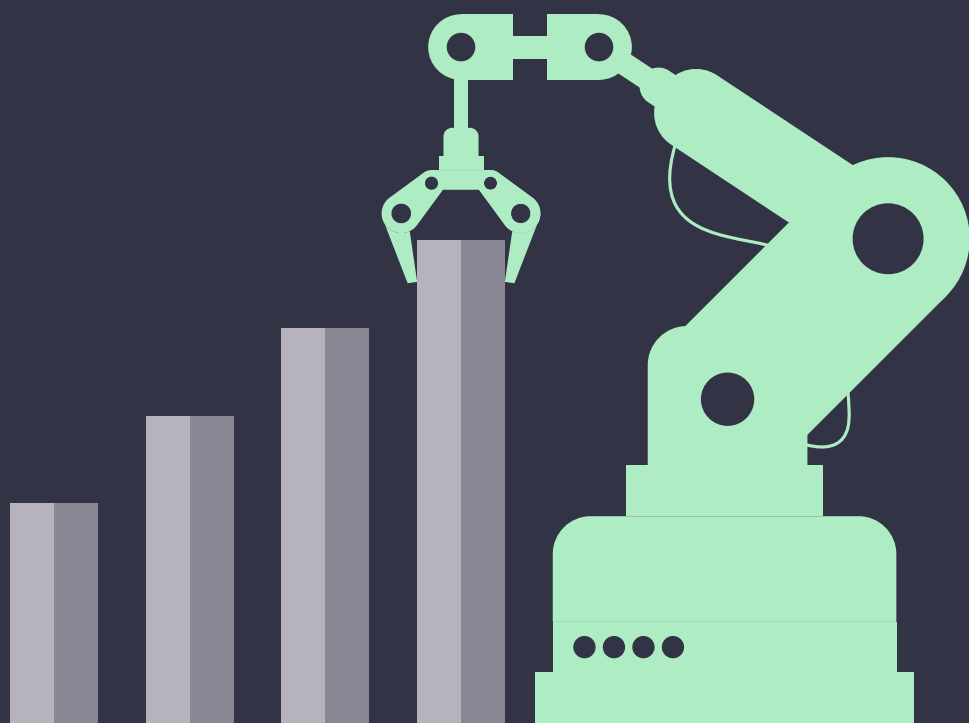


MAXIMIZING VALUE WITH AUTOMATION AND DIGITAL TRANSFORMATION

A Realist's Guide



**LESLIE P. WILLCOCKS, JOHN HINDLE,
MATT STANTON, JOHN SMITH**



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Introduction

Our general research into IT systems at Knowledge Capital Partners dates back over thirty years, while our focus on new technologies—Cloud, RPA, Intelligent Automation, AI and all of what we call the SMAC/BRAIDA digital technologies (see Chapter 1) date roughly from the emergence of cloud computing around 2010, through the introduction of Robotic Process Automation in 2012, and continuing developments in the major trending technologies, whose adoption will accelerate over the next 7–10 years. We think of these as comprising social media, mobile, analytics, cloud, blockchain, robotics, automation of knowledge work, internet of things, digital fabrication and augmented reality, with a watching brief on 5G, Web 3.0, quantum computing and metaverse. Not surprisingly, we see this as provisional and readily updateable. We research, understand and interpret them in the longer-term context of IT-based innovation and practice as applied to organisations everywhere but predominantly in businesses, non-profit organisations and government.

About the KCP Research Base

Knowledge Capital Partners is an expert research, advisory and communications firm providing independent, evidence-based insight into the impact of intelligent automation and digital technologies on industries, markets and organisations. It develops research-based planning, performance and measurement tools to guide successful technology deployment and navigate organisational challenges faced on the journey to digital transformation. It offers commissioned research services, thought leadership reports, strategy and operational advice and communications development for internal and market use.

We are writing, here, primarily for executives and practitioners and will endeavour to keep the academic apparatus and language to a minimum. Our apologies for when we fail. Nevertheless, readers will need some reassurance that the recommendations and action principles we arrive at are based on detailed, objective, rigorous, independent work. The KCP research base for this book draws upon 935 RPA, 160 Cognitive/AI and 86 detailed digital transformation adoption cases, growing to nearly 1200 cases by mid-2023. This has been supported by annual surveys on these topics across the 2015–2023 period. The cases and surveys cover client and vendor organisations from Europe, the USA, Canada, Australia, the UK, Asia Pacific, South America and Africa. As well as carrying out new research for this book over the 2022–2023 period, we also draw upon our prior publications. In particular, we would mention *Service Automation, Robots and The Future of Work* (2016), *Robotic Process Automation and Risk Mitigation: The*

Definitive Guide (2017), *Robotic Process Automation: The Next Phase* (2018) and *Becoming Strategic with Robotic Process Automation* (2020). There are also multiple work-in-progress papers available on our website, www.KnowledgeCapitalPartners.com. This includes research not published elsewhere and work prefiguring forthcoming books and publications. For those interested in our research methods, full details can be found in Willcocks, L., Lacity, M. and Gozman, D. (2021), 'Influencing Information Systems practice: The action principles approach applied to robotic process and cognitive automation,' *Journal Of Information Technology*, 36, 3.

Contents

1	Where Are We Now? Where Are We Heading?: From RPA to Digital Transformation	1
	Introduction	1
	Misunderstandings	2
	Impact of Automation on the Global Workforce	4
	A Closer Look: Automation Jobs and Skills	6
	Robotic Process Automation	7
	RPA—Good for Stakeholders?	8
	Establishing Digital Leadership	9
	Beyond RPA—Intelligent Automation and ‘AI’ Digital Transformation	10
	Digital Transformation	12
	An Automation Sweet Spot	14
	Centres of Excellence	15
	Conclusion	16
Part I Robotic Process Automation		
2	A Strategic Approach to Robotic Process Automation	21
	Introduction	21
	Strategy <i>vs.</i> Operational Quick Wins	21
	Culturally Imbedded <i>vs.</i> ‘IT as Usual’	23
	Planning <i>vs.</i> Opportunism	24
	Program Governance <i>vs.</i> Project Delivery	24
	Platform <i>vs.</i> Tool	25
	Change Management <i>vs.</i> Silo Tolerance	26

	Measurement: ROI <i>vs.</i> TCO <i>vs.</i> TVO	27
	Conclusion	28
3	Robotic Process Automation: Just Add Imagination	31
	Introduction	31
	Combinatory Innovation	32
	Conclusion	35
4	RPA in Financial Services	37
	Introduction	37
	RPA Applications	38
	Conclusion	41
5	RPA: Mastering Agility at Scale	43
	Introduction	43
	Scale: For ... and Against	43
	Multi-sector Examples	44
	Conclusion	47
6	RPA and Managing Complexity	49
	Introduction	49
	The Inevitable Growth of Complexity	49
	Complexity: Striking the Right Balance	50
	Conclusion	53
7	RPA and Combinatorial Innovation	55
	Introduction	55
	The Possibilities are Limitless ...	56
	Heading for the Future	57
	Conclusion	59
Part II Intelligent Automation and AI		
8	Intelligent Automation/AI: The Value Potential	63
	Introduction	63
	Intelligent Automation and AI: Are You Missing Value?	64
	A Progress Report—Major Findings	65
	Navigation: The Total Value of Ownership Framework.	68
	Conclusion	69
9	Intelligent Automation in Banking	71
	Introduction	71
	Banking—Grasping the Problem and the Opportunity	73

Case 1: North America—Human and Digital Workers Blend and Multiply Outcomes	73
Case 2—The Middle East: A Bank Transforms Customer Experience	74
Case 3: Europe—Reduced Customer Wait Time from 12 Days to 4 Hours	75
Conclusion	76
10 Challenges and Customer Experience in Utilities	77
Introduction	77
Better Service Through Automation	78
Applications in Utilities	79
Personalisation at Scale	79
Industry Restructuring	80
Scaled Retail Distribution	81
Digital Challengers	82
Conclusion	83
11 Risk and Intelligent Automation in Insurance	85
Introduction	85
Today’s Challenges for Insurance	86
Applications in Insurance	87
Case 1: Global	87
Case 2: United Kingdom	88
Case 3: Europe	89
Conclusion	90
12 The Knowledge Switch in Telecommunications	93
Introduction	93
Gaining Value: Case Studies	94
Case 1: North America	94
Case 2: Europe	95
Case 3: EMEA	97
Conclusion	98
13 Intelligent Automation in Healthcare	99
Introduction	99
Health Care: Possible Futures	100
Case 1: UK	100
Clinical Outcomes + Customer Experience ÷ Cost	101
Case 2: USA	102
Case 3: Europe	103
Conclusion	104

14	AI: Ethical and Social Responsibility Challenges	105
	Introduction	105
	Chat GPT etc.: Not Born Perfect	106
	An AI Imperfections Test	107
	Conclusion	110
Part III Digital Transformation		
15	Managing the Digital Catch-22	113
	Conclusion	117
16	On the Yellow Brick Road—The Ten Technologies that Pave the Way	119
	Introduction	119
	SMAC/BRAIDA Technologies	120
	Watching Briefs	128
	Major Trends	129
	Conclusion	130
17	The Blind Spot	131
	Introduction	131
	The Blind Spot in Digital Transformation	132
	Automation Execution: The Intel Inside	133
	The Secret of Success: Integration	134
	Towards Digital Leadership	136
	The Progress Being Made	137
	Conclusion	138
18	Core Capabilities for Digital Transformation	139
	Introduction	139
	How to Accelerate Progress	141
	The Practices of Digital Leaders	143
	Conclusion	146
19	How to Catch Up on Digital Transformation	147
	Introduction	147
	Follower Organisations: Making Progress	148
	Strategy	148
	Integrated Planning	149
	Imbedded Culture	150
	Program Governance	151
	Digital Platform	151
	Change Management	153

Navigation	154
Laggard and Nascent Organisations: Taking the Next Steps	155
Strategy	156
Integrated Planning	156
Imbedded Culture	157
Program Governance	157
Digital Platform	157
Change Management	158
Navigation	159
Conclusion	160
20 Digital Platform as Foundation	161
Introduction	161
The Strategy-Platform Dialectic	162
Making Platform Progress in Banking and Financial Services	164
BANK 1: Established—But a Long Way to Go	165
BANK 2: Advanced with Even More Ambitious Targets	166
Future-Ready Digital Platforms	168
Getting To ‘Future-Ready’	169
Conclusion	170
21 The Heart of the Matter—Effective Change Management	171
Introduction	171
The ‘Shadow’ Politics Track	174
The Power Audit	176
Mobilising/Gaining Power	177
Implementation Problems	178
Conclusion	179
22 A Case in Point: DBS Bank	181
Introduction	181
Practice 1—Vision and Strategy: Becoming the D in GANDALF	182
Practice 2—Leadership and Management Development	183
Practice 3—Agile and Scalable Digital Operations and Platform	184
Practice 4—New Digitally Facilitated Customer Experiences	185
Practice 5—Continuous Digital Innovation	186
Lessons: Digital Transformation and Competitiveness	188
Conclusion	188
Index	191

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List of Figures

Fig. 2.1	Becoming strategic with automation	22
Fig. 2.2	The automation path to value	22
Fig. 2.3	The KCP total value of ownership framework	28
Fig. 8.1	The automation path to value	64
Fig. 8.2	A total value of ownership framework	68
Fig. 10.1	The customer lifecycle	79
Fig. 14.1	Key technical and ethical ‘AI’ challenges	107
Fig. 16.1	SMAC/BRAIDA Technologies 2020–2030	120
Fig. 16.2	The RPA, cognitive/intelligent automation and AI landscape	125
Fig. 17.1	Digital transformation and automation execution maturity (<i>Source</i> Authors and Darshan Jain, 2023)	132
Fig. 18.1	Digital transformation capabilities (<i>Source</i> Knowledge Capital Partners, 2023)	142
Fig. 21.1	Digital transformation starts with cultural change	172



1

Where Are We Now? Where Are We Heading?: From RPA to Digital Transformation

The secret to growth in this new era of disruptive technologies is being willing to learn and relearn even if what you knew previously brought you success.

Nicky Verd

Robotic process automation takes the robot out of the human. Intelligent automation and AI try to put the human into the robot. Digital transformation attempts a whole organization change founded on emerging digital technologies. The difficulties rise exponentially across these endeavours.

Leslie Willcocks

Introduction

Our purpose in writing this book is to provide a realistic and reliable guide to planning and deploying successfully the digital technologies that will improve the performance of businesses. Selecting the technology turns out to be the (relatively) easy part. Putting it to work and gaining full value from it is anything but.

To offer such a guide in a market characterised by contested claims, false starts overstated expectations, and underestimated difficulties seems to us to be a useful and timely activity. We bring to the project expert insight into the ways in which transformative technologies gain traction in the world, and work from a strictly evidence-based perspective.

This introduction provides an overview of our topics and concerns, but in a relatively novel way. Over the last year we have conducted many interviews

with journalists, magazines, online think tanks, and academic journal editors, who have asked for summaries of research, perspectives on emerging issues, and predictions of how things are likely to turn out over the year, and the next five to ten years. Generally the major focus has been automation and digital technologies, with relative neglect of issues like management and organisations, except when the subjects of job loss and skills shortages arise. Business value also seems to escape attention, partly because, as we often find out, few people, including businesses themselves, actually monitor this carefully.

Here we provide a composite of the questions asked, that takes into account the full range of questions, and not those just asked most frequently. The result is a strong overview of our on-going findings, together with a provocative but valid, and hopefully easy-to-read introduction to the later chapters of this book.

Misunderstandings

Most people know the headlines. But are they right? What are the top misunderstandings about automation and digital transformation circulating in the media?

There are all too many! But we will limit ourselves to three:

The first is the hyperbole about artificial intelligence. ‘AI’ is such a useful shorthand is it not? But it’s also very misleading. Somebody observed that if it’s intelligent it’s not artificial, and if it’s artificial it’s not intelligent. That’s correct, but you could also say that it’s not even artificially intelligent. Much depends on how you abuse the word ‘intelligent’! The area is pervaded by the seductive metaphor that computers are like brains and brains operate like computers. And, of course, technology companies and the media ramp up the rhetoric to suggest that there is a lot more in the technology than there really is, or likely to be any time in the next 15 years. At base what we have is machine learning, algorithms, natural language processing, image processing backed by traditional statistics and, really, the two key developments—impressive and growing computing power and memory. This can produce hyper-speed and impressive results for very limited applications. But there is no general-purpose intelligence. It is ‘weak, weak AI’. Of 18 sets of skills used at work several studies including our own found only eight fully automatable. Humans have eight distinctive capabilities and composite skills (the automatability of three further sets depend on context and use), and these human skills are increasingly valuable because they are unlikely to be replicable in the next 15 years, if at all.

Secondly, having experienced and worked with information, communication, and now automation and digital technologies since the 1980s, we at KCP are still surprised at how people believe that a tsunami of automation will slip easily, seamlessly and at great speed into our work organisations—for good or ill. That is not at all how it seems to work. Generally speaking, when technology hits an organisation, strange things happen. The technology is rarely seamless. Even so, 25 percent of the challenges are technical, in our experience, and 75 percent are organisational and managerial. The easiest way we have found to communicate this is to talk of the eight-siloed organisation. The silos that inhibit the free flow of data, information and knowledge, and application of technology are: culture; process; legacy technology; data; strategy; skills; structure; and the big one—managerial mind-sets. A major reason these silos exist is where organisations are structured in business divisions and functions that have become self-contained over time. Most organisations are, even today, struggling with going digital. If you ask them how they score on these silos from 1 to 10 (with 10 being very siloed), most, even today, will have a significant number against each of these eight areas. And there you have some key reasons why automation and digital transformation are experienced by so many as so challenging.

Interestingly overlooked, but a real trip wire for going digital is data. Actually, we find 80 percent of organisational data is usually semi-structured or unstructured and not that usable. Usable data for automation technologies may be as little as 15–20 percent. Then you hear about the wonders of big data; it has been nicely said that the dirty secret of big data is that nearly all business data is dirty. For example, it comes preloaded with biases, it's frequently not in a form that is usable, or that you can compare with other data. Given the statistical basis of many algorithms that depend on such things, getting a random sample is much easier stated as a principle than delivered on in practice. All in all, the point is that the data challenge has to be faced before the technological and organisational ones, and the data challenge is far from trivial for most working businesses, let alone something like a major government department like tax or social security, or, in the UK, the NHS (National Health Service).

Even assuming that the organisation has the capabilities to manage the technology into the organisation, you can see that these silos create a very big set of challenges to effective deployment.

Allow us one more. The third misunderstanding relates to the idea that technology is no longer a specialism, needing specialist knowledge and experience. In practice people have been discounting the Information Technology (IT) department since the 1980s. A Sloan Management Review paper in