

# BECOMING STRATEGIC WITH INTELLIGENT AUTOMATION

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**WHAT A DIFFERENCE A CRISIS MAKES:  
“GO BIG” V. “HUNKER DOWN”**

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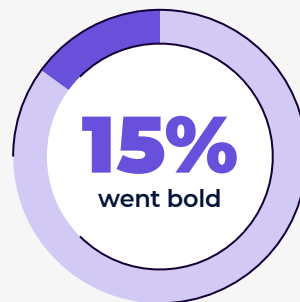
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*In this series, **Becoming Strategic with Intelligent Automation**, we look at leading businesses in five major sectors that have made the shift from 'hunkering down' to 'going big,' including banking and finance, insurance, telecommunications, healthcare, and energy and utilities. Our research investigates the gains made, why they went big, and how others can learn from their experiences.*

## ‘WHEN YOU COME TO A FORK IN THE ROAD, TAKE IT!’

According to the baseball sage Yogi Berra himself, his advice means: make a choice, make sure it feels right, and learn from the results. For those automating work and augmenting knowledge tasks, the COVID-19 crisis presented a big question: go big, or hunker down? As part of an ongoing research program on intelligent automation at Knowledge Capital Partners (KCP), we wanted to understand how this choice played out. We found a clear division in outcomes between the 85% who played it safe and the 15% who went bold.

COVID-19 crisis presented a big question: **Go big, or hunker down?**



To date, KCP research has found 65% of organizations hunkering down, either sweating the assets to survive, or only investing in automation activities that underpinned getting business today (see Figure 1). A further 20% slowed their broader automation and digital strategies, but continued to make targeted investments in automations that provided immediate benefits, such as with contact centers and remote working enablement. So, while automation take-up accelerated modestly, it was not enough to sustain competitiveness against higher-investing rivals. These organizations will need to “go big” very soon.



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Now, let's compare the remaining 15% of businesses that continued to invest heavily in automation and digital technologies. Their aim was to gain current and future business adaptiveness and resilience. Most in this category had started this journey at least four years prior to the impact of COVID-19. This group inhabits multiple sectors and are not just the obvious high-growth U.S. and Chinese hi-tech firms.

The 85% who hunkered down not only need to heed the fundamental message from COVID-19—invest to build technology support for business delivery and resilience—our research also suggests something more alarming. Without strategic investment in automation and digital transformation, their competitiveness relative to these leaders will degrade seriously and possibly irreversibly over the next five years.

## BUSINESS CORONAVIRUS RESPONSES

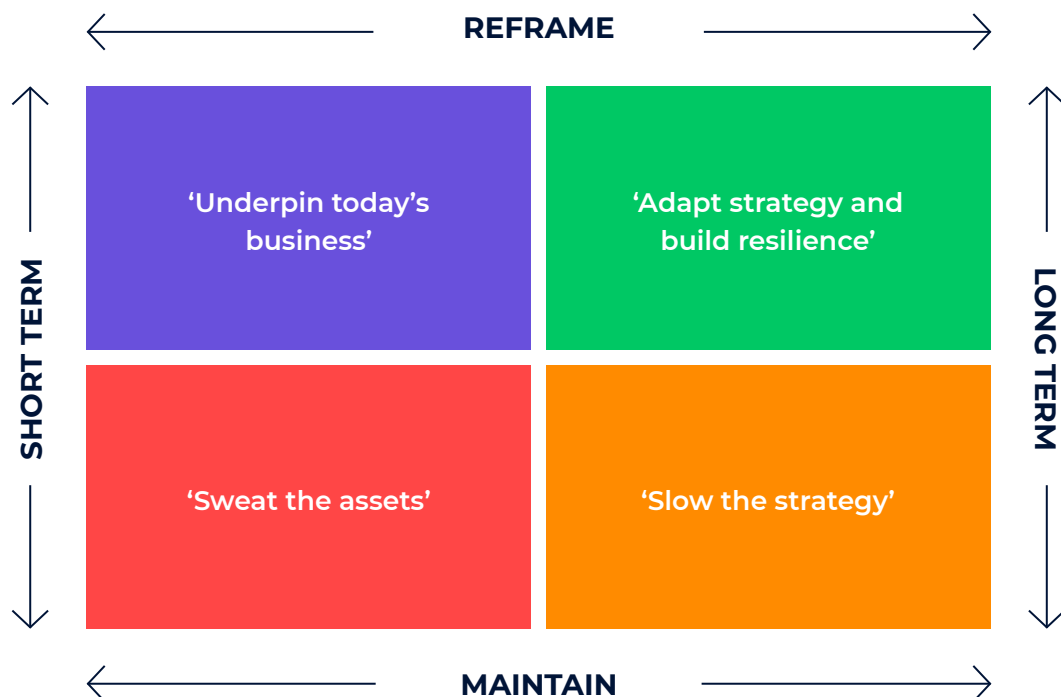


Figure 1 (Source: Knowledge Capital Partners, 2021)

What is the evidence for this? Our research places RPA as part of a much bigger picture, as an enterprise platform integrating other technologies to enable digital transformation (see the journey map Figure 2).

## TO DISTILL THE KCP FINDINGS:

1

*The potential of robotic process automation, even as a stand-alone technology, is vast and largely unexploited.* Our studies of early adopters found examples of return on investment (ROI) between 30-200% in the first 18 months, as well as ‘triple-win’ shareholder, customer and employee benefits, many unanticipated. Yet by 2021, the market is as small as \$3.5 billion USD, though estimated to grow at around 40% per annum for the next five years.

2

Looking across the 54+ RPA supplier portfolios, most clients have between one and 50 ‘robots.’ Few (13%) have scaled to 51-100, let alone a higher number. This has been changing in the last year, but reflects *challenges in scaling, strategic investment, and benefits aspiration.*

3

*The typical organization gets caught in Phase 1* (Figure 2). Initial outlays are small and local. Efficiency returns are frequently good, but further investment looks expensive, and the benefits look less clear. With some vendor products, enterprise RPA is harder to scale architecturally, and maintenance and support is costly. Relying on traditional ROI-based business cases, senior management typically under-invests, seeing RPA as a tactical back-office tool. Digital transformation efforts may be ongoing but do not connect, being driven from different places with different budgets, usually underwritten tactically. This approach defaults to a “hunker down” strategy.



**Other organizations are managing RPA more imaginatively.** Experiencing “triple-win” benefits, they scale their RPA deployments to the enterprise level, and across back-office, mid-office and customer facing activities. They grasp the potential of extending RPA to create ‘intelligent automations’ and integrate RPA with advanced cognitive technologies that can manage, for example, unstructured data, analytics, and probabilistic decision-making. RPA becomes the critical execution platform for creating value. In our earlier Blue Prism series ‘Just Add Imagination,’ we found many examples of innovative, transformational uses of RPA. Usage included efficiency (‘doing things better’) but the focus moved to effectiveness (‘doing the right things’) where much greater value was found.

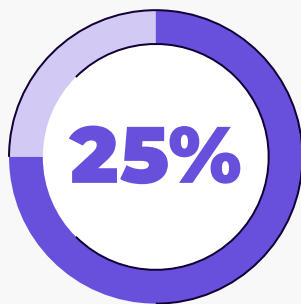
## RPA: FROM EFFICIENCY TO STRATEGIC VALUE



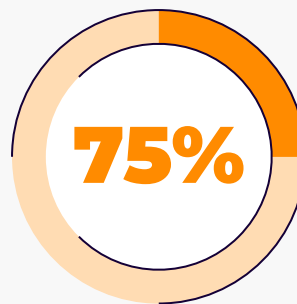
Figure 2 (Source: Knowledge Capital Partners, 2021)

5

Our research re-affirms the truism that for RPA, cognitive, and AI automations – as for previous technologies – **only 25% of the challenges are technological 75% are managerial and organizational**; thus, the slow progress across the phases. Previous studies showed 41 material risks arising when trying to introduce automation, but also identified 39 management actions that mitigate those risks and lead to effective business deployment. Bluntly speaking, organizations operating in phase 2 became good at managing these risks and adopting effective automation practices.



of the challenges  
are technological.



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6

We also establish why phase 3 is so difficult, why only 15-20% of organizations are doing well with digital transformation, and why, depending on sector and definition, 75-85% of digital transformation projects fail. **Once again, the challenges are mainly managerial or organizational**, though integrating, deploying and institutionalizing a variety of emerging digital technologies is by its nature a long haul. It could take most organizations more than five years to become digital businesses, so they are advised to start soon.



Few organizations  
are doing well with  
digital transformation.

7

Reviewing case studies, surveys, interviews and advisory work, we came to a stark conclusion: **with RPA, cognitive and AI technologies, an enormous amount of business value is being left on the table.** A great deal more value (at least **200%**) could be extracted simply by hunkering down and applying these technologies more widely for efficiency purposes. Still, more value (the initial indications are 500% or more) could be gained by looking for applications that increase business effectiveness. But our latest research suggests that **the real value bonanza comes with building a “digital options platform” that gives the business flexibility, adaptability, strategic options and resilience at a relatively low cost.** Later in the series, we will see that the value gained by some companies has been exponential, exceeding efficiency gains alone by **ten times or more.** While ‘hunkering down’ is certainly a profitable fork to take, ‘going big’ gets you much further, more quickly.

8

Finally, this made us ask: **Why is this value being left on the table?** What is noticeable and distinctive about those who ‘go big’ is that they have senior executives who see digital technologies as strategic and transformative; they provide sustained support and resources for long-term organizational change; they see technologies, including automation, not as discrete tools, but instead comprising a digital platform enabling new business relationships with customers, *ahead of their competitors.* And, importantly, they appoint credible, influential champions who are held accountable to make it happen. Interestingly, these leaders are visionaries who rely on ‘big-bets thinking’ fueled by a big-picture view of what the business needs and what the technology can enable, and they have less time for traditional ROI and TCO analyses. By contrast, executives with a ‘hunkering down’ outlook tend to be much more driven by narrow, carefully calculated business cases, and have a much more bottom-up approach to using automation technologies for business value.



# TOTAL VALUE OF OWNERSHIP

To understand stakeholders who appreciate the massive potential value here, we synthesized our learning into a new value framework we call Total Value of Ownership (see Figure 3). This approach embraces traditional ROI and Total Cost of Ownership approaches but extends them greatly. Why? Because used conventionally, they fail on two counts. Firstly (and dangerously) they fail to account for all the costs. Secondly, they fail miserably to include the more intangible transformational benefits, even though these can be significant and strategic. Such measurement systems inhibit aspiration and can lead to efficiency and—at best—effectiveness agendas. This is great to have, but not where the real action is.

## TVO MODEL

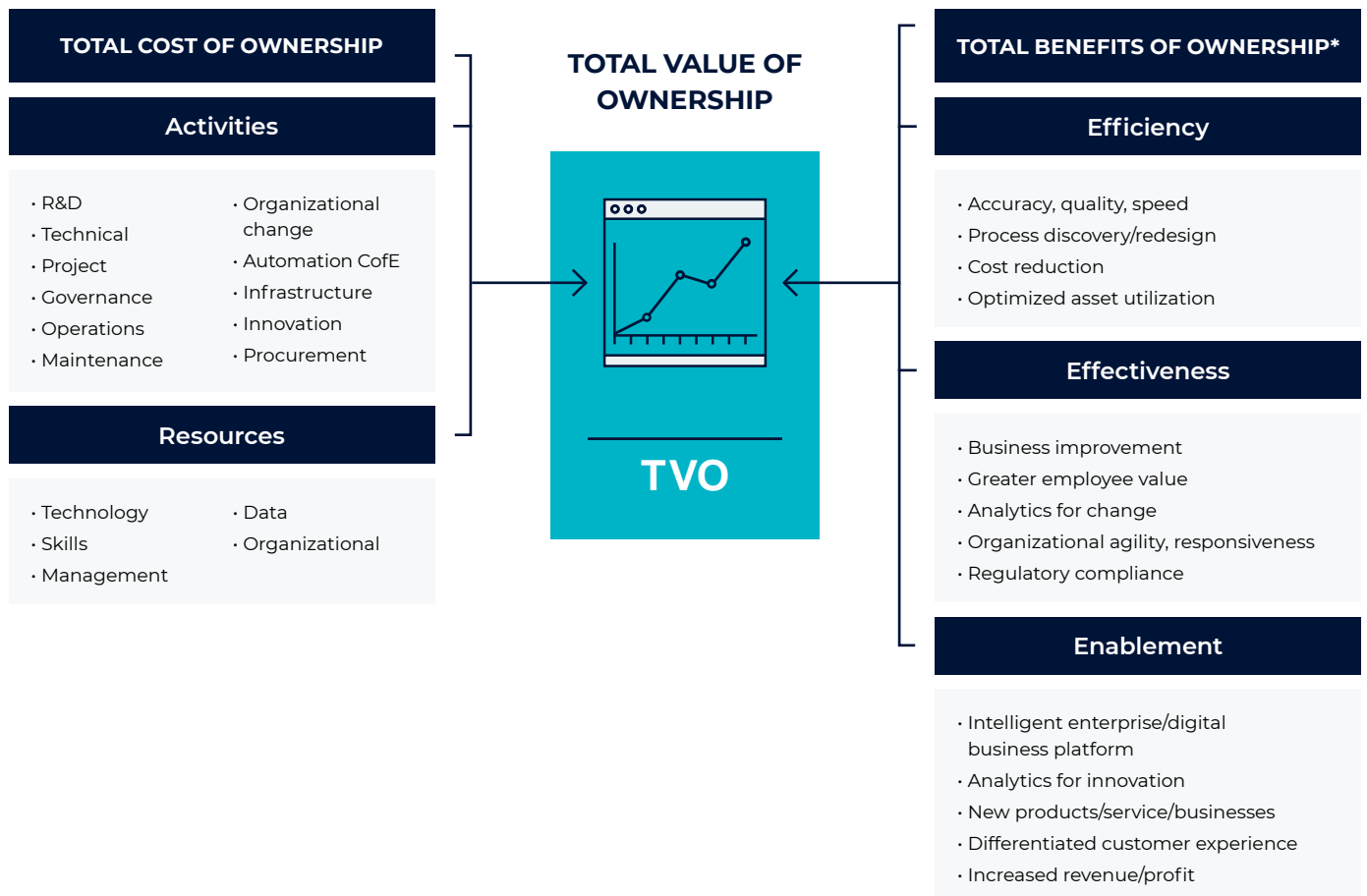


Figure 3

\*Indicative benefits

To 'go big' requires senior executives to aim for enablement gains from the start and to be clear that efficiency, effectiveness and enablement benefits are additive, not mutually exclusive.

- One bank focused mainly on efficiency in the early stages, but with a declaration of intent to become “the corporate digital bank of the future,” launched their journey to effectiveness and enablement.
- A telecoms firm committed early to service excellence, business enablement, scalability, flexibility, security and compliance, while also ensuring high levels of employee and customer satisfaction.
- Another telecoms company saw automation as great for operational enhancements, but also as the primary route to improving competitiveness by transforming the customer experience.

**Our research demonstrates that Blue Prism, when integrated with other digital technologies, constitutes a strategic weapon, an enterprise-grade intelligent automation platform that greatly expands the range of possible operational and strategic options for value creation.**

## ABOUT KNOWLEDGE CAPITAL PARTNERS

Knowledge Capital Partners is a global knowledge resource for organizations seeking expert advice and best practice in the sourcing and operation of technology, business services and public services. Offering empirically based research, executive education, and advisory services to businesses and governments worldwide, we provide an independent perspective through a global network of senior business professionals, academics and consultants. We help organizations design and implement sustainable sourcing and operations strategies that are ethical, socially responsible, commercially effective, and professionally managed. [www.knowledgecapitalpartners.com](http://www.knowledgecapitalpartners.com)

**John Hindle is Managing Partner, and Leslie Willcocks is Research Director at KCP.**

## RESEARCH BASE

Our research draws upon a KCP/LSE proprietary data base of 500 plus RPA and cognitive automation cases studies taken from multiple sectors and economies. These were studied over time (from 2015-2021) and included 'leader,' 'follower,' and 'laggard' users of the technologies. We gained additional insight from four annual surveys during this period. Earlier findings appear in four books (see note 1 below) and in the Blue Prism series "Keys to RPA Success" and "Just Add Imagination," as well as published articles in Sloan Management Review, Harvard Business Review, LSE Business Review, Forbes and MISQ Executive. Building on these foundations, in 2021, we researched an additional 15 advanced user organizations taken from the banking and finance, insurance, health, telecommunications, and utilities sectors in the USA, Europe and Asia Pacific. We used interviews, documents, and survey questionnaires. We also reviewed more than 350 award submissions covering innovatory and effective automation practices. The objective was to gain further insight into the technologies used and the business value being planned for and achieved, to guide existing and potential adopters. This research series will include focused analyses and reports on 5 key industries: banking, insurance, telecoms, healthcare, and utilities.