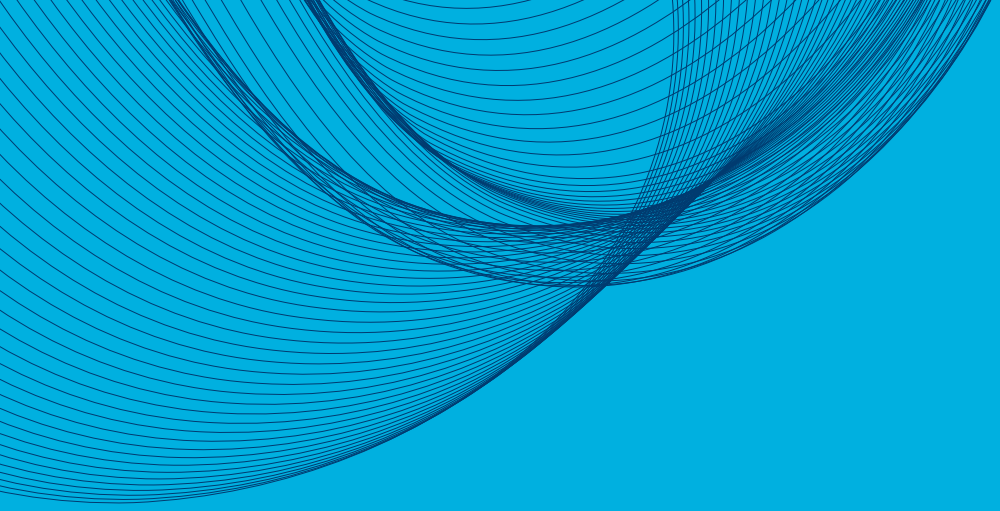
PROCESS AUTOMATION

HOW COMPANIES IMPLEMENT THE ADVANTAGES OF DIGITALIZATION

STAUFEN.

CONTENT



For companies, the focus of most digitalization measures is on performance.

Modern digital technologies designed for process automation assist in achieving this goal.

1. THESE TECHNOLOGIES ARE FUELING DIGITALIZATION

Increasing efficiency, achieving more transparency and lowering cost – according to the Industry 4.0 Index surveyed by Staufen AG, the majority of the companies primarily pursue these three goals with digitalization. The tools needed to accomplish this are state-of-the-art technologies that focus on easy implementation and ease of use.

- **Process Mining** creates a good data basis.
- **Cloud- architectures** accelerate the provision of applications.
- **APIs** simplify communication between various applications.
- **AI** (artificial intelligence) and machine learning enable data to be read from documents and email.
- **No/low code programming** gives technical departments the ability to (co-)develop new solutions.

These technology trends all flow into the process automation. Not only are simple tasks accelerated (task automation), but complex, interrelated business processes (workflow automation) are integrated and automated as well.

This task is actually the domain of experts from a company's specialist departments. They are the ones that are best familiar with their processes, business targets and customers. In the past, however, the processes were primarily digitalized by the IT organization.

Agile methodologies and advanced digital technologies now allow IT and business experts to work together to improve performance within the enterprise. Not all companies have been successfully with this approach, though.

1.1 TIMELINE, ORGANIZATION, QUALIFICATION – THIS IS WHERE THE PITFALLS ARE LURKING

Despite the highly ambitious objectives, only a minority of companies have implemented a comprehensive digitalization strategy. Many simply do not have a clear, at best a sketchy idea, of where the path should lead, or they failed in their implementation and remained unsuccessful.

According to a Study by the University of Göttingen[1], the most frequent reasons for poor digitalization include: lack of time for implementation, inadequate internal organization for implementation, and insufficient employee qualifications.

Moreover, many companies make this one mistake at the start of their digitalization efforts: they set the bar too high. So, for example, digitalization is not first undertaken by implementing individual measures in order to increase acceptance, but instead the companies attempt a comprehensive digital transformation from the start.

However, situations involving a major change do tend to trigger resistance within the company during implementation. The Staufen Change Readiness Index[2] clearly shows: Progress in technology and digitalization are seen by companies as drivers of change, but they also bring about uncertainties.

Many staff members simply reject the change and do not see it as an opportunity. In many companies, projects fail because resistance is too strong (even at management level!).

[1] Study by the University of Göttingen: www.cutt.ly/studie-uni-goettingen
[2] Staufen Change Readiness Index 2019: www.staufen.ag/studie-erfolg-im-wandel

1.2 ESTABLISHING THE BENEFITS FOR THE EMPLOYEES

There is one important way to reduce workforce resistance to technological change: Make employee satisfaction the focus of digitalization. Consequently, merely increasing the benefits for the company is no longer the sole objective, but is supplemented by the benefits for the employees.

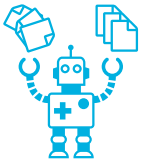
One option here is to automate the most tedious tasks. For example, data transfer between different systems can be achieved without much effort with relatively simple automation. The result is measurable improvements in employees' daily workflows and in the efficiency of corporate processes.

AI offers the capability to automatically categorize documents and to evaluate the content. Categorization sorts documents into groups such as "Order" or "Invoice" based on their content. When evaluating content, for instance, the numbers can be extracted from invoices or a qualified summary of the content can be generated.

The time gained gives employees the opportunity to pursue creative tasks that add value and to continue their education – an important resource for companies given the shortage of skilled workers. As such, a central objective of process automation should be the ability to free up space for employees.

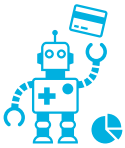
1.3 PROCESSES CAN BE AUTOMATED IN ALL INDUSTRIES

Process automation applications include, for example:



- **manual, frequently repeated tasks** involving the transmission of data. For example, a mechanical engineering company automated 50 processes in order to transfer data from an e-commerce system to its ERP. In the process, the company achieved an automation degree of 95 percent, saving the equivalent of 18 man-days of work.

- **Administrative tasks such as account generation,** contract management and processing service orders, generating proposals and automated follow-up, travel expense report processing, invoice verification, report generation, inventory reconciliation, and more. A company in the automotive sector improved all ordering processes by introducing automation, reducing processing costs by close to 20 percent.



- **processing** damage claims among insurance companies, or card activation, account generation and loan approvals among banks. A financial institution automated outstanding debt insurance processes, managing to process 40,000 documents. Processing these documents manually would have taken around nine years of work, but with automation options, this was accomplished within two weeks. The result: $ 5 million cost savings.

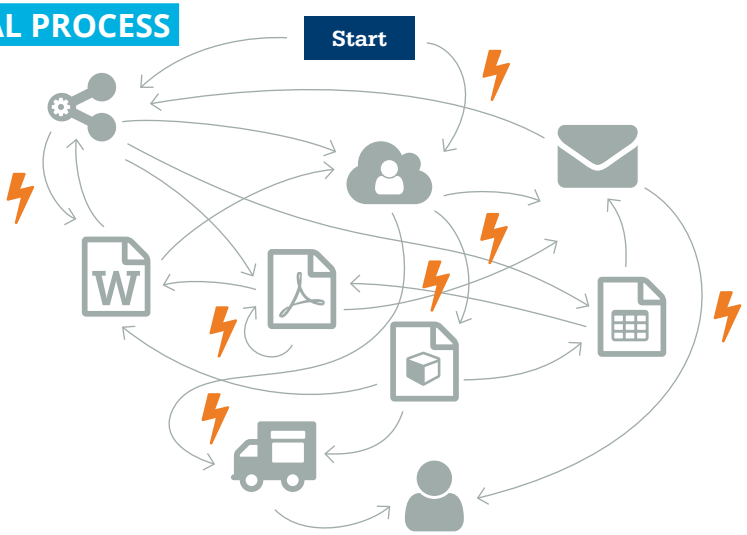
2. OPTIMIZED PROCESS AUTOMATION IN THREE STEPS

Despite the broad range of potential applications, not every process is suitable for immediate automation. Stated briefly: Digitalizing bad processes means you end up with bad digitalized processes. This is why companies should proceed by taking the following three steps:

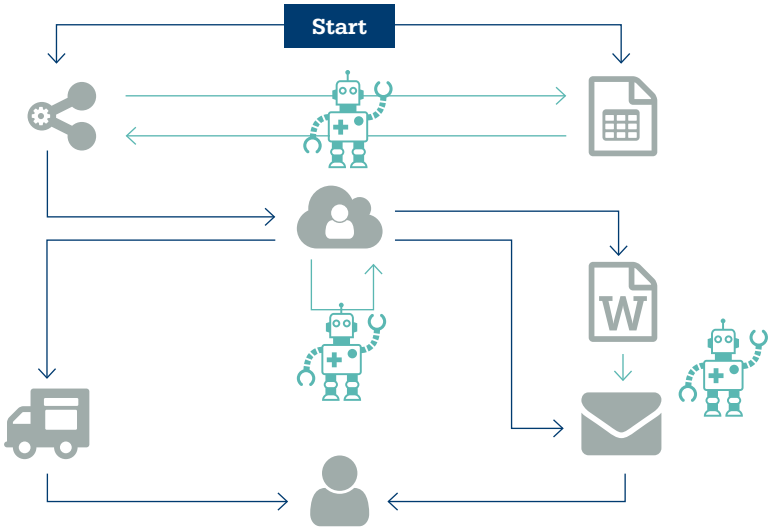
1. **Analysis** all processes using Process Mining to obtain a clear overview
2. **Optimizing** and consolidating processes to allow automation
3. **Automating** processes in a suitable sequential order

Process mining creates a data basis that provides a quick and detailed overview of the process flow within the company. The procedure identifies the process reality in the form of statements about waiting and processing times along with process quality, for example by analyzing exceptions and returns.

ACTUAL PROCESS



TARGET PROCESS

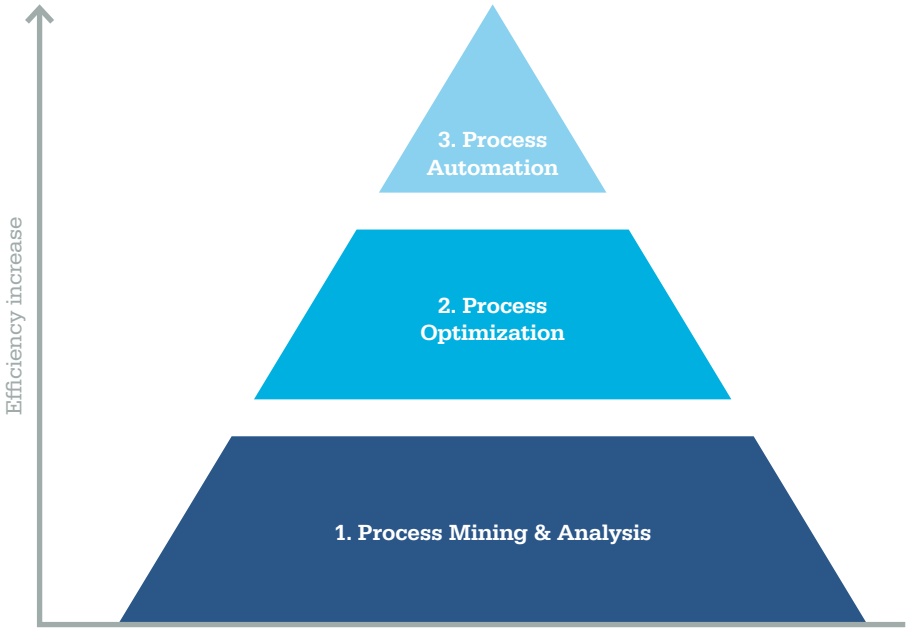


Only "cleaned up" processes can be successfully automated

The process optimization measures create a basis for process automation. It can only reveal its full potential if the processes feature the following characteristics:

Repetitive | **Stable** | **Rule-based**

The processes require clear decision-making rules, which in turn are based on digital, fully or partially structured data. Only this three-stage approach paves the way towards leveraging the maximum potential of process automation, thereby maximizing the benefits for employees.



Process automation based on process analysis and optimization

3. INTRO-DUCTION INTO PROCESS AUTOMATION

A large number of different automation solutions are available, but they often require a high level of implementation and development effort. For example, there are applications available that will evaluate incoming email using semantic analysis.

They can recognize customer data, for example, but also document categories (inquiry, complaint, invoice, and the like). The software can then forward the document to the right person for processing. Yet these kinds of solutions often require that the IT system be adapted, which is why it makes sense to drive process orientation in the company using the simplest possible entry point.

3.1 STARTING WITH ROBOTIC PROCESS AUTOMATION (RPA)

Fast and efficient - the use of software robots based on Robotic Process Automation (RPA) is a good start to introducing automation. The process builds on the existing IT. The most frequently cited area of application is optimizing existing minimally automated business processes. While they are executed with IT applications, they still require additional manual work, such as inputting or transferring data.

RPA automates them with software robots replacing human interaction with business applications. The robots use existing programs and user interfaces the same way a human would. For example: They take data from application A and transfer it to application B using keyboard input simulation.

3.2 MAKING USE OF THE BENEFITS OF RPA

A software robot works continuously 24/7, makes no errors due to fatigue or negligence, and does not skip any work steps. Plus, there's also the option of using multiple robots in parallel to perform repetitive and time-consuming tasks faster.

Just like in past applications, software robots can be started manually as needed. However, they also automatically start up on the basis of certain key events, such as when an email arrives, on certain dates, or if certain conditions are met in business applications, for example, as soon as a new master data record is saved.

3.3 VALUE CREATING TIME FOR THE EMPLOYEES

As opposed to other process automation solutions, the existing applications are not changed or replaced. In addition, there is no need to develop any interfaces and/or data converters. Moreover, there is no needs for any additional investment in the IT infrastructure, because RPA is offered remotely using cloud solutions.

This cloud structure makes it possible to monitor and analyze the robot tasks using dashboards that can be flexibly defined. Thanks to process automation using RPA, employees free up time that they can use to increase customer loyalty, learn new skills, or perform creative activities.

4. STRUCTURING YOUR OWN COMPETENCIES ENSURE THE SUSTAINABLE IMPLEMENTATION

A best practice among excellent companies is the continuous improvement process (CIP). It should continue to be promoted in digitalization, because it belongs to the continuous process analysis and optimization that is important in every company.

While this may result in changes to processes that are already automated, companies should nevertheless not abandon them. Building competencies within the organization is therefore necessary to respond effectively to process improvements and to be able to implement them in RPA.

To anchor RPA solutions in the organization on a sustainable basis, establishing a center of excellence is a good idea. It is entirely dedicated to process analysis, optimization and automation. This enables a continuous digital improvement, which also places the focus on the benefits for the staff.

The increase in employee satisfaction and creative value added within the company as a result also enhances the benefits for the end customer over the medium and long term.

5. CONCLUSION

Process automation frees up space and brings about success

Today, digitalization is an absolute prerequisite for any company to increase its success and performance in the long term. Yet these measures often fail for two reasons: The initial effort required for implementation is very high, plus there is internal resistance.

Process automation frees up quite a bit of space for creative activities. In doing so, it contributes to reducing internal resistance to implementation. Creative activities cannot be automated and digitalized, but they do form the basis for sustainable improvement of processes, new solutions for customers and enduring success for the company.

STUDIES AND WHITE PAPERS

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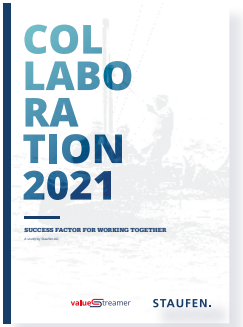
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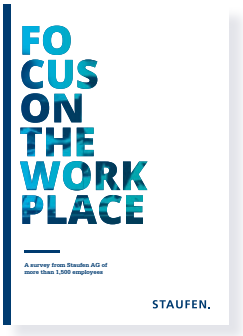
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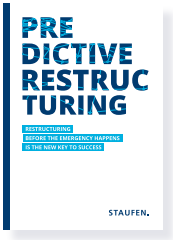
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