# 6σ, Lean and RPA - An open conversation

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Companies are currently experiencing the shock waves of automation moving at high speed to disrupt businesses, energizing them to rework some of their priorities and in turn, to future-proof themselves. For insurance organizations, the appetite for RPA is particularly whetted by the challenge to cut the Gordian Knot of having to balance heavy regulations and compliance requirements with the need for aggressive cost reductions and efficiency gains while also preserving or enhancing customer and stakeholder experience.

This paper is the result of the SSON's World Series webinar where two RPA implementation experts from leading insurance companies chat to UiPath's COO Guy Kirkwood to tell the lively story of how they've been able to use Robotic Process Automation as an enabler of digital transformation.

Recounting their hands-on experience are Darryl Neff, head of process for Generali Link in Ireland and Generali's Lean Six Sigma master black belt, and Dean Smith who has just completed his role as global head of shared services & solutions within Zurich's finance operations division.

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## 6σ, LEAN AND RPA

What impact is RPA having when combined with Lean and Six Sigma? As insurance is increasingly focused on cost and efficiency and a lean alternative to big IT projects is required, how do you go about achieving this?

*"You don't automate a broken process. There's nothing so useless as doing efficiently that which should not be done at all."*

In Generali's view, Lean Six Sigma and RPA complement each other. With Lean Six Sigma you manage to reduce the manual load by eliminating waste; and by simplifying and standardizing processes. But then you reach a terminus where you realize you are not able to eliminate all of the grunt work. This is where RPA comes into its own. It expands the Lean six Sigma toolkit with an approach that empowers the business to continue to improve and move up the Sigma scale without the need for big IT initiatives.

*"Two birds with one stone - the 80:20 rule."*

Focusing on the finance operations area, the story at Zurich follows a more pragmatic approach. When selecting and acting upon the opportunities for automation, the premise is that getting full process change and standardization takes time. So instead what you can do is to combine the preparation for robotic deployment at the same time as trying to understand and reengineer some of those processes. The maths behind this is that for 80% of the process you could automate expeditiously and without headache but for the other 20% - which might be exceptions, or more complicated aspects, or things that require change because the process is only broken in parts - could be placed in a separate bucket and delayed to a later date. The 80:20 rule allows you to leverage a fairly short time scale to deliver savings to the initial deployments, whilst helping to focus on scanning the process and starting to think about re-engineering.

Although you may be automating a less efficient process (or components of it), the soft benefits of reduced errors/escalations and inherent productivity gains will often provide a tactical business case until a more complete reengineering perspective is gained. But it is essential not to lose sight of that bigger strategic picture of process and interacting technologies; planning must consider the longer term to avoid losing the business case for fundamental change.

## PREPARING FOR THE RIDE. PILOTING RPA

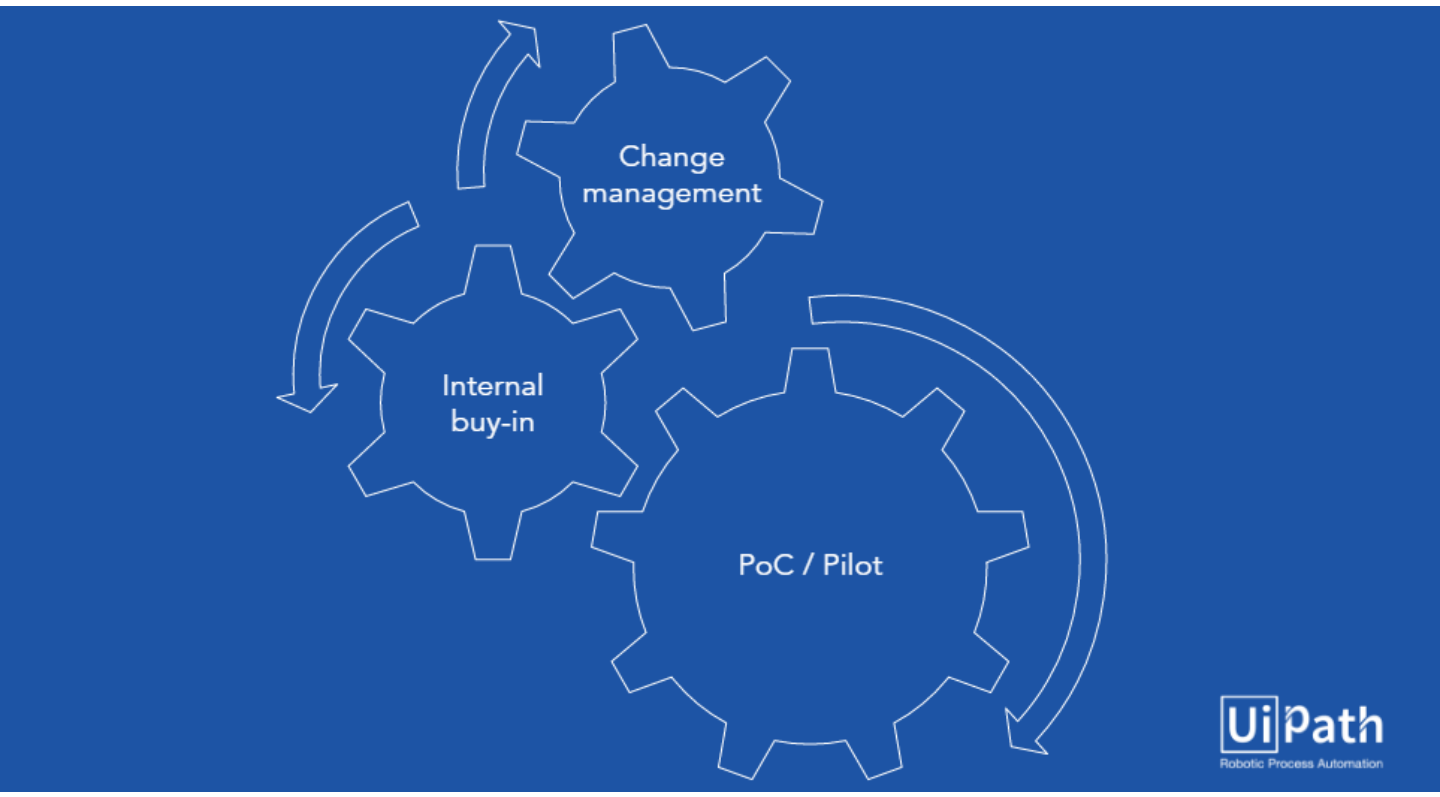
All's well that ends well, but how do you start on the right foot? How do you use the piloting process to achieve cost and quality objectives without waiting for core system changes? And if you think that RPA needs to be seen in the broader context, how can it be tactical and disposable to support the business whilst going through core system changes?

*"When we first tried to introduce RPA there was a reluctance from some of the business units saying: We're already doing an IT transformation initiative."*

If your organization is not mandated, as is the case within Generali, you need each of the business units to adhere to the belief that RPA can be a key to delivering objectives.

Whether they to improve customer satisfaction, with the increased focus on MPS, improved quality, or the infamous cost reduction target, you need to prove to them how easily RPA can be implemented to tactically address some critical areas, and also how quickly the business driven initiative can deliver without having to commit to a massive IT transformation. A strategic pilot is the ideal way to achieve this. Moreover you can demonstrate RPA as a method of prototyping IT enhancements, because RPA gives you effective documentation of requirements and lays out the step by step instructions for IT to take away and build something additional if needed.

*"Going from tactical to strategic."*




Then there's the other way around, where you consider robotics on the initial implementations more of as a disposable technology and a temporary fix until the core process issues are dealt with by Six Sigma. Within Zurich, in the short term they aimed to get some benefits, apply some lessons and systemize the delivery process, so that was a good way to go. You want to ensure that you get some gains from robotics, but also pursue the core system changes that you need. The challenge is that initially you could get into a hole that could have been created by a previous offshoring to low cost centers for BPO or shared services where cost arbitrage had become predominant. People can easily the need for fundamental strategic change of those core problem processes and systems supporting them unless the plans and messaging appropriately reflect this throughout the programme.

# BUILDING A CENTRE OF EXCELLENCE

Whether you are competing for global resources to have to set up a CoE organization model, as happened within Zurich Finance Operations, or, in the case of Generali, barely starting to build your CoE, challenges and opportunities exist.

*"Flexibility is what we're pursuing."*

One of the challenges finance operations faces across the businesses is that it really isn't the most attractive of subjects and when you're bidding for resource budget for improvements within finance operations, you tend to be up against more customer or market-facing bids for the same resource budget.

Zurich Finance Operations discovered that the benefit of having a separate delivery organization which was not competing for resources was that they could articulate their own strategic priorities and deliver to those with a little more control. Their particular model at the time was to harness both internal and third party resources. The internal resources were focused on the discovery and initial deep dive analysis of processes. Once they had got to the point where they were ready to bring in the robots, they invoked a partner, who was already in the company to work on the technical aspects of the configuration.

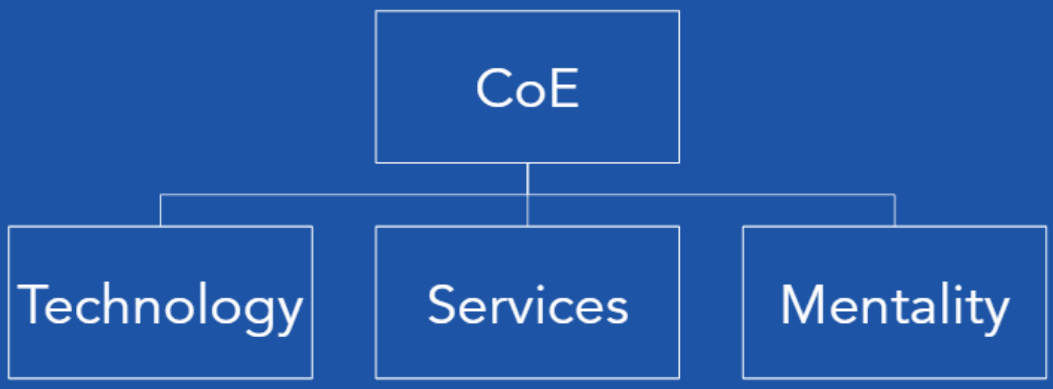
Such an approach could be interesting for all companies considering RPA because it allows you to adjust your resources based on the pace of change that you can bring to bear. Early on you might have a shallow pipeline, but when that pipeline builds, you can increase your resources from a pool of expertise, which gives you flexibility. You get to learn your lessons from the early stages and gradually standardize and systematize your processes, achieving better results. You can also learn a lot from others that have been through this cycle.

*"Collaboration across countries and business units."*

In a non-mandated organization, you can't impose RPA on individual countries or business units to adopt a single pool, a single partner or even a single approach.

In Generali's case, a CoE is not about controlling what the countries do, instead it's about supporting them no matter what they're doing. For countries that are looking to develop and implement RPA internally, you can help them to set up their own CoEs. This creates a culture of shared practices and mutual leveraging of resources and experience.

This nexus of best practices and process improvement experts can then be brought together in a CoE (possibly in group head office), which organizes and manages this community. Some partners can also be included in the CoE, so that when you identify valuable opportunities for your organization, you can share them with the other countries or business units and enable them to utilize this valuable information. With the right engagement, a CoE could also be outsourced in full or in part.



## PARTNERING UP

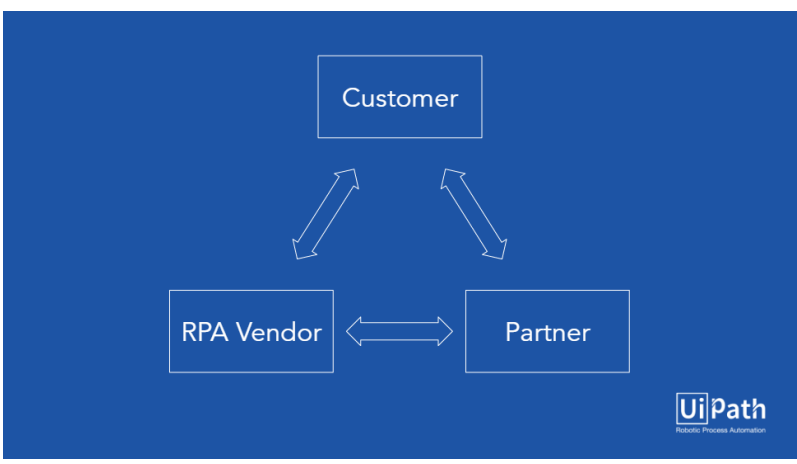
It's not a question of whether to partner up or not, it's rather a question of how to approach this, and what are the implications. When your RPA implementation is business led and supported by IT, how can having partners help you?

*"A thorough RFP exercise is always warranted."*

Zurich had partnerships in a number of different areas and went through a rigorous selection process to arrive at their choice. For them it just so happened that the partners they chose for RPA integration were the same partners that they had for BPO, albeit a different division of the company. You might think there is conflict there but it can actually work out quite well. With their hands-on knowledge, partners can help with communications, to enhance the BPO contract and with all the nitty gritty details. All of which is important for configuring the robots to work effectively. This knowledge is also important to have when you get to the testing environments and to the exceptions that are being raised. It helps you to overcome the challenges and fix those quickly and to rapidly move into production.

*"RPA specific implementers can bring a deeper understanding for developing targeted automations."*

With an organization the size of Generali, it should be expected that most of the major BPO providers would be working with some or many of its business units. The potential issue with this is that the conversation can get rather crowded between RPA and BPO.



In their case, some of the countries were looking for somebody to help them to develop their own internal RPA program versus just having a partner deliver it for them. When they started looking at options, they found that the RPA-specific implementers, in this case Genfour and Symphony Ventures, had considerably more experience in the areas they were aiming to automate. Moreover, these partners were also very flexible in their ability to come in and either help by doing something for them, or by assisting to train their internal resources to be able to develop the RPA program. This fitted really well with each of the business units, no matter what the particular objective was that they were looking to accomplish with RPA.

## HARVESTING THE BENEFITS

RPA is not always about quick strikes at reducing costs. While it manages to ferret out the inefficiencies in processing, it also adds a strategic value to operations. For insurance especially, additional benefits in terms of quality improvement and elevating the critical functions around governance and compliance are just as important.

*"Depending on the culture in your organization, you really have to look at whether it's direct costs savings, or those softer benefits, or opportunity costs that really bolster the business case."*

According to Dean, it all depends on the level of systematization in your delivery, what process components you are targeting and where the resources are based for those components. You can get huge improvements in quality, speed of processing, productivity, you can reduce complaints and escalations, and if done right, you also get greatly increased governance and controls because RPA is done systematically and without errors. And the cost of reworking - all of that goes away, so the soft benefits are great, although often unquantified. The interesting part is that in many cases you can justify a whole program based on just those soft benefits.

*"The question always valid within finance operations is: is cost avoidance the same as costs savings? I'll leave that up to you."*

Within Generali, in almost all instances they found that it's not about actually reducing headcount, it's more about allowing people to stop doing mundane, repetitive tasks, and instead focus them on the value added activities.

## NEXT STEPS

What's the next step for RPA and insurance? How is the market expected to evolve?

*"Anybody who's interested in RPA should have the basic understanding of how to look at a process, how to identify non value added activities and eliminate those before they start to implement automation."*

As there is no ideal recipe for success, ultimately it's about identifying the approach that works best for your organization. Should all process improvement and Lean Six Sigma people be trained in RPA? Beginning this year, all of Generali's Lean Six Sigma training now contains an RPA component. Introducing RPA from the very beginning as a tool in your toolkit to drive the improvements you are aiming for is beneficial because the answer is not, and should not always be a big IT transformation. You could focus first on standardizing and simplifying the process, and then continue to improve it. Linking these training programs together creates a single space of activity, and within Generali this proved to be the winning approach.

*"For the market itself, the evolution looks very exciting and I'm really looking forward for that future."*

From Dean's perspective, the robotics market is set to continue to grow significantly and with higher grade cognitive technologies coming along, there's a big opportunity to be unleashed. Combining cognitive with computer vision and other deep learning types of mechanisms is very promising.

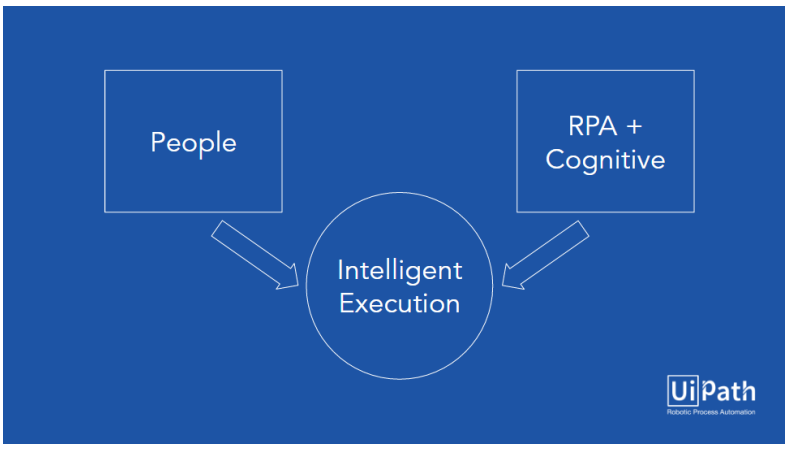
Over the next 5 to 10 years, the entire thinking around workforce management could change globally. And many large companies with distributed teams are going to be in the position to start thinking about automated workforce as a significant component of their organization structure. Organization management, HR practices, these are all set to evolve as opportunities in RPA continue to evolve as well.

## INTELLIGENT AUTOMATION

This is something we're all interested to know about: how will artificial intelligence feed into RPA?

Imagine you are a golfer standing on the tee and you need to get your ball 400 yards down the fairway over the bunkers, onto the green and into the hole. If you are standing there holding only a putter, i.e. an AI tool, you will probably find it extraordinarily difficult if not impossible to proceed. You will also need a combination of driver and irons to be able to get that little white ball into the hole. You will need RPA tools and you'll need cognitive tools like ABBYY and Celaton, and you are finally going to need the AI tools like IBM Watson or Google TensorFlow.

Over the next few years a lot of that AI and cognitive capability is not going to be developed by small companies, it is instead being developed by the likes of Google, Microsoft or IBM and they are open sourcing those elements; democratizing the uptake. So what you'll see is these tools being baked into the RPA platforms over the next 3 to 4 years, with people within the CoE, and with RPA, cognitive and AI creating intelligent execution activities: just as you would use different golf clubs to get the ball down the fairway into the hole.



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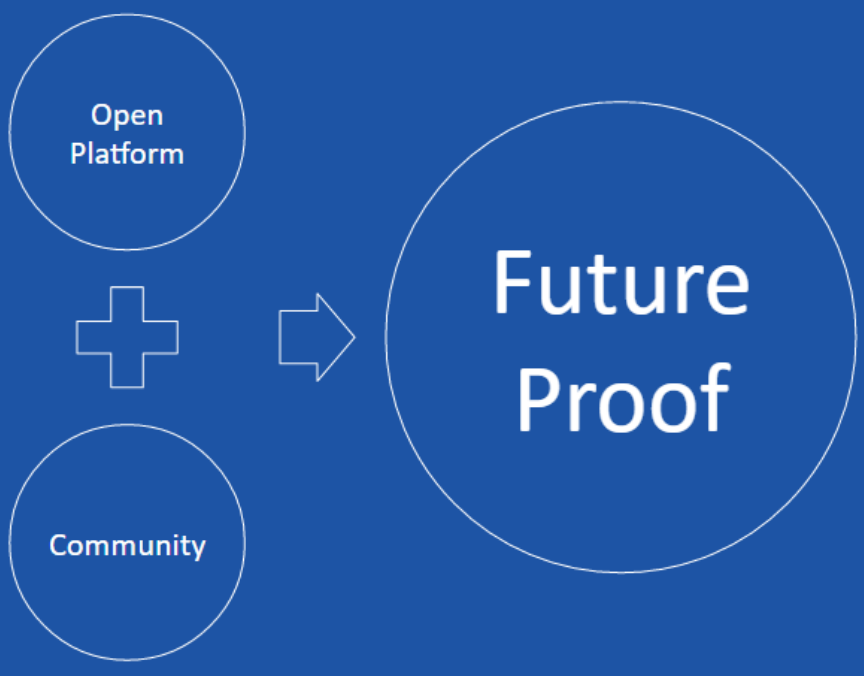
# GEAR UP AND FUTURE PROOF YOURSELF

From UiPath's perspective, to be future proof is not at all a Sisyphean endeavour. The future of RPA has everything to do with software, and software success primarily rests on two attributes.

First you need an open platform with standards that support ease of extensibility and enterprise security, in other words encouraging customers (like Generali and Zurich) and partners (like Capgemini, Genfour and Symphony) to build their own intellectual property on top of the automation platform.

You also need a large, engaged and innovative developer community who like using the product and are passionate enough to help make it better. Since we launched our free Community edition seven months ago, we now have a community of over 10,000 such developers and we're expecting that number to rise to near 100,000 by the end of 2017 because we're launching a massive online course (MOOC) in April this year and it will be available to everyone for less than $15

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Keep in mind that the most successful online learning course – with 1.2 million sign-ups - has been Stanford University's machine learning course and considering RPA is such a hot topic, we're anticipating anywhere between 10s and 100s of thousands of people to sign up.

So after thanking Darryl and Dean for their excellent contribution, I will leave you with this. Keep an eye out for the MOOC, get your technical people and your business analysts to check it out when it's available, and make a plan! In the next year from now what's going to happen is you will see that our bottom up activity through the Community will be met by the top-down consulting relationships with the C-suites, and that will open the trail for RPA to become ubiquitous very quickly.

Exciting stuff.