



**NASSCOM<sup>®</sup>**

# Seizing the Robotic Process Automation (RPA) Market Opportunity

October 2015 – Preview Deck

## Foreword (page 1 of 2)

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Today enterprises are challenged by tectonic shifts in nearly every aspect of their businesses – economic, technology, demographic, and consumer preferences to name a few. To help them meet these challenges, organizations are adopting technology and automation solutions to enable best-in-class Business Process Services (BPS) outcomes. One technology gaining rapid favor is Robotic Process Automation (RPA) – essentially defined as automation that can handle rules-based and repetitive tasks without human intervention, or unassisted automation.

Although the current BPS spend impacted by RPA is low, it grew at over 100% CAGR over the last two years and is expected ultimately to impact 30-40% of total BPS spend. There is good reason for this robust adoption – RPA has a lot to offer: cost reduction of 35-65% for onshore process operations and 10-30% in offshore delivery; improved service delivery in the form of process quality, speed, governance, security, and continuity; an investment recovery period as short as 6-9 months; and, a generally non-invasive, easy-to-manage nature.

Of course, RPA is not without its challenges. Unclear or misplaced expectations, resistance from internal IT organization, and inability to create a true Total Cost of Ownership (TCO) model are some of the key challenges in RPA adoption today. Finally, thinking of RPA as a stand-alone panacea rather than an important technology lever among several others also limit unlocking strategic value.

## Foreword (page 2 of 2)

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RPA has many wide-ranging implications for the BPS industry. Notwithstanding short-term pain of transition, if leveraged strategically, it can have a positive impact on BPS service provider revenue and operating margins in the medium-to-long term. Of course, this would significantly increase share of automation / technology-based revenues in BPS. The talent pyramid and mix in the BPS industry will likely change and so are the commercial constructs.

This report “Seizing the Robotic Process Automation (RPA) Market Opportunity” examines the state of the RPA market today and its potential in the coming years. It offers a series of case studies across horizontal and vertical business processes and highlights lessons learned from early RPA adopters. This report also explores the “coopetition strategy” adopted by BPS service providers, RPA technology vendors, and specialist technology integrators and the various options it results in for a BPS buyer. Finally, it takes a look at the future implications of RPA on the BPS industry

We trust you will find the report useful and welcome your feedback and comments. We encourage you to reach out to our members to understand more on these case studies.

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*President*  
NASSCOM

**Eric Simonson**  
*Managing Partner, Research*  
Everest Group

# The global business environment is going through fundamental shifts

## Economic shift

- The global stock index volatility has increased by **50%** over the last 3 years
- The combined GDP of the developing economies is now greater than that of the developed countries

## Demographic shift

- The gap in the median age of the developed and developing economies is expected to increase by **20%** within the next decade
- Bulk of the developed countries is likely to experience significant talent shortage, impacting nearly **US\$10 trillion** of world GDP

## Technology shift

- **Over 6 billion** people have access to mobile phones but only 4.5 billion have access to toilets
- Every two days now as much digital information is created as was created from the dawn of civilization until 2003
- The share of data stored on the cloud is expected to **treble** in the next two years

## Technology shift

- Online sales are growing at 3X than store-based retail
- Consumption of services by households in the developing countries has increased significantly over the past to become nearly **twice** of product consumption

**BPS industry needs to align its value proposition and underlying solution elements to remain relevant and thrive in this changing business environment**

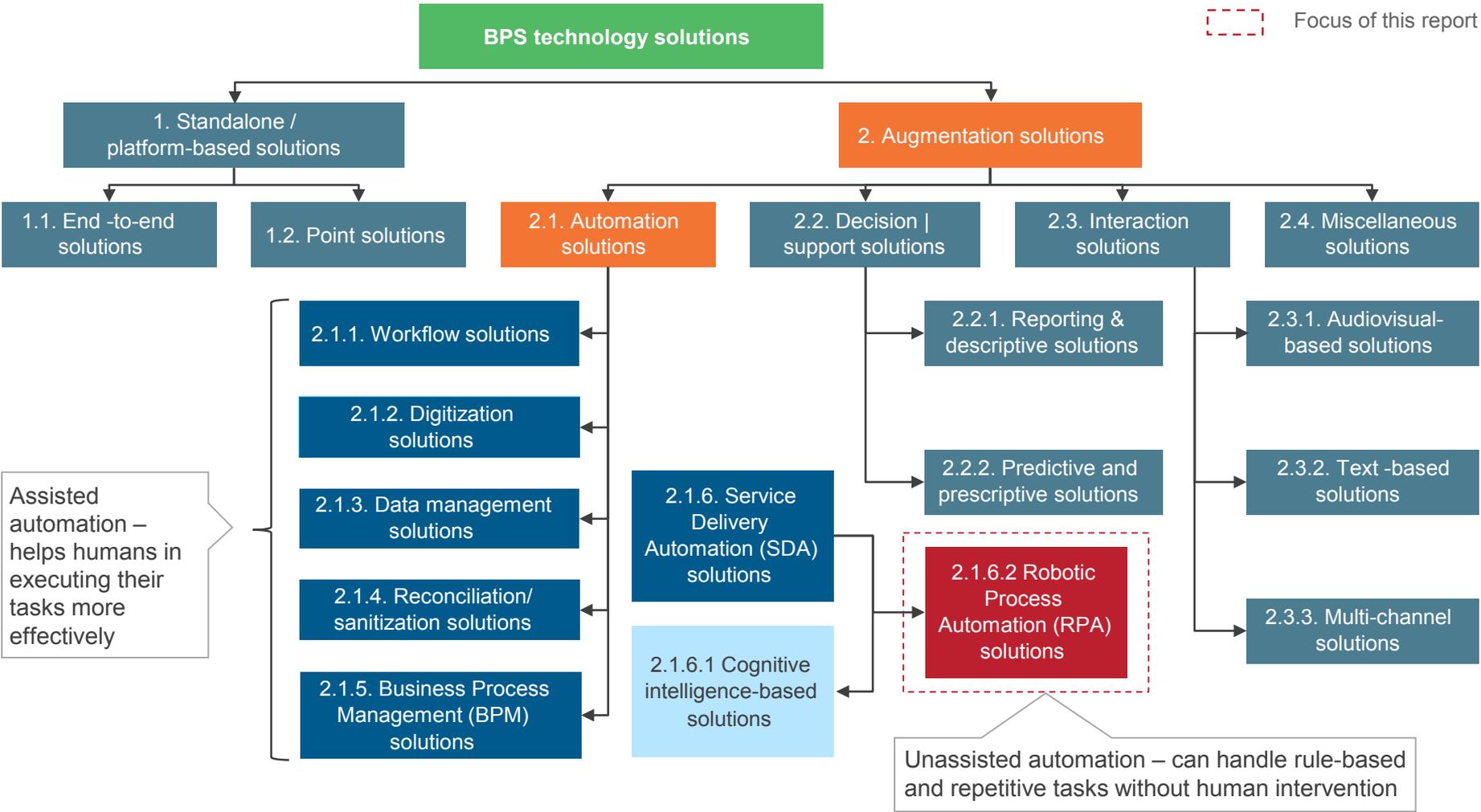
Source: BCG, eMarket, Forbes magazine, Oxford Economics, PayScale, Reserve Bank of Australia, TIME Magazine, The Economist, United Nations, and Everest Group analysis

# The underlying solution elements of the BPS industry need to align to the “new world reality”. Technology is an important lever to make it happen

Solution elements	Traditional	New world
<b>Sourcing model</b>	<ul style="list-style-type: none"> <li>• Either-or (shared services / GICs versus outsourcing)</li> </ul>	<ul style="list-style-type: none"> <li>• Hybrid (both shared services and outsourcing based upon situation)</li> </ul>
<b>Scope</b>	<ul style="list-style-type: none"> <li>• Functional and siloed approach, e.g., Accounts Payable (AP), Accounts Receivable (AR), and General Ledger (GL)</li> </ul>	<ul style="list-style-type: none"> <li>• End-to-end process driven approach, e.g., Procure-to-Pay (P2P), Order-to-Cash (O2C), Record-to-Report (R2R) including judgment-intensive processes</li> </ul>
<b>Decision support</b>	<ul style="list-style-type: none"> <li>• Information (reporting)</li> </ul>	<ul style="list-style-type: none"> <li>• Insight (predictive and prescriptive analytics)</li> </ul>
<b>Commercial model</b>	<ul style="list-style-type: none"> <li>• Input / FTE-based</li> </ul>	<ul style="list-style-type: none"> <li>• Output and outcome-based</li> </ul>
<b>Technology model</b>	<ul style="list-style-type: none"> <li>• Tie-and-run model (no/limited technology play)</li> </ul>	<ul style="list-style-type: none"> <li>• Augmentation and platform-based model</li> <li>• Automation</li> </ul>

Source: Everest Group Best In Class BPS Survey (2015)

# There is a wide array of technology solutions used in the BPS industry today. RPA is one of the newest forms of automation



# RPA, despite being among the newest technologies, has swiftly become one of the most important ones in the BPS space

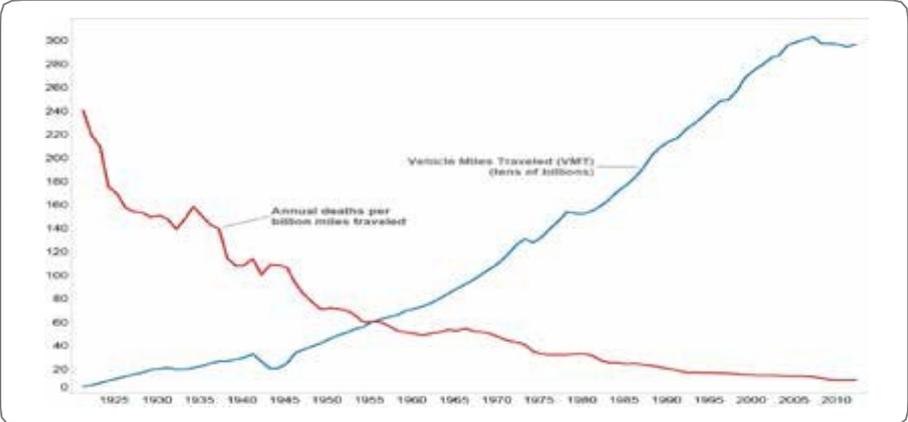
What automation has done to flight safety...

...RPA can do to business processes

Manual flight control



Automatic flight control



- Speed
- Quality
- Consistency

Source: United States Census Bureau

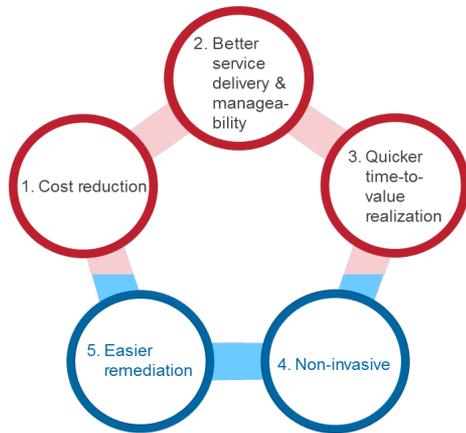
# Summary of key findings

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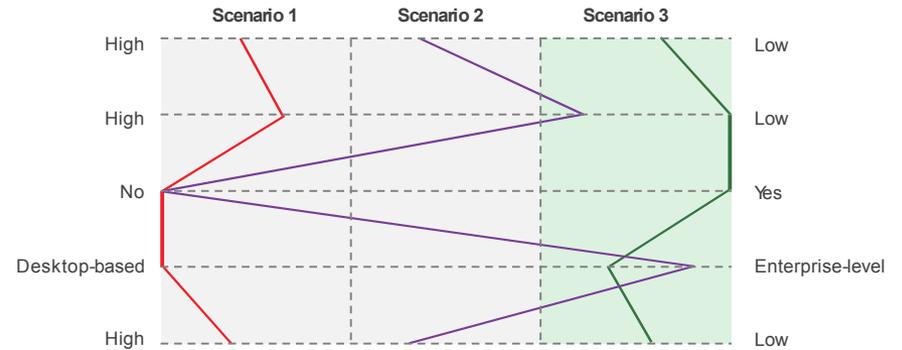
- In the shifting world order, technology and automation is fast emerging as one of key levers to create best-in-class Business Process Services (BPS) outcomes
- Robotic Process Automation (RPA) is an unassisted automation approach that offers high value creation opportunity (significant cost savings, better service delivery & manageability, and quicker time-to-value) at relatively lower risk (non-invasive and easier remediation)
- Consequently, RPA adoption in BPS is growing at a CAGR of over 100% and is likely to impact 30-40% BPS spend in the long run
- Regulated industries with high-volume, transactional business processes offer the most potential for RPA. Existing BPS buyers lead RPA adoption
- Unclear expectations, resistance from internal IT organization, and inability to create a true Total Cost of Ownership (TCO) model are some of the key challenges in RPA adoption today
- There is a co-competition strategy at play within the RPA supplier ecosystem consisting of BPS service providers, RPA technology vendors, and specialist technology integrators
- Key future implications of RPA for the BPS industry are
  - Both revenue and margins can go up for the BPS service providers, if leveraged strategically
  - The work mix will get skewed towards judgment-intensive processes and consequently, also drive up the offshore service delivery value chain
  - The traditional FTE-based pricing construct will give way to output / transaction-based pricing
  - The share of technology/automation-based revenues in BPS will increase significantly

# The study offers detailed analysis on the RPA business case, current landscape, case studies and future implications for the BPS industry

## Business case for RPA

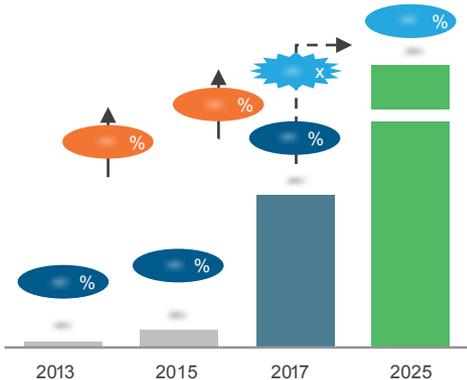


## RPA sourcing model

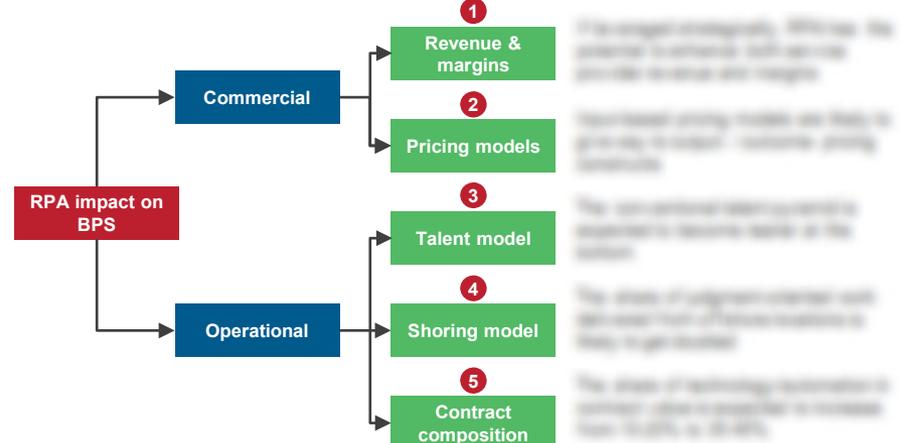


## Growth and impact on BPS spend

BPS spend impacted by RPA  
US\$ million



## Impact of RPA on the BPS industry



Source: Everest Group (2015)

# Technology in BPS research calendar

■ Published
 ■ Current

Topic	Release date
Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage .....	October 2014
Augmenting the FAO Technology Landscape .....	November 2014
Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2015 .....	February 2015
Service Delivery Automation (SDA) - The Business Case for Robotic Process Automation in Finance and Accounting .....	March 2015
Service Delivery Automation (SDA) - The Business Case for Robotic Process Automation in Insurance Services .....	March 2015
Reinventing Business Process Services (BPS) – Leveraging Technology to Deliver on New Expectations .....	March 2015
Technology in BPS – Service Provider Profile Compendium 2015 .....	June 2015
Social Media Analytics - Growth Engine for Next-Gen Customer Care.....	June 2015
Service Provider Technology Landscape – The Pecking Order .....	August 2015
Seizing the Robotic Process Automation (RPA) Market Opportunity .....	October 2015
Technology innovation in PO .....	November 2015

# Additional technology research references

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

- 1. Service Delivery Automation (SDA) – The Business Case for Robotics Process Automation (RPA) in Finance**  
([EGR-2015-1-R-1402](#)); 2015. This report examines the market that is broadly referred to as “Service Delivery Automation” (SDA) and its subset, Robotics Process Automation (RPA). It covers overview of process automation technologies, market drivers for RPA adoption, and cost implications of RPA when applied to F&A
- 2. Service Delivery Automation (SDA) – The Business Case for Robotic Process Automation in Insurance Services**  
([EGR-2015-11-R-1403](#)); 2015. This report examines the benefits of using Robotic Process Automation (RPA) in insurance services. It takes a scenario-based approach to quantifying the major benefits of RPA and to calculate the business case for the given scenario. In addition to that, it sets out a few fundamental principles and definitions for key automation technologies to help organizations learn and plan for this new development
- 3. Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage**  
([EGR-2014-1-R-1264](#)); 2014. This report examines current market conditions, the business case, and service provider strategies for business process automation; sets out a few fundamental principles and definitions for different types of automation technologies

For more information on this and other research published by Everest Group, please contact us:

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