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INTELLIGENT AUTOMATION: CHANGING THE WAY WE WORK

Why automate?

Most financial services companies have evolved over decades through multiple acquisitions and consolidations and often support 10-20 different systems and processes. This leads to a high degree of operational complexity and associated inefficiencies. The era of business reengineering in the nineties had little effect on incumbent banks and insurance companies due to such organisational complexities and legacy constraints.

The recent advent of digital competitors such as Resolute and Moneysupermarket.com has helped to commoditise consumer products such as payments, and car and home insurance. Incumbents are seeking to reduce costs and increase responsiveness to head off digital natives who threaten their long-term existence. Intelligent Automation based on software-based robotics, and associated machine learning promises short term incremental gains as well as longer term business transformations.

Where to start on automation journey?

Short term, incumbents can use robotic process automation (RPA) to eliminate manual work at individual stages of the supply chain, in areas such as data input and validation. A recent study by Deloitte suggests that some 95% of such implementations yields successful outcomes. However, only 4% of these implementations achieve scale advantage. The big gains are to be had only when organisations seek to redesign end-to-end processes that encompass multiple work steps such as customer onboarding and claims processing. These frequently operate across functional boundaries and involve multiple systems.

The consensus around the table was that companies need to revisit many of the approaches that were developed during the reengineering era such as end to end process redesign. The main lesson learnt during this period was that transformational change requires intervention at three or more levels:

- Cultural evolution – changing the way people think about their work, and adopting new operating scenarios such as 'case worker'
- Process redesign – using modern working practices and supporting technologies to transform the way work is undertaken
- System development – using new software techniques and digital platforms to overcome legacy constraints that dominate most financial service organisations

Achieving short term operational efficiencies

Banks and Insurance companies are notoriously conservative. The advent of RPA, machine learning and AI have had little effect historically on such organisations. But experience across the dinner table suggests that things are beginning to happen now, especially via RPA. Virtually all such organisations have implemented tens if not hundreds of RPA applications. However, few have a broader automation strategy. Much of today's effort is focused on simplification of local processes and work steps.

There is a growing need to develop a top-down automation strategy. One interesting example is within IT itself. Traditional ITIL processes continue to absorb much manual effort. New tools and methods are emerging that could automate such processes, removing any human involvement. We are approaching an era where service management becomes entirely automated.

Changing the operating model

Large financial companies have enjoyed relative stability due to little real competition over past decades. The cost of entry has been too high to attract newcomers until recently. But now that digital start-ups are appearing in large numbers (London is the leading city in the world for FinTech), incumbents recognise the urgent need to adapt or go out of business.

As large stable organisations, Banks and Insurance companies have pursued operational excellence as their primary strategy for survival and profitability. In a world of speed and agility this is no longer a safe remedy. Instead, such companies will need to exploit new operating models that favour flexibility and speed over stability. The key elements of such models include:
- Scalable platforms that enable new businesses to develop rapidly. These are often available through partnerships with companies such as Microsoft (AZURE)
- Automated delivery of products, enabled by combinations of microservices in a similar fashion to companies such as Google and Amazon

- Small 'two Pizza' teams that own P/L for individual offerings, and can adjust rapidly to external market conditions

This implies a focus on greenfield business activities that are likely to involve external partnerships and acquisitions of digital natives.

What needs to happen next?

RPA and intelligent automation are still in their infancy, with the prospects of AI and machine learning transforming today's capabilities. Blue Prism, a leader in RPA, has recently acquired Thoughtonomy, a specialist in AI. Companies need to recognise the central importance of intelligent automation as the means of transforming current operating efficiencies and laying the ground for entirely new businesses.

Digital Leaders such as CIOs and CTOs need to prepare for such eventualities in the following ways:
- Modernising their own IT operations by automating key processes such as service management, and adopting digital platforms to enable rapid scaling
- Working with their business partners to elevate intelligent automation to board level to ensure that organisations are committed to a top-level strategy
- Choosing RPA vendors and consulting houses such as Blue Prism and Bizagi that can help map end to end processes and develop new solutions

About CIONET

CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

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