HfS

The Ultimate Robotic Automation Debate

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HfS Bases its Research on its Four Principles of The Extended Enterprise

HfS Four Principles of The Extended Enterprise

1. Achieving Value Beyond Cost

Focusing less on the "How" and more on the "What" to achieve business outcomes

2. Integrating Services Governance across the Extended Enterprise

Leveraging Global Business Services as a vehicle to achieve broad corporate objectives

3. Reorienting Talent Management

Instilling a progressive approach to developing and acquiring and motivating talent

4. Developing a Digital Roadmap to drive next-generation services

Finding new value from services by taking advantage of social collaboration, mobility, analytics, automation and cloud

This industry is on the cusp of change

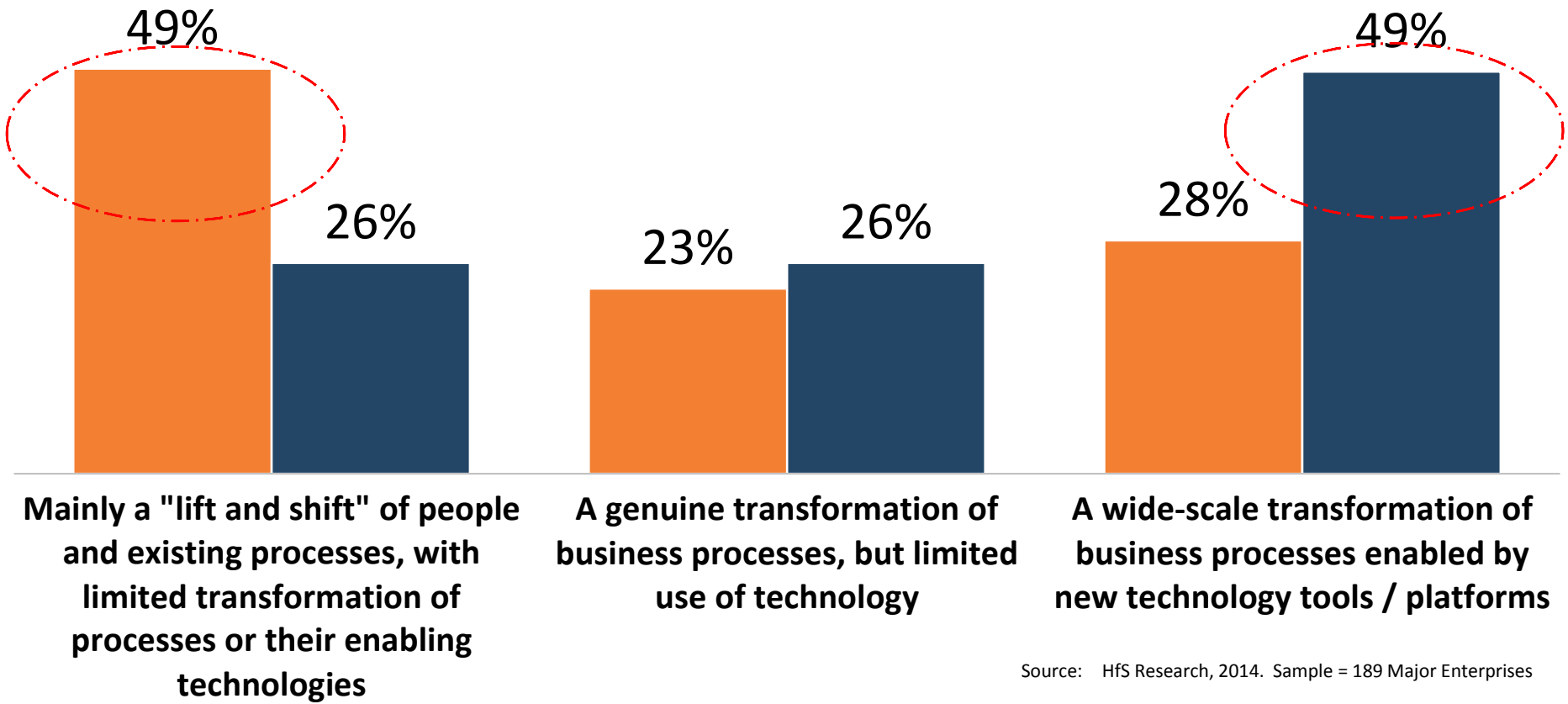*"We need to stop being good at irrelevant stuff"*
Lee Coulter, HfS Blueprint 3.0 Sessions, December 2013

Operations leaders <u>expect</u> change – and fast!

Example: State of BPO Engagements today and expectations for 2 years time
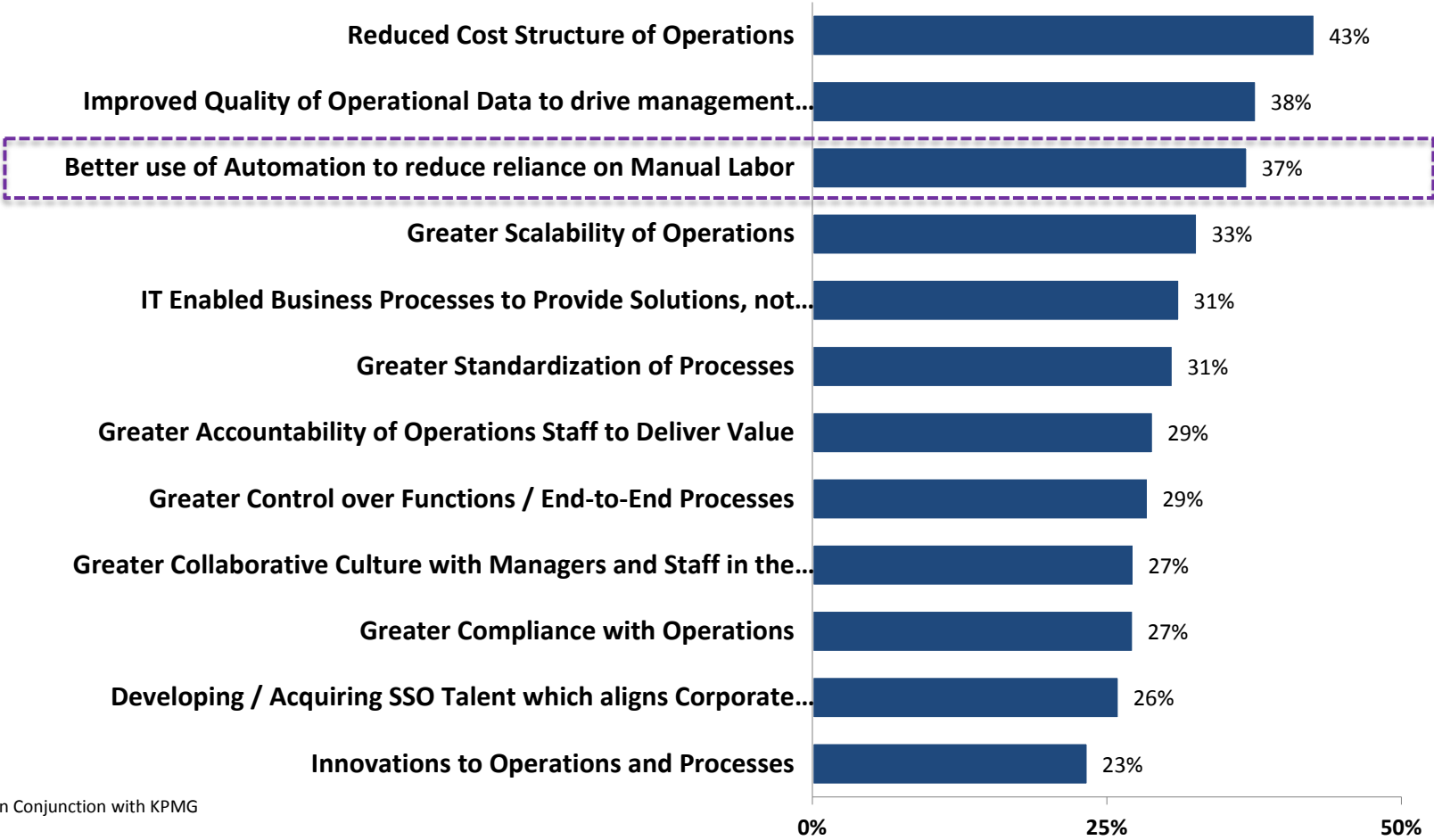
■ Now   ■ 2 Years' time

49% | **26%** | **23%** | **26%** | **28%** | **49%**

Mainly a "lift and shift" of people and existing processes, with limited transformation of processes or their enabling technologies

A genuine transformation of business processes, but limited use of technology

A wide-scale transformation of business processes enabled by new technology tools / platforms

Source: HfS Research, 2014. Sample = 189 Major Enterprises

HfS

Cost, Data, Automation are the most important business outcomes for SSO initiatives

How important is achieving the following business outcomes with your organization's current shared services and/or outsourcing program, over the next 2-3 years? (Just "Critical to the Success of the Program" responses)

Business Outcome	Percentage
Reduced Cost Structure of Operations	43%
Improved Quality of Operational Data to drive management...	38%
Better use of Automation to reduce reliance on Manual Labor	37%
Greater Scalability of Operations	33%
IT Enabled Business Processes to Provide Solutions, not...	31%
Greater Standardization of Processes	31%
Greater Accountability of Operations Staff to Deliver Value	29%
Greater Control over Functions / End-to-End Processes	29%
Greater Collaborative Culture with Managers and Staff in the...	27%
Greater Compliance with Operations	27%
Developing / Acquiring SSO Talent which aligns Corporate...	26%
Innovations to Operations and Processes	23%

Charles Sutherland, EVP Research

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Overview:

- Over 18 years' business experience in strategy development and delivery in the global outsourcing industry across US, Europe and Asia
- An industry advisor, strategist, author, speaker, practitioner and blogger

Previous Experience:

- Chief Strategy Officer, SourceHOV
- Managing Director, Growth & Strategy, Accenture BPO
- Managing Director, Strategy, Accenture Infrastructure Outsourcing
- Strategy Partner, Accenture Media & Entertainment Practice
- Marketing Director, Olivetti

Education:

- MBA, INSEAD, Fontainebleau France
- Honors BA, Political Science and Economics, University of Toronto

A Definition for Robotic Process Automation

- **Robotic automation is the use of a computer or "virtualized FTE or robot" rather than a person to manipulate existing application software in the same way that a person today processes a transaction or completes a process.**

- **Robotic automation doesn't replace existing client or service provider applications; but works with those systems to perform the specific task that the "virtual FTE or robot" has been asked to complete.**
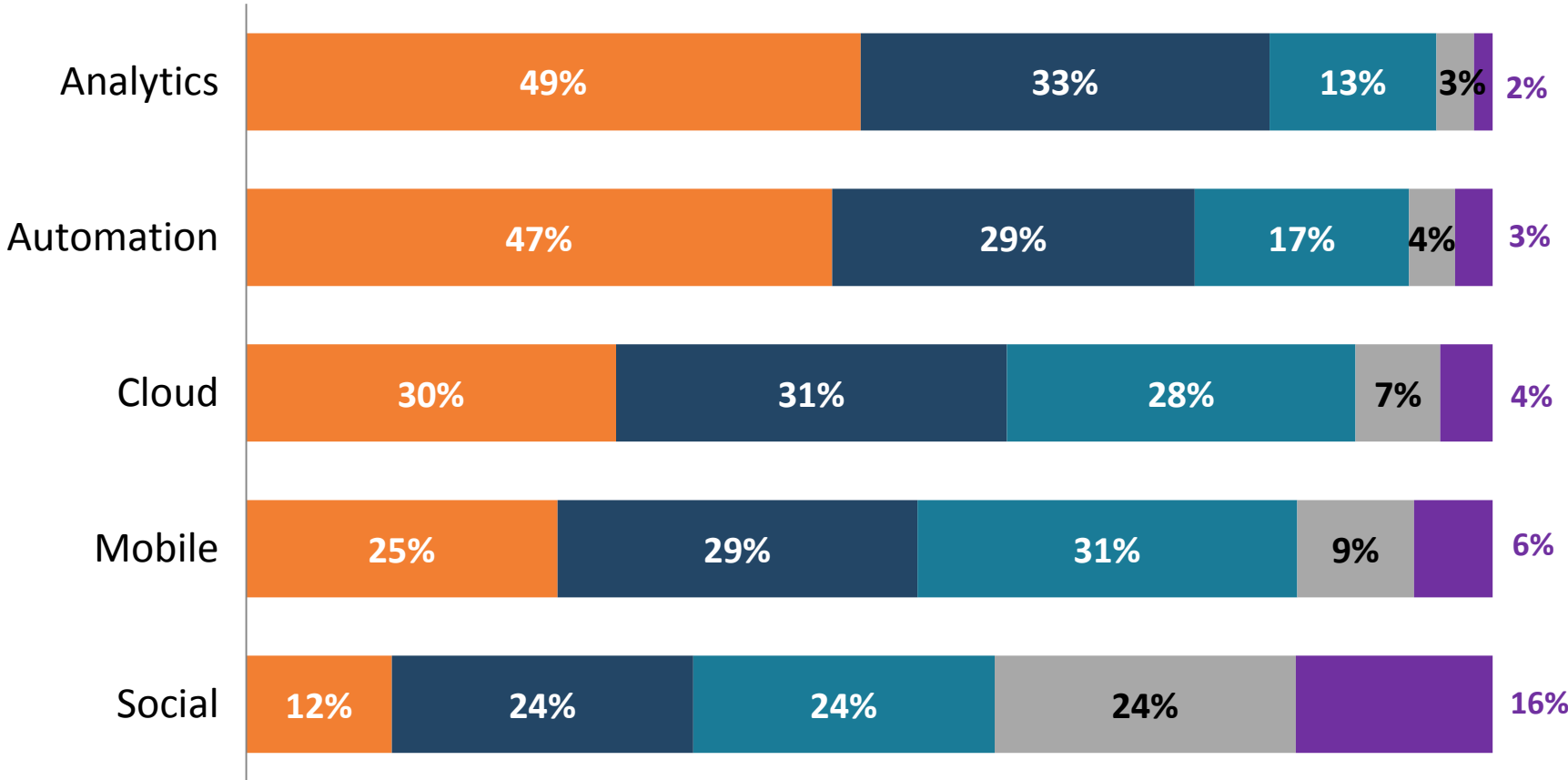
Why Robotic Process Automation May Be A Game Changer

1. **Extends The Value Opportunity for Existing Contracts**

2. **Responds to Buyer Request For Ongoing Innovation**

3. **Creates Opportunities for Up and Coming Service Providers to Challenge the Incumbents**

4. **Removes Mundane Tasks From Existing Personnel**

5. **Breaks the FTE Dependency for Growth in Service Providers**

BPO Buyers are Saying Automation is Critical to Their Strategies

Legend: ■ 5. It is a critical component ■ 4 ■ 3 ■ 2 ■ 1. None - no value in it for BPO

Category	5	4	3	2	1
Analytics	49%	33%	13%	3%	2%
Automation	47%	29%	17%	4%	3%
Cloud	30%	31%	28%	7%	4%
Mobile	25%	29%	31%	9%	6%
Social	12%	24%	24%	24%	16%

Where are the first opportunities for robotic automation taking root today

Horizontal Processes

HR	F&A	CEM
Employee Data Management	P2P	Customer Service and Support
On/Off Boarding	O2C	Marketing (Loyalty)

Vertical Processes

BFSI	Health	Public Sector
Claims Processing	Claims Processing	Tax Admin
Print & Mail Services	Enrollment	Claims Processing

Examples of How Robotic Process Automation Is Being Used by BPO Service Providers Today

- **We are still in the early days of Robotic Process Automation however already in pilot and proof of concept installs, it is being used by BPO service providers to for example:**

- **Automatically launch activities required as part of employee onboarding processes**

- **Manage employee data management consistency checks**

- **Check incoming order data against expected entries in bills of material and flag inconsistencies**

- **Ingest data entries and make postings to general ledgers**

- **Avoid double key entry configurations in claims processing by reviewing first entries**

- **Auto-adjudicate health care claims**

- **Catalog and analyze incident events in call center environments**

- **…**

Panel of Robotic Genii
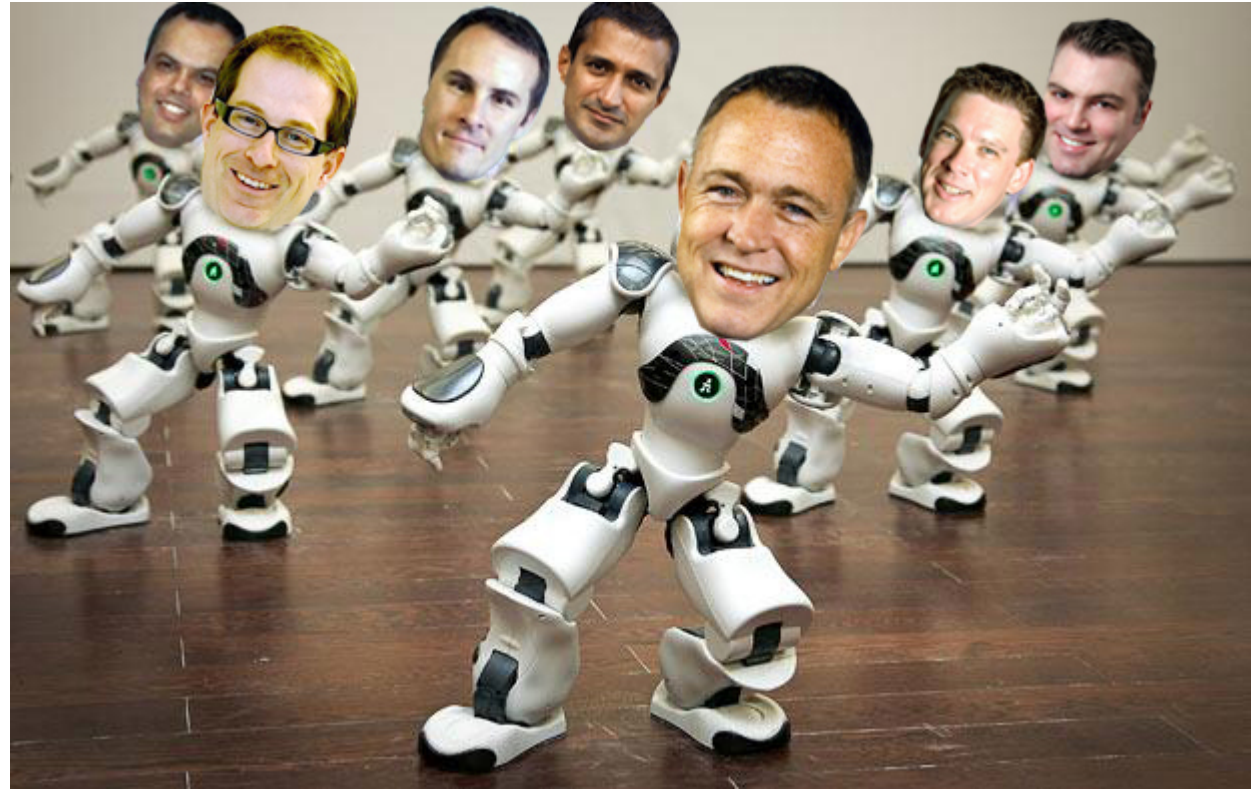
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Panelist Biographies

Phil Fersht, Founder and CEO, HfS Research

Overview:

- Over 18 years' business experience in the global outsourcing and shared services industry across US, Europe and Asia
- An acknowledged industry advisor, strategist, author, speaker, practitioner and blogger
- Advised on 100s of global IT & BPO engagements

Previous Experience:

- Practice Head for IT Services & BPO Practice, AMR Research (Gartner Inc)
- BPO Marketplace Leader at Deloitte Consulting
- Vice President for Everest Group, leading research and consulting teams based in the US and India.
- Prior career:
  - *Regional Director, IDC Asia/Pacific*
  - *Program Manager, European IT Markets Services, IDC Europe*

Education:

- BS with Honors in European Business & Technology from Coventry University, United Kingdom
- Diplôme Universitaire de Technologie in Business & Technology from the University of Grenoble, France

Charles Sutherland, EVP, HfS Research

Charles.Sutherland@hfsresearch.com

Overview:

- Oversees the entire research agenda for HfS while also maintaining coverage personally over supply chain, procurement and mortgage services.
- Researches and writes about BPO service provide strategies and how automation and SMAC (Social, Mobility, Analytics and Cloud) is creating value for buyers and new sources of growth for the BPO marketplace.
- Extensive experience in thought leadership, strategy development, acquisitions, business development and long term investment planning in BPO.

Previous Experience:

- Experience in the BPO marketplace for more than 12 years.
- Chief Strategy Officer for SourceHOV
- Managing Director, Growth & Strategy for Accenture's multi-billion dollar BPO Growth Platform
- Growth & Strategy roles for Accenture in Infrastructure Outsourcing and for the Communications, Media and High Tech Operating Group
- Strategy Consultant in London for Accenture
- Marketing Director for Olivetti in Canada and Europe

Education:

- MBA from INSEAD in Fontainebleau, France and an Honors BA in Economics and Political Science from the University of Toronto.

Lee Coulter, CEO Shared Services, Ascension Health

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Lee joined Ascension Health in September 2010 and is currently leading shared services for the Symphony transformation as CEO of the new Ministry Service Center based in Indianapolis.

Lee Coulter is an internationally recognized expert and sought after speak in Shared Services, Information Technology, Business Process Outsourcing (BPO) and Business Process Transformation. Lee is an industry analyst with HfS Research, a senior advisor with Frontier Strategy Group, and serves on the Global Steering Team of the Shared Services and Outsourcing Network. He has consulted and advised many of today's largest companies in shared services, outsourcing, and business process transformation.

Lee has more than 25 years of experience in shared services. He spent 15 years as a commercial service provider with General Electric in healthcare and hospital services as well as IT services. In the last 8 years, he has built and led multi-function shared services internally for companies such as AON and Kraft. Lee also has been deeply involved with the emerging market regions for more than 15 years having lived in Asia and Latin America.

Mr. Coulter holds a BS in Electronics Engineering from DeVry University and has completed all course work for a BS in Electrical Engineering and a Masters Degree in Biomedical Engineering at California State University at Long Beach.

Pradip Khemani, Director, Global Business Services
Blue Shield of CA

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Pradip has over 18 years of international business experience with diverse expertise in business process sourcing strategy, vendor governance and performance management, process delivery excellence, marketing and sales. Over the past decade, he has developed and executed global sourcing strategies, built robust and sustainable vendor management practice across a broad multifunctional scope to drive value creation for large Financial Services and Health Care corporations.

Currently at Blue Shield of California, Pradip is the Director for Global Business Services and drives the Customer Operations outsourcing strategy, manages key vendors and processes including leading the vendor management practice with the goal to lower administrative costs, enhance process quality and drive consistent and predictable experience for customers. Additionally he is responsible for the Enterprise Sourcing function which is inclusive of the vendor selection, qualification, due diligence and contracts execution.

Prior to working at Blue Shield of California, Pradip was the Vice President, Performance and Relationship Management for Telemarketing Management Services at Washington Mutual Card Services for new card acquisition, card activation and enhancement products sales through the phone and reply card channels.

Pradip has a Bachelor of Engineering Degree in Electronics Design Technology from India and is Six Sigma DMAIC Champion certified.

Alastair Bathgate, CEO, BluePrism

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Alastair Bathgate has worked in demanding operational business environments, developing his business skills and knowledge of operations in a variety of management positions at a major UK Bank. He moved into enterprise software in 1996 providing banking solutions to the financial services market. This has given Alastair a unique understanding of operational business processes and how technology can be used to improve efficiency and service.

He identified where traditional IT driven enterprise software had lost step with the business and that many unfulfilled opportunities for service improvement and efficiency through automation were not economically serviceable with the existing tools and methodologies. Spotting the opportunity with his co-worker Dave Moss, he co-founded Blue Prism to create a new style of business driven process automation technology, what we call today Robotic Automation, which is driving a whole new set of business models for BPO and ITO and supporting operational agility for the enterprise. He holds an MBA from Leeds University Business School.

Chetan Dube, President and CEO, IPSoft

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Chetan Dube has served as the President and CEO of Ipsoft since its inception in 1998. During his tenure, he has led the company to create a radical shift in the way IT is managed.

Prior to joining IPsoft, Dube served as an Assistant Professor at New York University, where his research was focused on deterministic finite-state computing engines.

Dube is a widely recognized speaker on autonomics and utility computing and serves on the board of numerous IT-related institutions.

Dube received the Ernst & Young Entrepreneur Of The Year® 2011 New York Award, which recognizes outstanding entrepreneurs who demonstrate excellence and extraordinary success in such areas as innovation, financial performance and personal commitment to their businesses and communities.

Ian Barkin, Global Head of Innovation
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Ian Barkin is a seasoned leader and innovator in Business Process Outsourcing (BPO) service design, sales, and delivery. He has led major enterprise architecture, transformation and corporate strategy engagements for Global 100 firms and has built outsourcing service lines and capabilities globally.

In his current role at Sutherland, Ian is the Global Head of Innovation, leading the Sutherland Innovation Labs. He is responsible for managing the innovation process inside Sutherland in order to identify business opportunities and new technologies/services, and then developing and commercializing these into capabilities for the benefit of our clients.

Prior to joining Sutherland, Ian's BPO experience was as a VP at Serco and a Director at Capgemini where he served in roles including Head of Solutions, Head of Product Development, Account Executive and Head of Transformation for a large telecom client.

Before Capgemini, Ian spent over a decade in management consulting, working across numerous industries – most often focused on corporate strategy, M&A and innovation. He also founded a small market research firm covering Machine-to-Machine technologies and business models enabled by connected assets.

Ian holds a BA, Economics – Middlebury College, Middlebury, VT / London School of Economics, an MBA, Finance & Entrepreneurship – MIT Sloan School of Management, Cambridge, MA and is an ASQ Certified Six Sigma Green Belt.