

Intelligent Automation of Financial Services

Let's reimagine your
everyday operations

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Introduction

Let's reimagine your business at scale with Robotic Process Automation

As with many aspects of work, the move towards automation has accelerated due to the changing mindset brought on by the recent pandemic. Businesses are finding new ways to work. Across the globe, organisations have surprised themselves how quickly and efficiently they've been able to adapt.

Now businesses have had a glimpse of what's possible and have been inspired to challenge the way they've always done things. It's not about recognising the value of Robotic Process Automation (RPA) - organisations already do. But with only 4 percent of enterprises having scaled beyond 50 robots, the issue is how to realise this value at scale.

Here, Fujitsu examines how financial services brands can exploit the benefits of RPA at scale to drive new customer experiences, improve data governance, optimise processes and deliver organisation-wide digital transformation.

RPA Today

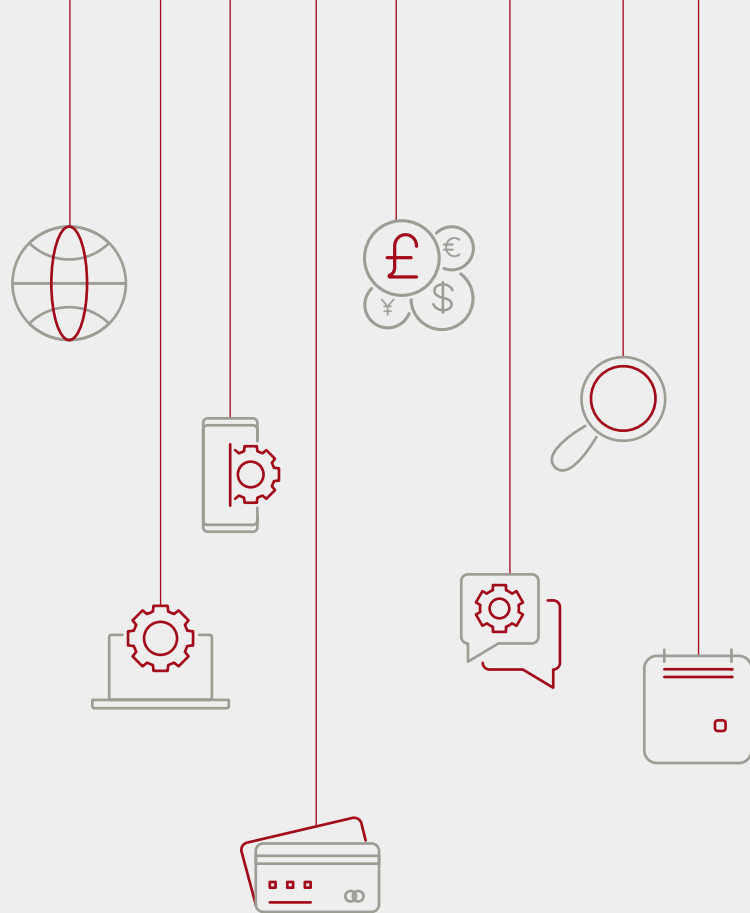
Robotic Process Automation (RPA) has been with us in an operational context for a decade or more, and considerably longer in development environments. During this time, RPA has delivered considerable innovation and has consistently increased value across the financial sector.

It's not unusual for these software "robots" to save tens (often hundreds) of thousands of workforce hours a year, or to generate step change improvements in transaction processing time: all by replicating and automating a vast range of mundane, repetitive and manually intensive tasks.

In the retail banking sector, for example, the robots are simplifying task automation to dramatically optimise account origination, Know Your Customer and compliance processes. They're monitoring transactions, loan processing and default management to embed operational excellence. And they're engaging with account holders in real-time – creating chatbots that provide new and improved customer experiences.

In capital markets, bots are hard at work optimising trade settlement processes; clearing trades, carrying out order research and resolving discrepancies. When you consider a bot can reconcile a failed trade in a quarter of a second – a task that takes a human up to 10 minutes – it's easy to see how RPA can revolutionise operational efficiency and why it's found a ready home in banking.

It's the same story in insurance. Straightforward policies are now being handled by these smart bots to allow commercial underwriters to devote time to more complex policies. Data governance, claims processing, policy cancellation and a host of manual data entry tasks are also being optimised and accelerated.



The big issue: hitting the glass ceiling

All this, of course, is familiar ground to most in the financial services sector – which has been an enthusiastic early adopter of robot-enabled business process automation, having already invested in Centers of Excellence (CoE) and established ambitious RPA agendas. And with good reason. Banking and insurance organisations handle vast amounts of data, are challenged by complex legacy processes and technologies, and face a raft of competitive and financial pressures: all of which make automation an incredibly attractive proposition.

But, as technology matures and Cognitive Automation adds new Artificial Intelligence (AI) capabilities to extend the benefits to more complex processes, there's a problem: RPA appears to have struck a glass ceiling.

Back in 2017, a study by McKinsey pointed to a second wave of automation emerging over the next few years that would see machines take up to 25 percent of the work across bank functions. McKinsey wasn't

alone in expecting a rapid and high impact evolution of the RPA market. PricewaterhouseCoopers (PwC) estimates that 30 percent of jobs will be automated by 2023¹ and McKinsey estimates a 30 percent reduction in basic cognitive skills (roles suitable for RPA) by 2030 rising to 38 percent in the Financial Service Sector.²

Well, now we're here.
And we're still waiting.

While there's no doubt that automation is having a considerable impact, the financial world is nowhere close to realising the value of what it can achieve. To date, only four percent of organisations have moved beyond 50 robots. To take full advantage of the transformational value of task automation, it has to be done at scale, across the organisation. The question is 'how?'.

Attended or unattended: setting the record straight

In some quarters, it is assumed unattended robots, (i.e. that operate independently in a scheduled manner) will deliver labor substitution savings – as they don't require any human workers to operate them. In reality however, unattended use cases are significantly harder to identify than attended robots (initiated by a user on smaller components of a customer journey) as they require a mature end-to-end process to be in already in place, or require a lengthy transformation effort to get to this point.

Our advice is to identify the attended use cases first, then address unattended opportunities as RPA maturity grows.

"In our bank we have people doing work like robots. Tomorrow we will have robots behaving like people. It doesn't matter if we as a bank will participate in these changes or not, it is going to happen."

John Cryan, CEO of Deutsche Bank

1. How will Automation Impact Jobs?

2. Skill Shift Automation and the Future of Workforce





An intelligent approach at scale

The processes most suited to an RPA make-over are business-rules-based, non-subjective, repetitive tasks. We have touched on a small number already – customer origination, trade settlement and so on. But there are, of course, far more.

If we use a retail bank as an example, we see a raft of intelligent automation opportunities right across the organisation, in lending, card issuance and management, through payment services to customer service assistance, and for a wide range of data governance and Governance Risk and Compliance (GRC) use cases.

Some will have high levels of automation potential – including origination and default management in the lending space. Others, such as cash management and risk monitoring, will offer fewer automation options.

Alongside these specific banking functions, operational processes common to all major organisations – human resources, finance and accounting, procure-pay and IT – can also be automated.

McKinsey states that some 38 percent of work across the financial sector can be automated.³ Fujitsu believes that some 20 percent of this process landscape is suitable for immediate automation using RPA. Go beyond RPA and add the AI elements of Cognitive Automation, and an impressive 52 percent of processes are able to be automated. As the bots perform their tasks faster, without interruption 24 hours a day, and without the risk of human error, processes will become 60-80 percent more efficient.

This will allow organisations to remediate their huge data lakes and leverage insights to drive strategic decision-making. While the huge operational efficiency and human resource savings realised can be invested back into innovation and product delivery – partnering with agile InsurTech and Fintech entrants to take embrace new business models and open banking initiatives driven the regulations such as the EU's PSD2.

Plus, banks will be in a better position to adapt to structural changes in the global economy. Not only because of the underlying efficiency and business agility that high levels of automation create, but because, having released and reskilled their workforce, they can focus their human capital on change.

Of course, if it were quite so easy to automate hundreds, perhaps thousands of workflows, everyone would be doing it. As we've seen, they're not. And here's why.

3. Skill Shift Automation and the Future of Workforce

What's holding at scale deployments back?

While every organisation is different, there are common factors impacting the upscaling of automation programs across the financial industry.

People and Culture

Banks, investment houses, insurers, brokerages and others all employ tens of thousands of people across the globe. The specter of a robot workforce replacing humans is a very real concern. While this is more perception than reality – particularly as eliminating tedious manual processes has a positive impact on people's experiences at work – deploying RPA at scale certainly presents organisations with a skills-shift challenge that requires considerable change management expertise.

Ultimately however, designing and deploying RPA in such a way to 'assist' rather than 'replace' human endeavor will be critical. As will the effective communication of this purpose across the organisation.

The people issue is further complicated by the lack of experienced developers. While it's certainly possible for anyone

with some training to build a robot, building and managing hundreds or thousands of bots is another matter entirely. Moreover, there's considerable skill in understanding which processes should (and shouldn't) be automated based on their operational and strategic value to the business.

Process Discovery

Some are easy to find and define – such as the aforementioned customer origination process and the management of the swathe of connected GRC activities. Others are less so. Plus, for many organisations, once the initial opportunities have been converted, it's unclear where to go next.

So being able to identify the prime candidates for automation is paramount. While it would seem sensible to ask the process practitioners within the organisation, in reality this doesn't always lead to success.

As we've discussed, it's difficult to understand the correct profile of high volume, low variance processes that yield the greatest returns. Add to this employees, perceiving that their jobs may be at risk from automation, are not always motivated to offer an honest view of where automation targets may exist.

Experience suggests that many people will offer low volume, complex use cases for automation targets. When analysed, these are often found to be weekly, monthly or in some cases annual frequency – which immediately asks questions of their suitability, and the business case benefit for automation.

While this kind of business process discovery is hugely important, it shouldn't be time consuming. Focusing scarce internal resource or high cost external consultancy time on searching for the highest possible ROI can create unnecessary delay. Discovery robots can do the job quickly and effectively. Let's automate first and optimise later.



Deployment Approach

Finally, there's a wider point here about the approach to automation. The early days of RPA saw enterprises focus on the initial evaluation of platforms, and the mobilisation of cross-functional teams to create integrated Centers of Excellence (CoE). This was generally successful, with organisations able to initiate pilots and demonstrate RPA robots delivering savings across a range of discrete processes.

Yet, while this structure worked well during initial mobilisation, the lack of separation between the project, build and support functions meant internal resource tended to focus on the maintenance of deployed robots rather than building new ones. Which, of course, eliminates the ability to scale. And limiting scale-out capability limits the wider value of enterprise-wide deployments.

This latter point is crucial and one of the key reasons why organisations in the financial sector continue to bang their heads against the glass ceiling.

Win quick, plan for scale

While automation at scale is the end goal, this must be a phased process. Quick wins identified from automated discovery tools must be used to supplement (and help pay for) wider strategic programs. In the same way, the automated discrete workflows created must ultimately be connected to one another to drive straight through processes and maximise value.

However, designing and deploying a completely integrated solution is a massive multi-year undertaking, and trying to do too much could well have the same result as doing nothing at all.

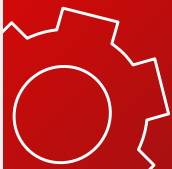
The key to success is not to focus on process perfection, but instead to deploy at pace and at scale and optimise at leisure. Perfection will come.





How to break through the RPA glass ceiling

Fujitsu perspective by David Cameron,
Head of Robotics and AI at Fujitsu UK



While it's a dreadful cliché, there's nothing so sure as change in today's financial services industry. In wholesale and retail banking, in insurance and risk management, and across the sector, evolving consumer expectations and behaviors are continuing to elevate the importance of customer experience and driving the exploration and exploitation of new digital channels.

Automation sits at the heart of this transformation, enabling, as it does, dramatic reductions in cost and delivering significant increases in process efficiency – improvements that ultimately lead to the development of a more informed, productive and customer-focused workforce.

But it won't happen if organisations remain unable to break through this glass ceiling of 50 or so robots.

For Fujitsu, smashing through starts with an unashamedly technology-first approach. The financial clients we engage with simply do not have the time to spend weeks and months optimising or transforming processes before they begin to automate. Nor do they need to. Today's crop of process mining tools can conduct front-end process discovery in

faster and much more humanistic ways. We simply deploy our 'discovery robots' on user's desktops, then they passively track the (multiple) actual processes being delivered, over a number of days.

So, in less than 10 days of starting the discovery activity, clients can see a visualisation of the process that combines 'as is' and 'to be' analysis into an optimal process flow. The technology lead approach continues with process discovery being automatically converted into robot prototypes at the touch of a button, without the need to create a process design document and manual development. Only fine tuning of the prototype robot is needed.

Post transformation, the automated process is tracked again, and the effort to deliver each compared to the baseline, to ensure the benefits have been realized. Multiple discovery exercises can be run in parallel, resulting in a 70 percent reduction in the lead time from ideation to deploying a robot.

If you contrast this with a more conventional consultancy-led approach, it's like night and day. We don't have multi-day workshops

that tie up key client resource. We don't spend weeks or months trying to perfect the processes. We just apply the discovery bot and let it do its work. It's all part of Fujitsu's automation-first, optimise second approach.

Crucially, the scale doesn't stop at the discovery process. Being able to discover and deploy hundreds, even thousands, of bots also requires you have the capability to manage them. This is another one of the scale-out barriers banks and insurers face today.

Conventional CoE approaches tend to be too small to cope whereas at Fujitsu supporting millions of users across the globe is what we do at Fujitsu. We have simply replaced support for physical users with digital workers – monitoring and managing the bots from operations centers around the world, with the corresponding levels of service and assurance.

Having proved the concept over two years or more, we have codified it into our Industrialised Automation Operating Model that brings together three core components: The Fujitsu Automation Factory, Robotic Operations Center (ROC) and the Fujitsu RPA Academy.

Fujitsu's Industrialised Automation Operating Model

Fujitsu's Industrialised Automation Operating Model has been specifically designed to fast track operational efficiencies and help financial services organisations quickly realize business outcomes by deploying RPA at scale.

The Fujitsu Agile Automation Factory

Comprising our trained resources in UK&I, and from our Global Delivery Centers, to deliver a seamless service to discover, identify, build, deploy, and manage robots to support our clients' business outcomes. By combining proven delivery capability and tools, with agile principles we maximise delivery burn rate, and in so doing, return the maximum value to the enterprise at the earliest opportunity.

The Fujitsu Robotics Operation Centre (ROC)

The ROC is the primary support mechanism for all deployed robot configurations deployed into live production. It offers clients the ability to draw upon a number of commercial models such as RPAaaS. This support model includes everything needed to develop, support, monitor, maintain, secure and optimise RPA deployments at scale.

The Fujitsu RPA Academy

The RPA Academy brings together elements of recruitment, knowledge transfer, employee reskilling and team coherence in agile delivery structures to help the retraining and redeployment of staff. Fujitsu also makes this asset available to customers wishing to retrain or upskill resources displaced by automation.





By industrialising automation at scale, Fujitsu is able to lower lead times for automations by up to 70 percent, while achieving 12-16 percent reductions in operating budgets from full-scale RPA maturity in 24 months.

The importance of partnerships

In assuring automation initiatives at scale, Fujitsu has developed a world-class, world-wide ecosystem of established and disruptive partners that includes UiPath, Blue Prism, Kofax, Automation Anywhere, and Kryon. Persistently innovating, our community brings deep sector expertise and cutting-edge use cases to support the delivery of outcome-led solutions for customers across finance, banking and insurance sectors.

A word on our co-sponsor, UiPath



One of Fujitsu's closest RPA collaborators, UiPath has a proud heritage of successful delivery in the financial services sector and boasts over 2,900 employees, across 53 offices in 20 countries. UiPath was named a leader in the 2019 Gartner Magic Quadrant for Robotic Process Automation Software. We would like to thank UiPath for contributing to, and co-sponsoring, this paper.

www.uipath.com



1. Identify your level of automation benefits ambition

The level of ambition will be the single guiding light in constructing an automation scale out program, so it is critical that you get this right. The easiest way to achieve this is to assess the percentage of the process landscape suitable for automation within your enterprise. Fujitsu can then extrapolate this into a custom Financial Model that will outline the high-level benefit of delivering this ambition.

2. Embed an automation-first strategy

Leaders not only need to buy in to the automation-first approach, they must embed the drivers for this change at all levels within their organisation. Our recommendation would be to adjust budgets, and align goals and related compensation, to drive the required outcome.

3. Don't try to get married on the first date

Automation programs will have a profound effect on your enterprise. Rather than go big bang with an overly ambitious automation program, instead adopt agile phasing principles with low initial investments and rewards that increase in iterations, as competency, confidence, and scale grows.

4. Select the right a partner

Automation benefits must be realised quickly if they are to be maximised which drives a 12- to 24-month window and consequently sizable delivery teams. Enterprise will struggle to deliver this without help.

5. Automate then optimise

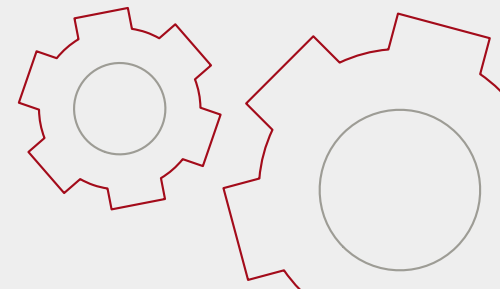
Avoid lengthy consultative based engagements that add significant cost and attempt to transform your processes by opting for an automate then optimise strategy, leveraging Automated Business Process Discovery tools.

6. Create the correct automation operating model

Core components of the operating model expand on the traditional CoE and have dedicated functions for Plan (CoE and Governance), Change (Automation Factory and Automation Academy) and Run (Robotics Operations Centre) activities to support Automation at scale. However, each organisation will have unique requirements.

7. Manage the skills shift

As with previous industrial revolutions, enterprises will undergo a massive shift as labor with the incorrect skills profile are substituted with new expertise, as required. If not managed correctly this could alienate the employee base and severely limit the effectiveness of the program.



Ready to reimagine your everyday operations?

With RPA a rapidly evolving and increasing intelligent discipline, we hope our insights – gained from decades of experience working with global financial brands – will be useful as you explore new ways to leverage and extend your programs as part of wider digital transformation strategies.

To comment on, or discuss in more detail, any of the issues raised in this paper, or to find out how Fujitsu can help you reimagine your everyday operations, get in touch.

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