characterized by a blending of expertise in the traditionally discrete areas of automation and process optimization. To facilitate this integration, IT and operations groups must collaborate to create, test, and deliver new automated services quickly and seamlessly. Moreover, we're observing a shift away from low-cost, entry-level talent in shared-services organizations or functional business services units to expertise in areas such as innovation alignment, continuous improvement, robotics automation, data analytics and agile automation configuration development. (See illustration on next page.)

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ROLE		ROLE OBJECTIVE
1	PROGRAM MANAGER	To manage the implementation of an RPA program
2	RPA MANAGER	To manage the RPA capability through delivery of new processes and support of existing processes
3	DELIVERY LEAD	To manage the delivery of automated processes in line with the delivery management methodology
4	PROCESS ANALYST	To lead Opportunity Assessments, Process Definitions and Solution Designs
5	SENIOR RPA DEVELOPER	To be expert in all phases of RPA solution development life cycle plus hands on design, develop, test and support of RPA solutions
6	RPA DEVELOPER	To design, develop, test and support RPA solutions
7	JUNIOR RPA DEVELOPER	To develop, test and support RPA solutions with support from RPA developers
8	TEST ANALYST	To provide business process focused testing and auditing of the automated solution
9	PROCESS CONTROLLER	To control, administer and co-ordinate the automated processes in the operational environment
10	SERVICE ANALYST	To provide first line support for the RPA production processes

In addition to developing skills to implement RPA solutions, employees impacted by the technology may need training to adjust to the new model.

In many cases, employees already have the necessary skills to be effective in an RPA environment. For example, in a claims processing operation where RPA increases the rate of auto-adjudication, human claims administrators can simply spend more time on the higher-level activities they've been trained to do. In other instances, organizations may need

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to hire, retrain and reallocate employees to perform higher value functions and to interface with business leaders and customers while robots take over more mundane operations. In situations where robots create redundancy within an operation, HR needs to proactively communicate with impacted employees and manage the situation.

HOW SHOULD THE ORGANIZATION CHANGE?

Traditionally, IT organizations have owned the realm of technology innovation. With RPA, business unit leaders and shared service leaders have in many cases taken the lead in sponsoring innovative change. This shift in roles can result in internal strife between IT and business operations leaders and raise questions regarding where in the organization RPA expertise should reside.

An RPA Center of Excellence (CoE) that realigns traditional lines of ownership and authority and brings together different bastions of expertise throughout the organization can overcome entrenched turf battles and facilitate effective collaboration between IT and the business.

The figure below outlines key elements for developing an RPA CoE:
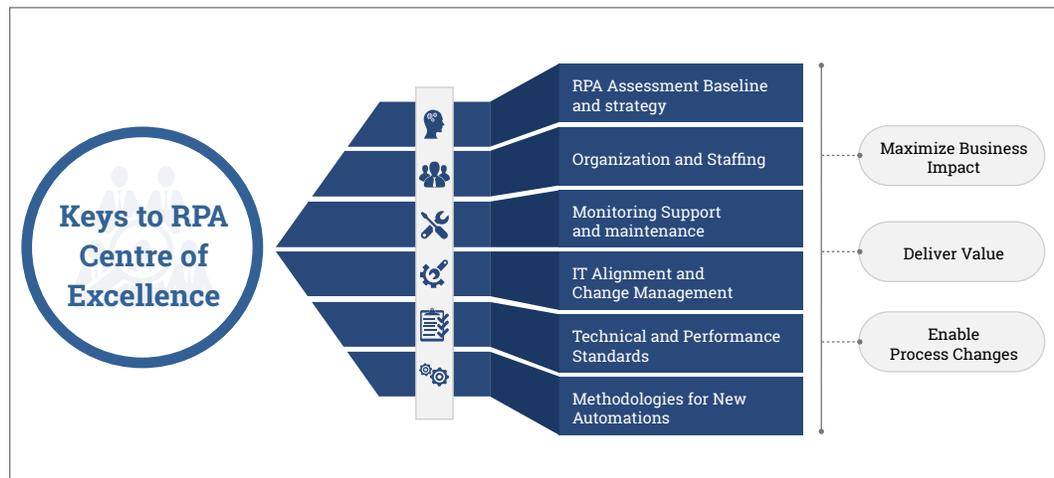
The CoE combines centralized oversight of the enterprise's long-term automation strategy with the ability to identify specific opportunities to deploy robotics into existing workflows. To achieve this balance, a centralized CoE should be complemented by the presence of RPA expertise within each business unit. By interfacing with process improvement and Six Sigma experts, the RPA experts within different operational units can identify opportunities to drive higher levels of efficiency.

The CoE can be organized in either a centralized or federated structure, and typically the business' underlying business culture will determine the appropriate approach. We've observed matrixed organizations with multiple reporting relationships between RPA experts deployed in business units interacting effectively with the central CoE and process experts.

CoE responsibilities include systematically evaluating portfolios of back-office activities and processes in terms of business value, system interdependencies and level of manual or swivel chair practices. Based on this evaluation, sponsors, stakeholders and constituents can apply a consistent fact-based view to determine which processes and activities can be fully automated, which should not be automated and which can be partially automated. Based on this foundation, decisions about technology investments, system architecture and operational changes can proceed accordingly.

The CoE can also play a lead role in deploying a governance strategy focused on stakeholder inclusion, aligning business innovators with IT leaders and ensuring that compliance, risk management, security, human resources and executive sponsorship are in place.

Regarding the last point, the CoE can assign a well-respected senior leader to take accountability for leading the organization into the RPA arena. Through these activities, the CoE can facilitate collaboration and stave off the anarchy and disruption that can result from internal political squabbles.

CONCLUSION

Businesses in a variety of industry sectors are aggressively pursuing the benefits of RPA. While the technology has the potential to deliver game-changing benefits, successful deployments must include:

- Executive sponsorship for the RPA initiative, clearly defined objectives for the business unit and alignment with enterprise innovation strategies.

- Organizational change management planning to address communications, process impact, human skill impact, RPA governance, Center of Excellence structure and IT and operational alignment of upstream and downstream impacts.

- Coordination with compliance and audit functions, particularly in finance, banking, insurance and health care sectors.

- Service management planning to address change, incident and demand management.

In addition to its impact on enhancing existing operational performance, RPA requires redefining existing organizational structures and traditional lines of authority and responsibility. Those who discount these factors do so at their peril.

Effective management of the process, people and organizational change that accompanies RPA implementation is imperative to avoiding the pitfalls and achieving optimal benefits. Planning and proactive communication can ensure seamless technology integration, manager and employee buy-in and collaboration among disparate stakeholders.

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Craig has over three decades of experience as a senior executive, consultant and sourcing advisor. He is a process design expert, having earned his Six Sigma Black Belt certification, and leads ISG's RPA change management offering. Over the last five years he has focused his expertise on RPA change management and has assisted numerous organizations to successfully embrace and deploy the technology.

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