

How Automation Changes the Shared Service Model - the 5 Big Benefits of RPA and AI

Robotic Process Automation (RPA) is already having a fundamental impact on organizations' in-sourced and outsourced functions. The use of 'software agents' to carry out the transactional, repetitive work normally done by humans has meant that costs can be reduced, accuracy improved and customer satisfaction enhanced.

The step-change that is required to deliver a mature, business-intimate and value-adding SSC, can be enabled through the implementation of automation technologies. It is here where transaction volumes are high, processes are repetitive and the costs are critical: all of the characteristics of an environment ripe for automation. And, because there is an Achilles heel in the robots' plan for shared services domination (that the robots require structured data as their inputs), there is also a complementary and hugely beneficial role for Artificial Intelligence in the shared services environment.

Robotic Process Automation benefits SSCs in two main ways: by removing some of the key barriers to efficiency and by allowing it to focus on the value-adding capabilities that the parent business craves. Here we summarize the practical and economic benefits of RPA and AI for SSCs - and how they might influence their future development.

1. Increasing Efficiency

SSCs are driven by cost-saving. Automation provides the opportunity to make a step-change in the center's cost base: typically robot agents cost around a third of the price of an off-shore FTE, or a ninth of the cost of an on-shore FTE. In an SSC environment, the relative abundance of high volume, repeatable, transaction-based processes means that RPA can be exploited to a far greater extent than in a disparate structure.

2. Low Risk Scalability

The biggest challenges facing SSCs are people related: employee attrition and wage inflation, both of which erode cost savings. These issues can be virtually eliminated by automating transactional processes. Robots will never resign from their jobs - once you have bought them, they are yours to exploit 24 hours a day, 7 days a week, 365 days a year (they will also never complain about long hours or not enough vacation). And although the costs of the support and maintenance of the robot licenses will inevitably rise, the increase will be contractual and predictable. And this can be mitigated by economies of scale: unlike with people, the more robots you have, the cheaper they cost to buy.

3. Freedom to Focus and Expand

The biggest justification for automation in an SSC environment is the freedom that automation gives the organization to focus on activities that will deliver real value to the business, not just keeping costs low. SSCs are currently on a journey to evolve from low-cost providers / aggregators to being an internal partner, and mature ones are developing into strategic entities for their organization. This can mean that the more mature SSCs are being asked to take on additional roles - such as global process ownership and vendor management - and venture into new skill areas - including social media, big data, and analytics - the implementation of automation frees up management bandwidth, allowing them to focus on adding value.

4. Understanding Data

The great thing about AI systems is that they are very happy working with semi-structured or unstructured data, and therefore complement RPA systems very well. For example, an invoice or a contract could be described as semi-structured - the data that is in the document is fairly standard, but it can be in different

places in the document and expressed in different ways each time. Unstructured data would include things such as customer emails. Each of these can be interpreted and 'understood' by the AI system so that it is able to extract the structured data and store that in the system of record for subsequent processing, either by a human being or a robot. The same principle is true for the extraction of trends and patterns in large sets of data - the algorithms of the AI can, without programming, find clusters of similar data so that each can be analyzed and processed appropriately.

5. Delivering Business and Customer Intimacy

All of the above benefits really lead to the most important aspect that an SSC can deliver - better customer service. Whether they are internal business customers or external customers and consumers, the SSC of the future is one that is able to deliver 'customer intimacy'. By combining the responsiveness and accuracy of robots with the 'understanding' of AI, all delivered through value-add capabilities, the customer receives a more intimate and efficient service from the SSC.

So, for Shared Service Centers, automation is there for the taking: the benefits are significant and the risks relatively low. To succeed, automation certainly needs to be baked into the overall strategy of the organization, helping shape and inform the type of SSC and how it is organized. For AI, it is still early days in its adoption and application in business in general, but perhaps the shared service center, with its concentrated and high volume processes, combined with skilled and focused teams to manage the AI tools, could be the place where it really takes off. Implementing RPA and AI is not an easy journey, but SSC owners that embrace these technologies will be at the forefront of their field and the best friends of their parent business.