HGS® digital

How to define **automation success** and **communicate ROI**

It wasn't so very long ago that the word "bot" may have conjured visions of a humanoid machine made of metal. But these days, we use "bot" to mean a form of intelligent automation: a program that can carry out tasks either autonomously or with some human intervention.

Bots have wide-ranging internal and external use cases within a business; McKinsey found 60% of all occupations can automate at least 30% of their activities. Bots can streamline operational processes like invoicing, billing, and data entry; automate some activities within a contact center; and ensure error-free work and regulatory compliance. To push their organizations to new levels of efficiency, technology leaders have begun implementing their own robotic process automation (RPA) bots and other forms of intelligent automation, or are in the planning stages to do so.

Yet many technology leaders still have questions about these implementations. And their questions aren't how or why to deploy automation. Rather, the big question is: How do we know when we've succeeded?

To measure the success of your intelligent automation projects, calculate ROI and communicate it to key stakeholders.

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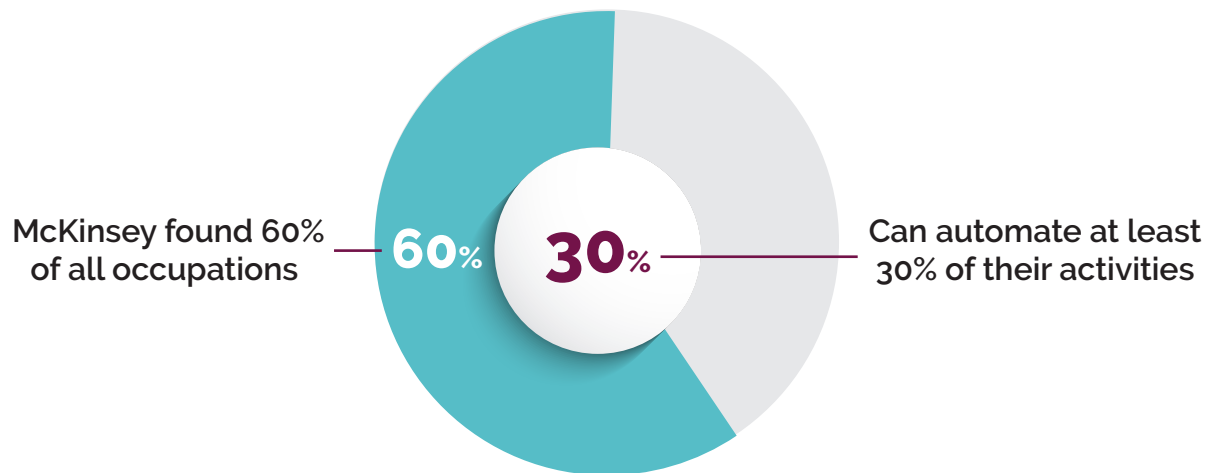
What does positive ROI for intelligent automation look like?

Several factors characterize successful deployment of automation, including:

- > More productive staff
- > Operational cost savings
- > Time savings
- > More efficient operations
- > Greater accuracy and integrity of data
- > Improved compliance with standards and regulations
- > Optimized staff head count
- > More opportunity for staff to perform higher-value work
- > Improved CSAT and higher customer retention rates

How to calculate ROI for RPA bots

Here are some ways to think about how to calculate ROI.

➤ **Productivity:** Even the most productive human in the world needs time off for a break. Bots, however, can perform 24 hours a day, 7 days a week, 52 weeks a year. Gartner found one bot can displace up to 30 times the work of a human full-time employee."

➤ **Cost savings:** The exact dollar amounts of cost savings will depend on what you use bots for, as well as your industry and company size. As a use-case example, bots can automate financial and accounting processes.

> " Gartner calculated companies that have implemented robotics for these purposes can achieve, on average, 25% to 50% cost savings over traditional manual labor. In real dollars, that's an ROI of $394,000 for those bots. "

As an industry-focused example, bots can be used within the health care space to reduce denied claims and underpayments. Payers deny almost 10% of insurance claims in settings where the patient accounting team is not laser-focused on managing denials. With the cost to recover these denials and underpayments approaching $120 per claim, a portion of the estimated $266 billion in annual waste can be reduced by a thoughtful and well-designed application of intelligent automation.

Time savings and operational efficiencies: Organizations can gain efficiencies by diverting repetitive, mundane tasks to bots. This allows organizations to use their human employees for higher-value work while ensuring faster, error-free processes.

➤ Invoicing bots can improve invoice turnaround time by up to 90%.

➤ With 90% of the process steps automated in functions like credit and debit card collections and claims and operations management processes, a banking bot improves turnaround time by 80% on average.

➤ Procurement bots reduce the manual effort normally required for this process by 80%, and improve the average turnaround time for quotes by 70%.

Compliance and data quality/accuracy: Using bots for processes that determine regulatory compliance or require clean data (including across multiple disparate systems) eliminates the potential for human error and ensures accuracy. For example, a banking bot can improve quality by 99%, by reducing errors.

You can calculate the ROI from improved compliance in a number of ways, depending on your individual business: comparing the dollar amount of penalty fines paid out before and after bots; comparing how many chargebacks occurred before and after bots; or comparing how many insurance claims were denied before and after bots.

Effectively communicating intelligent automation ROI

Once you calculate the measurable elements, it's easy to communicate part of an RPA bot or automation project's ROI. But those factors aren't all that go into automation's potential ROI.

While other evidence of positive ROI is not always tangibly measured, it can be understood — and communicated — by showing how the measurable factors (time savings, data accuracy, etc.) trickle down to create broader value for a business, by:

➤ **Improving speed of service:** Invoicing bots ensure your bills are always paid quickly, accurately, and on time. If your organization is the middleman between a supplier and a customer, using bots to quickly pay transactions for the shipment of goods means the end-user — the customer — gets their product faster.

➤ **Saving customers time and frustration:** Using bots to automate a health care process such as prior authorizations can drive time savings for the organization, because manual authorizations require an average of 21 minutes per transaction — sometimes up to 45 minutes. But using bots also benefits the patient. Implementing a bot that can perform the same tasks repetitively and without variation can help reduce error rates, so patients can get the authorization they need quickly, with a lower likelihood of claim denials.

➤ **Optimizing staff resources:** Using bots to be more productive also allows organizations to maximize their staff resources. If organizations have been forced to reduce staff, automation can pick up some of the slack. If a business is growing, companies can pair bots with humans to maintain levels of service without adding headcount.

➤ **Allowing employees to perform higher-value work:** Most employees don't love spending time on simple yet repetitive admin tasks like data entry or data validation, especially when hundreds or thousands of data points must be entered or cross-checked. Removing these kinds of tasks by instead using a bot, allows the employee to focus on more rewarding, strategic work.

➤ **Creating new opportunities:** Perhaps the greatest business value of intelligent automation is that it allows a company to rethink what it is capable of, and what it could be accomplishing. By solving some problems and simplifying tasks that humans don't need to do themselves, an organization can pursue new channels or opportunities; create new streams of revenue; develop more products; focus more heavily on their customers; work toward big-picture goals like digital transformation; and more.

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80%

the way they do business in the next **5 years**

PwC found 80% of U.S. CEOs think AI will significantly change the way they do business in the next five years. So as automation becomes woven into the fabric of a company's operations and processes, there can be ambiguity around ownership: Does the functional area own it? The technical team?

This is one of the most critical areas in which technology leaders can make an impact. By taking the lead on talking about automation across the enterprise, you establish ownership and leadership in an innovative area.

4 ways to communicate ROI to the executive team

> **Regular reporting:** Those ROI numbers you touted to launch the project, and that you've been closely watching throughout deployment and refinement? Sharing those with your executive team is critical —they need to know that automation is indeed hitting its targets, or why it isn't.

> **Periodic updates:** Organizations often fall prey to a set-it-and-forget-it mentality with automation. Make sure your teams and leadership know that you are constantly measuring and updating the impact of your automation by sharing with them — in broad strokes — what's changed and why. You can also include those hard numbers and call out any new projects or initiatives that have come out of reassigned resources.

> **Employee CSAT:** Hard numbers can certainly be the easiest to report, so use them to your advantage. Has CSAT improved since automation was implemented? While causation might be a stretch, you can certainly correlate employee satisfaction gains to the intangible goals of staff optimization and high-value work for employees.

> **Executive summaries:** One area tech leaders often neglect is storytelling. Combine tangible and intangible results into one narrative, emphasizing the positive effects automation has had on your enterprise, and you'll have a winning executive summary.

RPA bots and automation are just one part of a business's digital transformation journey. They don't just improve the efficiency of processes; they also can play a role in meeting larger-scale business objectives.

That means it's critical to demonstrate the value of automation by calculating your ROI and communicating how it is meeting your business's goals.

To learn more about how intelligent automation can add value to your organization and keep you on the path to digital transformation,

contact *HGS Digital* today

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