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Outsourcing • Smart Governance • Disruptive Technologies

A Tour of Robotistan
Outsourcing's Cheapest Destination

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The Panelists

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Agenda

- Definition of Robotic Automation (RA)
- Business processes best suited to RA
- How RA enables business process analysts to do software development
- RA demo
- Enterprise end-user case study: Telefónica
- BPO services provider case study: GenFour
- How RA can help BPO providers win new business and improve retention
- How RA shifts BPO providers' focus from labor arbitrage to innovation
- Audience Q & A

We're not talking about these kinds of robots…

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Or even this kind, but rather…

Robotic Automation (RA)

- **Inexpensive, tireless, reliable software agents running on virtual machine or hosted environments** as an alternative to traditional IT-based development of custom applications or modifications to existing enterprise applications OR the use of offshore labor to manually perform the same functions

- **Developed by business process analysts and modelers residing in the business unit**, not software engineers in IT, using a sophisticated development environment and toolkit

- **The resulting software "robots" cost less than $15K/year**, yet do the work of an $80K onshore FTE or $30K offshore FTE

- See HfS Research report "Robotic Automation Emerges as a Threat to Traditional Low-Cost Outsourcing": http://www.hfsresearch.com/Robotic-Automation-as-Threat-to-Traditional-Low-Cost-Outsourcing

The Economist

Business processes best suited to RA

- Highly rules-driven
- Important and urgent for the business unit to address, but not an IT development priority
- Problematic to send offshore, e.g., for compliance or political reasons

- Based on a process that accesses multiple systems
- Easily decomposed into a logical flow
- Limited need for human analysis, judgment, perception, interpretation
- Limited need for exception handling
- Known costs of doing the same work manually
- High transaction volumes (in most cases)

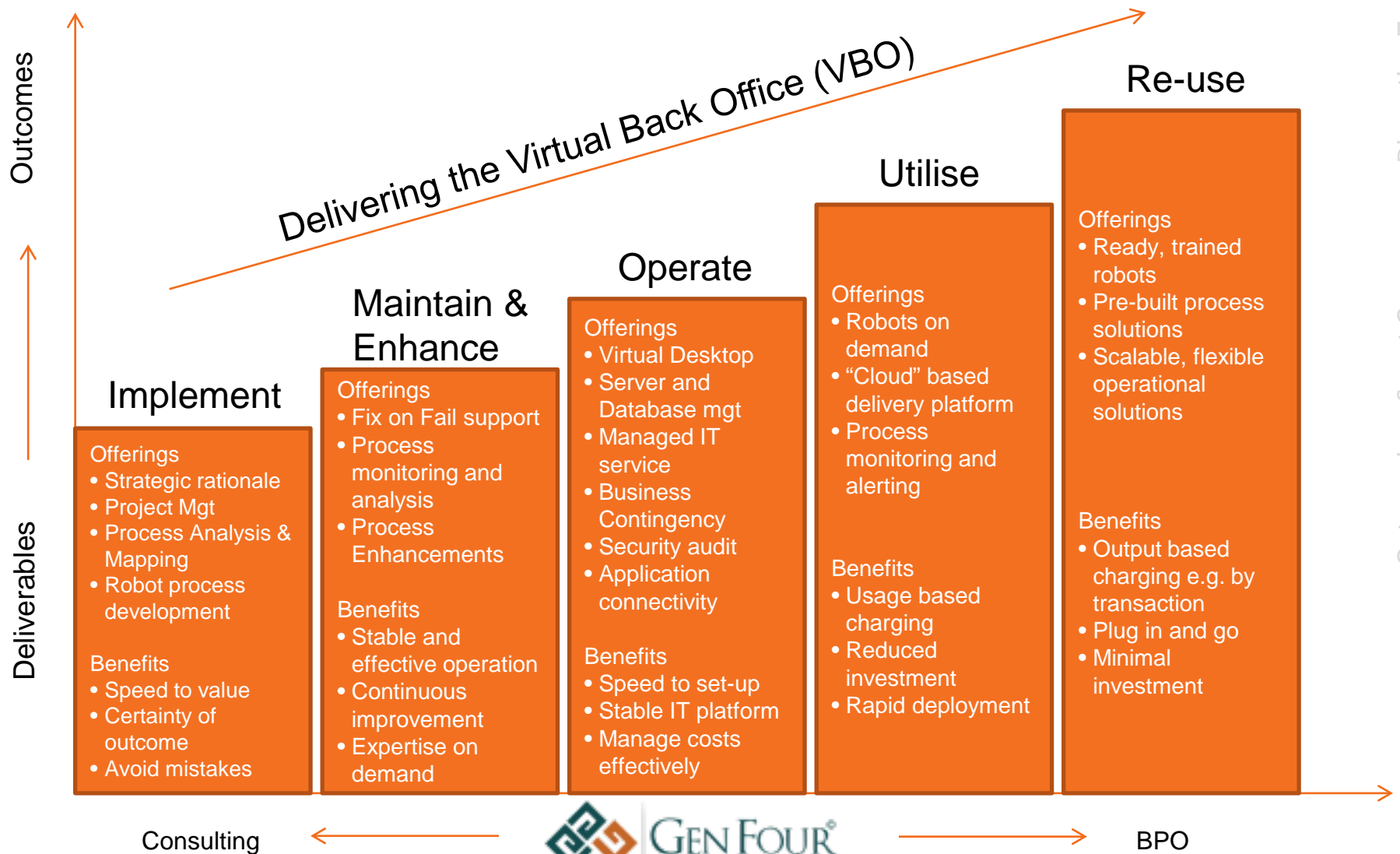# How RA enables business process analysts to do software development

- Build application model
  - Map onscreen input and output elements
- Populate model with flowchart of business objects
  - Create triggers for action: retrieve / update / validate data, handle exceptions
- Map business objects to external data sources to create finished "robot"
  - Create connections with web services, databases, messaging, workflow systems
- Control execution of the robot
  - Run as a Web service, scheduled task in a VM, or sub-process of enterprise app (BPM, workflow, or messaging system)
- Run the robot in a test environment
  - Optimize for speed and proper exception handling
- Run the robot live
  - Continue to analyze, optimize under real-world conditions
  - e.g., VM processing load, variable network latency

Demonstration of Blue Prism environment / tools

When does Telefónica UK choose to use Robotic Automation?

- SIM swaps: customer experience
  - Turnaround cut from 24 hours to one hour
  - Pre-activated SIMs now sent to customers
  - Total headcount reduced by 14 FTE

- Recent smartphone launch: speed to market
  - 8 weeks from announcement to going live
  - Very resource-heavy due to multiple systems being used
  - Short time span between order placement and delivery window

- Moving across to 4G: high volumes / short time period
  - Short timescales to launch
  - Unknown volumes but expected to peak early on
  - No SOA capability for 50% of existing process

Virtual Back Office services provider: GenFour

Outcomes

Deliverables

Delivering the Virtual Back Office (VBO)

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Re-use

Offerings
- Ready, trained robots
- Pre-built process solutions
- Scalable, flexible operational solutions

Benefits
- Output based charging e.g. by transaction
- Plug in and go
- Minimal investment

Utilise

Offerings
- Robots on demand
- "Cloud" based delivery platform
- Process monitoring and alerting

Benefits
- Usage based charging
- Reduced investment
- Rapid deployment

Operate

Offerings
- Virtual Desktop
- Server and Database mgt
- Managed IT service
- Business Contingency
- Security audit
- Application connectivity

Benefits
- Speed to set-up
- Stable IT platform
- Manage costs effectively

Maintain & Enhance

Offerings
- Fix on Fail support
- Process monitoring and analysis
- Process Enhancements

Benefits
- Stable and effective operation
- Continuous improvement
- Expertise on demand

Implement

Offerings
- Strategic rationale
- Project Mgt
- Process Analysis & Mapping
- Robot process development

Benefits
- Speed to value
- Certainty of outcome
- Avoid mistakes

Consulting

GEN FOUR®
Delivering the Virtual Back Office

BPO

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VBO services provider case studies: GenFour

UK Roadside Assistance Co.

- Implement, maintain and enhance solution

- Target processes: 12 back-office processes

  - 4 existing processes; 8 future processes in new customer management system

- Planned development time: 10 months

  - First process live 2 months after programme inception

  - Second process live 4 weeks later

  - VM environment live after 3 months

- Business case: 2 human FTEs required for first process

  - 1 Virtual Machine does the same work

  - Process accuracy increased from 50% to 80% (straight through with no errors)

UK BPO Market Leader

- Multi-client reusable process solution

- Target process: application, vetting, and approval for insurance benefit

- Total development time: 5 months

  - 4 months training, 3 weeks process modeling and development, 2 weeks QA

  - New processes now take 2 months on average to automate

- Initial objective: find a simple, easily-automated process with clear cost advantages over human labor

- Business case: human FTEs need 12 minutes to complete the process

  - Robots do it in 4, including 45 secs idle time

  - Net: 300% increase in transaction volume at 10% of FTE cost, ROI in 6 months

How RA can help BPO providers win new business and improve retention

- Deliver innovative services that mix human and robotic FTEs

- Make BPO contracts stickier
  - Keep any robots you have developed
  - Client taking back its human FTEs without robots becomes much costlier

- Reuse those highly modular robot components
  - Resell your work to other clients with similar platforms, processes

- Address buyer compliance and security risk concerns more effectively
  - Use extensive auditing and recording features of robots

- Exploit potential for capacity scaling
  - Use robots to manage groups of robots

How RA shifts BPO providers' focus from labor arbitrage to innovation

- Help clients optimize mix of human FTEs (onshore & offshore) and robots
- Provide strategy consulting, business process analysis and modeling, implementation and support services
- Take knowledge capital developed for one customer, resell it to others
  - Accrete libraries of reusable process components
  - Build entire practices built around RA for specific back-office platforms, horizontal applications, vertical industries
- Package RA with related services
  - Cloud services to host robots, RA development and support, managed exit services from offshore providers
- Use RA to optimize use of expensive human FTEs
  - Reduce churn by giving dull work to robots, more rewarding work to humans
- Quit the labor arbitrage "race to the bottom" now
  - No country undercuts the pricing of Robotistan!

Audience Q&A

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