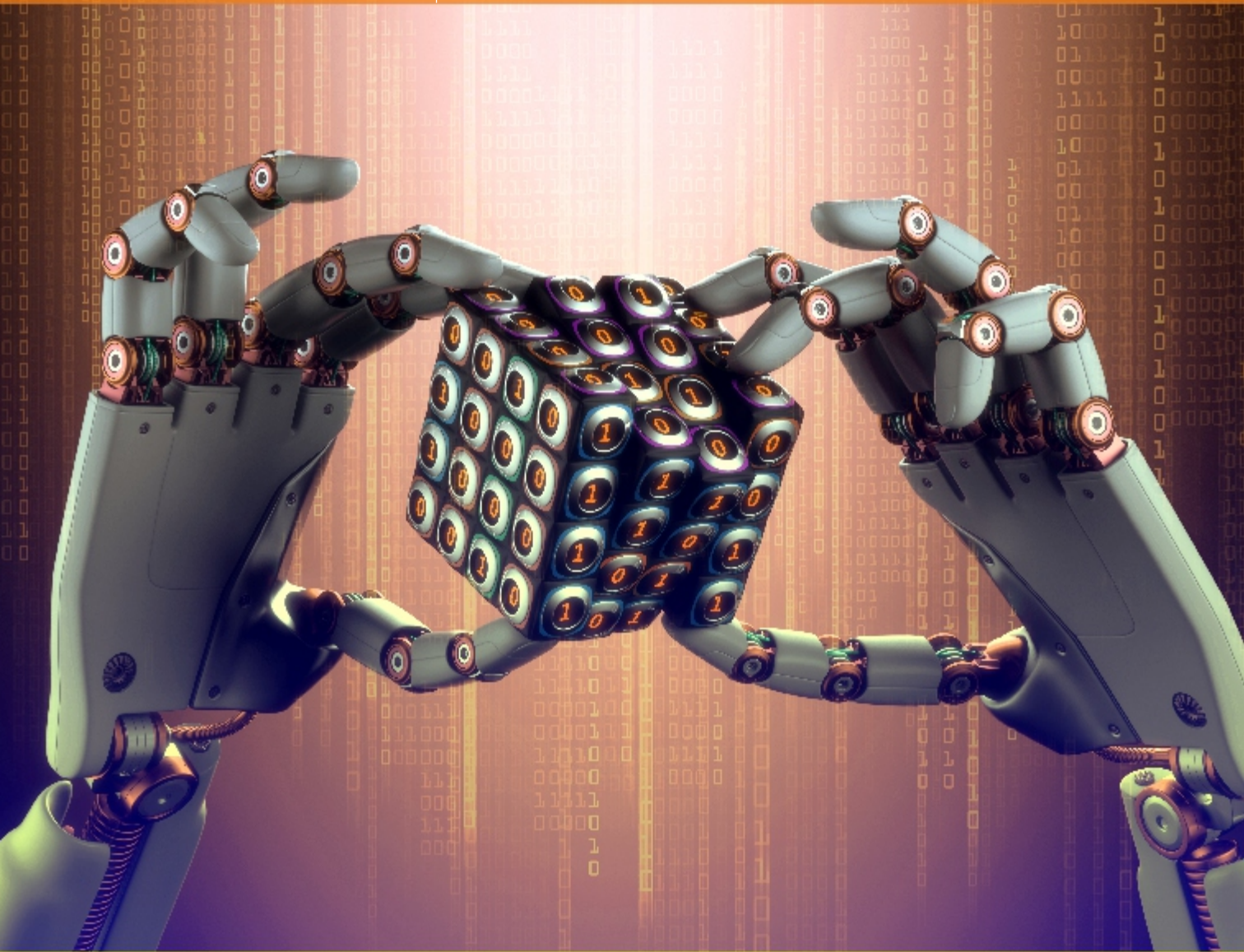


ROBOTIC PROCESS AUTOMATION IN ACCOUNTS PAYABLE – TOMORROW IS TODAY

A WNS Perspective



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INTRODUCTION

The Hollywood science fiction blockbuster, 'I, Robot', depicts two extreme scenarios. On the one hand, humans blindly trust robots. On the other hand, the protagonist doesn't lose an opportunity to show the world the bad side of robots.

Contemporary businesses face a similar situation — albeit not so extreme — in the form of Robotic Process Automation (RPA). As per some views, robotics can transform the way Accounts Payable (AP) processes are designed and delivered. But does that mean robots can substitute human intervention in finance and accounting processes?

WNS explores the key underlying issues and sheds light on the real potential of robotics for AP.

It also articulates some guidelines based on its extensive Business Process Management (BPM) experience.

What's the Buzz About?

Process automation has been around for years. So what exactly is new about RPA? In the context of business processes, robots are virtual agents that mimic the actions of a human being when it comes to interacting with applications. Robots eliminate the need for certain types of low-skill roles. More importantly, they are incredible employees – working 24 hours a day, 365 days a year, and performing repetitive tasks rapidly and without a single error. They also cost a fraction of a typical Full-time Equivalent (FTE) employee, and can be put to work rapidly with limited input from the IT function.

While cost and efficiency take center stage, compliance and the flexibility to accommodate transaction spikes are also important benefits. Robots do not stray from standard operating procedures, and generate detailed transaction logs for compliance and audit purposes. It is also easy

and inexpensive to ramp up software robot 'headcount' when dealing with surges in demand.

Cautious Optimism

While the buzz surrounding RPA is enormous, some believe it cannot make deep inroads into AP. They cite invoice inconsistency and imperfections in Optical Character Recognition (OCR) tools. Skeptics also mention high levels of non-PO invoices in some organizations, and frequent discrepancies that require smart communication with vendors. They warn that poor coding across a large team of robots could create payment chaos in unpredictable ways that are not encountered with human workers. Also, finance and accounting are critical processes, which impinge on the financial and regulatory health of the organization.

Where the Twain Meet

In WNS' view, the truth lies somewhere in between the two



extremes. RPA is neither a magic potion nor an empty promise. It's true that every circumstance and exception in a complex process cannot be coded into robotics software. However, the intersection of two important trends is rapidly turning robotics into a potent technology with material real-world impact.

In the first trend, the drive for process improvement in AP has led to increasingly standardized processes, often with sophisticated e-invoicing capabilities.

The second trend shows a larger wave of automation across business processes, which has resulted in several players rolling out robotic technologies that are well suited to AP.

The combination of AP process maturity with greater availability of robotic solutions sets the stage for the next step in the quest for higher performance at lower cost.

This makes AP more apt for robotic intervention. Indeed, some analysts have singled out Order-to-Cash (O2C) as one of the F&A processes that would benefit the most from autonomics.

Deconstructing Robotics in Accounts Payable

As early adopters have realized, applying robotics effectively calls for a careful deconstruction of the

AP process based on which components are rule-based; and which require nuanced human judgment. Software robots excel at rule-based activities. They are far less adept at activities where human input and discretion play a crucial role.

Certain facets of the process can be managed in combination with human intervention. For instance, in dealing with vendors, businesses can deploy human touch points alongside technology to optimally manage the relationship. And looking ahead, the rate of innovation in analytics—consider GE's investment in the industrial internet for example—opens up some interesting possibilities. In the not-so-distant future, BPM providers will continue to deploy

the latest automation technologies, but this time with the addition of insights from Big Data. As a result, automation will continue to reduce inefficiencies in processes while analytics will allow companies to rethink their operations for not just greater efficiency but also business impact.

To put it another way, the limits of RPA are as important as its inarguable potential. Although infusing robotics in existing AP processes accelerates speed and accuracy while shrinking costs, a straightforward robot-for-multiple FTE swap does not fundamentally change how processes are run. Radical change, therefore, continues to require deep process transformation and effective change management. WNS believes that improvements in RPA will continually be absorbed and deployed by BPM providers to drive process efficiency, but process effectiveness will be achieved by next-generation, analytics-enabled processes.

Starting Out

WNS believes that it is vital to assess AP process maturity before undertaking any RPA initiative. A large enterprise with a history of inorganic growth may have disparate, siloed processes that

demonstrate wide variability. In such a case, regardless of the volume of invoices and theoretical cost reduction potential, a process owner would first need to drive standardization. Only when the business rules are defined and enforced at a granular level, would robots be able to follow those rules and lift process performance.

The Benefits: Transformed Cost, Speed and Accuracy

The tussle between a machine and a human is as old as the invention of the wheel. So, every new idea that comes around with a promise, that something can be done better by a machine, is both disturbing and exciting at the same time.

So, will robotics take over AP process management? The answer is 'yes' and 'no'.

Consider the shop floor of an automobile factory where the entire assembly line is handled by physical robots. Deploying robots for manual-intensive job functions not only helps save time, but also ensures accuracy. It allows human employees to perform intellectually stimulating tasks like conceptualizing, designing and supervising – something that cannot be automated.

In AP too, we believe that robots will play a key role in those elements that are rule-based and prone to human error. The only difference when it comes to business processes – it is software robots that are changing the rules (which is why one well-known analyst makes it a point to refer to this phenomenon as phantom robotic process automation¹).

In sum, autonomics will allow companies to re-define the way they think about the AP process. In doing so, they will radically transform the cost, speed, and accuracy of the AP function. The cost of a software robot can be as low as one ninth of an FTE; and robots work as much as 20 times faster than a human resource.

Figures like these cannot be ignored, and prove that autonomics for Accounts Payable is a game-changer. Process owners looking for a quantum leap in performance should pay close attention: we are at the beginning of a new and exciting chapter in Accounts Payable process management.

¹<https://www.gartner.com/doc/2885918/emerging-technology-analysis-win-retain>

About WNS

WNS (Holdings) Limited (NYSE: WNS) is a leading global Business Process Management (BPM) company. WNS offers business value to 200+ global clients by combining operational excellence with deep domain expertise in key industry verticals, including banking and financial services, consulting and professional services, healthcare, insurance, manufacturing, media and entertainment, retail and consumer packaged goods, telecommunications and diversified businesses, shipping and logistics, travel and leisure, and utilities and energy. WNS delivers an entire spectrum of business process management services such as customer care, finance and accounting, human resource solutions, research and analytics, technology solutions, and industry-specific back-office and front-office processes. WNS has delivery centers world-wide, including China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, UK and US.



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