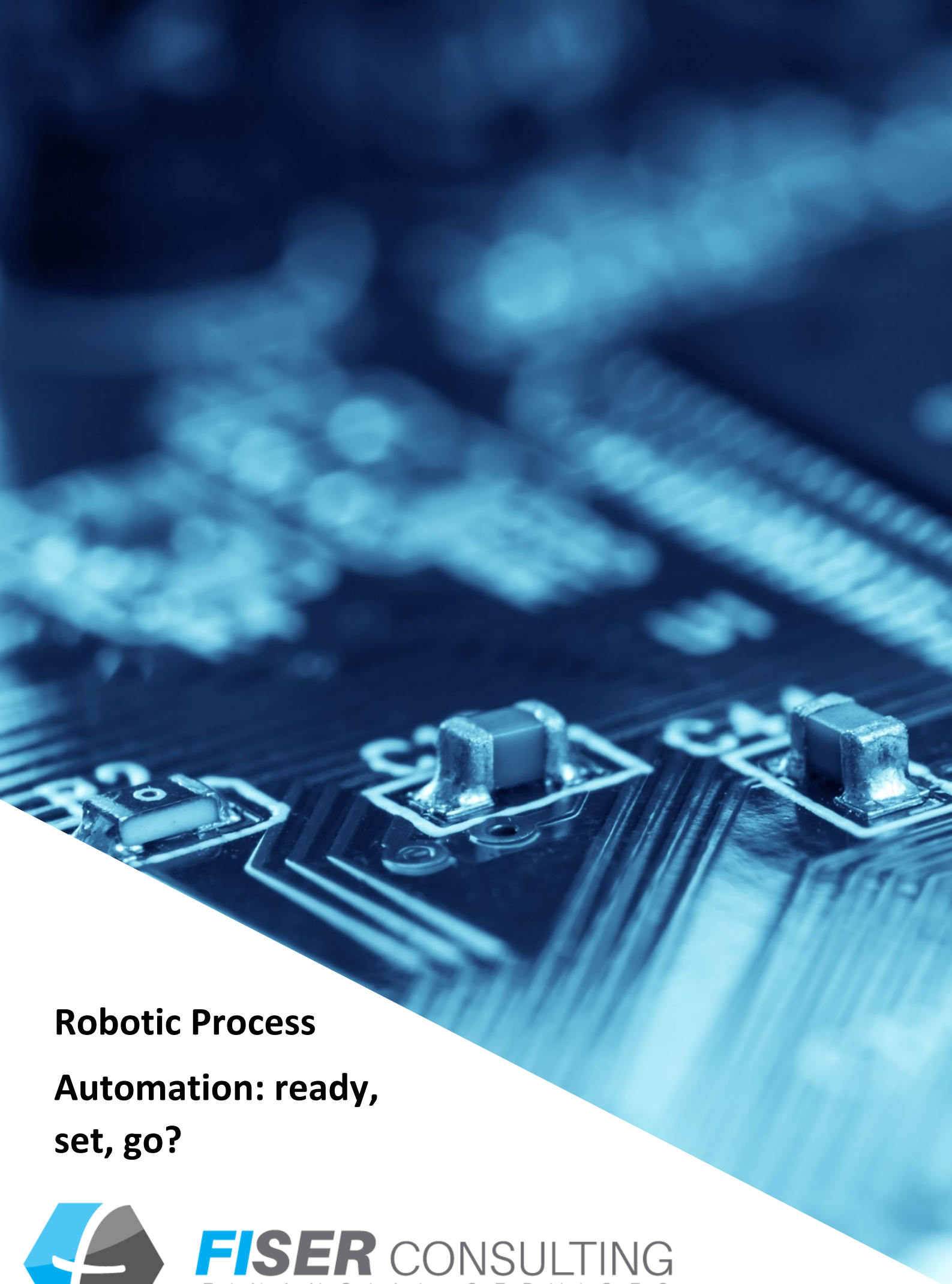
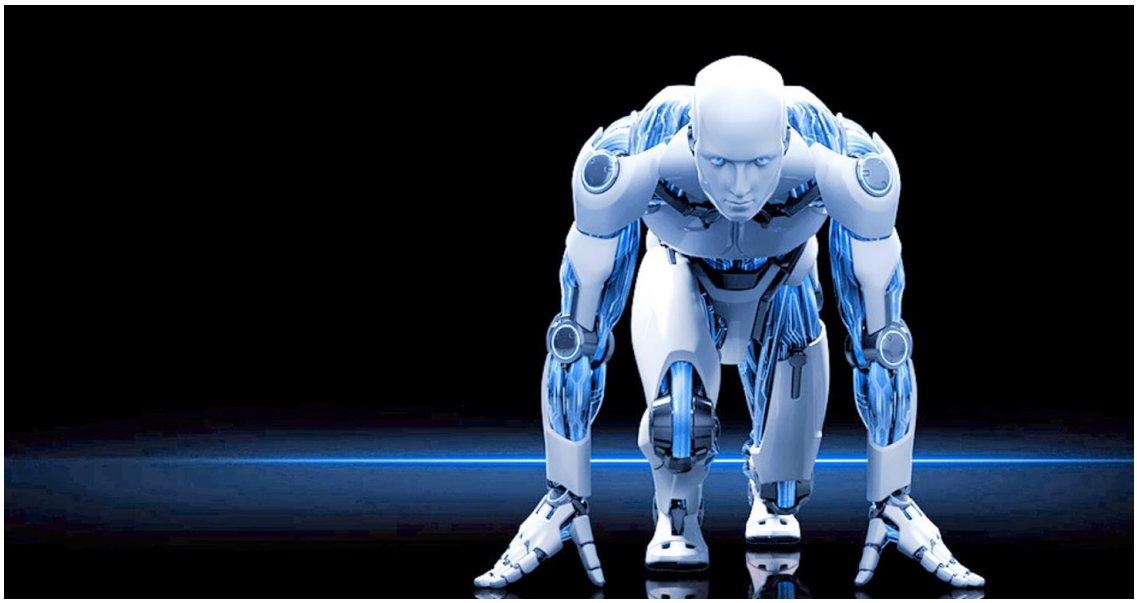


Robotic Process Automation: ready, set, go?

FISER CONSULTING
FINANCIAL SERVICES



Executive Summary

Are you on the starting line or still warming up on the side?

That's a question which many organisations will be asking when it comes to how effectively to deal with the ongoing need of shareholders for revenue growth coupled with a cost-effective solution for its operations; and the demand from customers for more value added services.

Since the economic crisis of 2008, the financial services industry has been challenged by low interest rates, low GDP growth, increased cost of operations and continuous regulatory change. Fraudulent activity has also been on the rise, which has in turn increased the cost of operations for banks and insurers alike. The modern consumer is now moving towards a more digital experience and this is being translated in to increased pressure for more efficient and cost effective operations.

Organisations can respond to these combined pressures in many ways, including improvements to existing methodologies and technologies. However, once those initial gains are made, the ongoing marginal improvements need a lot more effort. Further offshoring work can also potentially lead to weakening an onshore presence.

This is where the capabilities of RPA (Robotic Process Automation) can come in to play and be incorporated in to an organisations long term strategic objectives. RPA can conjure up images of physical robots wandering around offices performing human tasks. This is however very far from the truth and it really means automation of service tasks that were previously performed by humans.

Early adopters of RPA are finding that automation can radically transform back offices, deliver much lower costs while improving service quality, increase compliance and decrease delivery time. What's key though with all innovations is that the individual organisation learns to manage RPA adoption in order to achieve maximum results. Its end results are however not limited to the back office space.

In this paper we will expand on the definition and principles of RPA, the RPA journey, its core benefits and impact in the regulatory and compliance space, lessons learned from previous RPA implementations, developing a solid business case and ROI; as well as the overall impact of RPA across the organisation.

Seperately, we will detail the services that FiSer Consulting provide and how we can help you best respond in a proactive manner to the implementation of RPA and achieve major benefits with its adoption in to your ecosystem.

Contents

Definition & Principles of RPA

The biggest barrier for most people when robotics are discussed is fully understanding what it entails and how it positively influences a business in the long run.

The most obvious point of call for RPA implementation is in the back office environment. Back offices are always under pressure to contain costs. This is becoming more prevalent in the insurance and financial services arena, but cost efficiency must be balanced with other performance imperatives like service excellence, flexibility, business enablement, scalability, security and compliance. Over the years there has been big leaps in transforming the performance of back offices via various transformation methods. What has not been fully adopted is service automation and this is where RPA is gaining traction.

The following key elements provide a clear picture of the functionality of RPA. It should not be seen as a threat to people in the workplace, but more as an enabler for them to work more efficiently and provide more value add with their skills and experiences in other areas.

We shall further refer to such robotic colleagues as “bots” for ease of reference.

Mimics peoples’ actions

Bots will log on autonomously, capture data and orchestrate various applications and systems

Use of soft smartware

Enables rules based outcomes and formulae. Such enablement can often be achieved in seconds.

Operations employees perform the configuration of core processes

Configuration of current business processes can be in production and operational within weeks.

Conducts high volume, repeatable tasks

These tasks normally become problematic and too mundane for most humans after hours upon hours of repeating the same process. This increases the risk to an organisation due to human error. RPA mitigates this with its ability to perform such tasks with zero disruption.

Operations employees perform the configuration of core processes

Configuration of current business processes can be in production and operational within weeks.

Key to understanding the benefits of RPA is to accept that it does not mean there is by default a need to replace humans with technology and that its adoption is not driven primarily by cost savings. There are various operational benefits and strategic payoffs which need to be considered.

Furthermore, robots can be seen as new hires and need not cause staff to feel threatened by RPA. The message should be that RPA gives people the opportunity to move on to new, more expanded roles

Key uses of RPA

Double data entry
Simulates user rekeying of data from one system to another as well as data entry

Rule-based decision making
RPA can handle decision matrices which have been documented. The RPA process will then make simple rules-based decisions based on data or criteria along the business process. In exceptions, items will be forwarded on to a human colleague to make a decision.

Information validation and auditing
Via reconciliation and cross referencing of data between different data sources and systems. This provides complete and accurate compliance and auditing outputs.

Automated preparation of reports
The extraction of data is automated eg. In the case of regulatory reports or daily, weekly, monthly financial reporting.

Straight Through Processing (STP)
The extraction of data is automated whereby data from source system is automatically entered in to target systems eg. in the case of regulatory reports or daily, weekly, monthly financial reporting.

Application migration
Migrates application data, records and history as part of an upgrade, integration or migration project.

Virtual system integration
Transfers data between disparate and legacy systems. This is achieved by connection of such systems at the user interface level vs implementing new APIs or new data infrastructure.

Core benefits of RPA

- Automated solution which works 24 hours around the clock. No absences due to holidays/sick leave; no workforce fatigue.
- Every action and decision is fully traceable.
- The ability to scale on an enterprise level and create a fully functional digital workforce
- Increased consistency and reduction in errors. Contributes to lowering overall Conduct Risk.
- Provisioned, governed and supported by IT. Unlike most enterprise wide solutions IT can enable changes in a real time manner vs a full system overhaul.
- Configured by business users.
- Reduction in data entry costs by up to 70%

Benefits related to regulation and compliance

Eases the burden of new regulations

The use of RPA frees up the Compliance and Regulatory functions to provide strategic advice and to oversight roles that require human judgment.

Relieves change fatigue

The levels of regulatory change are increasing and resource levels are not optimal within most organisations. Combined with the mundane manner of such tasks, the risk of fatigue with the workforce is extremely high. Such fatigue can greatly be reduced by bots which are working around the clock based on schedules managed within the business. Compliance levels are further improved in this regard.

Improves evidencing and auditing

RPA tracks and documents all tasks that it automates enabling improved risk, fraud and compliance reporting and helping both risk and compliance officers to resolve issues, conduct reviews of compliance status, prepare responses to regulatory audits and drive further process improvement.

Reduces the need for remediation efforts

The ongoing accumulation of small errors resulting from manual data capture can be

substantially eradicated because RPA addresses the root cause; and once identified can be kept under control through corrective measures.

Enables enterprise-wide compliance

RPA works across the entire enterprise, orchestrating various applications and systems, enhancing the as-is processes without costly and time consuming process re-engineering or systems integration.

Provides operational agility

The bots are multi-skilled and responsive, can scale up or down and therefore be easily switched to the next regulatory change priority.

Lessons learned from previous RPA implementations

©

1. **Assign a sponsor and project champion**
   A successful RPA project needs a senior sponsor and a project champion to lead from the front. Whereas the senior sponsor would initiate the idea, underwrites resources and decides on overall adoption and usage; the project champion is involved in communicating the vision, maintaining motivation in the business, fighting political battles and remaining influential with senior management. Such a person really needs to be head of RPA and fully owns the solution from end to end.

2. **Pilot testing**
   A series of pilot tests is a precursor for demonstrating the potential of RPA. This will consist of four phases: i) scoping and id of processes in a specific area, ii) mapping the processes and business signoff, iii) automation and finally iv) running test cases, training and handover.

   The benefits of conducting a pilot are numerous:
   - Demonstrates the benefits that RPA provides to the selected processes and tasks
   - Demonstrates low risk and speed of implementation
   - Key stakeholders are engaged on all levels
   - Highlights technical and capability requirements for full scale rollout. At the same time roles and responsibilities are defined.

3. **Accelerate adoption by creating a culture of business innovation and technology**
   Where RPA fits in with business strategy and a culture of embracing innovation and techonology exists, then the ground is fertile for accelerating the adoption of this. An organisation can differentiate offerings through innovation, technology and customer and industry insight that unlocks value for the customer. Having

technology and innovation at its strategic and cultural core if key. Without this most organisations will find RPA adoption more challenging.

4. Standardise and stabilise processes prior to automation

Applying automation to an unstable and/or inefficient process will not do much. i.e. don't automate a process which is not ready to be automated. Stabilise it first before the moving of a task from a human to a bot.

5. RPA must sit in the business

IT can back it up and provide support, but must be driven by the business to deliver a clear signal that the RPA innovation is being done by the business and not to it. A concern is that if it becomes a technology project then it could be overengineered and deliver very little. Where there is a business goal, the technology is new to the business, learning and training needs are high and a multi functional team is required, then its best to have this owned and driven by the business.

6. Compliance with IT governance and architecture policies

The organisation, and especially IT, need a lot of convincing internally that RPA is not going to introduce new risks i.e. security hacks, data leaking out of the business and the impact such technology innovation has where customers now raise their own concerns. In order to counteract these concerns, best practice will be to consider technology board. RPA eventually becomes institutionalised and then it can be used to contribute to strengthening regulatory compliance, test out new business strategies cheaply and quickly and even be able to add value on outsourcing projects where automation is in place.

infrastructure as early as possible and implement and stabilise RPA a few weeks before going live. A dedicated IT systems manager to work alongside the business lead from the start of the journey is a key component as well.

There needs to be a healthy relationship between IT and business which is vital to success. It need to be on board with the fact that RPA is designed to meet IT requirements for security, stability, auditability, scalability and change management. It should also be fully incorporated in to the organisation's DR plans and a layer of IT governance needs to encompass automation.

7. Build internal RPA capability to evolve, leverage scale and increase business value

The concept of the COE (which is mentioned later in this paper) fits the bill. i.e. building a framework and capability around leadership, the methodology to select the right processes and prioritise those processes, having the right governance approval boards in place, delivering on the basis of having the right resource in place and fully trained, the right infrastructure and the right operating model in place to manage RPA.

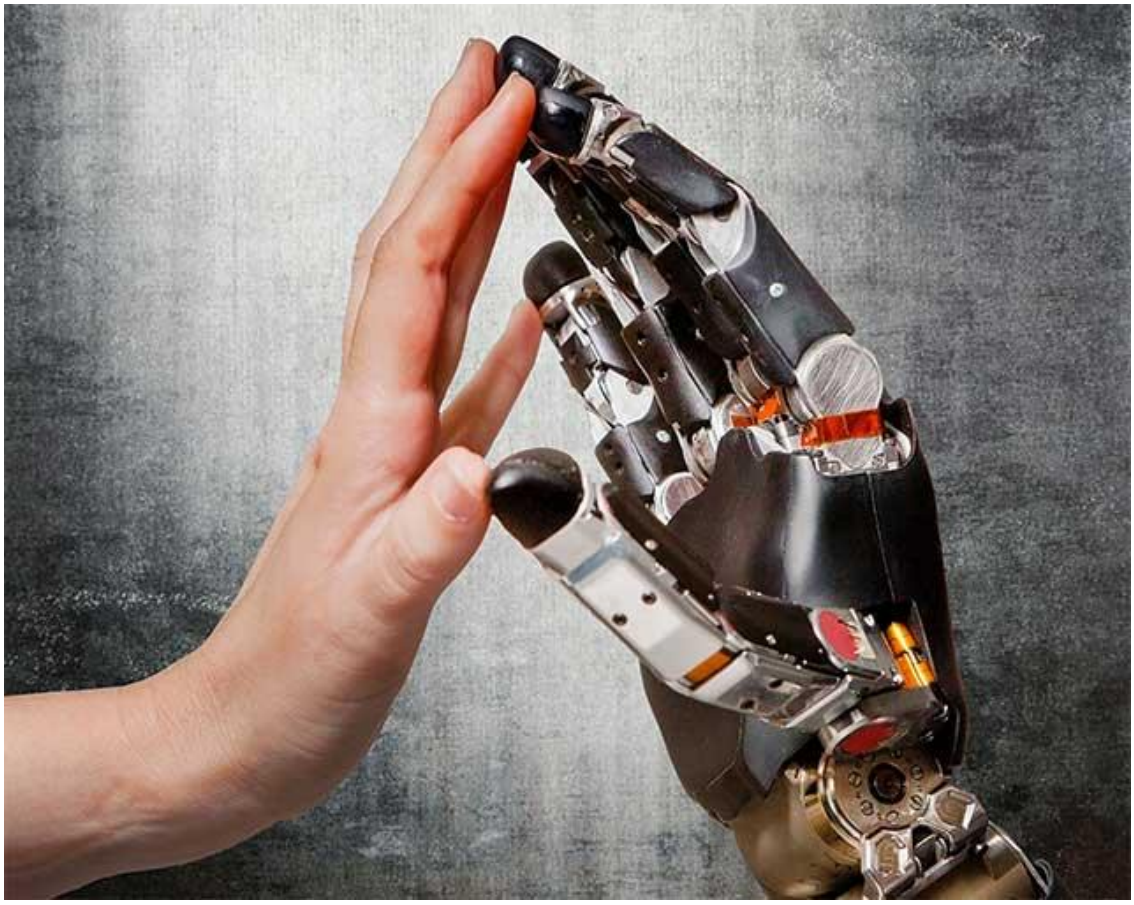
As the organisation expands its RPA offering the value will be unleashed in slight tweaks and adjustments to initial processes and business rules. The increased business value then becomes fully visible across the

The key lesson is to begin with a larger business goal which includes a requirement for operational improvements. Once the capacity is built and the RPA is both industrialised and institutionalised, then then strategic benefits of RPA will come through in terms of what is really possible.

8. Internal communications are key

An open approach to internal communications is a big win. This ensures RPA is visible across the organisation via creating newsletters and roadshows, and promoting its usage and benefits by singing its praises and asking staff to actively see what it does. Regular communication and high visibility at senior management is key. Even the naming of bots can be seen as a natural way of creating an identity for these new hires.

The challenge will always remain that once an organisation gets to a certain scale and the levers which control job enrichment and reassignment are being overloaded, then such challenges will need to be considered at the time.



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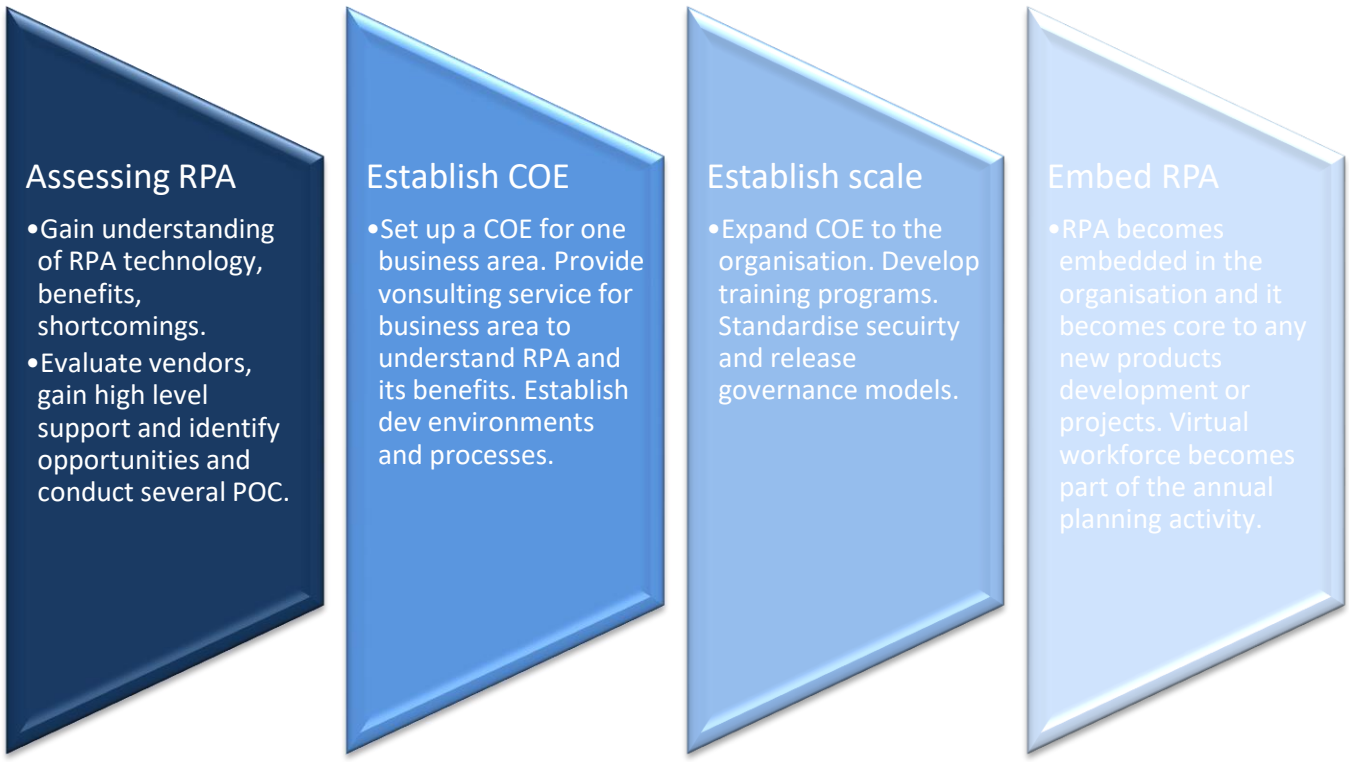
The RPA Journey



The above diagram provides a high level overview of the journey from assessment through to the full embedding of the RPA solution.

A learning point is for an organisation to identify suitable processes for RPA. i.e. high volume, low complex work. If you define the right process, the business case will naturally follow and the economics will add up. The costs to deploy will not be long term in nature.

Key to any project is to secure resources upfront. An area which needs to be brought on board as soon as possible in to the buy in process is IT. Ideally the CIO/CTO should be party to these discussions. It can naturally take a lot of time to convince IT of a business based operation to take control of a IT change initiative and essentially a different way of operating for an organisation.

Once the COE is then established and governance is in place, then the RPA capabilities can be expanded at scale. Where an organisation has a mature awareness of the multiple strategic payoffs that are possible, then the adoption rate in terms of innovation, learning and organisational acceptance is high and key to successful implementation.

The benefits of a Centre of Excellence

Creating an RPA Center of Excellence (COE) can significantly enhance the ability of an organisation to fulfil the following:

- meet its automation goals
- extract and maximise the full value the solution has to offer
- maximise on ROI.

Delivering on the full promise of RPA involves developing a range of new competencies and related skills, across the organization. A COE provides a better way of gathering, assessing, and managing the necessary knowledge and capabilities of an RPA solution. This is turn should also provide the guidelines to overcome any challenges that surface along the way.

The most important thing that your Center of Excellence will impact is your independence. In the majority of cases an RPA engagement requires an organisation to seek out advice from consultants, analysts, business experts. They seek such advice in aid in defining an RPA roadmap, select the appropriate tools, and perform governance.

By establishing COE, an organisation will have the resources in place to be standalone, self-sufficient and with the ability to control, managed and scale RPA efforts as you would like with minimal interference.

The foundations of a COE

1. Establish a Centralised Robotics Council

A robotics council will be responsible for ensuring that the scope, direction, and outcomes of RPA projects are in line with the organisation's needs and expectations. In order to facilitate this, the robotics council should be very well resourced with a fully dedicated and well-rounded team of individuals that can understand the challenges, opportunities, and benefits for the entire organisation and not just specific departments. E.g. it's just as important to include process owners that can select the right processes for automation and validate technical components, as it is to have SME's from the business that can define the underlying business case and demonstrate its value to stakeholders.

2. Create a Compelling Strategy and Roadmap for Success

Once the robotics council is established, its important to set the direction of your RPA journey and communicate the key objectives for successful implementation. The business case should not focus solely on the initial business area and processes identified, but create a comprehensive plan that also highlights the broader opportunity and long term results.

3. Establish an Effective Governance Process

Even with a dedicated robotics council and roadmap in place, a more transparent and accurate decision making process is necessary. As RPA typically involves enterprise-wide deployment, the COE is vulnerable to encountering obstacles and challenges associated with cross-departmental interaction and collaboration.

accurate decision making process is necessary. As RPA typically involves enterprise-wide deployment, the COE is vulnerable to encountering obstacles and challenges associated with cross-departmental interaction and collaboration.

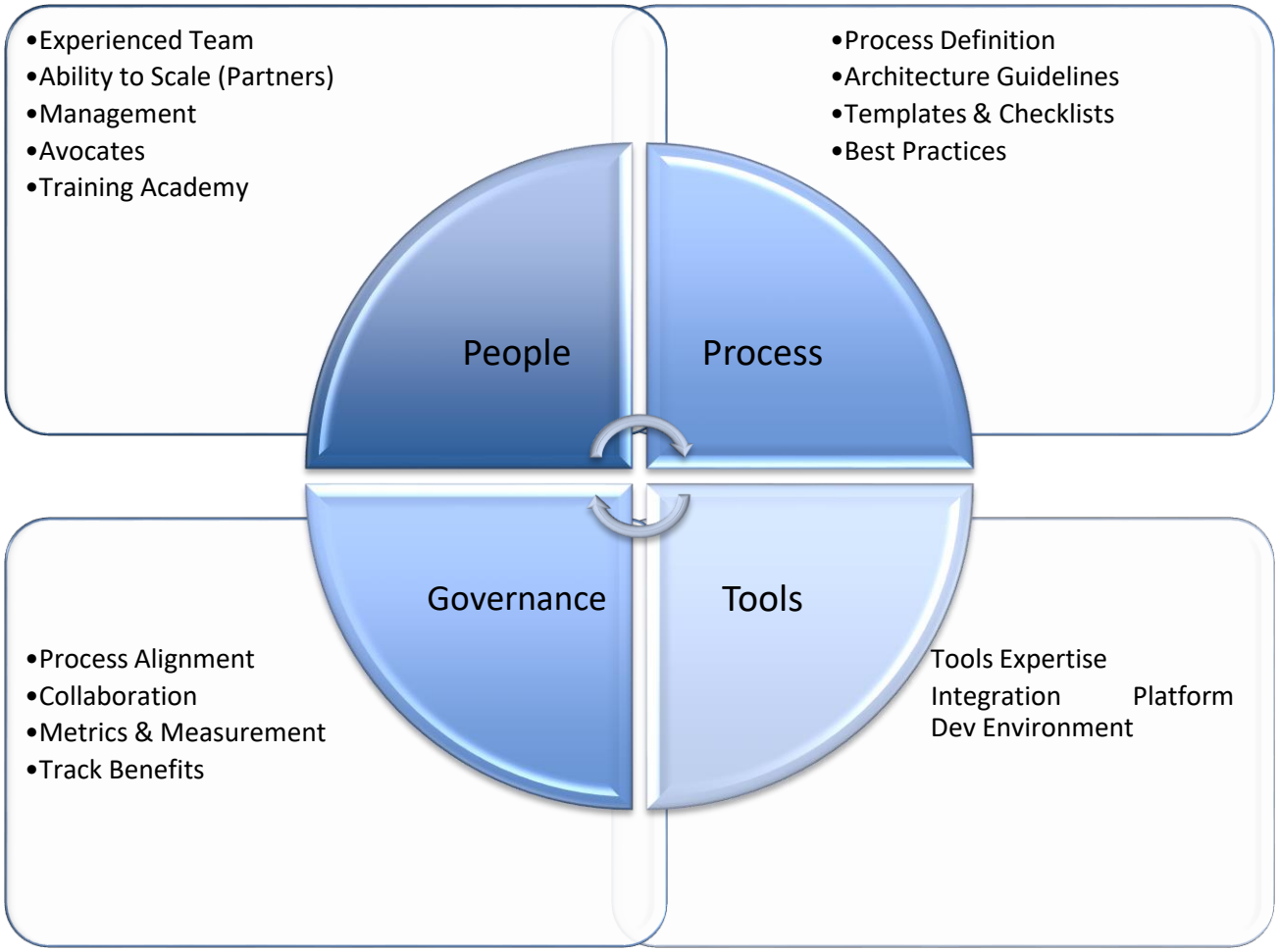
Establishing an effective governance process consists of setting the specific guidelines, steps and resources that the CeO will follow to facilitate collaboration and communications, such as:

- Process selection and guidelines on how and what to prioritise
- Maintenance of knowledge base and documentation to support this
- Evaluation of process performance and output measure for tracking delivered results
- Establishment of best practices and lessons learned that can be applied to future implementations (this is covered in the Lessons Learned section above)

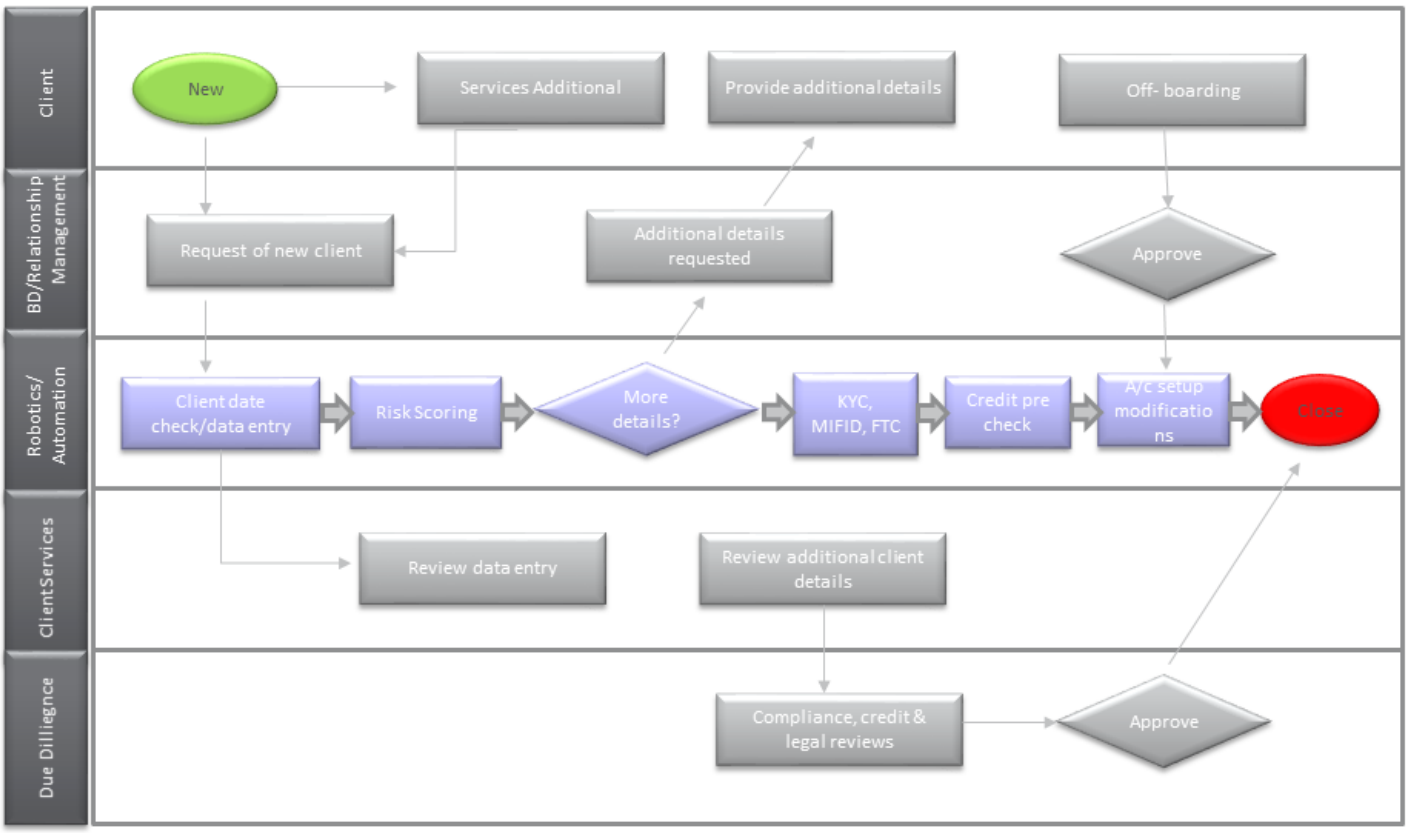
4. Embrace Continuous Improvement

As with most new, innovative new technology, RPA is evolving at an accelerated rate and its differentiation from past practices and use cases need to be fully appreciated and planned for accordingly. It is the COE's responsibility to be fully appreciated and planned for accordingly. It is the COE's responsibility to be at crux of these developments and ensure that the organisations's RPA practices, procedures, and implementations reflect any new advancements.

A typical COE would look as follows:



Business example: Client Onboarding & Regulatory Compliance



Benefits

Organisations can automatically extract regulatory information and updates from a multitude of websites and portals, and deliver it directly into the hands employees. i.e. resources may need to manually aggregate rules from a host of websites and consolidate such data into a model for their regulatory compliance system. A typical compliance officer can spend 15% of their time tracking developments. By introducing RPA, the organization could be able to quickly and efficiently capture regulatory information from public websites, including new rules, rule changes and regulatory news. Ideally the bots work alongside humans to monitor sites to augment their internal compliance function and ease their due diligence burden.

RPA eliminates information silos and provides resources with ready access to the information they need to get their work done. By implementing RPA, bots can deliver critical data to resources via dashboards, databases, Excel

spreadsheets and compliance reporting applications in any format required. Anaytical analysis of criminal activity and AML breaches can now be automated and allow staff to focus on more high value tasks. Where a human would spend a few hours finding and collating such data, the bot would deliver the same in mere minutes.

With RPA, you can integrate the data required for regulatory reporting in a timely manner, eliminating delays and reducing the risk of fines for non-compliance. This has a positive impact on the reputation of the business by avoiding hefty bank penalties where previously human negligence led to non-compliance. Bots can also be deployed to automatically check an individual's background against thousands of sites, including World Check and other sanction

screening sites. Not only does this reduce the likelihood of fraud and the associated costs, it also helps the organisation ensure compliance with KYC verification requirements.

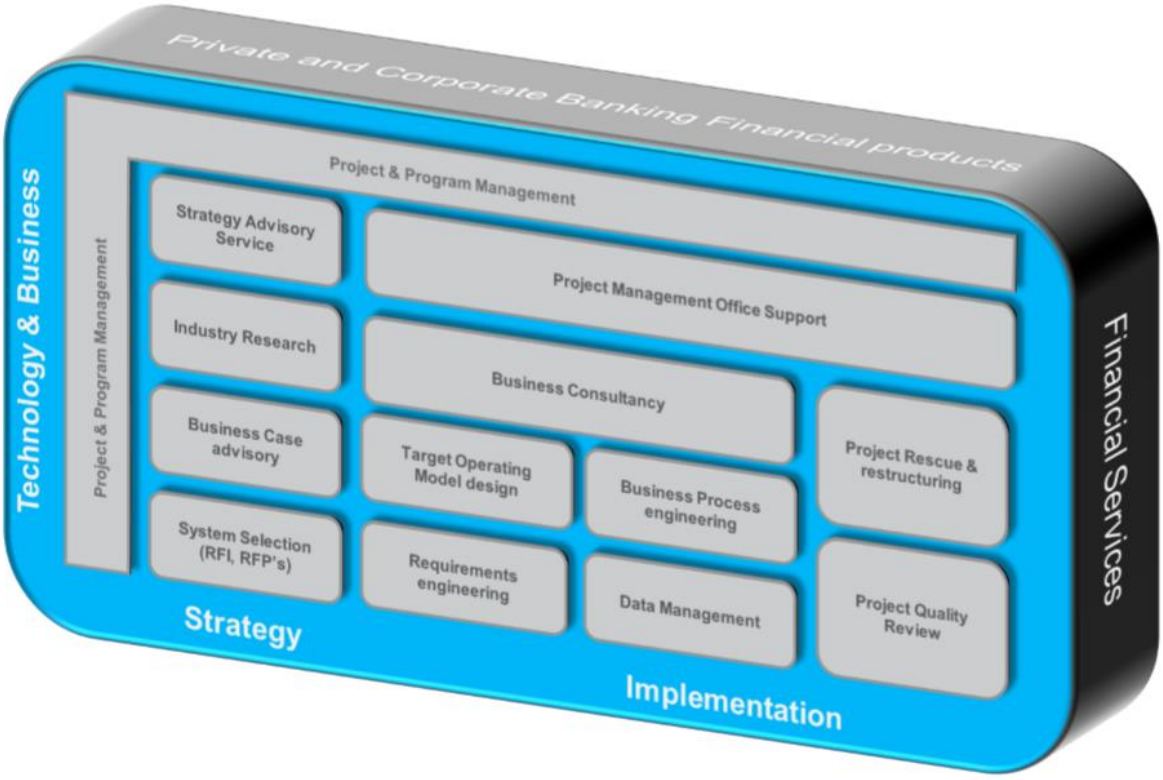
Furthermore, Bots can be used to automatically access and integrate audit trail information for regulatory purposes and include any information that might potentially fall under an audit. This streamlines the process and ensures all documentation are in order for internal and external audit requirements

ROI Evaluation

The following costs and benefits should be compared on a side by side basis, as well as any potential cost savings related to replacement of old legacy IT systems.

COSTS			SAVINGS		
Item	**Details**		**Item**	**Details**	
Robot licences	Annual licence	Fixed fee XXX	**Operations staff**	Replacement or reassignment of staff	XXX
Robot training	Training on tasks	T&M XXX	**Errors**	Reduced errors and cost of rework	XXX
Ongoing training/support	Process changes	T&M XXX	**Time to Market**	Speed of robot reducing time to market and earlier revenue recognition	XXX

Our Services and how we can help



FiSer Consulting can assist you in the adoption of RPA and its implementation utilising our skills and expertise in the following areas:

❖ **Business Consultancy, Requirement Engineering & Business Process Engineering**

Due to our exclusive focus on Financial Services, our consultants have a strong content background which covers the Finance Reporting and Risk areas. A strong background and extensive knowledge of the organisation and processes, our consultants can assist you with:

- Design of infrastructure, risk controls and processes to support your regulatory compliance requirements.
- Changes with operating models.
- Assisting with developing a holistic plan and strategy which includes assistance with technology selection, considerations and implementation.
- Enabling your organisation towards usage of AI or robotic functionality where we see processes and tasks within the regulatory space which can benefit from automation.

❖ **Business Case Advisory**

With a major change to your technology infrastructure, internal modelling, resource capacity as well as far reaching implications for the entire business, our consultants can formulate and develop a solid Business Case which will cover:

- A description of the business challenge
- An assessment of the potential costs and benefits of the RPA investment and a full calculation of the ROI.
- An assessment of the risks that may arise during the implementation.
- Facilitate the process of defining, quantifying overall implementation costs and selecting these solutions.
- Recommendations on a preferred course of action.
- Description of the implementation approach.

❖ Project & Program Management

The implementation of RPA will cover changes that effect many stakeholders of the organisation. Our Project & Program Management capability can help you structure and manage a variety of stakeholders across your business. Our project & program managers combine multiple years of experience with in-depth knowledge of the Financial Services and Reporting space.

Our approach can be standalone and tactical, whereby we rapidly address particular pain points, or strategic and transformational where we automate the relevant regulatory and compliance processes and create a RPA operating model.

❖ Project Management Support

Aligned with our Project & Program Management capability, the RPA implementation requires detailed and frequent risk & issue tracking, planning & dependency management as well as internal status reporting. Our Project Management Officers, with proven experience within the Financial Services industry, assist the organisation in managing these challenging activities.

❖ Data Management

FiSer consultants can support your needs to have data managed correctly as well as having the necessary security safeguards in place. Our service would facilitate the implementation of the according and necessary required changes. This will also include gap and impact analysis on data and systems specific to RPA implementation.

Glossary of terms

Term	Definition
AML	Anti-Money Laundering
CIO	Chief Information Officer
COE	Centre of Excellence
CTO	Chief Technology Officer
DR	Disaster Recovery
KYC	Know Your Client
POC	Proof of Concept
ROI	Return on Income
RPA	Robotic Process Automation
T&M	Time and Material

Next steps

For further information on RPA and where FiSer Consulting can assist you, please contact:

FiSer Consulting | Mischa Wesdorp - Managing Partner

Mischa brings over 14 years experience in the Global Financial Services Industry where he has been employed mostly by large international Dutch based banks. In his career Mischa acquired an all round understanding of Risk, Lending and Payments. He is specialised in Operational Risk and Payments related projects.

Contact: m.wesdorp@fiser.consulting

FiSer Consulting | Dirk Worm - Managing Partner

Dirk has over 20 years of experience in the Investment Banking and Corporate & Commercial Banking industries. Dirk's consulting skills lie in risk management, front office transaction management and the implementation of asset & liability management. Furthermore, Dirk has a comprehensive understanding of the implementation of regulatory processes, including Basel II, III, MiFID and EMIR.

Contact: d.worm@fiser.consulting

FiSer Consulting | Paul Nielsen - Senior Consultant

Paul has over 15 years of Financial Services experience across Credit Risk, Operational Risk, Asset Securitisation, Internal Audit, Retail Banking, Investment Banking, Finance, and IT. He has also performed various roles in the Asset Management, Fund Administration and Custodian space. He has extensive consulting skills in Basel II, Solvency II and Sarbanes Oxley regulatory reporting. He has managed high profile projects and programmes across different business areas and service offerings. Paul also has a wide-ranging understanding of FATCA, CRS, IFRS9 and MIFID requirements and implementation.

Contact: p.nielsen@fiser.consulting