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KEYS TO RPA SUCCESS

**Part 4: Change Management
& Capability Development-
People, Process, & Technology**
**How Blue Prism Clients Gain Superior
Long-Term Business Value**

By

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With market adoption of Robotic Process Automation reaching levels that support rigorous quantitative measurement and analysis, Knowledge Capital Partners has developed proprietary research tools and assessment models with the goal of establishing evidence-based performance benchmarks to inform technology selection and deployment. This report summarizes the key RPA management practices that have produced superior results and value for Blue Prism customers as revealed in multiple quantitative surveys and live deployment analyses.

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Introduction

In "Gaining Early Stakeholder Buy-in and Governance," the third paper of the series, we examined the exceptional results many Blue Prism clients are achieving with their RPA deployments as a result of 'starting right' and 'institutionalizing fast'. But don't stop there! Early buy-in and governance are critical but insufficient components of the larger process of change management. In this paper we analyze Blue Prism customers' approach to the key challenges in the areas of changing people, process and technology. We find that Blue Prism customers do many things right, but there is still room for improvement.

Our global research on change management found major risks facing organizations globally as they introduce RPA. A major trip-wire continues to be the old habit of getting buried in technical change and neglecting other essential transformational levers. Particularly key are: people – their skills and motivations – and processes – marrying process design with what the technology can do. It is critical that these three components – people, process, and technology – are aligned and integrated to achieve superior business value.
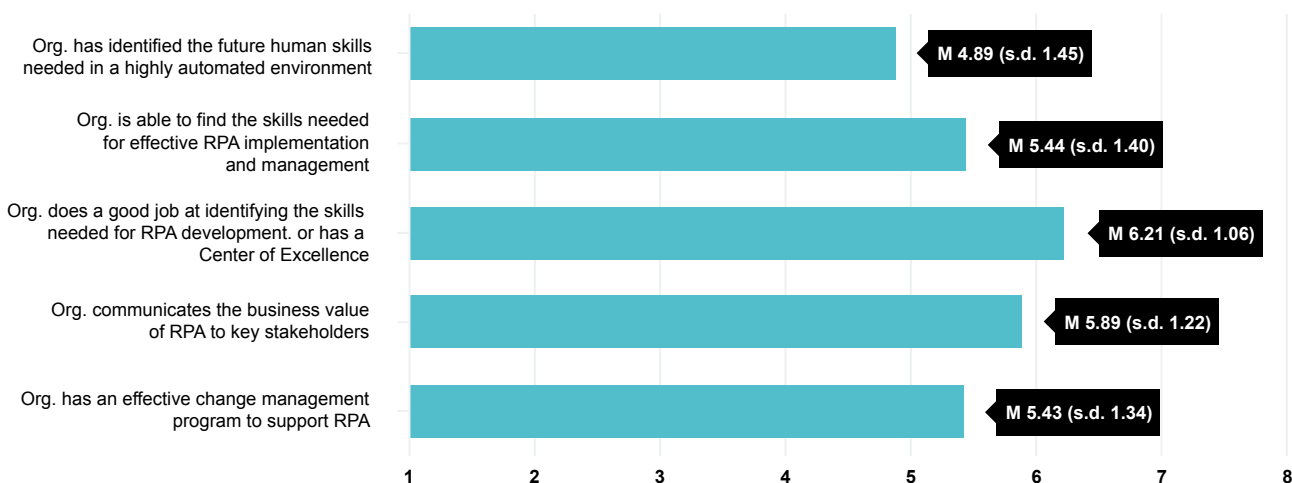
One consequence of slighting people and process has been the under-funding of RPA development and deployment. Organizations then have to learn, often painfully, that the technology is not a silver bullet but needs the application of considerable change management expertise. In our broader research, the symptoms and consequences of poor change management manifested themselves in many ways: stakeholders ignoring, stalling resisting or derailing the automation program; initial projects failing technically, financially, or politically; the robots not functioning as intended; and, as business rules evolve, or IT interfaces change, organizations failing to update or adapt their RPA deployments.

There are reliable ways of mitigating these risks, as we have established in previous publications. In this report we enrich this analysis, through identifying the effective practices of leading Blue Prism customers. We then introduce further improvements identified in our research-in-progress.

People and Change Management

Blue Prism customers, as a whole, seem to do a good job on stakeholder communication and building human skill sets. In the wider RPA market we found performance is much more uneven than this. Blue Prism customers score themselves highest on identifying the skills needed for developing RPA, followed closely by the skills needed for implementing RPA, and future skills needed for an automated environment (Figure 1). Despite the variable performances elsewhere, Blue Prism customers also see themselves doing well on communicating the business value of RPA to stakeholders, and running an effective change management program to support RPA.

Please indicate the degree to which you agree with the following statements about stakeholder communication and human skill sets:

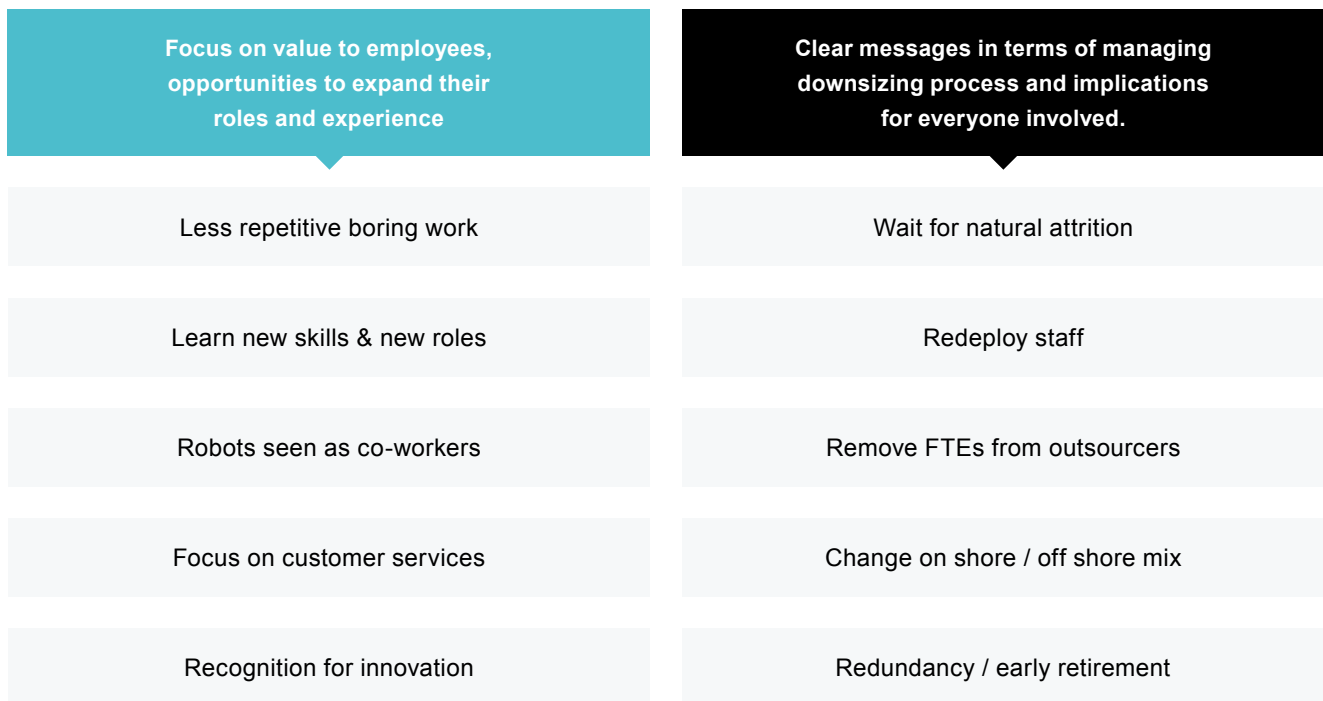|	
Org. has identified the future human skills needed in a highly automated environment	M 4.89 (s.d. 1.45)
Org. is able to find the skills needed for effective RPA implementation and management	M 5.44 (s.d. 1.40)
Org. does a good job at identifying the skills needed for RPA development. or has a Center of Excellence	M 6.21 (s.d. 1.06)
Org. communicates the business value of RPA to key stakeholders	M 5.89 (s.d. 1.22)
Org. has an effective change management program to support RPA	M 5.43 (s.d. 1.34)

Figure 1 – Stakeholder Communication and Skill Sets

Looking across several hundred deployments of Blue Prism and other RPA technologies, we synthesize the effective practices in Figure 2. Blue Prism customers like Bank of New York Mellon and Xchanging (now XDC Technologies) for example, have focused on the value to employees, including less repetitive, boring work, co-working for higher productivity, learning new skills and roles, being recognized as innovators, and being able to focus more on customer service. Messaging has to be early, clear, consistent, and regular.

An important aspect to deal with is employee fear of job loss. Employees, we find, hate uncertainty more than anything else so there needs to be clear messaging in terms of managing potential downsizing and its implications for individuals and groups involved. Figure 2 suggests the human resources policy to follow: first waiting for natural attrition, redeploying staff, taking out headcount from outsourcing suppliers before making redundancies, changing the onshore/offshore mix in favor of onshore, and only then considering redundancy and/or early retirement.

Managing Change Through Automation

Focus on value to employees, opportunities to expand their roles and experience	Clear messages in terms of managing downsizing process and implications for everyone involved.
Less repetitive boring work	Wait for natural attrition
Learn new skills & new roles	Redeploy staff
Robots seen as co-workers	Remove FTEs from outsourcers
Focus on customer services	Change on shore / off shore mix
Recognition for innovation	Redundancy / early retirement

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Figure 2 – Managing Change Through Automation

When we did a global market survey in early 2018, we found that this pattern was more or less followed by the majority of RPA customers (see Figure 3). The main approach was to redeploy people within the work unit or elsewhere in the enterprise. Interestingly, 46% of organizations also used automation as an opportunity to take on more work rather than reduce headcount. As can be seen, there are a variety of practices available and followed, though 22% did register some layoffs.

What organizations do with excess labor capacity from service automation

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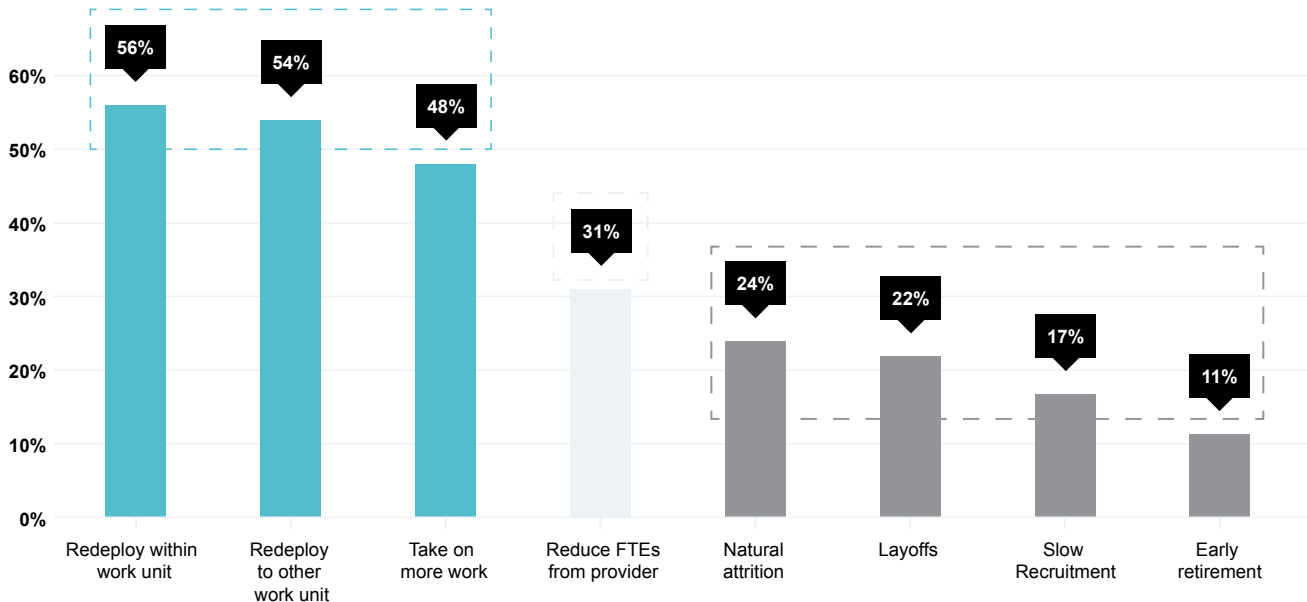
2018 n=98

Figure 3 – Organizational Practices on Excess Labour Capacity and Automation

One of the selling points of RPA (and cognitive automation), which rarely appears in those future of work reports that predict massive job losses, is the jobs and new roles created.[iii] The direct job creation from RPA itself may not be large in terms of numbers, but Figure 4 indicates the kind of roles and skills sets that need to be filled, and the numbers do increase as organizations scale their RPA over the next few years, and as cognitive automation software becomes much more widely adopted. Our survey of Blue Prism customers suggests that they are particularly strong on assigning more interesting work to employees as a result of RPA deployment, thus demonstrating, in our phrase, 'taking the robot out of the human' (see Figure 5).

Change Management: automation creates new roles
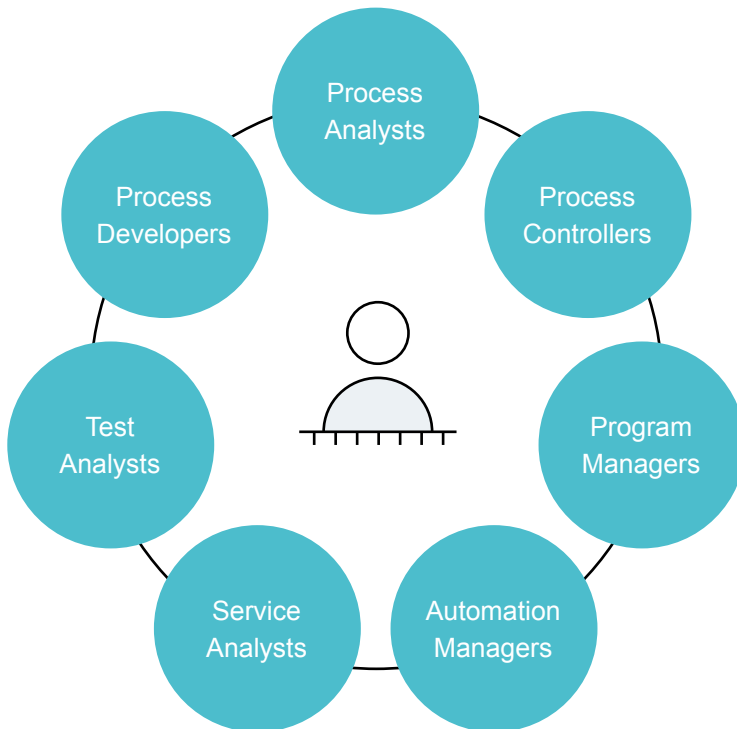
- **Junior and Senior roles:**
  The changes are at every level in the process

- **It's a continuum:**
  Career opportunities available in RPA and there will be premiums to pay

- **Agile and Active Management:**
  Managers of the operational processes will have to be agile as the way they manage and their focus changes

- **Potential blurring of roles:**
  IT meets operations

- **Data, Compliance and Regulation**
  roles are growing in importance

Figure 4 – Automation and New Roles

Process and Technology

A dilemma facing customers on process and technology is whether to take what one executive described to us as 'a quick and dirty approach' and just automate the existing process(es) in order to get business value cheap and fast, or to take a longer-term view. As we detailed in our first paper, Blue Prism customers, wisely, tend to redesign processes in tandem with technology and people, to achieve optimal performance. This sets up the organization for faster scaling, better enterprise integration, and further reengineering and automation down the line.

Successful Blue Prism customers redesign processes and look to achieve end-to-end automation when deploying RPA. Note in Figure 5 the importance assigned to using automation to make more interesting and valuable work for humans. Clearly the successful users are integrating people, process and technology when designing future ways of working. But what processes are they focusing on, and how is this integration achieved?

Please indicate the extent to which your organization enacts the following practices:

Extent to which Organizations Enacts Practices

(**1**-Not at all to **7**-To a great extent)
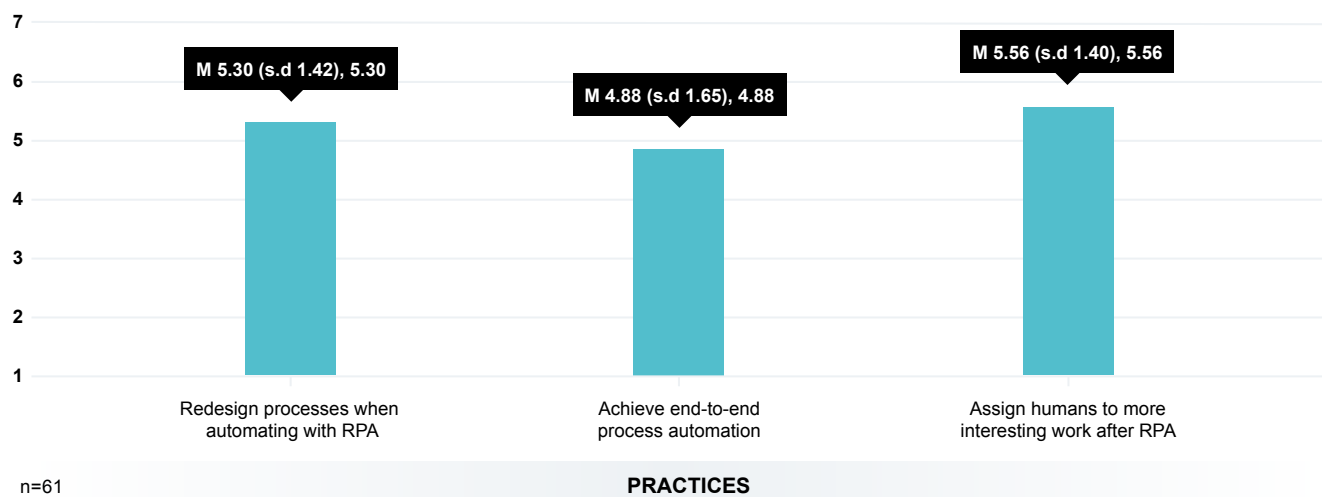
n=61   **PRACTICES**

Figure 5 – Blue Prism Customer Practices on Process Redesign, End-to-end Process and skills

Amongst Blue Prism customers, the bulk of RPA automations are focused on back-office processes. However, as Figure 6 indicates, opportunities are emerging for deploying RPA in middle- and front-office environments as enterprises become more creative in using RPA as a platform for digital enterprise transformation.

While RPA is used primarily for routine operational transactions, enterprises are also finding that RPA is a valuable resource for meeting unanticipated, "one-off," and time-constrained requirements such as new regulations, mergers and acquisitions, or short-term requirements such as recruiting or marketing campaigns – see Figure 7.

Which types of processes does your organization prioritise as top RPA automation projects?

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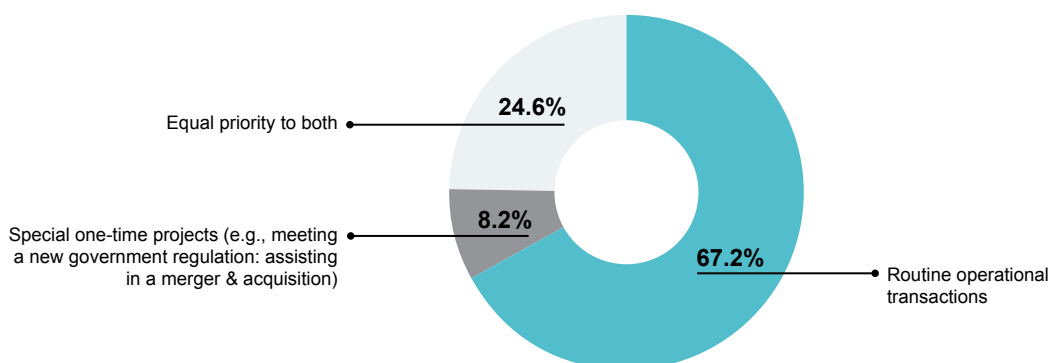**Types of Processes Top Priority for Automation**
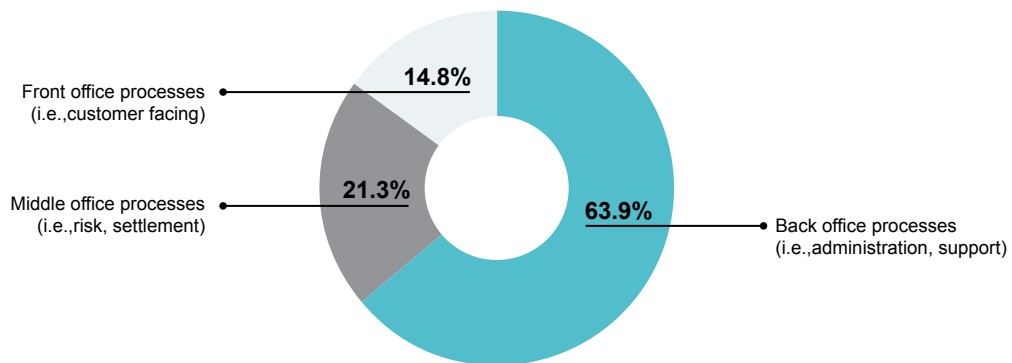
n=61

Figure 6 – Top RPA Projects

Which types of transactions does your organization prioritise as top RPA automation projects?

—

Types of Transactions Top Priority for Automation

n=61

Figure 7 – Transactions Prioritized for RPA Deployment

So how is end-to-end process integration achieved? Figure 8 shows the Blue Prism customer responses to this question. The top three practices are: redesigning process to reduce RPA-human handoffs; requiring users to provide structured inputs; and digitizing and structuring data that is unstructured to make it ready and usable for RPA input. Interestingly, few use multiple RPA tools (17.5%) while rather more (27%) are using cognitive, along with their RPA software, so preparing themselves for the next phase of service automation.

Which practices does your organization adopt to help the automate process end-to-end? (tick all that apply.)

Practices Adopted to Help Automate Process End-to-end
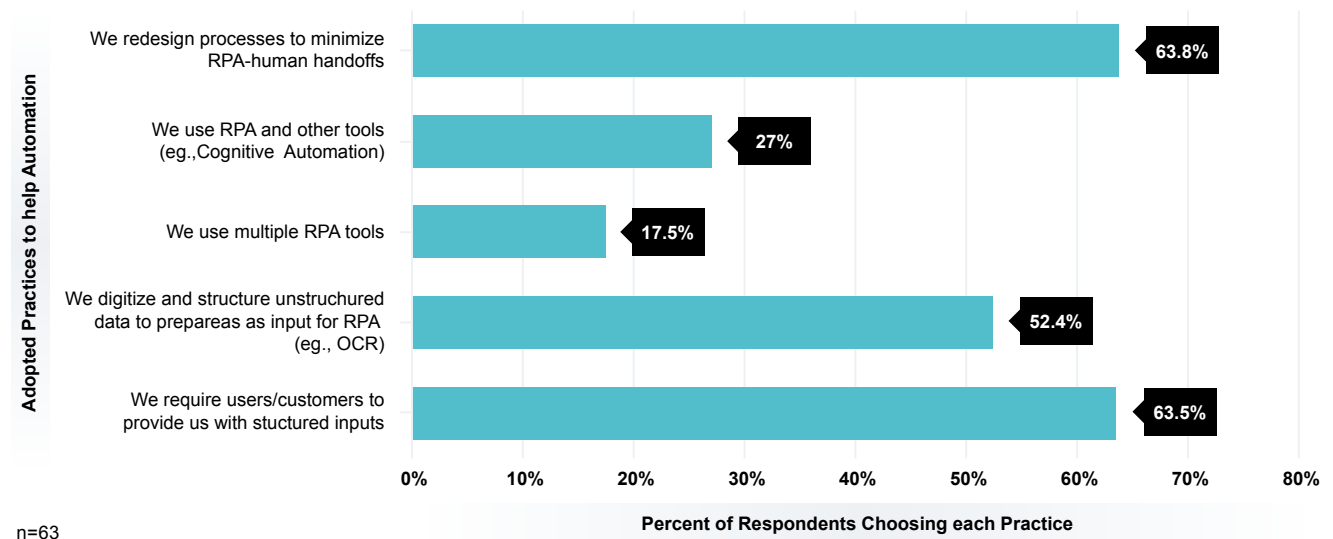

n=63

Figure 8 – Practices to Achieve End-to-End Processes

Room for Improvement

So far, our research has highlighted the effective RPA practices, but is there room for improvement? We think there is. Our follow-up survey gained over 100 respondents from Blue Prism customers attending Blue Prism World events in New York and London in 2018. The research focus was on total cost of ownership, a theme we introduced in our first paper in this series. Only about half actually did a TCO analysis, and of those only about a half did so before the RPA project began. We will come back to this finding on measurement in our next paper. Here we will focus on how TCO analysis was carried out, and what was included and excluded.

Given our theme of change management, the results are enlightening, if only for what's missing. Looking at Figure 9, a range of stakeholders are variously involved in developing the TCO model, but it is striking that Human Resources are called upon in only 16% of RPA deployments. This undoubtedly had an effect on what direct costs were included in the TCO model. One would assume that with the well known high human and organizational, and other hidden change management costs associated with introducing new technology into an organization[iv], there would be quite a large allocation of costs to cover these areas. But Figure 9 reveals that HR costs are the least considered direct costs, followed by consulting and integration costs. While licenses are the most often considered, in practice they are actually a relatively small part of the overall costs of an RPA program.

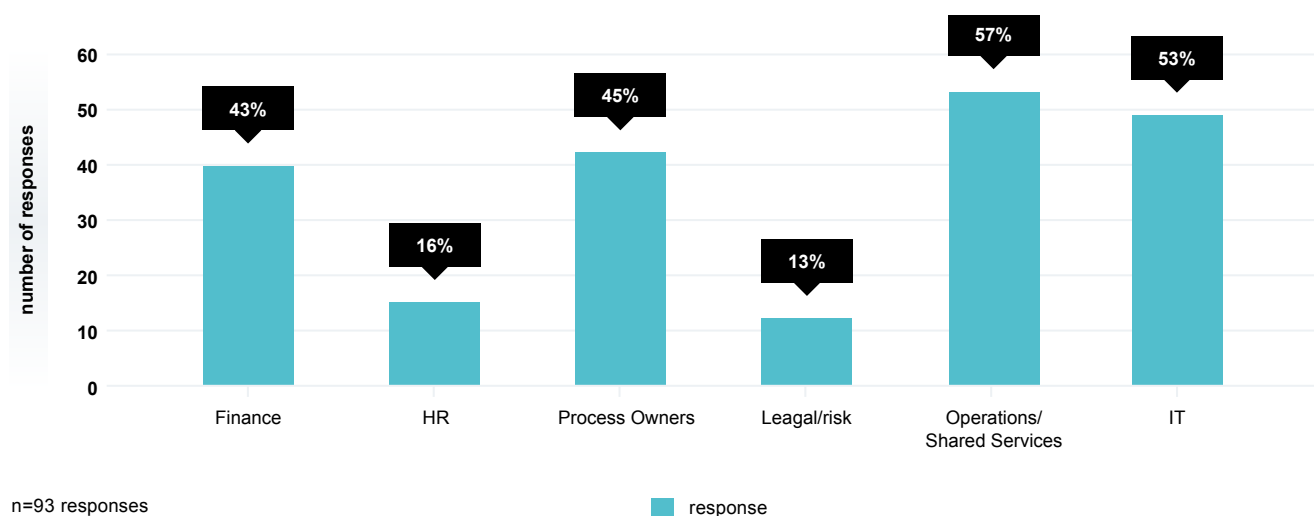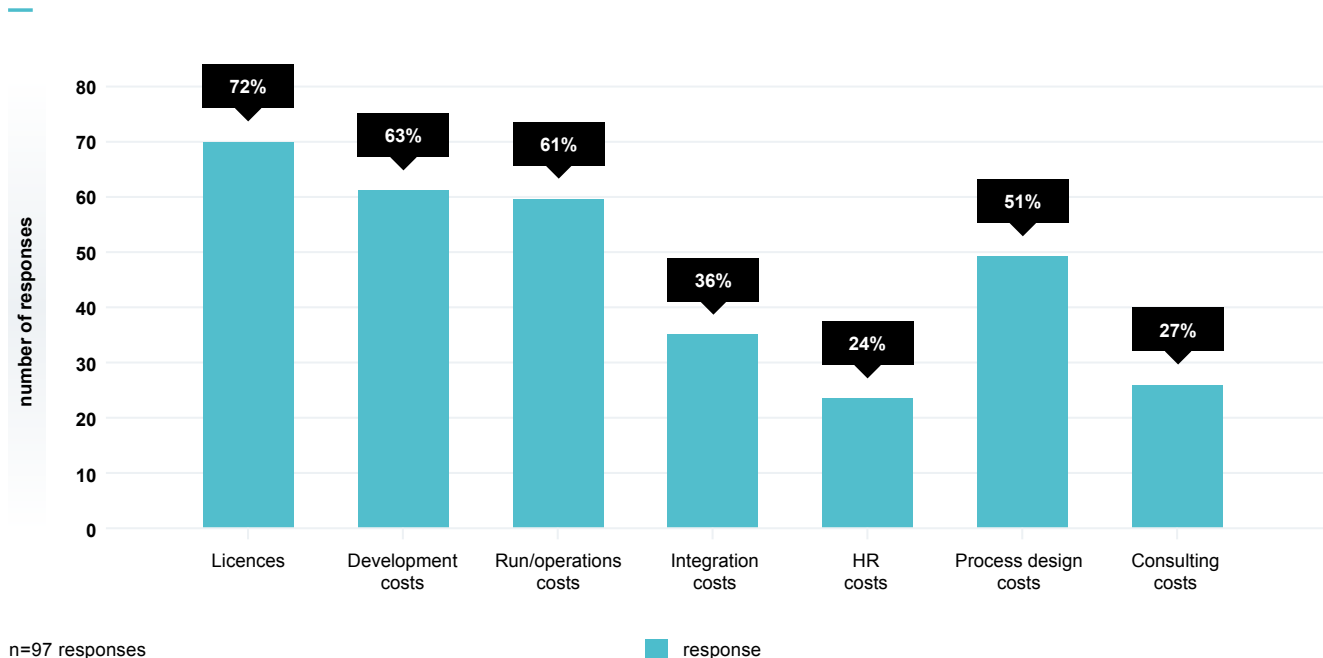## Which functions helped to develop TCO model?

n=93 responses

response

Figure 9 – Functions Developing the TCO model for RPA

Which direct costs were included in the TCO model?

Figure chart with y-axis labeled "number of responses" (0 to 80), bars for:
- Licences — 72%
- Development costs — 63%
- Run/operations costs — 61%
- Integration costs — 36%
- HR costs — 24%
- Process design costs — 51%
- Consulting costs — 27%

n=97 responses   ■ response

Figure 10 – Direct Costs Included in the TCO Model (Blue Prism Customers)

When looking at indirect costs, the situation does not get much better – see Figure 11. Only 55% add in training costs, but looking at even that, this is mostly for training employees to directly utilize the RPA software. Only 20% build in retraining or severance costs. And only 25% consider enterprise change management costs. In past research into technology adoption we have found these costs are often two to four times the technical costs incurred for development, equipment, and direct technology skills training. The other interesting factor that needs to be factored into TCO is the developing RPA skills shortage tending to drive up human costs. Run and operations costs also seem be being underestimated. With other technologies we have seen knock-on operations and maintenance costs at levels of 40 cents per year for every dollar spent on the initial IT investment[v].

Historically organizations have not been good at evaluating costs and benefits from their technology investments, and our evidence suggests this seems to be passing into the practices of even the relatively successful RPA (and cognitive) users. There is room for improvement here because poor evaluation costs money and time, misdirects resources and leads to missing out on the business potential afforded by the technologies.

Which indirect costs were included in the TCO model?

n=74 responses
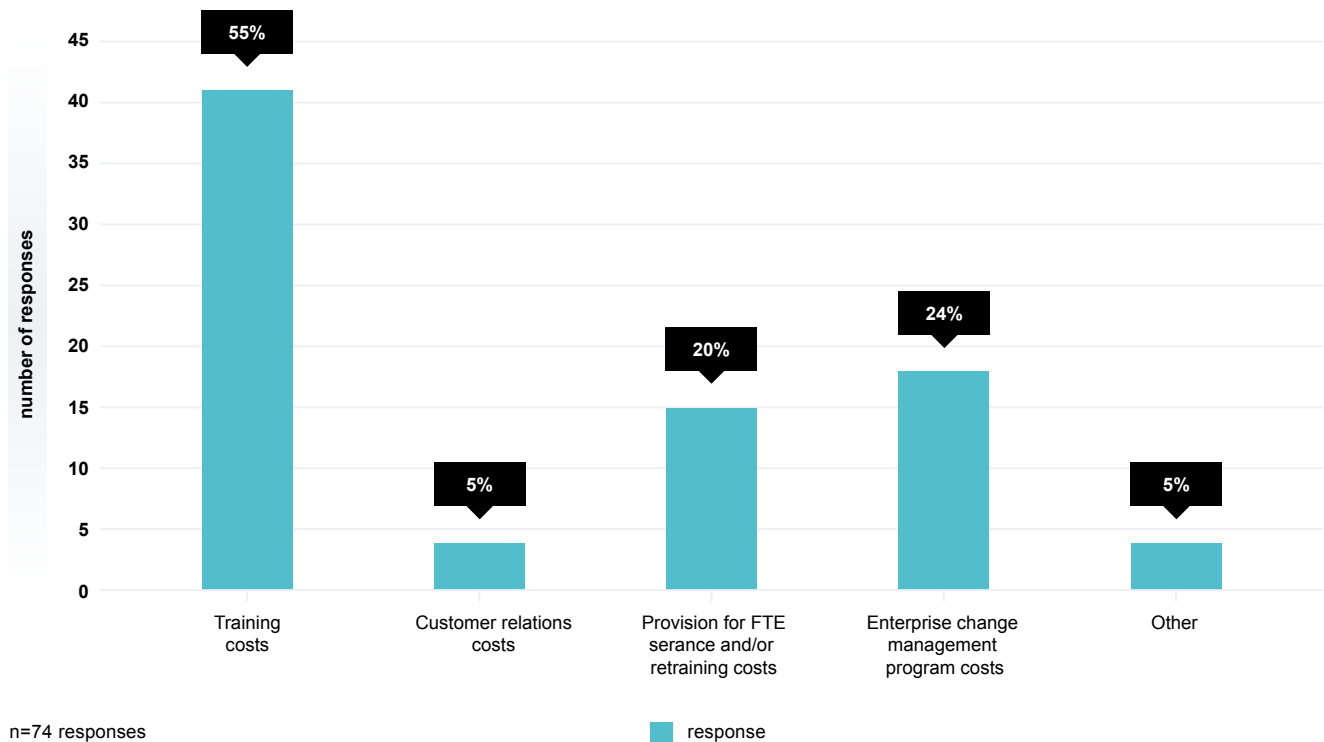
Figure 11 – Indirect Costs Included In The TCO model for RPA

The low numbers reported for HR and Change Management indicate an all-too-common and persistent failure to appreciate their importance. The failure to involve HR on the front end leads to low priority given to acquiring the necessary talent to implement RPA technologies, but also to managing change. On the back-end, it leads to failing to provision for severance/re-training of affected populations – it is not just about teaching people how to use the technology. The lack of investment in change management is indicative of failing to recognize or provision for the changes required across the organization and how it impacts the total value chain – including suppliers, customers and other enterprise functions – not just the department where the technology is being deployed.

Conclusion

In a 2017 report entitled "RPA in Context: How Are We Doing?" we analyzed the intense market excitement over RPA, calling out its attractiveness in comparison with previous enterprise transformation programs (Business Process Re-engineering, ITO/BPO, TQM, ERP, etc.):

> RPA offers a flexible, general purpose toolset that, while not problem-free or without challenges, is by comparison relatively easy to configure, offers rapid implementation, high ROI, and early benefit realization, with minimal pain and mostly happy users. For business, it eliminates multi-year waits on the IT work queue for technology solutions, offers control over configuration to meet changing process demands, and allows the workforce to pursue new and more valuable revenue-generating activities while increasing productivity. Similarly, RPA enables the IT function to focus on core enterprise infrastructure, and relieves pressure on shrinking resources (people and budgets), while ensuring security and governance. Moreover, because RPA tools operate at the presentation layer, they don't disturb or compromise underlying systems of record.

As companies have learned, sometimes painfully, and as our ongoing research has shown in this paper, technology by itself is never a panacea for any and all enterprise challenges, and in the case of RPA, its relative simplicity can prove deceptive. The other two levers of enterprise transformation – People and Process – are equally critical to success, since organizational silos in data, structure, technology, skills, and process can become major inhibitors of automation. As Kurt Lewin, father of social and organizational psychology once commented, "If you want to know how an organization works, try changing it." The evident failure of many enterprises to prioritize, design and fund comprehensive change management programs can severely inhibit full value realization from their technology investments.

Research Base

This study draws upon detailed research into 70 RPA client adoption case studies in 2015-2018 period, with a review of a further 104 cases in that period. Much of this material can be accessed in Mary Lacity and Leslie Willcocks as Service Automation, Robots and The Future of Work (2016), Robotic Process Automation and Risk Mitigation: The Definitive Guide (2017), and Robotic Process and Cognitive Automation: The Next Phase (2018). All these books are published by SB Publishing, Stratford, and there are also multiple working papers available at roboticandcognitiveautomation.co.uk. We also draw upon three surveys specifically of Blue Prism clients. The first was carried out using McGuire client contacts. The second was carried out through Knowledge Capital Partners and gained client results consistent with the McGuire data. The client satisfaction results were published as Lacity, M. Hindle, J. Willcocks, L. and Khan, S. (2018) Robotic Process Automation: Benchmarking The Client Experience (KCP, London). The results on effective management practices are published for the first time in this report series along with data collected from clients surveyed at the Blue Prism World Events at New York and London in June 2018. For this series we are also carrying out additional client interviews to verify our findings and conclusions and collect new data.

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Notes

[i] See Lacity, M. and Willcocks, L. (2017) *Robotic Process Automation and Risk Mitigation: The Definitive Guide.* (SB Publishing, Stratford).

[ii] See Lacity, M. and Willcocks, L. *Robotic Process and Cognitive Automation: The Next Phase* (SB Publishing, Stratford)

[iii] One of the major criticisms of some of the earlier reports such as Frey, C. and Osborne, M. (2017) The Future of Employment: How Susceptible are Jobs To Computerisation? *Social Forecasting and Technological Change*, 114, pp. 254-280 and Ford, M. (2015) The Rise of The Robots (Basic Books, New York) is that they tend to assume that if it can be automated it will be, that it will be whole jobs automated rather than parts of jobs, and they choose to omit job creation. Some subsequent reports factor these considerations back in and end up with much less drastic figures for job losses, and in some case conclude there will be long term job gains as a result of automation. See McKinsey Global Institute (2018) *Notes From The AI Frontier: Modelling the impact of AO+I on the global economy,* McKinsey, San Francisco, September; World Economic Forum (2018) *The Future of Jobs Report 2018*, (WEF, Geneva); Asia Development Bank (2018) Asian Development Outlook 2018 – How Technology Affects Jobs, ASD April.

[iv] See Willcocks, L. Petherbridge, P. and Olson, N. (2002). Making IT Count: Strategy, Delivery Infrastructure. McGraw Hill, London)

[v] For the original research see Willcocks, L. and Graeser, V. (2001) *Delivering IT and E-Business Value* (Butterworth Heinemann, London). We gained similar findings looking at cloud computing and several other technologies.