WHERE ARE WE **WITH RPA?**

20 SURVEY
18 REPORT

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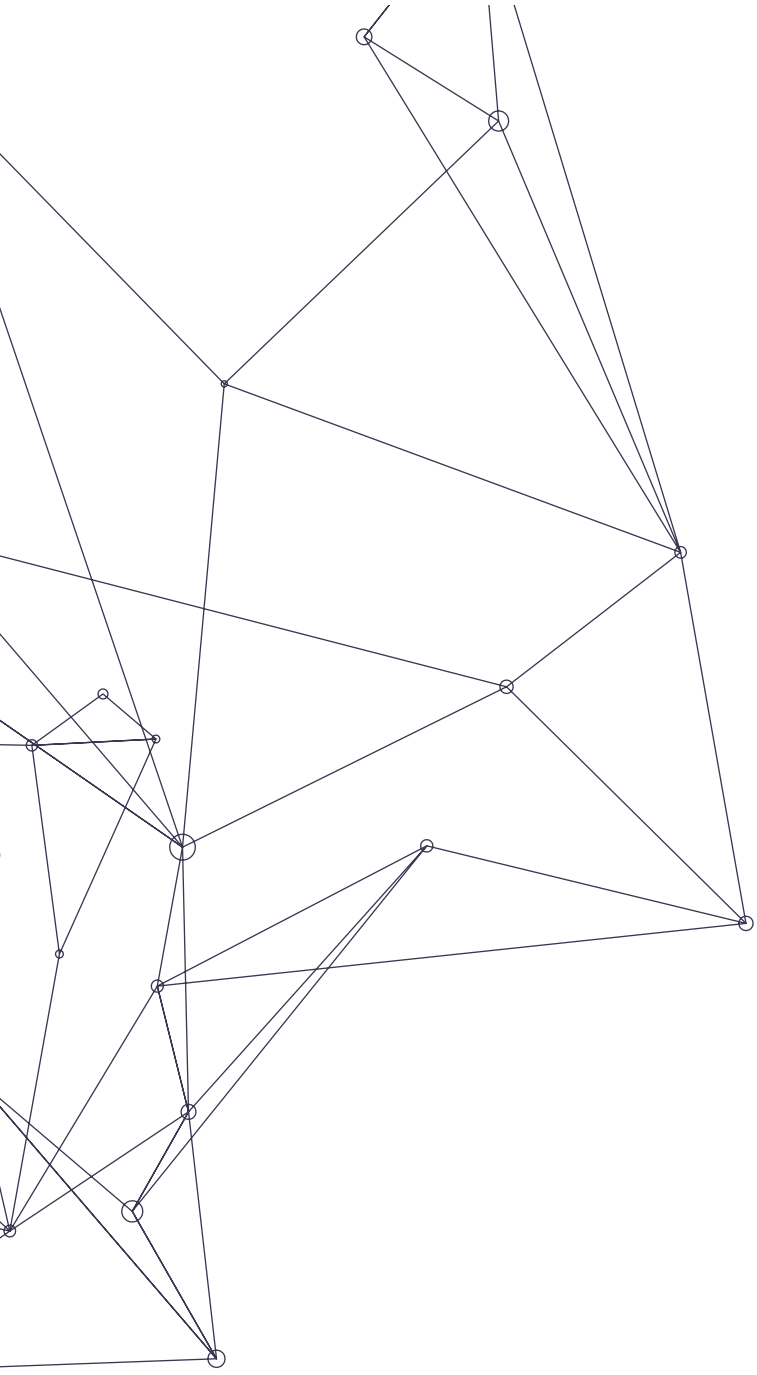

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Where are we with RPA?

During the past three years, Robotics Process Automation (RPA) has emerged as one of the leading technologies in the market for the automation of business processes within organizations of all industries and sizes.

While there are multiple industry reports out there about RPA as a growing trend, these studies are very high level and do not provide much in the way of operational insights on how the technology is truly being used, and the specific benefits that organizations have been able to achieve.

As we talk to our clients, these strategic and operational questions about RPA are recurrent:

- What is the current level of RPA adoption for companies of my size?
- Which are the primary functions where RPA is being utilized?
- What strategies are companies utilizing to get started?
- What are the "real" benefits that I can expect to realize through RPA?
- What are the main implementation challenges?

This study is our attempt to narrow this information gap by getting beyond the hype of RPA and providing actionable insights for executives embarking on their automation journeys.

We hope you find this information as valuable as we do.

Best Regards,

Eric Liebross
Head of Back Office Optimization

Fabiana Corredor
Strategy & Marketing Manager

EXECUTIVE SUMMARY

Most organizations are still in the early stages of their RPA journey, but it's coming fast

- **71%** of organizations have at least started to evaluate RPA.
- Only 33% of respondents have gone beyond the piloting phase, and are either implementing RPA in select functions (20%), or at a broader scale (13%).
- **67%** of organizations that have implemented RPA have been using the tool for less than **2 years.**
- RPA is penetrating organizations across all revenue sizes, but the level of adoption is much higher for larger enterprises. 94% of respondents >$15B have started their RPA journey, versus 71% in the range of $5B-$15B, 77% in the range of $1B to $5B, and 46% for the smaller firms (<$1B).

RPA initiatives typically deliver a high ROI with a payback in less than one year

- RPA provides a quick ROI compared to traditional IT projects - **70%** recovered their investment during the first year.
- On average, organizations reported cost savings of **40%** and productivity gains of **41%.**
- Organizations that have implemented RPA expressed high levels of satisfaction (76%), with only 7% expressing to be "somewhat dissatisfied". The remaining 17% was not ready to answer the question as it was "too soon to tell."

The most difficult steps in the journey are associated with restructuring the current organization to achieve the expected benefits from RPA

- The top cited challenges were "redefining and redistributing workload" and "quantifying the benefits achieved from RPA," which were considered to be more difficult than expected by **40%** and **38%** of the respondents respectively.
- Getting employees on board with RPA was not reported as a major obstacle (23%).
- Other early steps in the journey such as understanding RPA capabilities (16%) and evaluating vendor solutions (19%) were found to be less challenging.

RPA is driven by more than cost reduction. It's also about efficiency and strategic focus

- The top two drivers for implementing RPA are process efficiency (**94%**) and better accuracy (**85%**).
- Cost reduction is important **(84%)** but not the main driver. The ability to increase the focus of the organization on more strategic activities obtained the same level of relevance (84%).
- Other secondary drivers include:
  - Improved customer service (69%)
  - Better controls and operational visibility (67%)
  - Revenue-generation (54%)

The great majority of companies leverage 3rd Party Experts to help with their RPA journey

- **70%** of respondents leveraged a 3rd party to get started with RPA.
- **64%** continues using external support as part of their ongoing operating model, opting for a "hybrid" model.
- For **62%** of respondents, IT plays a secondary role in the RPA initiatives, with the business being the main driver.

Ease of implementation and cost are the top criteria when selecting the RPA platform

- These two factors were considered to be “very important” or “important” by **94%** and **90%** of the respondents respectively.
- Availability of implementation resources was also identified as a key factor (84%).
- Other less relevant selection criteria included AI Capabilities (62%) and Industry Expertise (61%).

“Starting small” is the most common approach

- **64%** of organizations “start small” by assessing automation opportunities within a select function, versus performing a “broad” assessment across the organization (36%).
- As with any new technology, companies usually prefer to first prove that RPA works within a narrow scope of processes – and with a limited investment – and then expand from there.

Finance & Accounting is the early “pioneer” of RPA and the top penetrated function

- **79%** of organizations have at least started to evaluate RPA opportunities within F&A.

Top two F&A processes are:

- Order To Cash (70%)
- Purchase To Pay (70%)

After F&A, the next top penetrated functions are:

- HR (57%)
- Customer Service (55%)

- On average, each company has started to evaluate at least four different functions (e.g. F&A, HR, Customer Service and IT).

Artificial Intelligence: Still more hype than reality

- While RPA has become a reality and is coming fast, Artificial Intelligence (AI) is still way behind - only **4%** of respondents are piloting AI or beyond.

Is RPA the end of offshoring? Doesn’t seem like it

- **44%** of organizations think it’s too soon to tell if RPA will have an impact on their current level of offshoring, while **32%** believe it will not have an impact.
- Only **24%** think that after RPA their organizations will bring back some operations onshore.
- Based on this data and the fact that most companies are driving their RPA initiatives from their offshore hubs, we don’t anticipate major changes in current delivery models.

RPA initiatives will continue growing, and as such, the associated benefits

- **87%** of organizations plan to continue expanding their RPA initiatives within the next five years.
- **67%** plan to expand into new functions not yet explored.
- **63%** plan to go deeper into the current functions in scope.

II

PROFILE OF PARTICIPATING COMPANIES

Survey respondents represent a wide range of industries and sizes.

Figure 1
What is your primary industry sector?

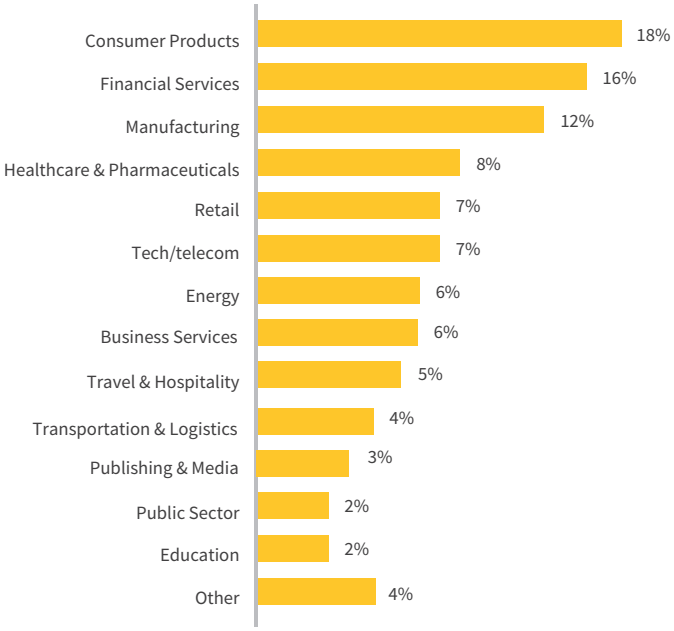


Figure 2
What is the annual revenue of your organization?

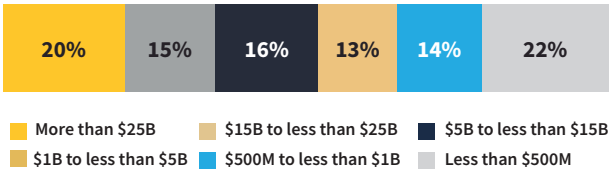
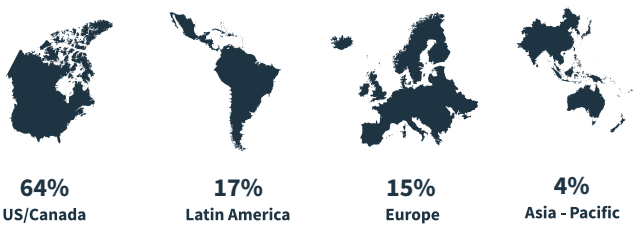


Figure 3
Where is your company headquartered?



We collected responses from over 100 organizations across the globe, with different levels of RPA adoption – from its very early stages to very mature RPA deployments.

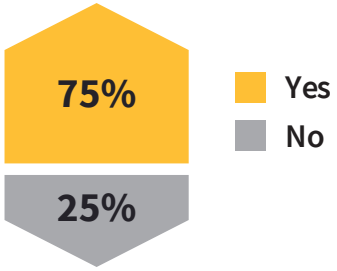
These companies represent a wide range of industries (14 different sectors in total). The top industries represented are consumer goods (18%), and financial services (16%). The remaining sectors include healthcare and pharmaceuticals, manufacturing, retail, technology, among many others.

Global annual revenue of participating organizations ranges from less than $500 million (22%) to over $25 billion (20%). The inclusion of smaller and medium organizations is one of the big differentiators from other industry reports that tend to focus on the larger revenue ranges.

In terms of location, 64% of respondents are headquartered in North America, and the rest is split between Latin America (17%), Europe (15%), and Asia-Pacific (4%).

Most respondents (75%) have an established Shared Services model for their back office functions. The remaining 25% are typically US midmarket organizations with no global presence.

Figure 4
Does your organization currently have a Shared Services model?



WHY RPA?

RPA is driven by more than cost reduction. It's about efficiency and greater strategic focus.

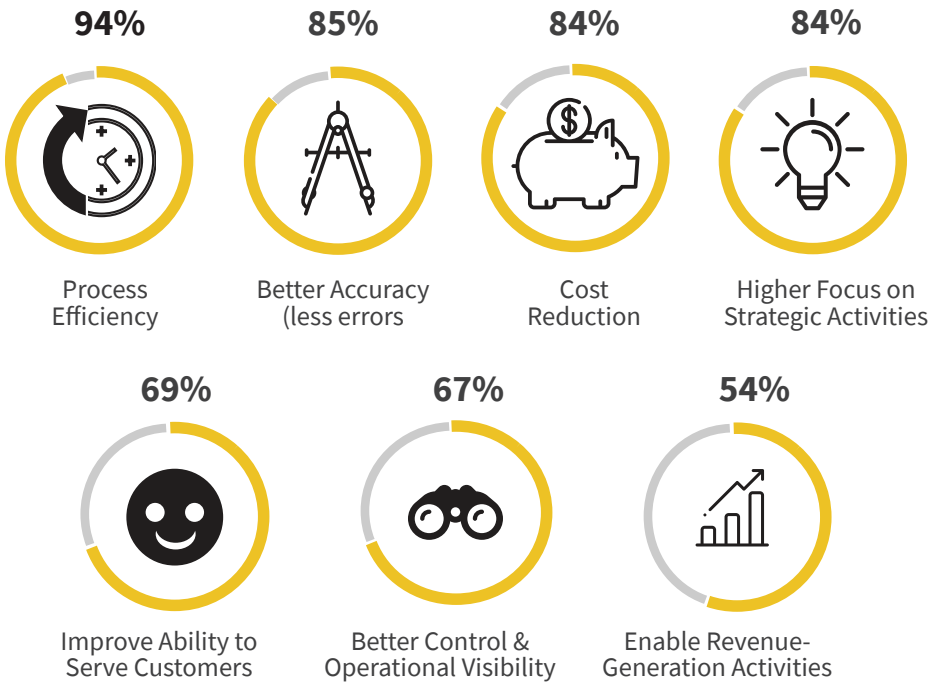
The top two drivers for making the decision to implement RPA are process efficiency and better accuracy, with respectively 94% and 85% of respondents considering these two factors to be "very important" or "important."

"Efficiency" and "Accuracy" are very closely related factors, as poor accuracy leads to less efficiency in the processing of transactions. The fact that these two items were listed as the top drivers for RPA adoption accentuates the point that organizations are focused on maximizing the performance of their operations first and foremost, and further highlights the benefits that RPA can provide in these areas.

Though cost reduction (84%) is a very important benefit that organizations expect to achieve out of RPA, it is not the main driver for adopting the technology.

The reality is that executives and their back office teams are bogged down with day-to-day transactional activities that leave them with very limited capacity for value-creation functions such as strategic planning and customer analytics. With many organizations already operating in a very lean fashion, RPA has become a great tool to automate a portion of the lower-value tasks, allowing them to free-up existing resources and "do more with less."

Figure 5
When your organization decided to implement RPA, how important were the following drivers on making the decision?



Note: Percentages in figure 5 represent the sum of "very important" and "important."

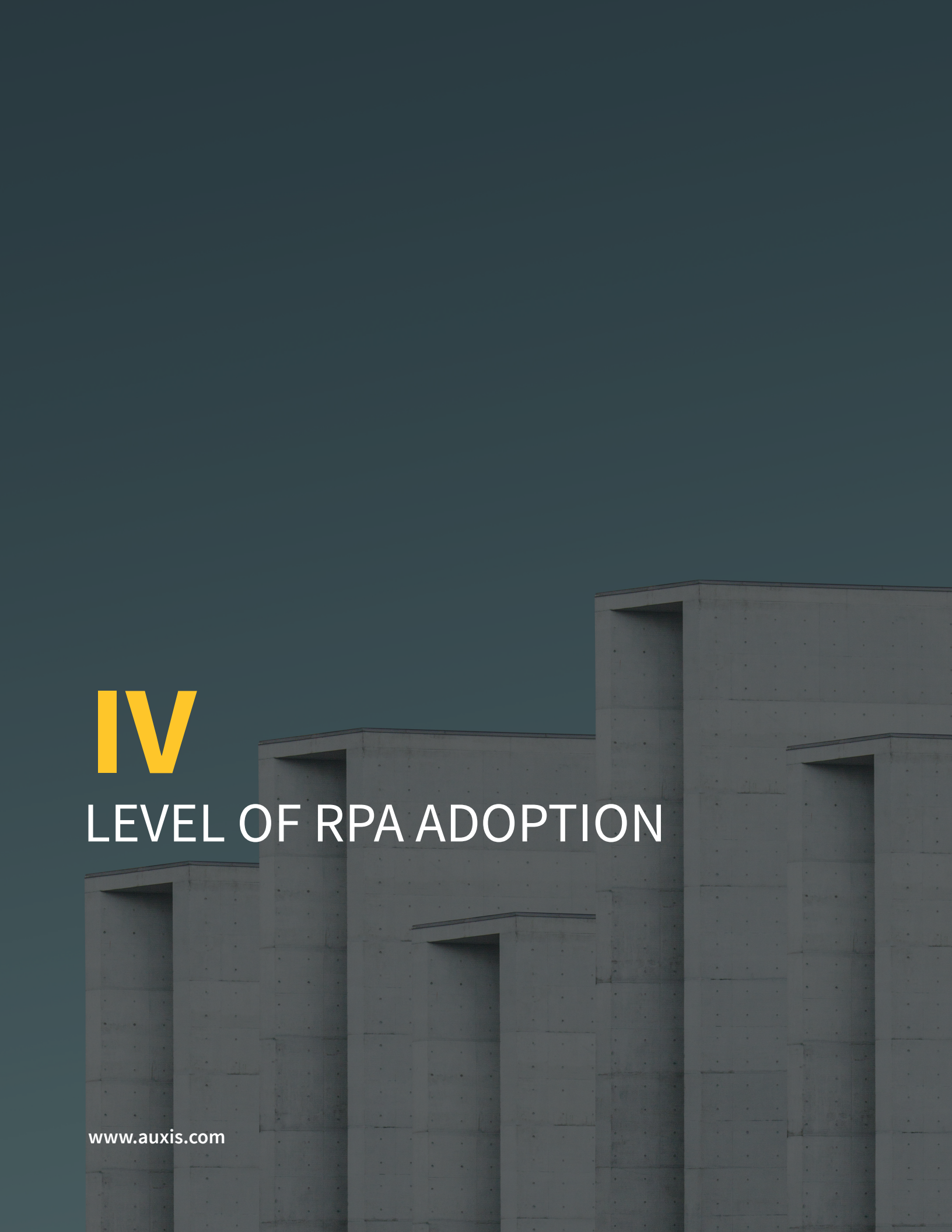
With many organizations already operating in a very lean fashion, RPA has become a great tool to free-up existing resources for value-creation activities that they didn't have the time to do before.

"Do more with less" can mean being able to absorb incremental volume without needing to add more headcount (cost avoidance). It can also mean being able to increase the focus of current employees on the more strategic activities that they just have not had the time to do. This greater strategic focus was considered an important driver for RPA by 84% of respondents.

Other drivers of RPA include the ability to improve customer service (69%), gain better controls and operational visibility (67%), and support revenue-generation activities (54%).

As organizations continue maturing their RPA deployments and realizing the savings and efficiency opportunities, these last drivers such as revenue-generation and customer service will become more relevant, but at present these are clearly secondary drivers when compared to the need to increase operational performance, efficiency, and scale.

In the "Benefits Delivered" section, we will present more details on the productivity improvement and cost saving percentages that respondents have been able to achieve with RPA.



IV

LEVEL OF RPA ADOPTION

Most companies are still in the very early stages of their RPA journey.

Almost a third of the respondents (29%) stated that they are not doing anything yet with RPA, not even evaluating it. Some of these companies had simply not heard about RPA before answering the survey, while others knew what RPA was but were currently focused on other priorities. These competing priorities included projects such as ERP implementations, Shared Services Migrations, or pending acquisitions.

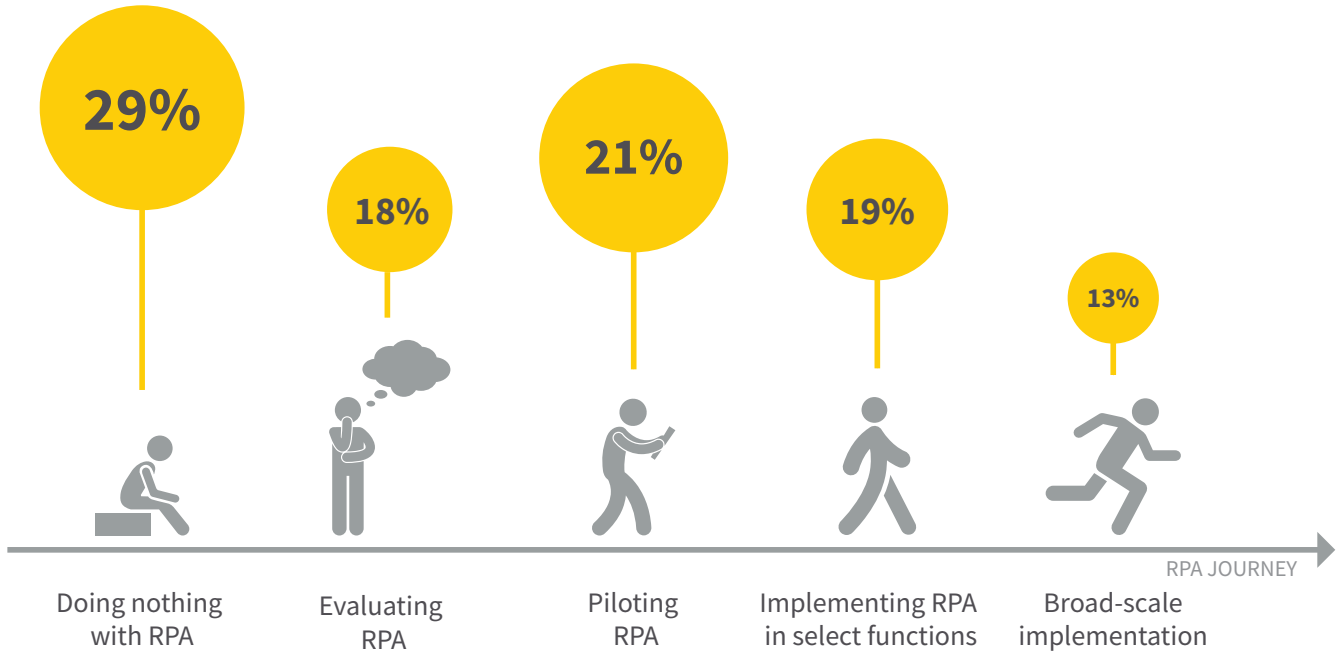
71% of organizations have at least started to evaluate RPA.

We believe that in reality, this 29% is actually understated, as companies that have not done anything with RPA were less likely to answer the survey.

The next 39% of the respondents are still in a very early stage of their journey, where they are either just starting to evaluate the technology (18%) or in the process of piloting it (21%) for a specific process.

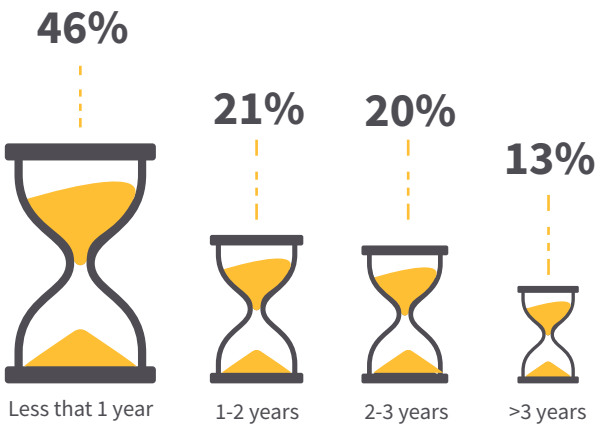
The combined total of the survey respondents who are not doing anything with, evaluating or piloting RPA (and therefore have not implemented it) is 67%, highlighting the fact that the majority of organizations who responded are truly at the beginning of their RPA journeys. Only 33% of respondents have gone beyond the pilot phase and implemented RPA either for select functions (19%) or at a broader scale across the organization (13%).

Figure 6
Which of the following best describes the stage of your organization in its RPA journey?



RPA has been in production for less than two years for 67% of respondents.

Figure 7
How long has RPA been in production in your organization?



Another data point that supports this perspective is that for those organizations that have already implemented RPA, almost half (46%) have been in production for less than one year, and 67% have been using RPA for less than two years.

So, despite all the "hype and noise," RPA is still an emerging technology in the back office world.

However, a key insight from this data is that even though RPA is a new technology and most companies who have begun their journey have a low level of adoption, robots are coming fast. 71% have already started their journey and every organization should be preparing to incorporate them into their back office model.

Level of RPA adoption increases as companies get larger in size.

The relatively low investment required to get started has allowed mid-market organizations to take advantage of its benefits.

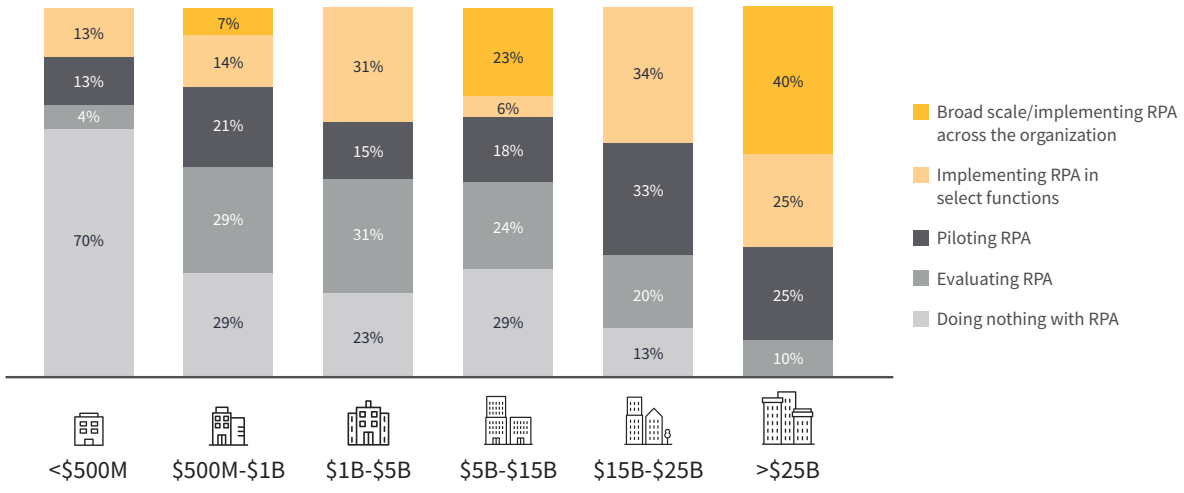
Another interesting perspective comes from looking at the level of RPA adoption based on the revenue size of the organizations. As shown in Figure 8, 100% of the largest organizations (>$25B) have already started their RPA journey, with 40% of these respondents having broadly implemented RPA, and another 25% having implemented it in select functions. Similarly, organizations in the range of $15B-$25B also show high levels of adoption with 87% of respondents having started their journey.

Conversely, the smallest organizations surveyed (<$500M) have the lowest levels of RPA adoption, with 70% of these respondents doing nothing with RPA. Although for these smallest respondents, RPA is still very much in the educational phase, the fact that 30% of them have at least started the evaluation phase is a clear indicator that this technology is quickly penetrating all organizations regardless of size.

When looking at the middle of the data groupings ($500M to $15B), on average, 73% of these organizations have already started their RPA journey. This group really points out the fact that RPA is "coming fast." For example, for companies in the range of $1B-$5B, 46% is already piloting or implementing RPA in select functions, and 31% is evaluating. Traditionally, organizations of this size are slower to embrace "emerging technologies" and process innovation. Although RPA is a fairly new technology, it is likely that the low level of investment required to get started has allowed these "mid-market" organizations to take advantage of its benefits at a much faster pace compared to other new, disruptive technologies. RPA is being leveraged as a powerful alternative to drive innovation and scalability to enable these organizations to better compete with the larger players.

Overall, while there continues to be "hype and noise" talk of large-scale adoption of the technology, this data suggests that only the largest of the organizations have borne this out. The rest of the companies are still relatively early in terms of maturity, but clearly making strides towards broadly implementing RPA.

Figure 8
RPA Adoption by Company Size



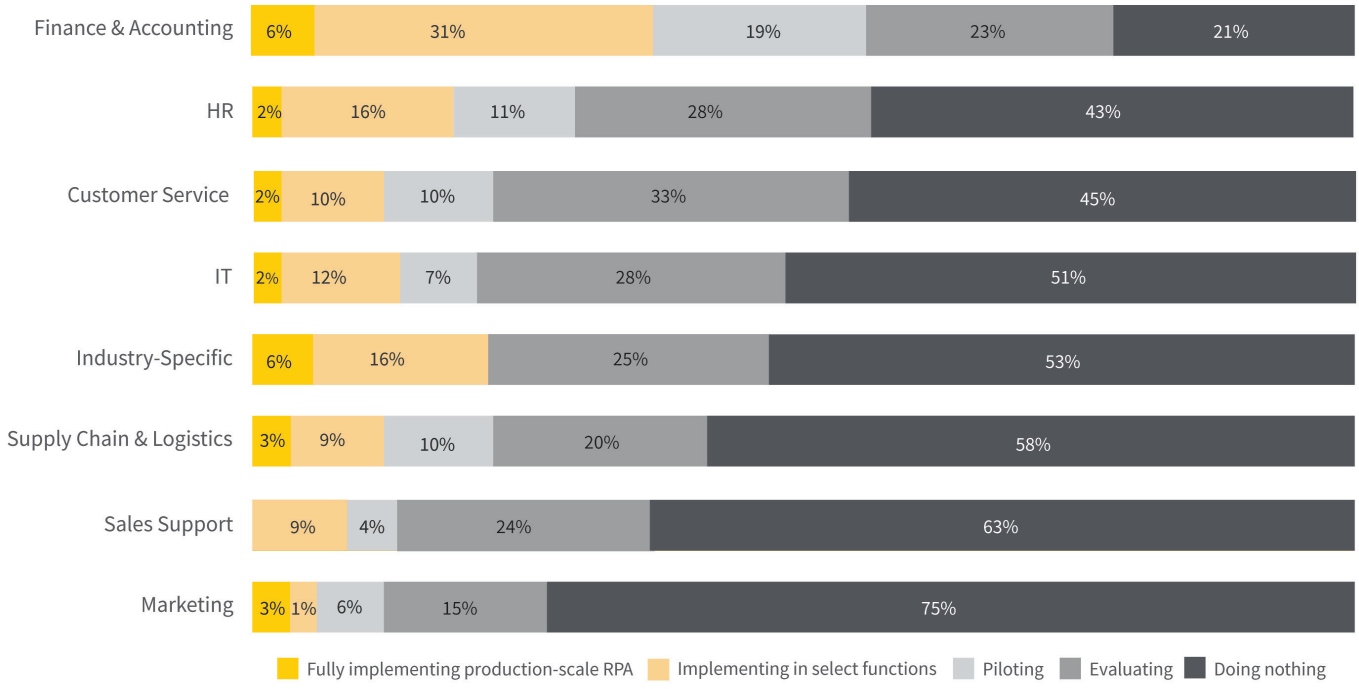
Finance & Accounting has the highest level of RPA adoption, followed by Human Resources and Customer Service.

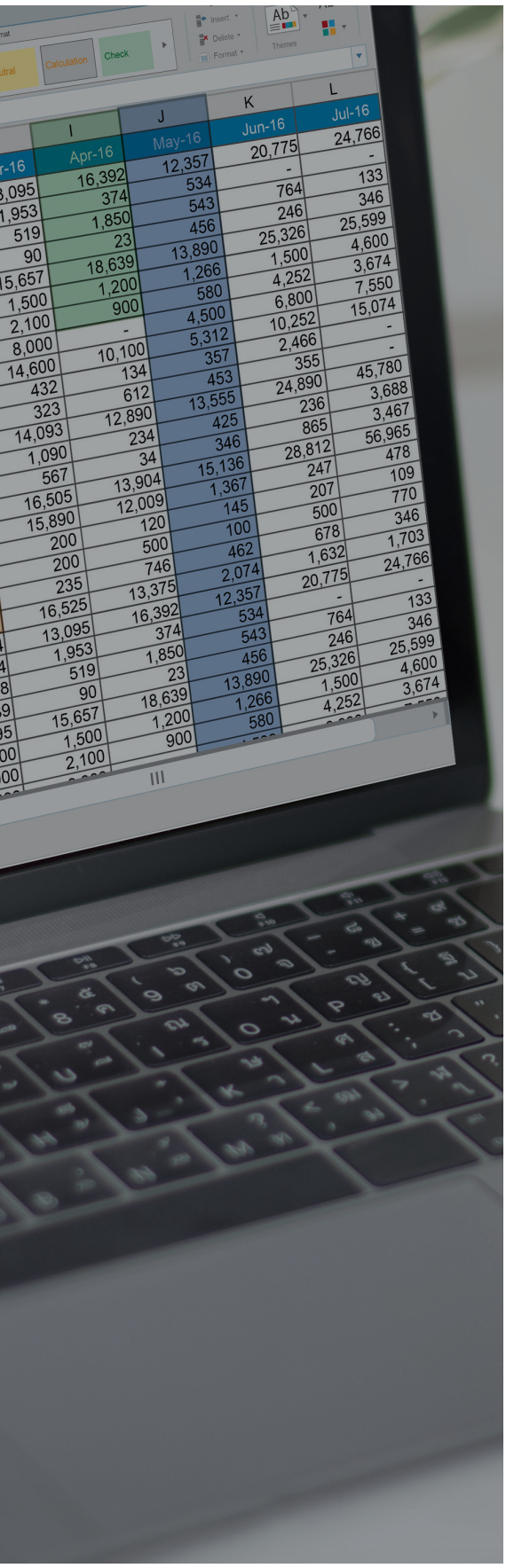
In line with our experience, most organizations have started implementing RPA within Finance & Accounting, with 79% of the respondents having at least started to evaluate RPA for this function. A significant 39% have already implemented RPA for select processes (31%) or broadly across Finance (9%), while 19% are in the piloting phase.

The second function with the highest level of RPA adoption is Human Resources, with 57% of the companies having at least started to evaluate the opportunities for automation. However, half of those organizations (28%) are still in the early evaluation phase, and the other half (29%) is either piloting RPA (11%) or implementing it for select processes (16%) or broadly (2%).

79%
of respondents have at least started to evaluate RPA opportunities within Finance & Accounting.

Figure 9
What's the status of your RPA initiatives in each of the following functions?





Why is the RPA penetration so much higher in Finance & Accounting versus HR and other functions in general?

We believe one of the main reasons is that the Finance organization is usually larger in terms of employees compared to HR, and therefore has more cost savings and efficiency opportunities involved. Also, intuitively, Finance & Accounting has multiple processes that lend themselves perfectly for RPA – AP Invoice Processing, Reconciliations, etc. – and organizations usually start by proving that RPA works with these "easy," "low-hanging fruit" alternatives.

After HR, for Customer Service and IT, RPA has been implemented or piloted by 22% and 21% respectively, with roughly another ~30% in the evaluation stage.

For multiple organizations, some of the processes performed by the Customer Service team could also be considered part of Finance & Accounting within the "Order To Cash" tower. Some examples include Collections, Credit Review or Billing. However, other more traditional customer service processes where companies are starting to leverage RPA include customer quotes creation, order processing and return processing.

In the case of IT, there are many potential applications for RPA including user provisioning and termination, password reset, batch processing, QA testing and scripting, among others. However, since IT organizations are already using multiple other proven automation tools that have been built for their specific processes, these tools tend to compete with RPA making it less simple to understand where it makes sense to leverage RPA and where it does not.

Other functions such as Supply Chain and Industry-Specific processes are also places where companies have started to look at, but definitely in a much lower percentage. Lastly, Sales Support and Marketing are the last ones on the list.

In the next section, we will provide a more detailed breakdown of the processes within the top two functions (i.e. Finance & Accounting and HR) that companies are automating with RPA.

Deeper Dive into Finance & Accounting

Order To Cash & Purchase to Pay are the early adopters.

> ***70% of organizations have already started to at least evaluate RPA for both Order To Cash and Purchase to Pay.***

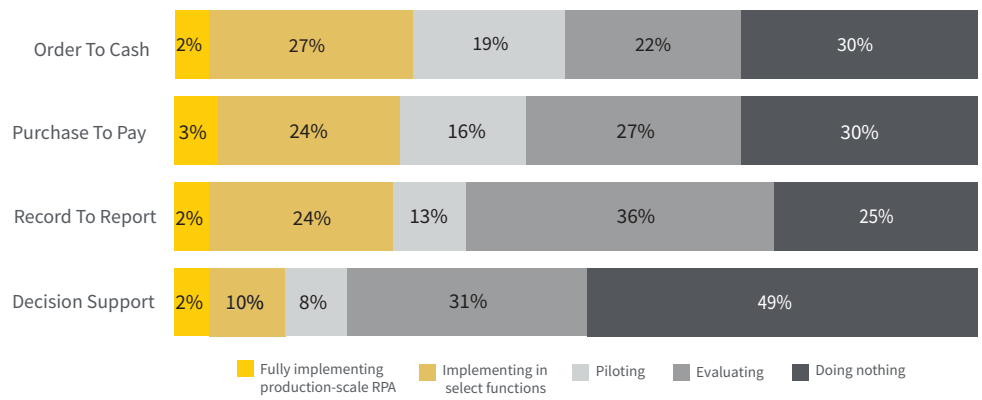
Order To Cash (O2C) and Purchase To Pay (P2P) are the top two functions with the highest level of RPA penetration, with 70% of the respondents having already started their journey. In the case of O2C, 29% are in the implementation stage, 19% are piloting, and 22% are evaluating. Adoption in P2P is very similar, with 27% in the implementation stage, 16% piloting and 27% evaluating.

This data is very in line with our experience. Organizations are starting within these two functions because they involve transactional daily activities that are intuitively automatable and where more FTEs tend to be involved. Tasks such as AP Invoice Processing, Cash Application, Order Processing, and Billing are all good examples that meet these characteristics.

However, processes within Record To Report (R2R) which don't necessarily happen on a daily basis but more periodically - such as month-end close activities, or weekly reports - have also started to be automated with RPA. Actually, the overall percentage of organizations that have at least started to evaluate RPA is higher for Record To Report (75%) than for O2C and P2P (70%). However, the actual level of adoption of that 75% is lower than O2C and P2P, since a significant portion of them (36%) are still in the evaluation stage.

Based on these results, we believe that R2R will be the next wave of adoption once companies have realized the opportunities within the top two functions. The drivers for RPA within R2R will be more about improving operational visibility, reducing the number of errors, and getting financial information more timely than before. These factors will play a more important role than reducing costs.

Figure 10
How are you approaching RPA in the following processes within Finance & Accounting?



In line with this trend, we are seeing how RPA is allowing multiple organizations to automate key daily and weekly reports and reconciliations that they didn't have time to do in the past, or that used to be completed with major delays. These type of activities also relate to the next function in Figure 10: "Decision Support." As companies exhaust the efficiency opportunities in the top three functions, they will start looking at how RPA can be used to build and analyze new and existing data that can be leveraged for financial planning and analysis, and for other more value-added activities within the Finance organization.

Record To Report will be the next wave of RPA adoption. Drivers will be more about operational visibility and timely information, and less about costs.

Deeper Dive into Human Resources

Payroll has the highest level of RPA adoption.

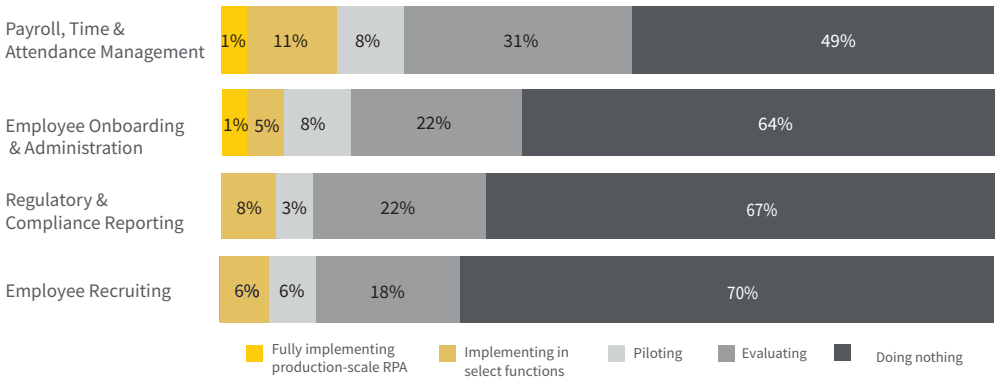
The results within Human Resources were also somehow predictable. Payroll and Time & Attendance Management is the top process where RPA is being leveraged, with 51% of organizations having at least started to evaluate the opportunities for automation. Employee Onboarding & Administration is the next one, with 36% of organizations already on the RPA journey.

Both of these processes are characterized by repetitive, rule-based activities that are great candidates for RPA.

Other HR processes such as Compliance Reporting and Employee Recruiting were secondary on the list, however in both cases organizations have begun to make some progress as 33% and 30% of respondents respectively have at least started to evaluate the applicability. Specifically, within Recruiting, the most common applications we've seen are for the initial candidate screening and workflow management, background reference checks, and for candidate and internal management notifications.

In summary, the focus of HR needs to change as businesses have recognized the high cost of lackluster employee performance and attrition. Instead of focusing on administrative activities, HR is now charged with finding, developing and retaining the best talent, while keeping pace with legal compliance. Shared services, outsourcing, and automation are helping successfully free-up HR resources for these demanding, higher-value activities.

Figure 11
How are you approaching RPA in the following processes within Human Resources?



V

IMPLEMENTATION APPROACH

RPA is being mostly managed as a global transformation initiative. However, the most common approach is “starting small.”

Most organizations (70%) are managing RPA as a broad business transformation initiative across the organization versus decentralized by function or region.

However, when it comes to getting started, 64% of the companies take the approach of “starting small” by assessing the automation opportunities within a select function, rather than performing a “broad assessment” across multiple functions or departments. As with any new technology, companies usually prefer to first prove that RPA works within a limited scope of work - and with a limited investment - and then expand from there.

Figure 12
Is RPA being managed centrally through a broader transformation initiative or decentralized by function/region?

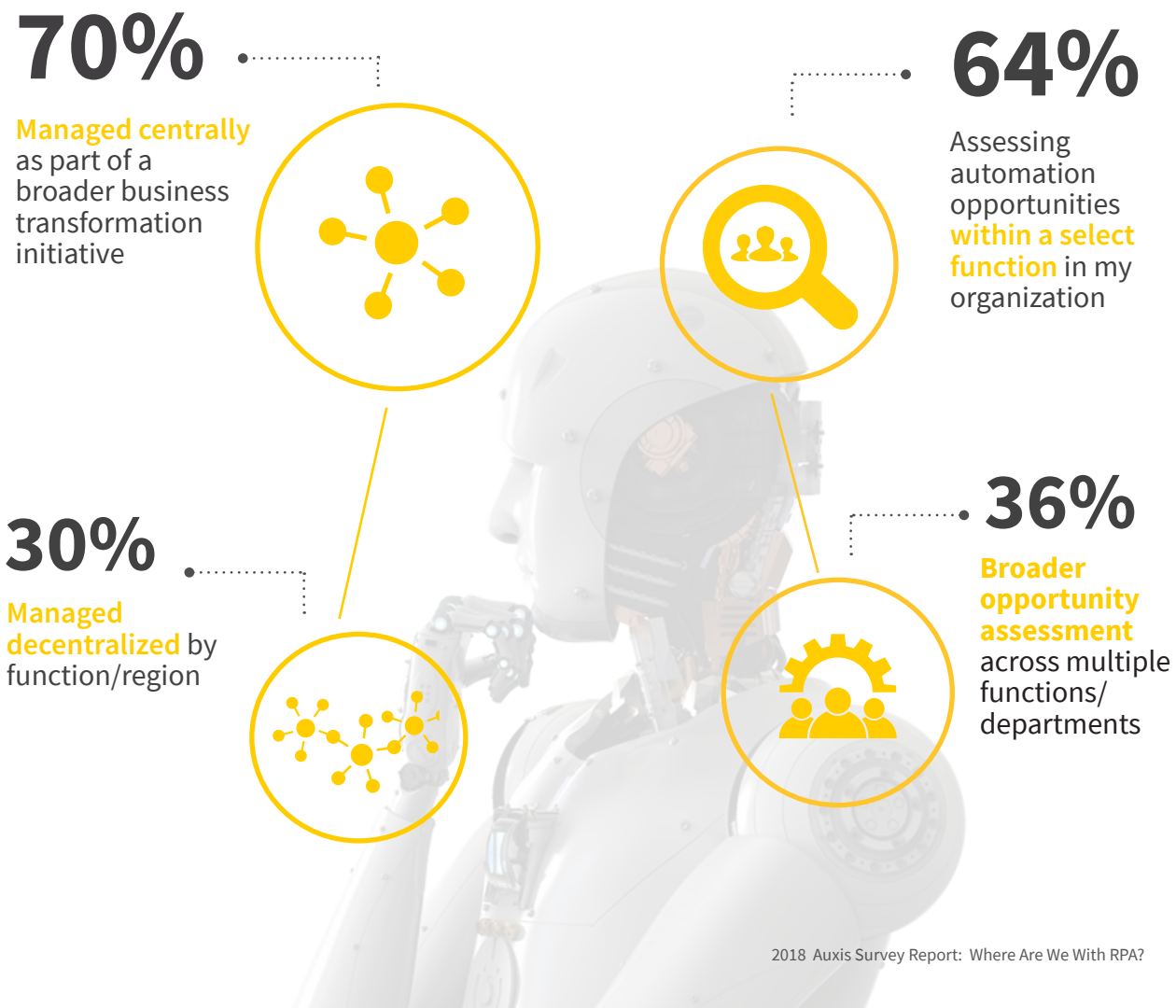


Figure 13
What best describes your approach to getting started with RPA?

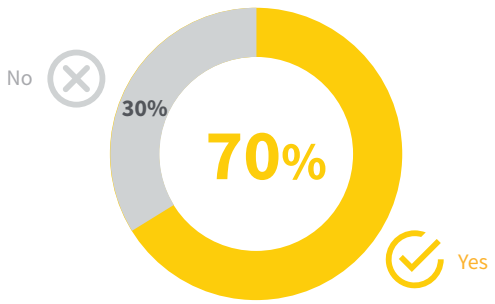
The Role of 3rd Party Experts

70% of companies leverage a 3rd party to get started.

A great majority of the organizations (70%) partner with an external firm to get started with RPA. This external support is being used throughout the whole journey.

As shown in Figure 15, starting from the early stages, 66% of these organizations used a 3rd party to help define the RPA strategy and select the software platform.

Figure 14
Did you partner with an external firm to get started with RPA?

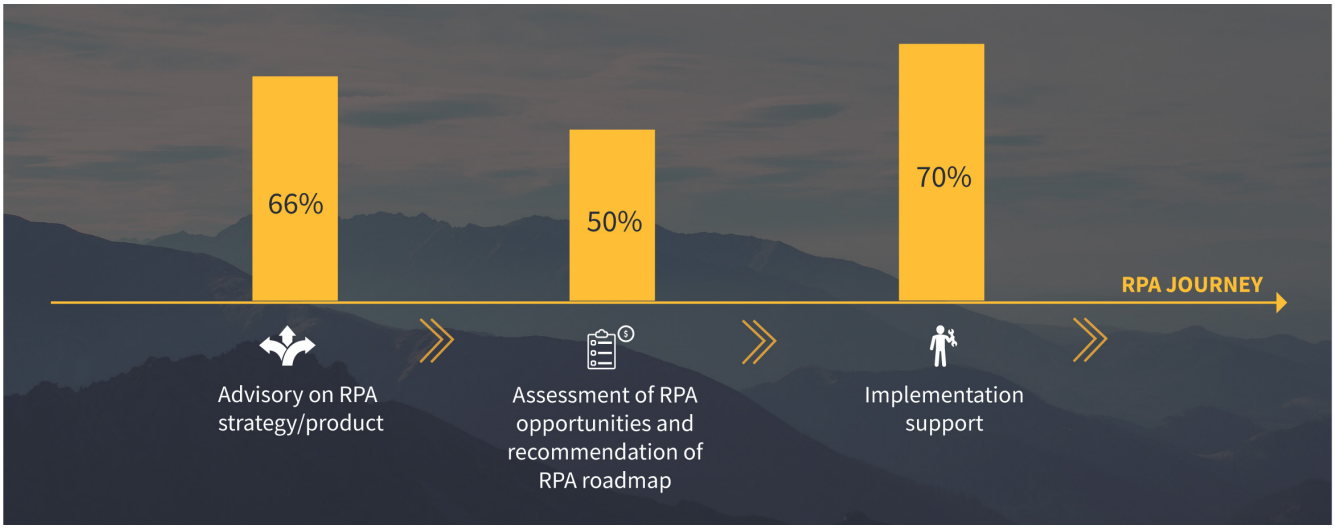


Once the strategy had been defined, 50% of the respondents continued using a 3rd party to help with the assessment, prioritization and quantification of the RPA automation opportunities for the areas in scope. Though 50% is still a large percentage, there are some organizations that decided to internalize these steps once they had gained a better understanding of what RPA could do during the strategy phase.

After automation opportunities had been identified, a significant percentage (70%) of organizations also leveraged an external firm to provide implementation support. This support ranges from process analysis and design to development or project management.

Companies understand that the skills and capacity required to successfully implement RPA are usually not available internally, and therefore seek external help to make it happen.

Figure 15
Which role did the external firm play?



Even after getting started, "hybrid" is the most common operating model.

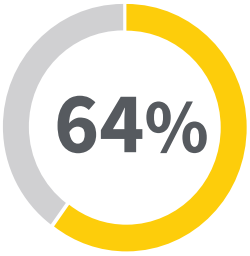
> ***A great majority of companies seek external help as they understand that the skills and focus required to successfully implement RPA is not available internally.***

64% of respondents continue leveraging a 3rd party expert as part of their ongoing operating model. This means they have opted for a "hybrid" model where they have developed some capabilities internally and some capabilities through the RPA partner. In some of these cases, their current BPO outsourcing partner is already responsible for the day-to-day transactional activities where RPA is being applied, and therefore the RPA expertise is fully provided by the outsourcer as part of the contract.

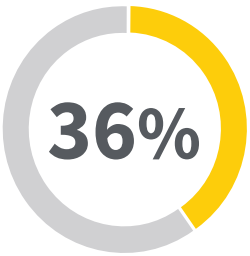
In our experience, many organizations begin with a bias towards internalizing their RPA initiatives. After they start experiencing the challenges associated with the implementation, they look to get external help.

In the end, each organization needs to determine if RPA is a core strategic capability that makes sense to develop internally.

Figure 16
Which of the following best describes the deployment model you are using for implementing RPA?



Hybrid model – I have developed some capabilities internally and some capabilities through a 3rd party provider



Fully in-house model – all RPA capabilities developed internally

The Role of IT

IT tends to play a secondary role in the RPA initiatives, with the business being the main driver.

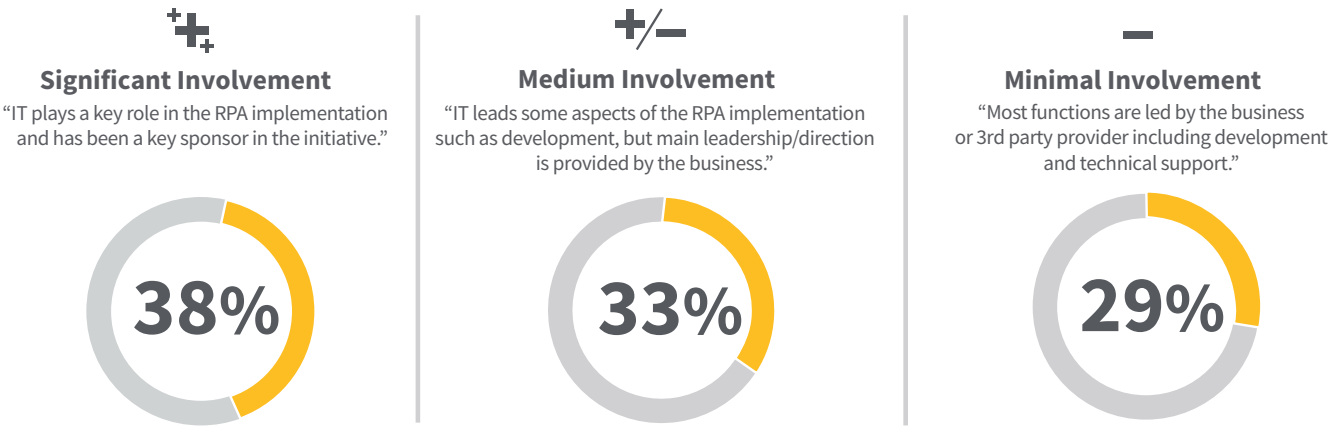
For 62% of the surveyed organizations, IT plays a secondary role within their RPA initiatives, where they either have a “medium” involvement” (33%) or a “minimal” involvement (29%). This means that only 38% of the organizations consider IT to have a “significant” involvement.

This data is not surprising. Regardless of RPA, the IT Department of many organizations tend to be overburdened with multiple projects, in addition to running the daily operations. As with any new technology, RPA requires learning the technical aspects of the tool, but more importantly also requires understanding business processes and how to adapt them to RPA.

Given the limited capacity of most IT organizations and the fact that this RPA knowledge is not usually available within existing IT employees, most companies are seeking the necessary expertise from external firms as discussed in the previous section.

This doesn’t mean that IT doesn’t play a role. IT needs to definitely understand the technology and what the business is trying to do with it. IT will need, at minimum, to provide robots and their operators with administrative access to systems and ensure effective security controls are in place. In addition, they will ultimately be integral in the ongoing support of the RPA environment.

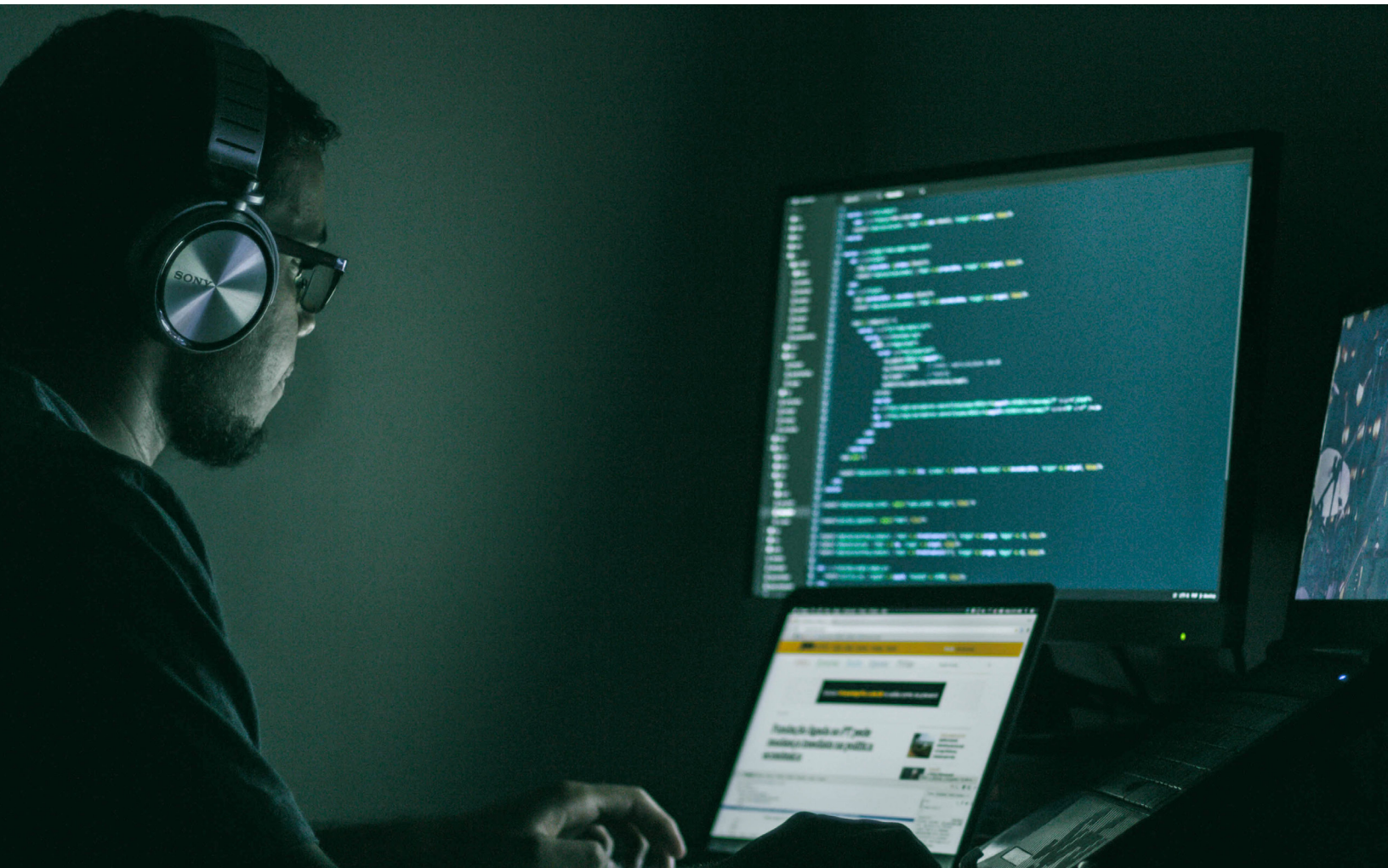
Figure 17
How would you describe the role of your IT Department in your RPA initiatives?



Organizations typically want to move their RPA implementations faster than what IT can internally support.

RPA is heavily dependent on the stability of the IT infrastructure and business systems on which they reside. Managing a production RPA environment requires close coordination and communication between the business users who operate RPA, the developers who build the robots, and the IT department which manages the systems and infrastructure. Any changes to the underlying business applications can have an impact on robotic performance, and must be coordinated with whoever is managing the robotic platform. But in the end, the business is typically the "owner" and the main driver of the RPA systems.

In summary, the survey data reflects that organizations typically want to move their RPA implementations faster than what IT can usually support. The business should understand that IT should not be a roadblock to the initiative and that there are multiple options out there to obtain the required capabilities in a more flexible and timely manner. At this point in the RPA journey, deciding whether you need to establish and retain your RPA capabilities in-house is secondary to getting the robots into production, and a majority of organizations are choosing to get their expertise from third parties, rather than building it on their own.



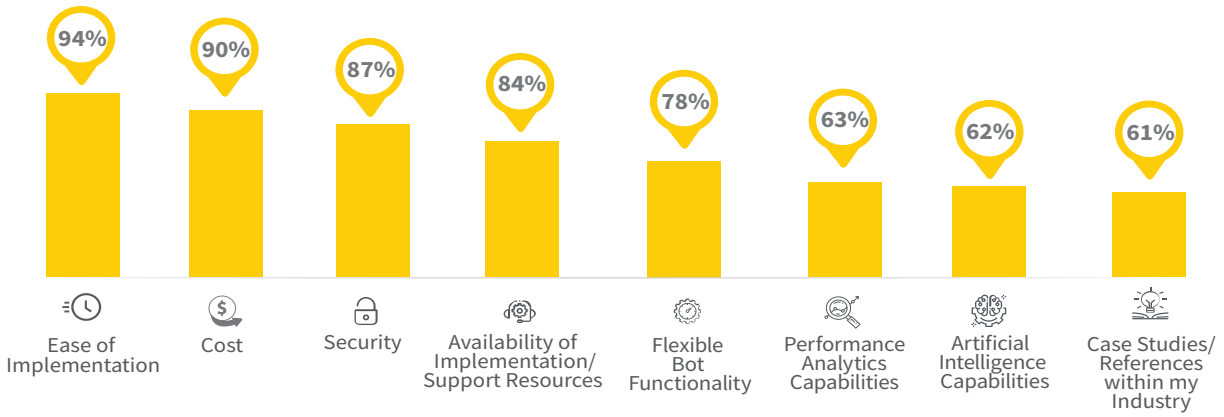
Selecting the technology platform

Ease of implementation and cost are the most important selection criteria.

Ease of implementation is the number one criteria that survey respondents cited for selecting the RPA software, with 94% of those surveyed considering this factor to be "very important" or "important." This data point goes in line with the fact that RPA is a business-led initiative, and as such, organizations are looking for a technology that is easy to learn and use, and that doesn't require rigorous IT knowledge or very sophisticated coding skills. The easier the tool, the less support they will require from their IT department. Additionally, "ease of implementation" generally implies "faster to production," which is a key driver for many business executives. Selecting an RPA platform that can get you up and running and yield results more quickly, is an important consideration in order to gain organizational support of both RPA proponents and skeptics.

Figure 18

What was the level of importance of the following drivers in selecting your RPA software platform?



After ease of implementation, cost is the next most important criteria (90%) when selecting the platform. Companies are looking for a technology they can afford and that will not kill the initiative from a financial perspective. This also means looking for a tool that offers a low cost to get started and prove the benefits are "real." As RPA continues to penetrate the smaller and medium-sized organizations, the ability to access the technology at a low cost of entry is becoming more and more important.

Although security came up as the third most important selection criteria (87%), we believe that all of the well-known, established RPA platforms in the market offer very robust security features, and therefore this is not a factor that is playing a big difference in the decision. Strong security is a must, and executives need to consider it (and speak to it) to assure management and IT that RPA will not create additional risks, but as a decision criterion, it's not going to move the needle.

Availability of implementation resources with expertise on the RPA platform was an important selection criterion for 84% of the respondents. This factor is crucial. If organizations are implementing a solution for which they cannot provide the right level of expertise to implement it or the support to operate it, the initiative will not succeed.

In general, most RPA software companies are conscious of this and have put a lot of effort into developing a strong network of implementation partners.

Other criteria such as Performance Analytics capabilities (63%) and Artificial Intelligence capabilities (62%) are clearly secondary drivers when selecting the software. Though AI has been getting a lot of noise, in the "Path Forward" section of the report we will review that there is a minimal level of AI adoption at this point.

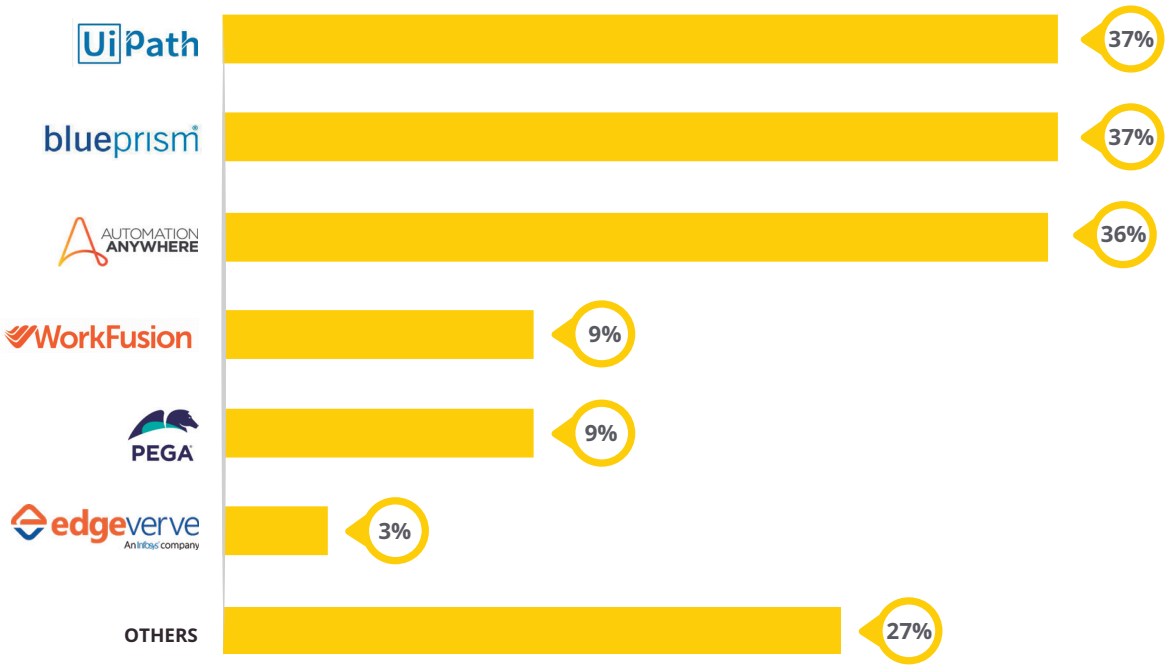
In the end, companies are focused on selecting the most manageable and cost-effective platform to get RPA up and running, so they can start achieving the expected benefits.

When asked which vendor platform they were evaluating and/or have implemented, the survey respondents were very much in line with the results of other industry analyst reports such as Everest Group and Forrester. As shown in Figure 19, the top three vendor platforms selected were UiPath (37%), Blue Prism (37%) and, Automation Anywhere (36%). These vendors have consistently been listed as the top three solutions in terms of market presence, as well as in functionality and features by the analysts over the past few years.

Other vendor platforms selected by the respondents included WorkFusion (9%), Pega (9%), and AssistEdge (3%), with "Other" representing 27%. Note that none of the "other" platforms selected represented more than 2% each, so they were bundled into this category.

The reason why the percentages in Figure 19 add to more than 100% is that a number of survey respondents selected more than one vendor. Many organizations are evaluating and/or have implemented multiple vendor solutions, as they are comparing the various platforms before making a final determination on which solution to commit to.

Figure 19
Which RPA software platform are you currently implementing or evaluating?

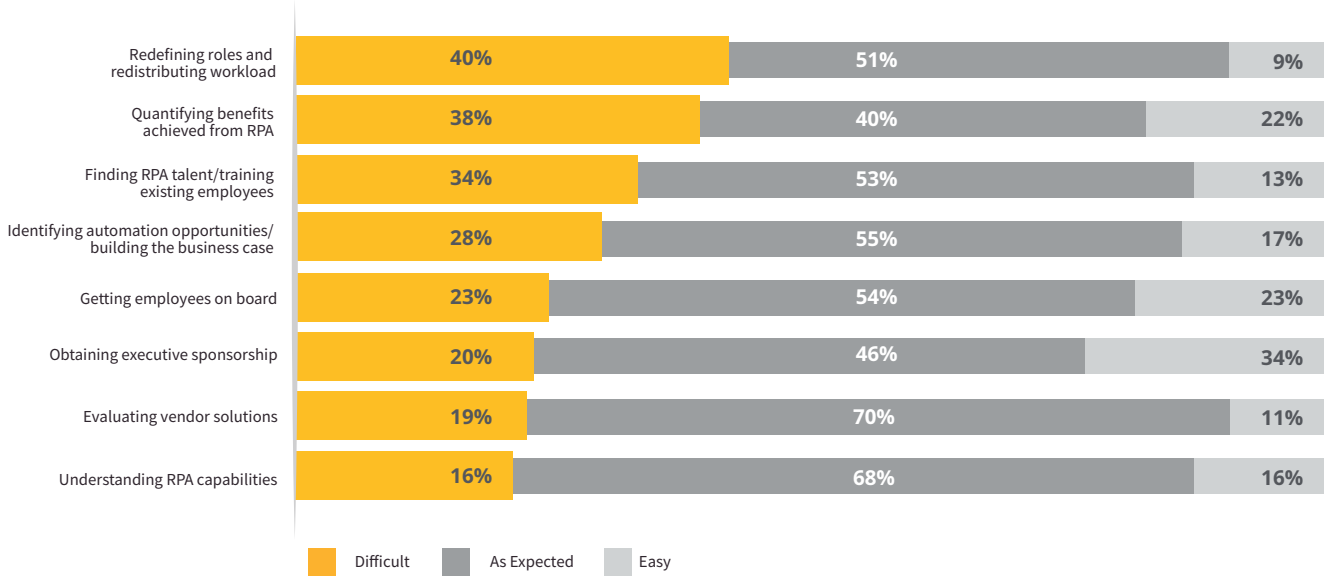


Key Implementation Challenges

Restructuring the organization to achieve the expected benefits from RPA is where most companies struggle.

When surveyed organizations were asked what were the most difficult steps during their RPA journey, the biggest challenges have occurred after organizations have implemented RPA rather than in the early stages of evaluation or technology selection.

Figure 20
How difficult has it been for your organization to go through the following steps during the RPA journey?



As shown in Figure 20, the top cited challenges were “redefining and redistributing workload” and “quantifying the benefits achieved from RPA,” which were considered to be more difficult than expected by 40% and 38% of the organizations respectively.

One of the reasons why these two issues may be arising is that 28% of the respondents struggled when putting together the initial business case and a detailed assessment of the automation opportunities. On multiple occasions, we have seen how companies start implementing RPA without first performing a formal and structured volumetric and financial analysis. Without having clear measurements of the performance before and after RPA, and an educated estimate of the number of FTEs that should be freed up, it’s not surprising that these two steps become a challenge.

> ***"To capture the RPA potential, managers must be willing to reengineer processes."***
>
> *- Automation Leader*
> **PepsiCo Shared Services**

In addition, as companies implement RPA, the roles within their organization are going to change. If organizations don't learn to transform their current operating structure and the way the roles are being performed, they will likely not get the benefits they were expecting from RPA. For example, once the robots are doing what they are supposed to do, employees must learn to adapt to new roles, ones that are focused on activities that tend to be very different from what the robot has now assumed. This transformation has proven to be somewhat challenging, and if so, the expected benefits of freeing up resources for higher value activities will fade. Change management and RPA go hand in hand, and it appears that many companies are learning this after the fact.

In terms of talent, 34% of respondents struggle to find RPA talent and/or train existing staff. While intuitively many executives may think that getting employees on board with RPA is a major issue, in reality, that was only considered a challenge by 23% of the organizations.

Some respondents actually highlighted how their employees were not afraid of RPA, but in fact, appreciated its value because they didn't need to continue doing the type of tasks they didn't like to do. They now can focus on more interesting or valuable work. This data suggests that more than an attitude issue with your employees, the success of RPA is tied to effectively transforming the roles of your team, and, when necessary, bringing in outside talent for the skills you can't develop internally.

The manner in which companies communicate the RPA initiative to their employee base is critical in gaining employee (and their managers) support and adoption. When done correctly, RPA will appeal to people as a tool to drive performance and relieve them of burdensome tasks. When not done correctly, RPA will appear as a threat. As reflected in the survey results, most organizations were effective in communicating about this initiative as 77% of respondents were able to engage their employees with no major challenges ("easy" or "as expected"). Not communicating about RPA, or keeping it quiet, is likely going to have the counter effect.

Only 20% of the respondents struggled with "obtaining executive sponsorship" for the RPA initiatives. This low percentage suggests that, in general, executive management intuitively understands the value of RPA, even if the organization is not making a great job at developing the business case. The low level of investment required to get started with RPA, compared to traditional IT projects, also helps getting funding approved more easily.

> ***"Do not be afraid of employee perception. In fact, in our company the low level staff were the most excited about not continuing to perform manual tasks."***
>
> *- Director of Strategy*
> **Scotiabank,** *Canada*

Other early steps in the journey such as understanding RPA capabilities (16%) and evaluating vendor solutions (19%) were found to be less challenging.

These results are in line with our experience. Despite all the noise around software selection and functionality differences between the RPA vendors, selecting the software platform is not the major challenge in the journey, likely due to the ease and low initial cost to evaluate and test the various products in the market.

Many times we have seen how organizations get caught up in the technology conversation and tend to overlook the organizational realignment aspect. As shown in the survey results, these operational challenges are more difficult to overcome and therefore deserve a higher focus.

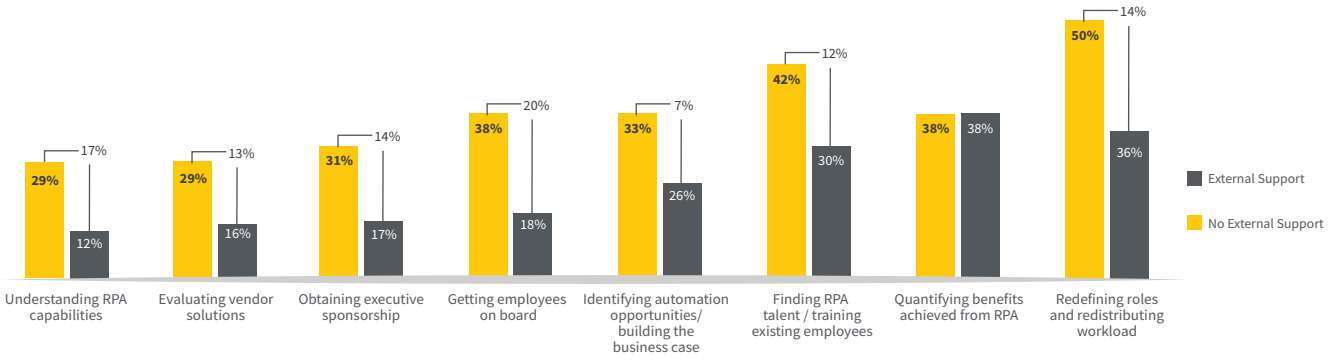
Although there are some steps that are harder than others, as shown in Figure 20, there are no "easy" steps in the journey, and none of them should be overlooked.

Organizations that used external help struggled less during the different steps of the journey.

As previously discussed, 70% of respondents leveraged external support to get started with RPA and 30% decided to do everything internally. As part of the analysis, we also compared the answers of both groups in terms of the level of difficulty experienced throughout the different steps in the journey.

As shown in Figure 21, organizations that used external help expressed lower levels of difficulty compared to organizations that did not.

Figure 21
Level of difficulty comparison between companies that used external support vs. companies that did not



Starting from the early stages, for those organizations that used external help, only 12% struggled in the early step of understanding RPA capabilities. This percentage increases to 29% for companies that decided to do it internally. Similarly, the level of difficulty of evaluating vendor solutions and obtaining executive sponsorship was respectively 13% and 14% lower for companies that used a 3rd party.

In the case of "getting employees on board," the difference between the two groups is significant (20%). The percentage of respondents that struggled with this step decreases from 38% to 18% for companies that utilized external support.

In terms of "finding RPA talent," the percentage of respondents that struggled with this step decreases from 42% to 30%.

The most difficult step, "redefining and redistributing workload," was considered to be challenging by 50% of the respondents that did not get external support, versus 36% for those respondents that did leverage a 3rd party.

Lastly, the steps that showed the lower level of difference between the two groups were “identifying automation opportunities/building the business case” (7%), and “quantifying benefits achieved” (0%).

As a key takeaway from this section, it seems as though the use of 3rd party experts that “have been there, done that” actually help organizations in navigating through their RPA journey with fewer bumps in the road.

“Get the right expertise to get you through the steps.”

- Head of Operational Excellence & Automation
Baxter

VI
BENEFITS DELIVERED

Benefits achieved are significant in terms of productivity, cost reduction, and rapid payback.

The level of success of the RPA initiatives from surveyed organizations was measured based on four different success indicators: productivity improvement, cost savings, payback period, and overall level of satisfaction.

Productivity Improvement

41%
average productivity improvement

For companies that have already implemented RPA, 46% of respondents reported productivity gains higher than 40%, while another 36% reported gains of less than 40%. The remaining 18% did not know the estimated range of productivity gains achieved.

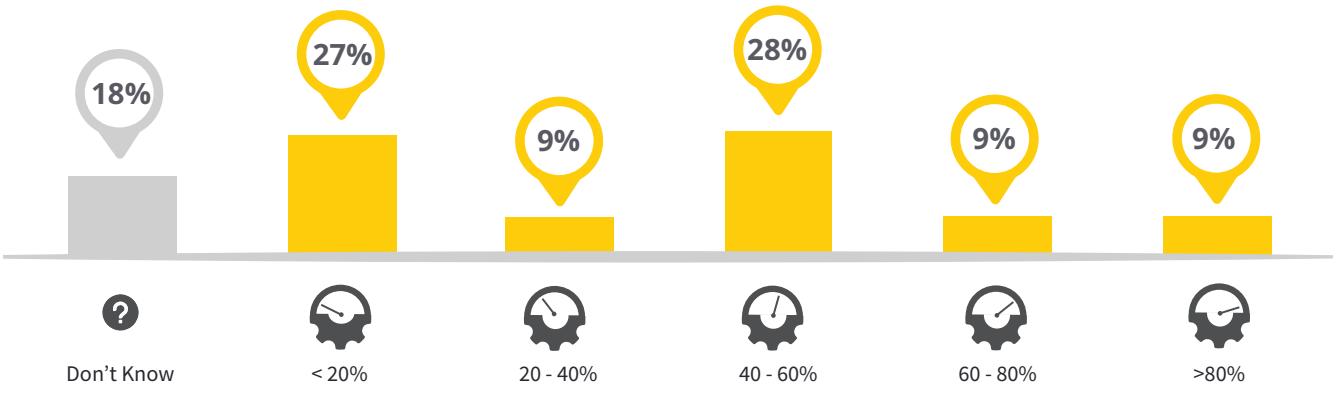
Overall, the weighted average productivity improvement reported was 41%.

For organizations that have not implemented RPA yet, the percentage that "do not know" the expected productivity gain increases from 18% to 33% for respondents that are in the piloting stage, and to 39% for respondents that are in the evaluation stage.

Having a clear methodology to measure the baseline of the performance before RPA is critical in order to quantify the results post-implementation. The data above suggests that organizations could be doing a better job in this area.

The overall 41% average productivity improvement reported seems lower than what we've been seeing from our experience with multiple clients, which tends to be higher than 50%. It is likely that the 18% "don't know" responses are influencing this average. Also, even for those organizations that are measuring productivity gains, that data may be "fuzzy" because of a lack of details "before and after" measurements, and as a result, some guessing may have happened here.

Figure 22
What is the estimated range of productivity improvement you have achieved with RPA?



When performing those calculations, it's important to clearly understand the difference between productivity improvement and process efficiency. Each metric measures a different aspect, both being very critical parts of the "RPA benefits equation".

PRODUCTIVITY IMPROVEMENT:

This measures the number of people needed to perform the tasks. For example, prior to RPA, an organization may have required 10 people to process accounts payable invoices; and after RPA the same volume of work can be accomplished with 4 people. This would result in a 60% productivity improvement.

PROCESS EFFICIENCY:

This measures the time needed to perform the tasks. It is a measure of cycle times for all the activities within a process. For example, if it took 3:30 minutes to process an invoice prior to RPA, and 1:30 after RPA, you would have a 57% efficiency gain.

RPA BENEFITS EQUATION:

Transaction Volumes x Cycle Times = FTEs Needed. This will provide you with both the original headcount needed, based on the current cycle times; and the end-state RPA required headcount, based on the reduced cycle times once RPA is deployed. This will ultimately provide your cost savings benefit. It's pretty basic!

Cost Savings

Overall, the average cost saving percentage achieved was 40%. This number is more in line with what our clients are experiencing.

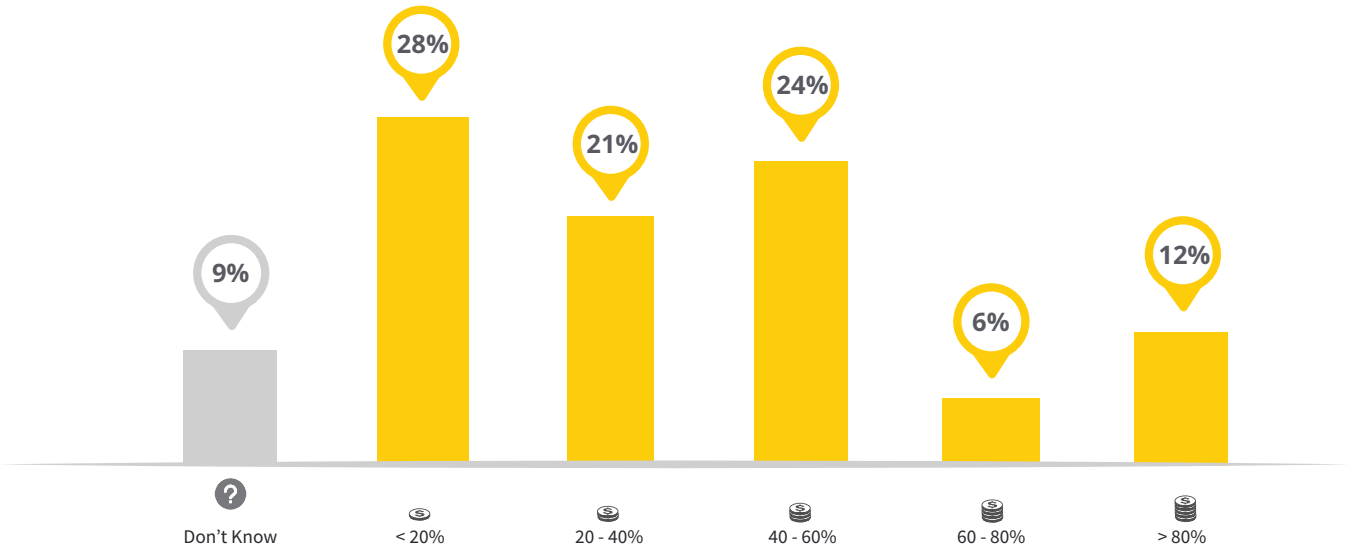
Organizations that have implemented RPA seem to have a better handle on the outcome in comparison to productivity improvements. In this case, only 9% of respondents did not know the estimated range of cost savings achieved from RPA. However, this percentage increases to 33% for companies in the piloting stage, and to 44% for companies in the evaluation stage.

40%
average cost savings

Cost savings is an easier number to calculate because typically when implementing RPA, organizations establish a target cost savings level that they want to achieve. By reducing headcount in a specific function, companies can easily calculate whether or not they have achieved their target.

For this reason, even from the early stages of piloting or evaluation, organizations should have a better understanding of what they're planning to accomplish from their RPA investments.

Figure 23
What is the estimated percentage of cost savings you have achieved with RPA?



Despite the survey results, it's important to note that the definition of "cost savings" can be interpreted in multiple ways. In some cases, unless headcount has been reduced as a result of RPA, the organization would not consider the extra capacity as a cost reduction.

In other cases, organizations may define "cost savings" as the total cost of the portion of each employee that is being freed up as a result of RPA, even if the total headcount remains the same. As we discussed in the implementation challenges section if organizations are not able to properly redistribute the remaining workload after RPA, being able to reduce a full FTE can be difficult.

But even assuming that organizations do a good job at redefining the roles to take full advantage of the benefits of RPA, some of these companies may still not plan to reduce headcount. They may have been understaffed to begin with, and therefore decide to keep their existing team to perform higher value work. They may also be in growth mode and benefit from the cost avoidance of not having to hire incremental employees as a result of the efficiency gains from RPA.

In the end, regardless of how companies perceive cost reduction, executives should have a clear understanding of the specific goals that the organization plans to achieve with RPA. These goals will vary depending on the specific circumstances of each company – from how inefficient or how lean they were running before RPA, to how fast the company is growing or how aggressive the cost reduction targets are.

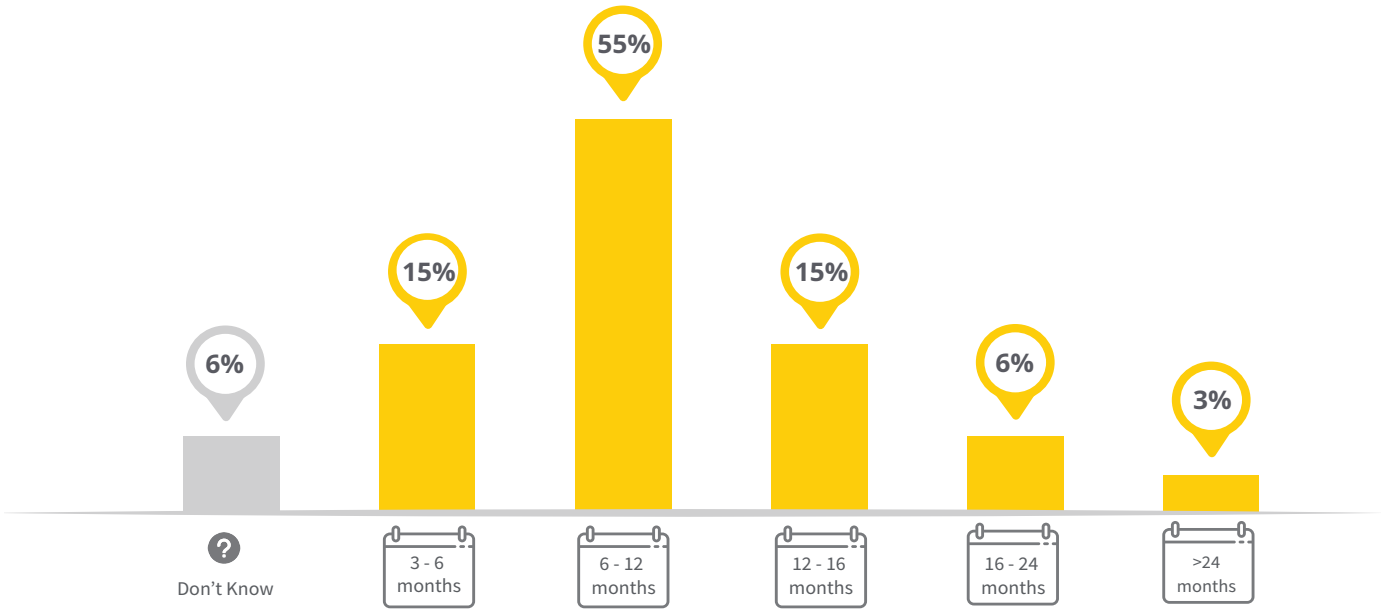
Payback Period

One of the great advantages of RPA is how it can provide a very quick ROI compared to traditional IT projects.

As shown in Figure 24, 70% of the organizations that had already implemented RPA reported payback periods of less than one year. 55% of that 70% recovered their investment between 6-12 months, and the remaining 15% between 3-6 months.

70% of organizations recover their investment during the first year.

Figure 24
What is the estimated payback period of your RPA investments?



These results are very much in line with our experience. What we've seen is that processes with low levels of automation complexity require less development and configuration efforts, and therefore less money and time, providing a payback of fewer than 6 months in most cases. In contrast, other more complex processes take more resources and money to automate, and the payback period typically increases. However, the ROI for these more complex processes tend to be even higher as they usually involve more employees performing the tasks or more systems. Once the robot is properly configured to absorb all of those activities, the efficiency opportunity is significant.

Let's compare this to the typical ROI and payback period that comes with more traditional technology projects, such as ERP implementations. Executives that have been involved in these projects are familiar with the challenges associated with implementing them, such as poor requirements definition, leading to gaps in system functionality, much higher than expected implementation costs, and longer timelines. Achieving a fast payback period is very difficult for most of the initiatives.

Any executive that looks at the payback periods typically seen with RPA initiatives would agree that they are very attractive. The main reason driving these short paybacks is the low cost of entry to get started with RPA solutions. Licensing costs can be fairly inexpensive depending on the RPA platform organizations end up selecting. For example, some of the leading software providers do not require a minimum number of robot licenses, and this can have a big impact on the business case.

In addition, the fact that most companies (64%) are taking the approach of "starting small" by proving that RPA works within a select scope of processes also helps drive a quick payback period. Low cost of entry and speed to results allows for the testing of RPA functionality and benefits without making significant investments upfront. Even an initial project failure can be absorbed financially since the time and cost involved is not onerous. This allows for much more flexibility in testing and evaluating RPA functionality and software, generally leading to longer-term RPA success.

The minority of the respondents that reported payback periods higher than 12 months, especially the ones in the ranges above 24 months (9%), should take a closer look at what is driving these significantly longer payback periods. This could be a combination of selecting one of the more expensive RPA platforms, as well as spending more than average on consulting resources to support the implementation. It could also come from selecting overly complex processes to initially automate, instead of going after the "lower hanging fruit" and gaining a quick ROI. This could also be the case for companies that decide to start with a "broad opportunity assessment" – the big bang approach - versus starting small and expanding from there.

Lastly, these longer payback periods reported could also come from the lack of good, quantifiable data upfront in terms of the productivity and savings achieved after RPA. As mentioned in the challenges section, 38% of respondents cited "quantifying the benefits achieved" as a key implementation challenge. To truly determine the ROI and payback period, organizations need to make sure that the upfront analysis is well done and detailed.

Level of Satisfaction

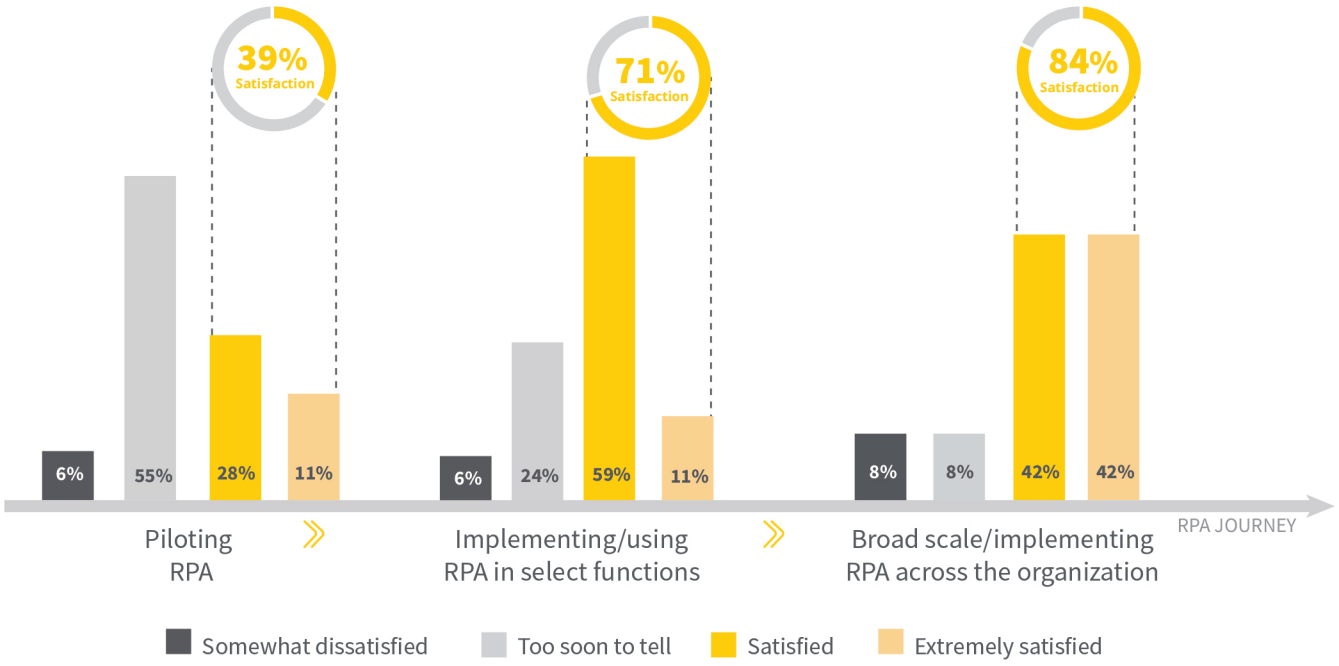
As organizations advance in their RPA journey, they tend to become more satisfied with the results.

In addition to quantitative success metrics such as cost savings and productivity gains, surveyed organizations were also asked to provide their overall level of satisfaction with their RPA initiatives. As shown in Figure 25, as organizations advance in their RPA journey, they tend to become more satisfied with the results.

Early on, during the piloting phase, most organizations don't have a good handle on what RPA can deliver and how to effectively implement it. At this stage, 55% of respondents could not answer the question because it was "too soon to tell," and only 39% said they were "satisfied" or "extremely satisfied." However, as organizations advance to the next stage of "implementing RPA for select functions," the level of satisfaction increases to 71%, and subsequently to 84% for those organizations that are implementing RPA at a "broader scale."

Only 6-8% of the respondents said they were "somewhat dissatisfied" with their RPA initiatives at these more advanced stages. This data suggests that, overall, organizations are happy with the results of RPA so far. Based on this, we should expect organizations to continue expanding their RPA initiatives, as we will review in the next section.

Figure 25
Overall, how satisfied is your organization with the results of the RPA initiatives?



VII
PATH FORWARD

Expansion Plans for RPA

87% of organizations plan to continue expanding their RPA initiatives.

A clear indicator of the exponential growth we can expect from RPA in the following years is that 87% of the surveyed organizations are planning to continue expanding their automation initiatives. This RPA expansion will be "broader" and "deeper" at the same time.

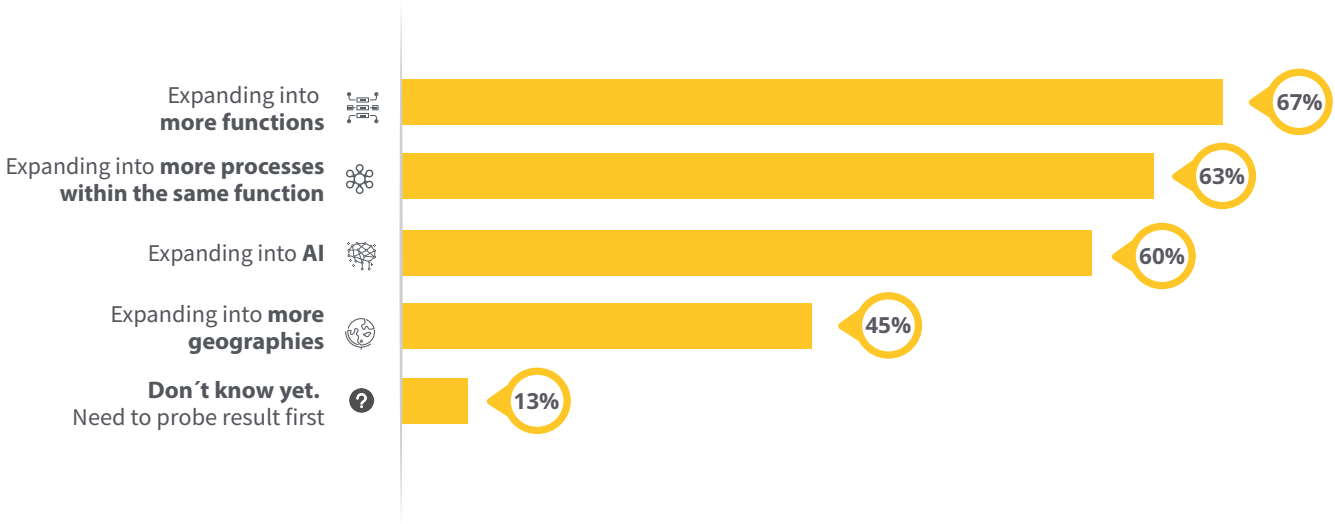
67% of respondents are planning to expand into new functions not yet explored. For example, they may have started with Finance & Accounting and are now looking into other areas such as HR or Customer Service. 63% are also planning to go deeper into the current functions in scope. This may be the case of organizations that started with Accounts Payable or Accounts Receivable within Finance, and are now looking into automating General Accounting processes or picking up processes that are not necessarily major cost reduction plays but help drive other factors such as improved customer service or increased operational focus.

60% of organizations said they were planning to expand into Artificial Intelligence (AI) over the next five years. However, as you will see below, the current level of adoption of AI is minimal.

Lastly, 45% of organizations also plan to expand RPA into more geographies. In some cases, though RPA is managed as a global initiative, organizations have decided to start piloting it in one of their regional shared services locations, and based on results and lessons learned, expand into other regional hubs.

On average, each organization is planning to expand in three of these different dimensions (e.g. geographically, within current functions, and into more functions).

Figure 26
How do you envision your RPA initiatives evolving over the next 5 years?



Artificial Intelligence

AI: Still more hype than reality.

While RPA is often the first tool to garner budget as it leads to quick wins with a lower investment, RPA is only one tool in the automation toolbox, along with the gamut of intelligent automation technologies including cognitive, machine learning, AI, and more.

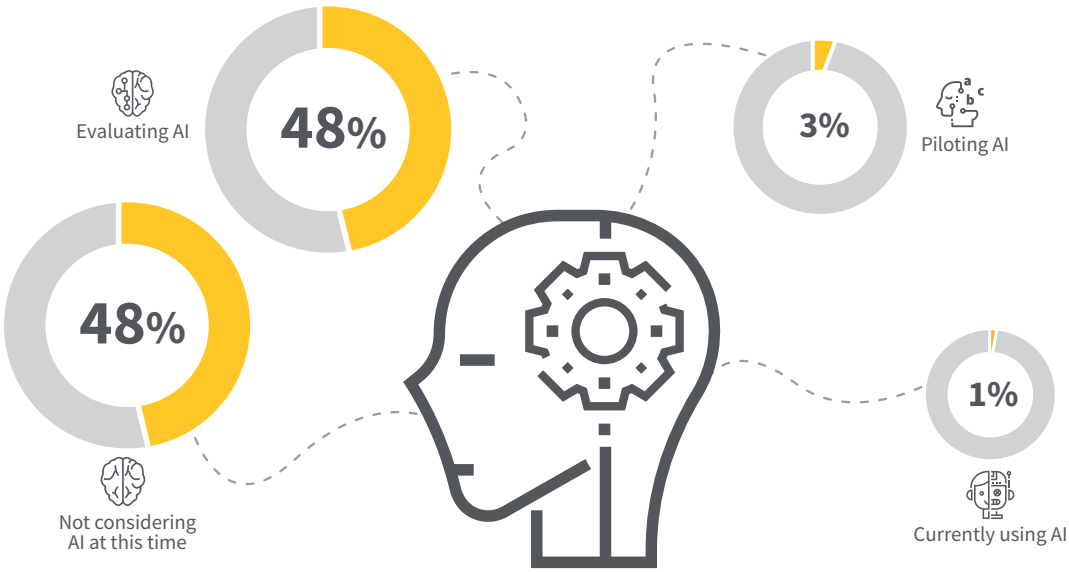
However, as we were expecting, as most organizations are still in the early stages of their RPA journey, the overall current adoption of Artificial Intelligence is minimal.

48% of organizations are not considering AI as part of their RPA model at this time, while another 48% have just started to evaluate it.

When surveyed, organizations were asked about their plans to use AI within their RPA model, and 48% said they were not even considering AI at this time. Another 48% said they were in the "evaluation" stage. This means that only 4% of the respondents are either "piloting" (3%) or currently using AI (1%).

Both the RPA software providers and their customers still need to make great strides in the AI arena. While this report evidences that RPA has become a reality and is coming fast, AI is still definitely more hype than reality.

Figure 27
What are your plans for using Artificial Intelligence (AI) capabilities within your RPA model?



Impact of RPA on Back Office Delivery Models

Is RPA the end of offshoring and nearshoring? We don't think so.

One of the early hypothesis that some industry experts have been talking about is that RPA will have a significant impact on the current delivery models that organizations have been using to operate their back offices. Specifically, there's been discussions around RPA reducing the level of outsourcing, as well as the level of offshoring and nearshoring, even for captive shared services that global organizations have established in lower-cost markets.

The logic behind this theory is valid. If RPA can save you 40%+ in costs, why would you consider outsourcing? Or why would you consider moving processes offshore?

But the reality is that it's not as simple as it sounds. As this study has shown, most organizations are in the early stages of their RPA journey. Even the companies that are more advanced in their journey are typically leveraging the process expertise and capabilities of their current regional shared services hubs (e.g. in Latin America and Asia) to pilot RPA and establish the RPA Center of Excellence there.

In addition, even after RPA has been broadly implemented, organizations still need to support the RPA environment with specific roles (e.g., analysts, architects, developers, infrastructure support, etc.) that will still be less expensive in lower-cost markets. Let's not also forget that as discussed in the implementation approach section, 64% of the respondents are planning to leverage a 3rd party provider as part of their RPA deployment model – which means outsourcing or a hybrid model.

Lastly, as we've seen in the back office world, RPA often does not automate a full process end-to-end, and many back office positions will continue to exist to interact with the robots and perform the remaining workload that cannot be automated.

For all of these reasons, we believe that most organizations that have been successful with their Shared Services models, and incorporating an outsourcing component, will not change this proven structure as a result of RPA. The benefits of shared services and outsourcing have proven to go beyond cost savings. It's about achieving greater efficiencies, operational visibility, customer service mentality, and increased strategic focus for the field on what matters the most: growing the business.

As part of the survey, respondents were asked if they were planning to decrease the use of offshoring or nearshoring because of RPA.

44% of organizations think it's too soon to tell if RPA will have an impact on their current level of offshoring and nearshoring, while 32% believes that it will not have an impact.

Out of the 54% of respondents that said they were currently leveraging nearshoring or offshoring as part of their back office model, 44% stated that it was “too soon” to predict the impact of RPA on location strategy.

Another 32% believes that RPA will have no impact on current location strategy, and the remaining 24% believe that with RPA their organizations plan to bring back some operations onshore.

In summary, it’s still hard to tell. Depending on how much progress each organization has already made towards shared services and outsourcing, and the level of satisfaction of those initiatives, their executives will need to carefully evaluate what should change and what should continue once RPA is incorporated in the model. They may see this as a case of “If it ain’t broke, don’t fix it.”

Figure 28
Are you currently using offshoring/nearshoring as part of your back office model?

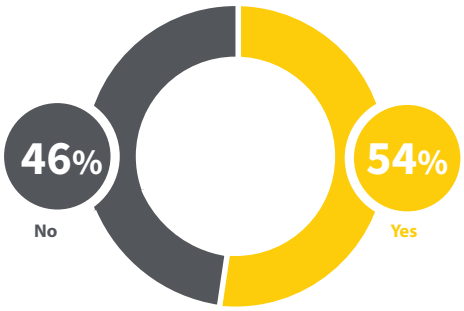
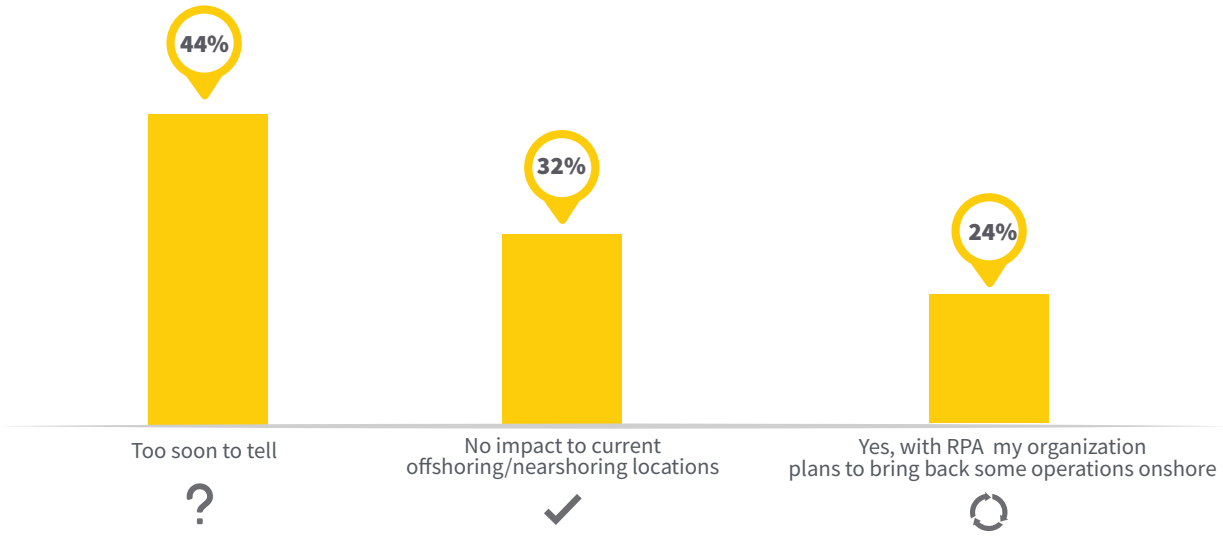


Figure 29
Are you planning to decrease the use of offshoring or nearshoring because of RPA?



VIII

KEY TAKEAWAYS

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As part of the survey, we asked respondents to provide some comments to their RPA fellow travelers on their experiences, and advice and guidance on some of the challenges that they faced during the journey.

Many of the comments were focused on the need for strong planning upfront in terms of selecting the right processes and the ability to measure the results. Other comments were focused on the need for effective communication both with business executives who are closely monitoring the results of RPA initiatives, and the rest of the organization who are concerned about its impact. The need for strong Change Management was another common theme.

One of the quotes that we received truly highlights the challenges and the opportunities within the RPA journey:

> ***"Early on you will see a lot of hype/excitement, followed by disappointment, followed by real value. Manage the expectations of those who are watching and be prepared for all of the ups and downs that come along in the journey. There is value to be gleaned, but it is not without a fair amount of effort to get there."***

Below summarizes some of the key takeaways from this study:

We are still early in the RPA journey, but to paraphrase the late, great Yogi Berra: "It's getting late early"

- RPA is still in its early adoption phase, but it is coming fast, so prepare yourself.
- You don't need to be one of the largest enterprises anymore to take advantage of the benefits of RPA. Robots are now found in organizations of all sizes and industries that are getting on board due to the significant benefits with a relatively low investment up front.
- RPA opportunities are presenting themselves in many different operational areas, but certain ones, the "low hanging fruit," are the best places to start.

Make sure that you have defined your RPA strategy

- What are the key drivers? Is it cost reduction? Efficiency? Focus? All of the above?
- Define the strategy and then select your areas of focus based on the established goals.
- Let your strategy define your communication with the rest of the organization, both at the executive level as well as with your staff. Manage expectations appropriately, and be prepared for a longer journey than initially expected.
- Don't let IT be a roadblock to your RPA initiatives. Make sure to get them on board and keep them involved, but in the end, the business owners should be the main drivers.

With RPA, "been there, done that" truly helps

- Get the right levels of guidance and external support to help you with the strategy and its implementation.
- RPA is a fairly new technology, and as such, the great majority of organizations understand that they do not have the knowledge, experience, and capacity readily available internally.

It's not about the tools, it's about the business

- Worry less about which technology is the right one, and focus more on where you can get the most benefits.
- Have a strong methodology to identify and quantify the best opportunities and capture the potential benefits. Then measure yourself against your targets.
- Leveraging experienced third parties will help you get started faster, and then determine if this is something that you want/need to bring in-house over time.

Change management is key

- Things are going to change. Make sure you plan the change before and not after the fact.
- Understand that people's roles will change, and not everyone will be able to make the transition.
- Use the benefits from RPA wisely, redefine roles and switch the focus from transactional work to what is important to the business - increased analysis, more customer interaction, revenue growth, etc.

> ***"A robot may not injure humanity, or, through inaction, allow humanity to come to harm."***
>
> *- Isaac Asimov's Zeroth, Law of Robotics*

We hope you've enjoyed reading through this survey and that perhaps you may have learned something from it. RPA presents an exciting new dimension for business operations, but it is one that requires knowledge, discipline, patience, communication, and the willingness (and ability) to change. The RPA journey can be challenging, but the road will become less "bumpy" the more you work with it. The benefits are there but you will need to find your path.

Contacts Us

We want to hear from you. Contact us for any questions on the report or to discuss how we can support your RPA initiatives.

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About Us

Auxis is a management consulting and outsourcing firm focused on helping organizations achieve Peak Performance in their Back Office Operations so they can operate at their optimal level and become more competitive, agile, and efficient in an ever more disruptive world. Auxis brings over 20 years of experience in Shared Services & Back Office Optimization, providing clients with an objective, cost effective approach to successfully implement Robotics Process Automation (RPA) across their organization. Auxis can help from the early stages of identifying/prioritizing the RPA automation opportunities and building the business case, all the way to design, implementation and ongoing operations for those companies that opt for a hybrid approach. Auxis is a certified UiPath partner and has been recognized for 3 years in a row as one of the Top 100 Global Outsourcing Providers by IAOP. Their unique perspective as both advisor and nearshore outsourcer operator provides a practical, real-world perspective to his clients.

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