



# THE ELEMENTS OF A SUCCESSFUL RPA IMPLEMENTATION

---

To hear its most zealous advocates tell it, robotic process automation (RPA) is the golden ticket to lower operating costs, higher earnings, and improved productivity. As a growing number of RPA adopters are learning, however, those benefits can be slow in coming and more difficult to realize than originally understood. And for many companies, the benefits of RPA will never outweigh the substantial costs of implementing and maintaining an army of robots.

---

The fact is, RPA is not right for every organization. And even if it's right for your organization, it likely won't fulfill its potential and justify the necessary investment unless it's implemented properly. An RPA implementation never ends. Think of it this way: the software robots activated upon implementation are analogous to human employees. Companies do not ask "how long do we need employees for?" You'll always need them, but their work will change over time. Likewise, RPA implementation is a continuous journey, from implementing existing work to future work that is currently uneconomical to perform—or that nobody had even thought to do. To get the implementation right, you'll need to assess whether RPA suits your company's needs, which solution to invest in if it does, how you'll manage the implementation and operate the robots day-to-day, and how and whether it will scale over time. Here's what should guide your thinking as you work through these key issues.

## **1. RPA IS NOT FOR EVERY COMPANY**

RPA implementation won't pay off unless the implementing organization satisfies several conditions. Qualifying organizations are large legacy companies with high SG&A cost bases. They can realize value from RPA if they engage in a substantial number of repeatable, routine, standardized processes: 1) that are integral to the company's operation

and value proposition; 2) that cannot be made more efficient simply by reorganizing or streamlining the work, and; 3) for which no effective solution already exists. It is imperative that the processes to be automated are high-volume, standard, and repeatable, and therefore capable of being rendered in software code, which is in fact the "robot" (rather than some R2D2-like contraption) that performs the process operation. And the code must be extremely detailed, down to the keystroke level.

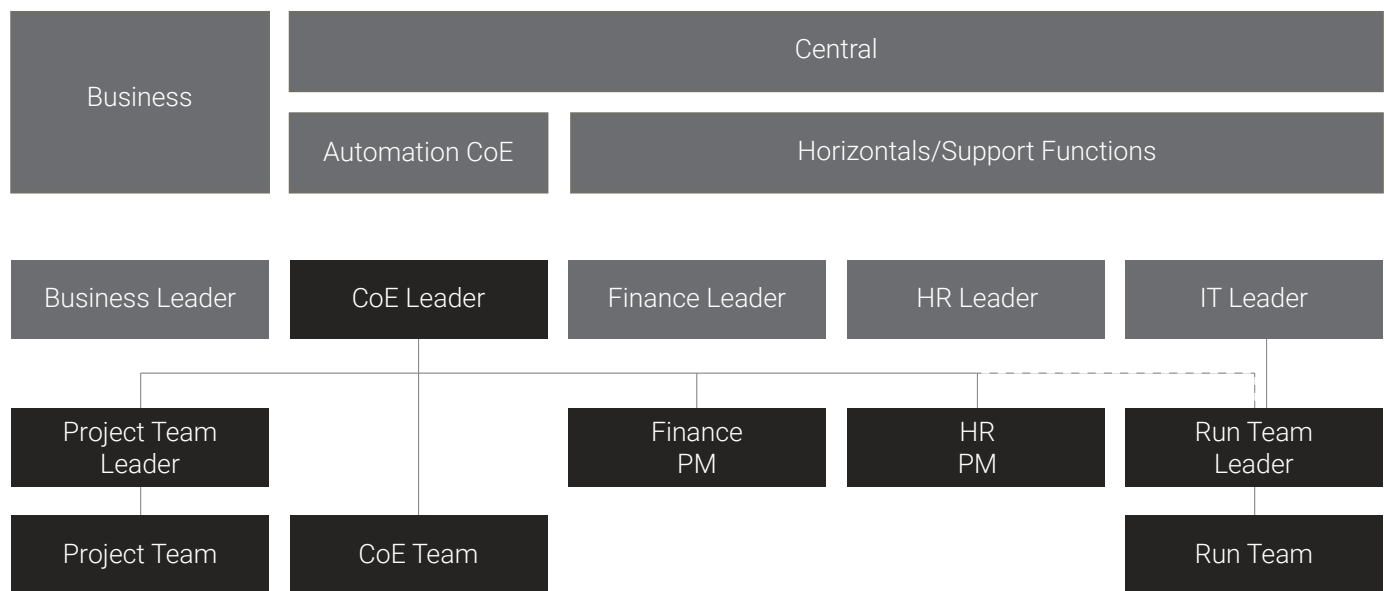
Companies that meet the criteria for RPA implementation can expect to see significant improvements in key metrics within a short amount of time. Those benefits notably include a SG&A headcount cost reduction of as much as 30%. Moreover, deploying RPA may confer a number of other advantages. Software robots can operate around the clock with eight or ten times the productivity of a human worker, thus cutting cycle times. They may be able to perform jobs that would be economically unjustifiable without digital automation. And RPA may even move the overall organizational culture by changing the way employees deal with their tasks, redeploying their efforts toward value-added activities and enabling them to compare their results with those of automated processes.

Even if you decide that RPA is not right for you today, you still need to keep an eye on this market. Within the next few years, business is going to find ways to combine technologies including RPA, machine learning, analytics, natural language processing, and many others, to mold a more intelligent workforce.

## 2. AUTOMATION TEAMS ARE THE NERVE CENTER OF RPA IMPLEMENTATIONS

Before launching an RPA project, companies must not only meet the criteria enumerated above but also have in place an automation strategy and an automation organization to execute it. The automation organization is critical to the task of aligning and governing the departments and functions that will support or execute the RPA initiative (figure 1).

**FIGURE 1: EXAMPLE OF TARGET ORGANIZATION TO LEAD AN RPA PROJECT**



Source: AlixPartners experience

At the top of the automation organization is the automation center of excellence (CoE), which owns the automation strategy, draws up the automation roadmap, and is responsible for all communications about the initiative. It prioritizes each automation project, identifies potential synergies, and prepares the business cases that justify each project.

The CoE also assembles the project teams that are responsible for executing the various RPA projects. Project teams are accountable for delivering the benefits identified in the business cases and ensuring that the automation delivers tangible results to the business units and that

functions such as IT, HR, and finance support each project as needed.

When the project goes operational, the project team hands it off to the run team, which is responsible for operating the RPA on a business-as-usual basis. The run team contributes to the management of the department or unit using the automated solution and manages tasks such as routine change requests (more extensive change requests are escalated to the CoE). Most important of all, the project team maintains the robots that execute the process automation software, in close coordination with IT.

### 3. WHEN CHOOSING A VENDOR, UNDERSTAND THE REAL COST OF RPA

Another key consideration before launching an RPA initiative is the choice of RPA vendor. At present, 12 vendors dominate the market, competing for revenues estimated at \$1.2 billion in 2018 and projected to grow by a factor of five to seven over the next three years.

The pricing model for software in this space differs a bit from other types of software and needs to be understood. Vendors want you to think of software robots as equivalent to human employees. But it's not quite that simple. An individual bot—the key variable in the cost equation—is relatively inexpensive, costing anywhere from \$5,000 to \$15,000. But multiply that price tag by the number of bots you may need to “hire” and the cost can add up fast. Moreover, vendors have varying pricing models. Some vendors may offer the ‘bot creator’—the software used to design a bot—for free but charge for the bots themselves. Some may require payment when the bot is in design, while others might wait until it's in production. And there may be other differences.

Because most of the solutions that these vendors offer are relatively low-cost (on a per-bot basis), price is a less important consideration than a vendor's experience in a given industry. References from other clients in that industry can be a valuable guide. And because many small-scale initiatives can be implemented without an implementation partner, companies must also consider whether they want to keep the implementation in-house or outsource it, whether the robots are attended or unattended, and the reliability and scalability of the solutions offered.

Remember also that RPA solutions alone might not be sufficient to ensure a successful implementation. Because software robots need to work with structured data, most companies will need to invest in supporting technology such as intelligent optical character readers, data portals, and possibly even chatbots, to capture the necessary data and render it into usable forms.

---

A final consideration when selecting a solution is whether it can achieve your required level of security. It may be, as many argue, that a software robot is a more secure employee than a human employee, but in today's economic and cybersecurity environment, no C-level executive can take that for granted.

## 4. PICKING THE PROCESSES

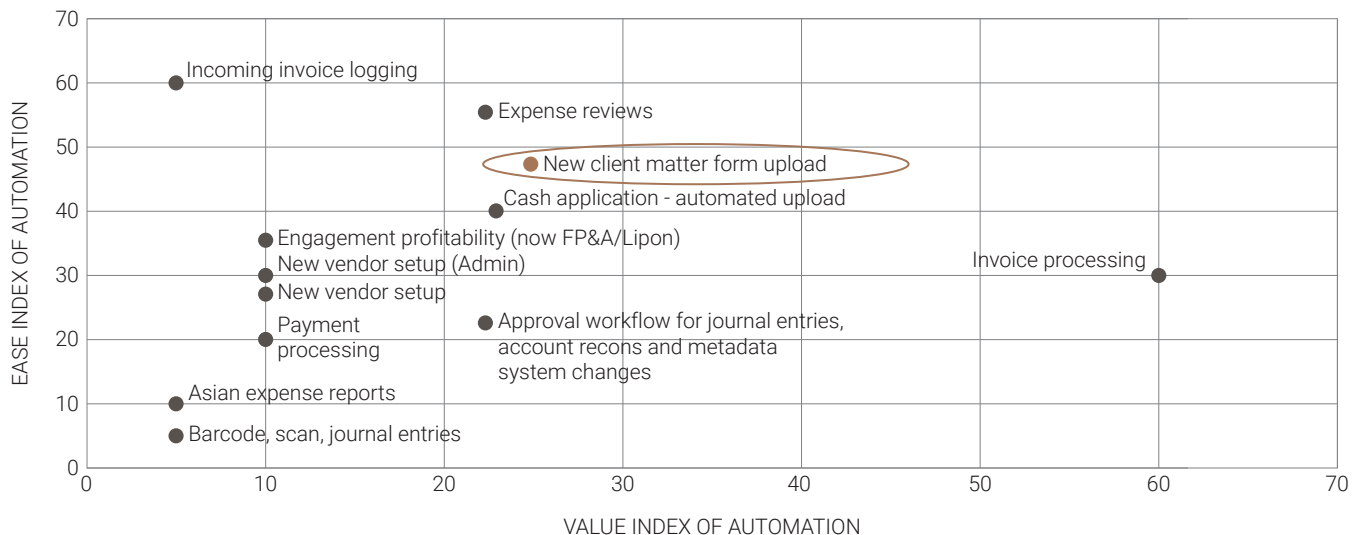
When the technology and people required to execute the implementation are in place, the automation CoE can turn its attention to the crucial business of selecting and prioritizing the processes to be automated and calculating the return the company can expect from its RPA investment. Those deliberations should begin with a few elementary questions, such as whether a process needs to be performed at all, and if so, whether the company already owns a solution that can perform the task or whether something on the IT roadmap could do it just as well. It's important to bear in mind that RPA should be the last resort after all other possibilities, including reorganizing or

streamlining an activity, have been eliminated. It is highly likely you will need to engage in some level of process standardization or optimization to maximize your ROI.

Assuming that, after due consideration, RPA appears to be the best option for reducing the cost and increasing the efficiency of a critical number of key processes, the automation CoE can then rank those processes in the order of their strategic importance and anticipated ROI. The selected processes can be plotted on a matrix whose vertical index indicates the amount of work to be automated and whose horizontal index displays the ease of automation, the frequency with which the process recurs, its level of standardization and complexity, and the type of inputs required for execution (figure 2).

**FIGURE 2: PRIORITIZING PROCESSES FOR AUTOMATION (EXAMPLE)**

Value versus ease of automation



The data for the two axes was created from the interviews and survey results, and designed to show relative ease/value of processes compared to each other.

The ROI calculation has to take into account many factors. Return may be calculated through counting the hours saved from automation, then quantifying how those savings are monetized (e.g. through headcount reduction or workforce re-allocation). Other examples of quantifiable return may be calculated from reductions in error rate, revenue from new services, and improvements in customer service, to name but a few. On the investment side of the ROI equation, costs to consider include the RPA platform itself, associated technologies required for an automation solution, hosting, and the biggest cost of all, implementation (which may be internal or with a partner).

When estimating the cost of the automation organization, keep in mind that an RPA solution will require that perhaps 10 to 40% of the previous 'human-only' team will need to be retained to process the exceptions that the bot cannot handle. It is therefore vital to develop a detailed typology of exceptions before launching the implementation. The typology enables managers, in a 'Pareto approach', to clearly distinguish between:

- Non-quality exceptions inherited by sub-optimal processes, which need to be shrunk to the minimum—for instance, in most forms fed by various stakeholders, free text fields should be avoided and replaced by drop-down lists, leading to a significant reduction in the number of potential answers; and

- High value-added exceptions, which might be maintained and handled through a different channel, such as requests generating clear outcomes, e.g. higher customer intimacy or incremental profit

And throughout the RPA journey, a core RPA operations team will be continuously improving the algorithm and lowering the exception level.

Those processes to be automated need not be confined to those performed within the ring-fenced organization. As labor costs in emerging markets approach those in the developed world, many companies will need to decide whether to take some offshored processes back in-house using RPA. Such transitions can reduce resource management risks and eliminate cumbersome connectivity issues.

## **Conclusion**

The potential benefits of RPA are overstated more often than they're understated. But that's not to say that claims for RPA are unjustified. We have helped clients make huge efficiency gains in a short time, even as they achieve substantial reductions in headcount, improve transactional accuracy, and enhance the customer experience. It's no accident they were able to deliver better performance. They did so because they had the scale to benefit from RPA and the foresight to prepare for the organizational and operational changes that such implementations entail. Or, in the still-relevant words of the great English poet John Milton, "Luck is the residue of design."

## **CONTACT THE AUTHORS:**

### **Cyril Perrier**

Director

+33 1 76 74 71 74

cperrier@alixpartners.com

### **Jim Shand**

Director

+1 972 764 2163

jshand@alixpartners.com

### **Edouard de Frescheville**

Senior Vice President

+33 1 76 74 71 80

edefrescheville@alixpartners.com

## **FOR MORE INFORMATION CONTACT:**

### **Michael Weyrich**

Managing Director

+44 20 7098 7413

mweyrich@alixpartners.com

## **ABOUT US**

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring, and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

The opinions expressed are those of the author and do not necessarily reflect the views of AlixPartners, LLP, its affiliates, or any of its or their respective professionals or clients. This article regarding The Elements of a Successful RPA Implementation ("Article") was prepared by AlixPartners, LLP ("AlixPartners") for general information and distribution on a strictly confidential and non-reliance basis. No one in possession of this Article may rely on any portion of this Article. This Article may be based, in whole or in part, on projections or forecasts of future events. A forecast, by its nature, is speculative and includes estimates and assumptions which may prove to be wrong. Actual results may, and frequently do, differ from those projected or forecast. The information in this Article reflects conditions and our views as of this date, all of which are subject to change. We undertake no obligation to update or provide any revisions to the Article. This article is the property of AlixPartners, and neither the article nor any of its contents may be copied, used, or distributed to any third party without the prior written consent of AlixPartners.