The Future of Process Rests on Smart Robots And Smart People: Digitize to Analyze
Intelligent automation that unlocks meaningful data will empower smart people to drive process innovation

Leaders are now pondering the critical questions:

- **“Money, and how automation can save me more of it”**
  Process efficiency tends to be the first thing that leaders consider when evaluating new approaches to process level automation: processes that are better, faster, cheaper, more accurate, less risk, more scalable.

- **“Meaning-making, and how automation can generate data to drive it”**
  Beyond cost savings, the yield of process data and metadata that is generated because of automation is a far more profound benefit. Data ripe for analytics, applied to process level algorithms, to drive meaning and outcomes in a radically new, different, and innovative way.

- **“Monday morning - where can I begin?”**
  Start with processes that are standardized. Remember, all processes have an impact on business - define and quantify that in “outcomes”, and businesses will realize what needs to be rationalized. (hint: it’s not about the number of “people doing the process”).
• New research from Cognizant illuminates the future of work – and immediate steps to be taken – for leaders that harness automation to save money, and fuel digital data for business meaning.

• The change is already happening: many progressive adopters are already well ahead of peers by embracing ways to create new levels of process efficiency, driving different paths to revenue growth, and applying new possibilities for operational models.

• Staying put is not an option. Automation – tethered to analytics – blazes the trail to the future. While we have miles to travel, the data collected shows robots don’t dominate, but rather work in tandem to help make smart humans smarter and businesses more agile.

IMAGINE A FUTURE WHERE FUNCTIONS BECOME INTELLIGENT THROUGH TECHNOLOGY, ALLOWING HUMANS AND DIGITAL PROCESSES TO PUT THEIR HEADS TOGETHER TO CREATE A MORE INTUITIVE, MORE RESPONSIVE ENTERPRISE.
The study was conducted in Q3 of 2014 with more than 500 senior executives across North America and Europe. Segments covered included insurance, banking, healthcare and technology, and questions related to overall organizational effectiveness, and process efficiencies related to analytics, automation, process digitization and sourcing strategies.

This document is a point of view from the study.
THOSE WHO CAN MASTER SMART ROBOTS TETHERED TO SMART DATA WILL RACE TO THE TOP

- The interplay between smart hands, robots, brains and data has begun. But today, nobody’s recognized a game changing “edge” of one delivery model over the other. It’s a toss-up between onshore and offshore sourcing, big data analytics and automation. However, opinions envision a future generation of processes that will be automated and intelligent.

- Organizations seem to indicate: “we’ve only just begun.” 50% of today’s respondents see automation (and 44% see analytics) as the clear bringers of positive impact to processes in 3-5 years’ time - compared with only 30% for onshore process delivery. In other words, those who can master smart robots tethered to smart data will race to the top.

“Percentage of respondents who believe these initiatives will have significant impact on business”.

Global Delivery, Analytics, Automation Working Powerfully in Tandem - Today and Tomorrow
Intelligent automation provides opportunities for non-linear growth and standardization needed to expand geographies and create new operating models.

- The executives we surveyed predict that as a result of process automation, FTEs directly tied to process delivery will contract significantly in the coming years – and in some areas, it may be happening faster than we realize.

- Our data also indicates that the more “industrialized” G&A functions are being impacted the most: one in five companies we talked to have already seen a reduction of 25% of their FTEs across supply chain, HR and F&A.

- Banks expect to lead FTE reduction among industries:
  Banks are more inclined than other industries to automate their processes, probably to focus on their customers. Banks came out of the sub-prime crisis with the realization that standardized systems (technology), better risk underwriting (analytics) and differentiating customer service (SMAC platforms) can help drive stronger growth and expansion. We see that being reflected in the numbers around automation.
Supply Chain
Organizations that expect greater than 25% FTE reduction as a result of automation - By Process

- Current: 27%
- 3-5 years: 30%

Human Resources
- Current: 23%
- 3-5 years: 28%

Finance and Accounting
- Current: 22%
- 3-5 years: 24%

Customer Management and Sales
- Current: 17%
- 3-5 years: 17%

New product / service development
- Current: 16%
- 3-5 years: 27%

Automation’s force multiplier to work smarter: fewer “people doing the process”

Organizations that expect greater than 25% FTE reduction as a result of automation - By Industry

- Banking & Financial Services
  - Current: 29%
  - 3-5 years: 33%

- Insurance
  - Current: 17%
  - 3-5 years: 13%

- Healthcare Insurance (Payers)
  - Current: 15%
  - 3-5 years: 21%
MEANING-MAKING:
SMART HANDS + BRAINS + ROBOTS =
THE FORCE MULTIPLIERS FOR PROCESS OUTCOMES

• Smart robots that automate processes save money, but also improve accuracy and reliability: When considering future levers to drive efficiency gain, automation is chief among these delivery models. But more than just costs, it’s the reliability factor that’s tantalizing to buyers – robots do the same tasks over and over, with zero variance and significantly fewer errors.

• Digitizing to analyze process – and business – performance:
At its core, a business process is a delivery vehicle for information. For very complex processes, the pace of timely information and turnaround time is critical. In digital processes, as physical value chains digitize, process feedback and analytics becomes instant.

• “Smart hands” – informed by data – use automation as a force multiplier:
Automation has its limits – and there’s some things that robots just can’t do (medical management, underwriting, case reviews, etc.). SME domain skills will continue to remain outside the realm of what we can expect from robots, at least in the short term.

• Automation becomes a fundamental enabler, working powerfully in tandem with humans, to drive not only new levels of process efficiency, but to tackle business challenges differently, like never before. The human touch remains very much alive, essential and elemental to how better and different processes are orchestrated, managed.
Impact of PROCESS AUTOMATION on business

- Better management of repeatable tasks: 21%
- Reduces error rates: 21%
- Creates a frictionless, “straight through” process: 11%
- Reduces reliance on multiple systems/screens to complete the process: 14%
- Better standardization of process workflow: 19%

All respondents: 537
THE SECURITY IMPERATIVE: MAKING THE WORLD OF DIGITAL DATA SAFE FOR SMART PROCESS ADOPTION

However, it's not as simple as it sounds. Data and ability to utilize that data is still a core challenge for all organizations. Digital technologies and digital processes can only be effective if the data source is credible and useable.

If it isn't secure, it isn't a good (digital) process: Data security tops all challenges related to digital processes. 52% of respondents cite it as the chief issue today. As digital processes proliferate, and as leaders see the value they create, an entirely new ecosystem of services will develop that ensure security, risk, privacy and compliance.

Line-of-sight today, but taking the long view on data quality tomorrow... it's more than just “garbage-in, garbage-out”: In the short term, businesses want digital processes to catalyze a clear line-of-sight to create simplified processes. But there's also a real fear that the fruits of these efforts might not yield data of quality. There is more that needs to be done to reach that level of data nirvana.

What are the biggest CHALLENGES associated with your efforts to digitize processes?

- Data security: 52%
- Data quality: 46%
- Data access: 36%
- Adequate internal skill sets to analyze data: 36%
CREATING A POLE POSITION – NOT EVERYONE IS AT THE “SAME RACE”

Organizations need to do much more than articulate intent to modernize their processes. We see distinct segments that have implemented some form of digital strategy around automation and analytics to create newer products and penetrate newer markets.

• To better understand these segments, we looked at factors like automation maturity (where automation has already been implemented, is it driving value?), analytics penetration (going beyond simply cost optimization), challenges in digitizing the value chain, core skill set investments to create a digital strategy (like data scientists, analysts and strategy leads), use of social infrastructure to interact with customers, and management buy-in and support.

• What we see are three distinct types of companies on various stages of the digital journey – Progressives, Fence-sitters, and Laggards.
Process Progressives: Building Up a Head of Steam in their digital approach:

- **Making progress on automation:** About two thirds of progressives have automated at least part of their core functions, and are further deploying it across additional processes too.
- **Using analytics to drive bottom-line and topline innovation:** Progressives have a keen awareness of how to leverage process analytics for top and bottom line benefits, ranging from identifying new markets and better serving their customers (revenue generation) to optimizing internal processes (cost optimization). One in two progressives expect revenue benefits of more than 10% as a result of analytics.

Fence Sitters need to bridge the gap between intent and implementation:

- **Consensus is key:** Less than 15% of Fence Sitters have automated the horizontal functions such as HR, Finance, and Supply Chain. This segment is constrained by a conservative and cautious nature and will need its data security concerns addressed to build a consensus amongst its internal stakeholders.
- **Operational efficiency and streamlined process are core drivers for Fence Sitters.** However, as “followers”, the Fence Sitters are now showing a desire and intent to increase automation to support operational processes.
- **Analytics for cost efficiency only:** Fence sitters are focused on using analytics to drive current process and cost efficiencies, and are still in initial stages of using process analytics to identify a white space opportunity.
Laggards: Forget about analytics... still struggling with costs and process inefficiencies

- **Lagging on automation initiatives:** Laggards form the biggest segment with 42% of the businesses surveyed in the study belonging to this group. This segment, as the name suggests, is lagging far behind the Progressives in their current automation practices.
- **Have not fully explored benefits of analytics:** What really differentiates this group of companies from the Fence Sitters and Progressives is that their use of analytics has been limited to more operational aspects around costs optimization.

### Percentage of companies that fall into the three segments

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<thead>
<tr>
<th>Segment</th>
<th>Banking</th>
<th>Insurance</th>
<th>HC Payers</th>
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<tbody>
<tr>
<td>Progressive</td>
<td>31%</td>
<td>39%</td>
<td>39%</td>
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<tr>
<td>Laggards</td>
<td>30%</td>
<td>31%</td>
<td>8%</td>
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<tr>
<td>Fence Sitters</td>
<td>40%</td>
<td>51%</td>
<td>8%</td>
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MONDAY MORNING: IMMEDIATE ACTIONS AND STEPS LEADERS CAN TAKE TOWARD JOURNEY TO THE FUTURE OF PROCESS

• It’s not a radical fantasy to view automation and digitization as disruptors of the “old way of doing” things. They are here, today. And whether you like it or not – it’s coming soon, to a process near you.

• Analyze your company at the process level: Review in detail your processes as they exist today and infuse a digital process plan by re-imagining moments of customer engagement or constituent journeys.

• Perform an automation readiness assessment: Map processes to a level of detail that includes inputs, process, and outputs. Scan the market for tested and ready-to-implement technologies.

• Help humans evolve towards the work of tomorrow. Start by giving employees access to digital processes and machines that help them do their jobs better, smarter and with more meaningful impact to the business.

• Create, educate and inculcate “the vision”. Move from recognition that something “needs to happen” to “making something happen”. Business processes – digital, or otherwise – need to support a business strategy.
• Federate digital process IT: Tear down the wall between IT and the business. Create a centralized process CoE tying old processes together with the new

• Assign “tiger/SWAT teams” including a mini-CIO (+ “experience”/design): Most IT professionals are stretched with current delivery, identify valuable (and digitally-savvy) resources that would jump at the chance to help. Physically sit and co-locate digital IT stars into the BUs.

• Execute specific process projects - to learn fast, or “fail fast!”: Be specific - don’t place resources and “hope for the best”. Identify, develop and implement solutions for process automation or digital business transformation - fast.

• Make “meaning-making” mean something powerful - fuelled by process data: The imperatives to “do analytics” or “use big data” are just too broad to be meaningful. Instead, focus on a specific business process that shapes at least 10% of your costs or revenues.