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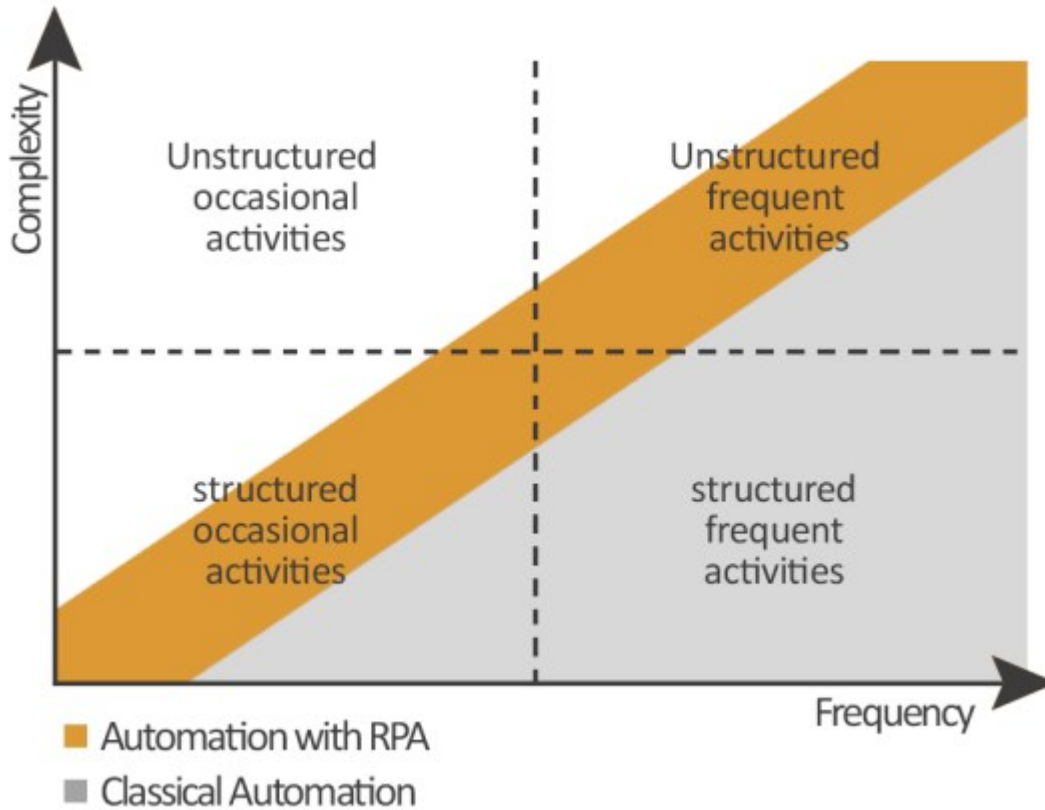
How to Trigger a Digital Transformation with RPA

Have you ever worked in a position, where you had to conduct highly manual and repetitive work on the computer? Let me tell you some examples: enter more than 100 invoices in your system every day, perform dozens of bookings on your system or gather information from the same pages by the same means. These are the daily work routines of many workers and probably also in your work environment. The tasks are difficult to be automated with common technologies because you would need substantial investments that will not pay off and the tasks might change regularly so that there is no other way than to keep it manual. However, this way your company fails to progress in the race of digital transformation and remains prone to avoidable shortcomings of missing automation:

- Error-prone processes due to manual work
- Reduced speed due to fatigue employees
- Reduced employee satisfaction due to repetitive and demanding work

Robotics process automation (RPA) enables you to automate tasks without complex IT-knowledge, that cannot be automated through traditional means:

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Additional automation possibilities through RPA

As you can see in the figure, some activities are simply too complex which would make them very costly to automate through traditional means. These activities, for instance, require the entry of data across systems without a common interface. Even though RPA implies that physical robots will be moving around in your office, it means the automation of the manual activities on the computer like filling out a spreadsheet, entering information into the enterprise resource planning system (ERP) by an RPA-solution. After a successful RPA implementation, all the mouse moves or keyboard entries will be done automatically - by the software. Here is an example of a task that was automated by RPA:

How To: Kicking of Digital Transformation with RPA

In this section, I will explain to you how RPA is a great start for a digital transformation and explain to you step-by-step, how you can use RPA within your organization. RPA is a great first step to kick off a digital transformation for several reasons:

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1. RPA is generally considered to a low-code technology. This makes it easy for the employees to master RPA within a very short time frame and the methodology that comes with it.
2. RPA can be applied already to most of the manual processes in your company in a very short time frame. This enables you to start right away with the most important processes that will yield the greatest benefits. Using the return on investment from your first automated processes, you can finance further endeavors of your digital transformation.
3. RPA does not involve complex code or software to develop, but all automated tasks are at the end sequences of activities executed on the screen. This means that it is fairly easy to achieve acceptance for RPA among the employees because the result is easy to understand and tangible.

The results that can be achieved through RPA are impressive. Telefónica O2 indicated an **ROI between 650% and 800% after three years after having automated roughly 160 processes** (Lacity et al, 2014). Additionally, Accenture reports that with the implementation with RPA, companies can **reduce process costs up to 80%, reduce time by 40% and improve compliance substantially** (Khalaf, 2017).

In the following section, I will explain to you how you can achieve these results and what are the pitfalls to be avoided along the process.

Step 1: Understand your context and choose the right goal

The first step of your RPA transformation journey is to understand the context that will drive your activities. What brought you to the point that you want to implement RPA? Here a few examples of common stories:

- *“Our employees are very dissatisfied with the highly manual and repetitive tasks. This leads to increased turnover and absence because everyone takes the first opportunity to leave the job.”*
- *“We have experienced significant growth especially because of several recent acquisitions. The amount of work associated with the entry of the manuals has exploded and we cannot deal with the number of invoices that we need to enter into the system.”*
- *“An employee recently has committed several severe errors in his manual data entry job, which made our purchasing department order completely wrong goods. The error could be traced back to the fact, that the employees were simply overworked from the amount of work. We have to increase our compliance.”*
- *“Our competitors have more efficient and faster back-office activities. This is crucial in*

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our industry because reliable and faster back-office activities enable us to offer our services at lower costs and to impress our customers with the optimal service.”

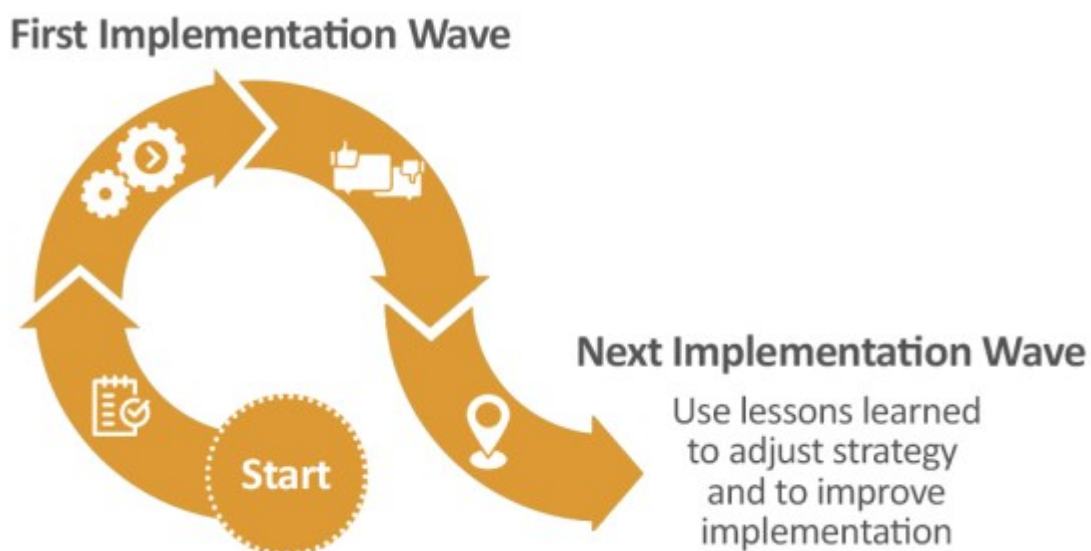
- *“After we had outsourced a significant amount of your back-office activities, the same outsourcing comes back at us. The salaries of the employees in the other country have increased significantly and we have to find an alternative way to reduce the costs.”*

Understanding the context will help you in several ways because it will help you to define the scope of the project, the target group and formulate the right goal. Here are a few examples of goals

- reduce process costs
- freeing up FTE from low-value-adding tasks
- increasing compliance and reducing risks
- reducing the lead-time of processes
- improve customer experience
- the increasing availability of certain activities (bots can work 24/7)

Step 2: Devise a detailed plan and choose a strategy

In the next step, you will need to make a few important tactical and strategical decisions. Remember that now you are only designing a plan for the first wave of your RPA implementation. In the first wave, you will maybe automate a maximum of 5 processes and use the lessons-learned to adjust your strategy for the subsequent implementations.



The first implementation wave is the basis for the following waves

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Within this phase there are a few questions that you will need to clarify:

- **Who will be automating the various processes with RPA?** Since RPA is a low-code tool, it offers the possibility that either the IT-department or the specialty departments themselves drive the implementation. The involvement of both departments is crucial anyway, as IT will need to maintain the infrastructure and the specialty department know the processes.
- **Are we going to create a center of excellence for process automation?** The strategic aspect that this question addresses is whether the approach is to centralize the RPA knowledge and get all the people together (focus on IT implementation and technical knowledge) or to go the decentralized approach (focus on business implementation and process knowledge).
- **Who will oversee the maintenance activities?** RPA will require well-established maintenance activities which involves debugging possible errors and constantly improving the bots you have designed. Here it is important to decide which party will carry the responsibility and how can we minimize the maintenance costs (for instance good documentation, guidelines, error logging).
- **How are we going to manage our internal resources?** Introducing RPA into your organization, you are also building up RPA expertise and knowledge within your company. Knowledge needs to be managed, held at the quality and structured so it can be provided to the right people at the right time. This can involve a bot library or best practice guidelines.
- **Are we going to pursue a low-code or high-code strategy?** A low-code strategy will make implementation easier faster, the maintenance simpler and enable the business owners to conduct the implementation themselves. A high-code strategy can handle greater variety and more complex tasks while it builds greater capabilities within your organization.

After you have devised a general approach, it is time to get more concrete. Ideally, you will start to automate the process first that is predicted to yield the highest return on investment. The goal is the return on investment to fund further automation.

Step 3: Analyze the processes (Is-Situation)

In this step, you should analyze your current existing processes to choose the ones that are ideal candidates for your first implementation wave. Ideal RPA processes will fulfill the following criteria:

- **Well-documented:** Well-documented processes reduce the effort required to

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translate the knowledge into an RPA framework.

- **Standardized:** A standardized process takes always the same input and output, is stable for a long time, predictable and their costs are well known.
- **Repetitiveness:** High frequency is the basis for maximizing the return on investment and reducing costs.
- **Rule-based:** Rule-based processes (“if that then that”) are easier to implement than processes that require tacit knowledge or advanced analytics components.
- **Computer-based:** The process should involve computer interaction because the automation will ultimately happen in your IT-infrastructure.

The key is to focus on processes that have the ideal basis for RPA and do not need refinement. However, in your future RPA endeavors, it might be important to introduce Business Process Management as a basis for ideal RPA.

Step 3: Source the right tool

Based on the strategy you choose, you should decide the concrete implementation. That involves two questions:

1. Which RPA tool is the best-suited one for my plans?
2. Am I going to insource or outsource my RPA journey?

These are two key strategical questions, which you for only will determine for the first implementation wave. Here it might be very insightful and efficient to involve experienced consultants that do not only specialized in one tool but understand other tools. That way the consultant will be able to understand your situation better and support you with all the following activities:

- **Request-for-information:** Consult you about the available tools on the market and help prepare the technical and business requirements for selecting the ideal vendor
- **Process design:** Record the processes with the right granularity required by the RPA tools and conduct process optimizations
- **Technical implementation:** Provide you with expertise and best-practices established across many industries.
- **Project-management support:** Support you with all project management activities including change management, ongoing communication, kick-off, workshops, and go-lives.
- **Developing a strategy:** Develop a clear vision, a strategy on how to achieve the visions and the necessary roadmap and KPI to monitor the success.

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Step 4: Proof-of-Concept

This step is the step that involves the implementation of the first wave by automating the most mature and promising processes using RPA. The results of this implementation will provide the results for further to estimate further implementation and to improve the whole process.

The goal is to take small fast steps to reap the quick wins. Several projects show that a process can be automated and deployed within two weeks or even less (Lacity et al, 2014).

Step 5: Build internal capabilities expertise

The goal of the whole endeavor should not only be to automate a few processes quickly, but also to integrate RPA as a constant part of the organization. This is crucial for achieving long-term success with RPA and involves building internal expertise and capabilities.

That can mean that first staff members attend regular training on the software and occasionally consultants are insourced for advanced problems and further training. It involves building up process documentation and process design expertise as well as guidelines for successful RPA experiences.

In the end, this will enable you to implement your RPA projects even faster, to establish a strong support center to improve the stability of the RPA services and drive the innovation from within the company.

Step 6: Plan the next implementation waves

Using the experience from the first implementation wave, it is time now to continue with the second wave. The experience should make the implementation faster, more reliable and efficient.

For instance, Telefonica O2 reports that its employees needed 3 months to complete the first wave and to build up enough expertise to be able to tackle the more challenge process automation. For the second wave, the company even managed to develop 75 additional robots that handled 35% of all back-office transactions (Lacity et al, 2014).

Step 7: Plan outsourcing (optional)

There is a trend emerging to slowly outsource the RPA automation process and the robot maintenance activities to shared delivery centers, where the labor costs are less. This

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enables the company usually to first scale up the implementation faster at lower costs and to expand the RPA automation activities internationally.

However, one must not forget that outsourcing is only an option if the internal expertise and RPA capabilities exist because the business people will be still the ones who will do the quality assurance and possess the process expertise. This means that even with the shared delivery center, the expertise that was gathered in the first two ways remain within the organization. Only then the seventh optional step can work.

Advantages: Scalability, reliability, and flexibility

The RPA market has experienced strong growth for good reasons. These are the advantages of RPA:

- **Low-code platform:** RPA software is usually based on the principle of low-code development meaning that robots can be developed via a drag-and-drop interface without the use of programming languages. That accelerates implementation, makes it easier to learn it and enables even non-IT people to develop robots.
- **High interoperability:** RPA can run readily on many platforms, be it on-premise or on the cloud. Additionally, it can combine several interfaces with ease.
- **Increased reliance:** Robots do not suffer from fatigue, can run a 24/7, every activity is logged and auditable. This means that automating processes does not only reduce costs but also improves compliance substantially.
- **Increased speed:** Bots can achieve tasks in a fraction of time that a human would need to complete resulting in FTE savings.
- **Operational control:** All that bots need to work is a server and that way bots can be scheduled to work at specific times without interfering with human activities or other IT processes.
- **Visibility:** The tasks that are completed by bots are visible and can be much easier understood than a complex code of programming. Additionally, many RPA providers offer dashboards that summarize the effectiveness and activities of the robots.
- **Flexibility:** Bots can be easily adapted to changes in the workflow compared to humans.

Disadvantages: Process maturity is often required

A study shows that 30 to 50% of RPA projects initially fail because they fail to deliver the desired outcome (Das, 2018), which is why I strongly recommend engaging a consultant for the beginning of your RPA journey. In the following, I will list some of the disadvantages of

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the technology and how you can make sure to minimize the downsides.

- **Process maturity:** RPA requires stable mature processes. Automation implies that there is a repetitive action that can be “easily replaces” by a robot. If you are unsure about your processes, you should consider introducing business project management or first prepare your processes.
- **Only structured processes:** Some processes will still need human supervision because they are critical and complex. This is especially true if the process has many exceptions. Here the key is in establishing very good error-logging to quickly analyze exceptions and to improve the bot.
- **IT involvement:** Even though many RPA providers sell it as a tool for the business department, the involvement of the IT department is still required many times. This is especially important when it comes to supporting, disaster recovery, go-live and IT change management procedures.

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