



## **Business Case for Robotic Process Automation (RPA) in Global In-house Centers (GICs)**

Global Sourcing (GS) & Service Optimization Technologies (SOT)  
Market Report – September 2016 – Preview Deck

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<sup>1</sup> Banking, financial services, and insurance

# Table of contents

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Topic	Page no.
<b>Background and scope of the research</b> .....	<b>4</b>
<b>Executive summary</b> .....	<b>5</b>
<b>Section I: Introduction</b> .....	<b>9</b>
<b>Section II: Business case for RPA in GICs</b> .....	<b>13</b>
• Framework for assessment and key assumptions .....	14
• Business case .....	16
• Payback period .....	27
• Factors impacting the business case and threshold limits .....	31
<b>Section III: Case studies</b> .....	<b>36</b>
<b>Section IV: Implications and call for action</b> .....	<b>39</b>
<b>Appendix</b> .....	<b>41</b>
• GS research calendar .....	42
• SOT research calendar .....	43
• References .....	44

# Background and scope of the research

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## Background of the research

- The offshore GIC-centric sourcing model has seen years of focus on labor arbitrage to generate cost savings. With increasing pressure on GICs for additional value creation and exhaustion of traditional means, the opportunity to lower costs through Robotic Process Automation (RPA) is rapidly emerging
- RPA is an automation technology that can handle rule-based and repetitive tasks without human intervention. It is rapidly gaining acceptance among GICs as it offers multiple benefits – incremental cost savings over traditional offshore delivery; improved service delivery in the form of process quality, speed, governance, security, and continuity; relatively shorter investment recovery period; and, a generally non-invasive, easy-to-manage nature
- This report focuses on adoption of RPA in GICs for Business Process Services, excluding any automation in the supporting IT services

## The scope and methodology of this report

- The report provides an introduction to RPA and the synergies between RPA and GIC
- It assesses the business case for adoption of RPA in offshore GICs and the associated payback period
- The report provides insights on various factors impacting the business case for RPA and the threshold limits for each of them in order to have a justifiable business case
- It also includes case studies of GICs currently adopting RPA along with key learnings
- Finally, the report highlights key implications and call-to-action for GICs, with regards to adoption of RPA technology

**The report is based on interviews with GICs, automation technology vendors, and service providers, along with our proprietary databases and frameworks on quantification of business impact**

# Overview and abbreviated summary of key messages

This Everest Group report assesses the business case for adoption of RPA in offshore GICs and the associated payback period. It also provides insights on various factors impacting the business case and the threshold limits for each of them in order to have a justifiable business case. Further, it includes case studies of GICs currently adopting RPA along with key learnings

## Some of the findings of the report

### GICs are a favorable place to launch RPA

- Given the existing scaled foundation of the GICs in BPS delivery, they provide an ideal platform to pilot RPA tools/solutions and test the business case before a full-scale deployment
- RPA has multiple synergies with GICs such as such as cost savings beyond traditional offshoring, ability to align with existing regulatory foundation, and scalable model with consistent service quality
- GICs with certain characteristics such as high degree of standardization, significant volume of rule-based work, and fluctuations in volumes are likely to benefit more through RPA

### RPA results in results in significant cost savings for the GIC

- Cost savings due to RPA is a combination of savings in people cost which includes salaries & benefits for delivery team and non-people cost including facilities, technology, and other operating expenses
- Typical offshore GICs supporting horizontal functions such as Finance and Accounts (F&A) from tier-1 Indian locations are likely to witness cost savings of 20-25% through RPA
- Beyond cost savings, RPA provides additional benefits, such as improved service delivery and better ability to manage, which further “sweeten” the business case

### RPA offers quick return on investment

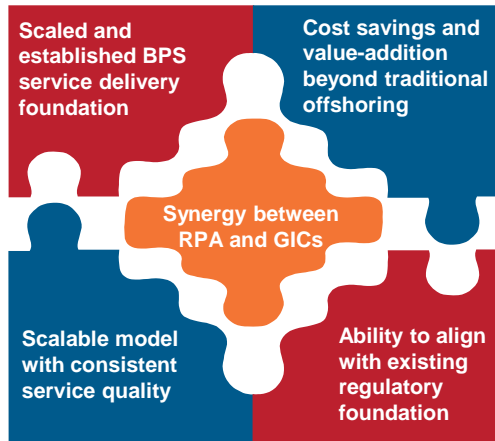
- RPA has a small payback period, with only six to nine months to recover the initial investments for RPA implementation
- Development of an RPA solution requires substantially lower time as compared to other comparable technologies such as Enterprise Application Integration (EAI) and BPM workflow solutions. This, in turn, reduces the time for RPA implementation and value realization

### Business case for RPA is dependent on multiple factors

- While GICs have achieved 10-40 % cost savings through RPA, they typically consider a minimum of 15% cost savings while developing a business case. The cost savings is dependent on a number of factors which can be adjusted suitably to build a favourable business case
  - **Potential extent of automation:** Headcount reduction due to RPA varies with the potential extent of automation that can be achieved, which in turn impacts the cost savings. Transactional / rule-based processes have higher potential extent of automation and are benefitted more by RPA, as the headcount reduction is larger for such processes
  - **Number of FTEs replaced per RPA license:** Number of FTEs that can be replaced per robot varies by the process and type of RPA solution. The higher the number of FTEs that can be replaced per robot, the greater the cost savings
  - **Recurring cost of RPA implementation:** Recurring costs for RPA (such as RPA licensing, hosting, and monitoring) vary significantly by vendor and type of solutions, which in turn impact the cost savings due to RPA. Lower the recurring costs for RPA, higher will be the cost savings

# This study offers four distinct chapters providing a deep dive into the business case for RPA in offshore GICs; below are some charts to illustrate the depth of the report

## Synergy between RPA and GICs

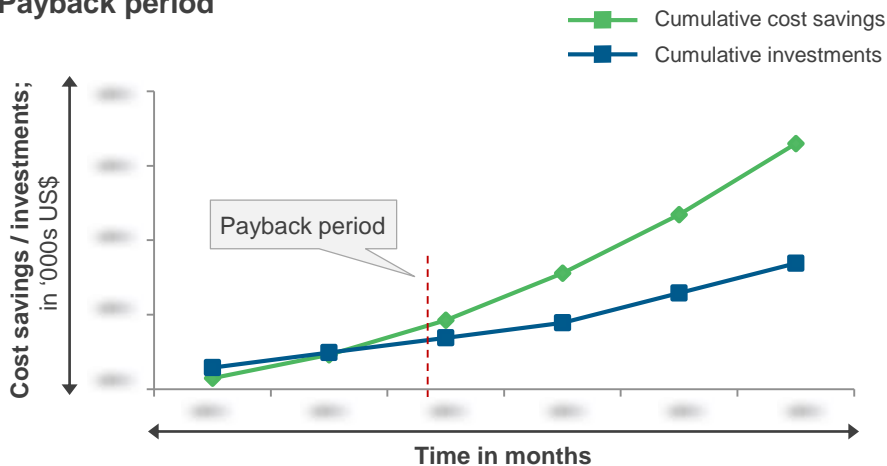


## Cost savings due to RPA

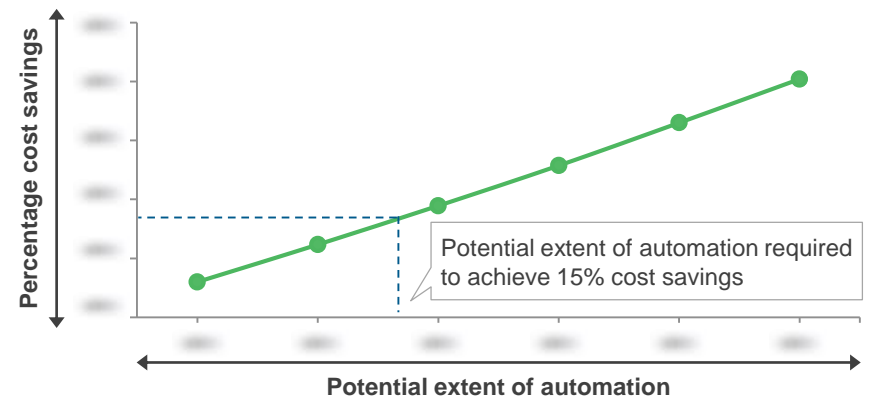
F&A GIC - EXAMPLE

Cost component	Pre-RPA operating cost for 1,000 FTEs; 2016; US\$ in '000s per annum	Cost savings due to RPA 2016; Percentage	Post-RPA operating cost (650 FTEs and 140 bots) 2016; US\$ in '000s per annum
People cost	[Bar]	[Oval]	[Bar]
Facilities cost	[Bar]	[Oval]	[Bar]
Technology cost	[Bar]	[Oval]	[Bar]
Other operating expenses	[Bar]	[Oval]	[Bar]
RPA cost		[Oval]	[Bar]
<b>Total operating cost</b>	[Bar]	[Oval]	[Bar]

## Payback period



## Cost savings by potential extent of automation



Source: Everest Group (2016)

# Global Sourcing (GS) research calendar

■ Published ■ Current

Topic	Release date
GICs Leading the Way for Digital Transformation of the Enterprise .....	January 2016
Viewpoint: Upshifting Value and Talent through Robotic Process Automation (RPA) .....	February 2016
Global In-house Center (GIC) Landscape Annual Report 2016 .....	March 2016
Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation .....	April 2016
Thematic Report: GIC Talent Landscape in India for IT Services .....	April 2016
GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs .....	June 2016
Collaboration between GICs and Start-ups: A Win-Win Situation .....	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers .....	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate .....	Q3 2016
Thematic Report: Future Readiness of Talent Model in GICs .....	Q3 2016
Location Focused Report - Philippines as Delivery Geography for GICs .....	Q4 2016
Viewpoint: Evolving Role of Global Sourcing CoE .....	Q4 2016
Global In-house Center (GIC) Landscape Annual Report 2017 .....	Q1 2017

# Service Optimization Technologies (SOT) research calendar

■ Published ■ Current

Topic	Release date
Technology in BPS – Service Provider Profile Compendium 2015 .....	June 2015
Service Provider Technology Landscape – The Pecking Order .....	August 2015
Seizing the Robotic Process Automation (RPA) Market Opportunity .....	October 2015
Service Delivery Automation (SDA) – The Story Beyond Marketing Messages and an Assessment of SDA Tools .....	December 2015
Service Delivery Automation (SDA) Technology Provider Compendium .....	December 2015
Service Delivery Automation (SDA) – Best Practice Guide to Establishing an SDA Center of Excellence .....	April 2016
Service Delivery Automation (SDA) – WorkFusion SDA Profile .....	May 2016
Service Delivery Automation (SDA) – Kofax SDA Profile .....	June 2016
Service Delivery Automation (SDA) – Automation Anywhere SDA Profile .....	July 2016
Service Delivery Automation (SDA) – Impact of SDA on Service TCO .....	August 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers .....	September 2016
The Service Delivery Automation (SDA) Journey – Factors to Consider for Successful SDA Adoption .....	Q3 2016
Robotic Process Automation (RPA) Technology Vendor FIT Matrix™ Assessment .....	Q4 2016
Robotic Process Automation (RPA) Technology Vendor Profile Compendium .....	Q4 2016
Service Delivery Automation (SDA) – Artificial Intelligence- based SDA Tools Market Report .....	Q4 2016



# Additional research recommendations

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details or complementary content that may be of interest

- 1. Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation** ([EGR-2016-2-R-1733](#)); 2016. This Everest Group report analyzes the overall landscape and current state of digital adoption in GICs. It also provides insights into market size, key trends, and major challenges impacting digital adoption in GICs. The research establishes a framework for assessing digital maturity of GICs across five key dimensions. It also identifies the top three industry verticals with the highest digital adoption and evaluates their functional maturity. Further, the report highlights best practices, key implications, and call-to-action for GICs with regards to adoption of digital services
- 2. Global In-house Center (GIC) Landscape Annual Report 2016** ([EGR-2016-2-R-1727](#)); 2016. This report provides an in-depth analysis of the GIC landscape and trends. It covers market size, growth, and distribution of GICs by buyer portfolio, scale, functions supported, and offshore delivery locations. The research also provides an overview of the trends witnessed in the overall GIC landscape in 2015. This has been compared with the GIC activity for the previous two years, to bring forth key areas of differences. It also analyzes the GIC market across key offshore delivery locations, industry verticals, and functions
- 3. Upshifting Value and Talent through Robotic Process Automation** ([EGR-2016-2-R-1654](#)); 2016. This whitepaper analyzes the distinct position of GICs to provide leadership in the robotic automation journey for their enterprises. This whitepaper is based on Everest Group's extensive research examining the state of RPA and the broader topic of Service Delivery Automation (SDA). The whitepaper leverages Everest Group's ongoing primary and secondary research encompassing enterprises, technology vendors, GICs, and other relevant industry stakeholders

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## About Everest Group

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