LAYING THE FOUNDATION FOR SCALABLE ENTERPRISE AUTOMATION THROUGH A CoE

By Sean O'Connor

INTRODUCTION

Robotic process automation (RPA) has been a hot topic and trending buzzword within financial services in recent years, and for a good reason. Automation bots can be efficient, nonstop sources of assistance for the completion of redundant and/or repetitive manual tasks. The growth of this market is no secret, either. Recent figures project a compound annualized growth rate (CAGR) of the RPA market to nearly 35 percent through 2022[1]. Despite the advantages that come with RPA, however, approximately 60 percent of decision-makers at companies adopting automation cite data quality as their top challenge when implementing the technology[2]. Generally speaking, an enterprise should seek to create a data environment that is realistically suitable for RPA technology to eventually make decisions on its own. Only then will enterprises be able to layer artificial intelligence (AI) and machine learning (ML) on top of RPA to optimize their business processes further and capitalize on intelligent process automation (IPA) opportunities. This paper focuses specifically on creating an automation center of excellence (CoE) in large-scale financial institutions (FIs).

An increasingly common solution to overcome data quality obstacles and virtually any other constraint is to establish an in-house automation center of excellence (CoE). The consolidation of best practices through an established CoE helps lay the groundwork for future automation projects, thus reducing project delivery times, development costs, and technology maintenance costs as the volume of work progressively increases. A typical automation CoE will have varying states of maturity in its development and connectivity with the rest of the enterprise. At its earliest stages, a newer CoE will typically only be concerned with completing initial attempts at automation, while collecting and enforcing best practices for future automation projects. At its most mature and developed state, an automation CoE will be almost entirely self-serving. Every aspect of the CoE's delivery modules (in this case, robots) will be able to run themselves while seamlessly being a part of nearly every technological function of the FI.

To be holistically effective, an automation CoE should consist of 4 core characteristics:

1. Scalability
2. Agility
3. Well-trained staff
4. Sustainability

In this article, we will briefly explore a few decisions necessary to establish an optimal governance framework that permits the coexistence of all these ingredients.

1. https://www.grandviewresearch.com/press-release/global-robotic-process-automation-rpa-market
2. https://www.forbes.com/sites/gilpress/2018/11/06/ai-and-automation-2019-predictions-from-forrester/#73ba0894cb57

SCALABILITY

Scalability could be the most straightforward component to achieve because automation is inherently involved in creating scalability for almost any business process. To scale appropriately, an enterprise/FI must also consider which divisions/units within the organization will reap the most benefit from automation. Mapping development and target maturity states of CoE are crucial for the optimization of time, resources, and budget to the initial investment and ongoing maintenance of the group.

However, to achieve the aforementioned, FIs must consider the CoE's source of funding. While estimates state that there will be a 30 percent increase in automation use for front-office functions[3], FIs will mostly see benefits manifest in back office and internal operations. Therefore, for an FI, the CoE should be budgeted as a research/innovation cost (or something similar accounting-wise) with a fixed overhead based on subjective enterprise resource allocation.

AGILITY

The group must be able to capitalize on small windows of opportunity created by either macro or micro circumstances to create synergy with an automation CoE and enterprise. To achieve this agility in an automation CoE, the team must be small, while still having appropriate levels of representation from targeted business divisions/units.

A typical tech/automation focused CoE usually comprises of around 10-15 percent[4] of the existing IT staff, assuming the organization already has that many IT reps with relevant skillsets and experience in automation. Once the tech expertise has been selected to the team, representatives from affected business divisions/units must also be carefully chosen to ensure a democratic decision-making process. The primary goal of a

change-focused automation CoE should always be to keep the team small, with the business playing the role of the support function. It may seem counterintuitive to keep the CoE team smaller, but automation CoEs should strive to foster agile creation, delivery, and implementation of automation enhancements. This can be difficult to achieve if too much input from non-automation experts is promoted through misguided hierarchical structures.

Non-automation expertise can still assist in critical success functions. These are activities like collecting and publishing best practices, establishing and enforcing business process governance structures for specified types of automation projects and offering key inputs to automation delivery teams for project feasibility analyses.

3. https://info.advsyscon.com/it-automation-blog/gartner-it-automation
4. https://www.informatica.com/downloads/6839_econ_icc_wp_web.pdf

WELL-TRAINED STAFF

This core component may seem a bit more obvious, but it is crucial to a successful automation CoE, nonetheless. There are a few things an organization must consider to create a well-trained staff.

First, the business must consider the types of technical expertise it has, and what automation vendors it wants to consider using. If the enterprise/FI has preexisting automation skillsets among its IT staff with a specific automation vendor platform, they should choose to continue using that platform unless there is a compelling business reason to switch to another and re-train their employees. Simultaneously, once the enterprise/FI has decided the target future state of maturity for the automation CoE, recruitment teams must be made aware of any hiring goals to source the necessary talent. The business should consider HR an integral part of the CoE strategy planning phase.

Getting the right people is equally as important as establishing the correct governance, which is why it is impossible to achieve scalability or agility without a well-trained staff.

SUSTAINABILITY

The last thing to consider for the establishment of an automation CoE would be the effective continuation of its operations under various circumstances. We have already involved human resources, business line representatives, and corporate finance, but sustainability requires intervention directly from senior leadership.

It is at this stage when comprehensive forecasting of potential cost savings and time saved from an automation CoE must be reviewed by an executive sponsor at the enterprise/FI to assess feasibility. The organization must be made holistically aware of some of the potential automation use cases to generate an organic pipeline for the future.

CONCLUSION

Estimates state that within five years, RPA will be used by nearly every company in some form or another[5]. Considering the inevitable expansion of RPA, it's crucial that FIs continuously look for opportunities to automate their business processes intelligently. However, it can be expensive to accumulate one-off projects in automation for various business units. It can also

become a disjointed effort where benefits overlap with each other and are subsequently diluted. That is why any enterprise/FI that has already identified automation as an area for improvement in ongoing business operations should seriously consider the benefits of creating an automation CoE.

---

5.   https://enterprisersproject.com/article/2019/9/rpa-robotic-process-automation-14-stats

WWW.CAPCO.COM
🐦 f ▶ in ⬜

CAPCO