

Robotic Process Automation



Robotic process automation (RPA) is revolutionizing the way organizations complete tasks, with software “robots” taking over existing processes to do them faster, cheaper, and with an improved focus on customer service. Just as robotics has transformed manufacturing and process industries in recent years, RPA is spurring transformation in service industries like banking and telecom, as companies transform their operations, cut costs by millions of dollars, and create a long-term competitive advantage.

RPA: Not your typical IT project

Back-office employees today spend roughly one-quarter of their time on rules-based, repetitive tasks—precisely the ones that are easiest to automate. RPA software processes operations 20 times faster than the average human—around the clock, with almost no errors, no absences, and no diminishing returns. In the meantime, human employees can be redeployed from these necessary but often tedious activities to more strategic, innovative work (see figure 1).

RPA uses software technology to replicate how a human completes a business process without affecting existing IT. The robot is “trained” to complete jobs that are typically high-volume, simple, and repeated, such as those entailing heavy data entry or rekeying. As the process steps are repeated, RPA systems become more efficient over time as process steps are repeated. A process that takes a human to complete in 15 minutes typically can be done by the robot in under 5 minutes.

RPA can be incorporated quickly—a 30-minute process can be automated in four to six weeks, first by training humans, then training the machines, and finally by managing the robots to continuously improve (see figure 2 on reverse). By mimicking the actions of a human operator, it also does not require any changes to existing

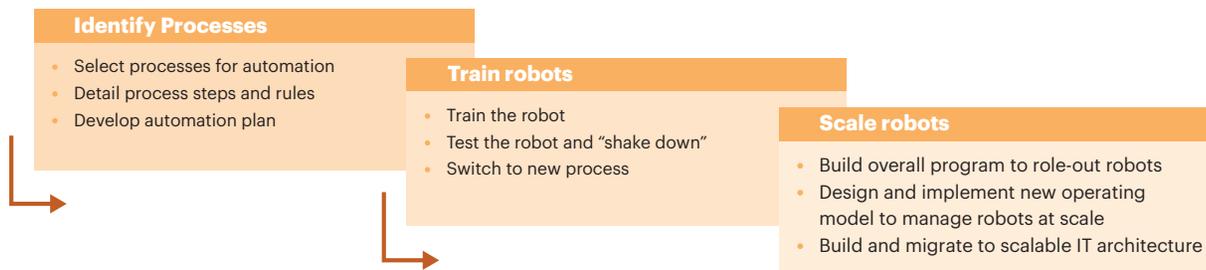
Figure 1
The benefits of RPA

Economics		<ul style="list-style-type: none"> • Typical three-year returns of 300 to 1,000 percent • Typical PBP less than 12 months • Cost savings: 25 to 50 percent
Accuracy		<ul style="list-style-type: none"> • Ensures consistent execution of processes • Eliminates data inconsistencies • Reduces manual task error rate by 10%
Speed		<ul style="list-style-type: none"> • 20 times faster than human • Reduced cycle and waiting time • Less time to implement than leading tech
Transparency		<ul style="list-style-type: none"> • Tracks and reports every key stroke • Reports errors automatically in real time • Easily deployable root-cause analyses
Scalability		<ul style="list-style-type: none"> • Can be scaled to demand • Can be utilized across unrelated processes • Applies to 20 to 40 percent of back office tasks

Source: A.T. Kearney analysis

Figure 2

Implementing RPA: From HR to robot management



Source: A.T. Kearney analysis

systems, but rather works with and across those systems, and it requires no special IT skills. Performing exactly as a human operator, but much faster, with fewer errors, and with the ability to work 24-7, it can complete processes almost in real time.

On average, a software robot costs one-third as much as an offshore employee and one-fifth as much as onshore staff. Processing times can drop by as much as 75 percent, and cost savings can range from 25 to 50 percent in select processes. Barclays Bank, for instance, attributes a savings of more than 120 full-time equivalent employees and an annual reduction in bad debt provisions of \$250 million. Telefónica O2, which uses more than 160 robots to automate 15 core processes and nearly half a million transactions per month, said that its three-year return on investment in RPA exceeded 650 percent.

Our capabilities in RPA

We have helped clients across a wide range of industries develop RPA strategies that significantly improve processes and reduce costs. Our capabilities include:

- **Vendor selection.** Picking the right vendor is crucial for getting as much as you can from RPA. Our vendor insights and global relationships help identify the most suitable vendor. Our best-practice supplier negotiation and tactics (including internal coordination) help establish strong, long-lasting relationships.
- **Proof of concept.** These engagements work in quick bursts to test the feasibility and value of RPA within an organization. This will set the economic case and technical feasibility for RPA.
- **Program development.** We help our clients develop a scalable program, establishing the business case (based on client experience and the specific situation) and developing the governance and centralized controls needed to pilot and scale. This step helps clients reduce risks and speeds up the launch of RPA.
- **Pilot and capability building.** We support our clients in their first RPA pilots, and coach and train internal resources to aid in scaling up. We also help develop a center of excellence and IT platform to broaden the reach of RPA throughout the organization. In the end, we help our clients create financial momentum and an internal capability in parallel.

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