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EXECUTIVE SERIES #1

The Power of Three

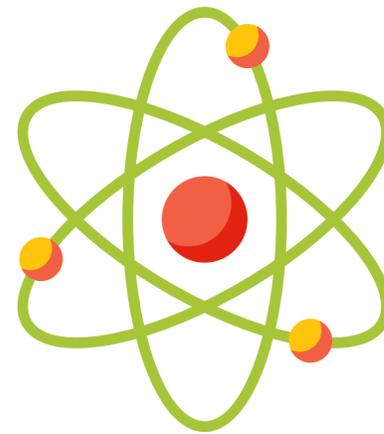
Building the New Operating
Model for Financial Services



The challenge: reinventing work in financial services



Many financial services institutions are built on complex process architectures that have evolved over decades, **especially for major product groups such as loans and credit cards.** The sector has traditionally deployed large volumes of people to undertake repetitive and mundane tasks, often using **old and non-interoperable technologies.**



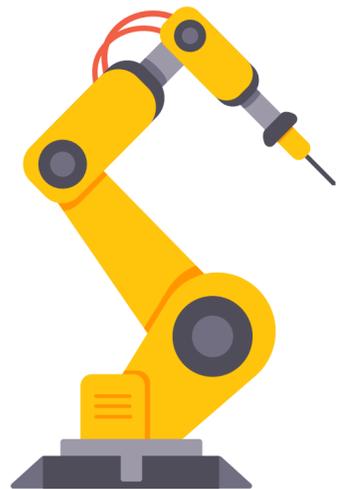
Over time, this approach has introduced high levels of manual handoffs, bottlenecks, staff attrition and data inaccuracies. And it has inhibited **productivity, profitability and competitiveness**, with IDC estimating that

only 17% of IT spend is invested in innovation.

Most importantly, this traditional operating model, where people have been used as the glue to unite systems and processes, created barriers that have prevented employees from investing their unique human skills in areas where they can make a real impact. These include areas such as **research and analysis, innovation, and customer excellence.** As a result, areas such as loan origination, anti-money laundering, customer onboarding and account opening are all ripe for reinvention.

Technology as a lever for strategic change

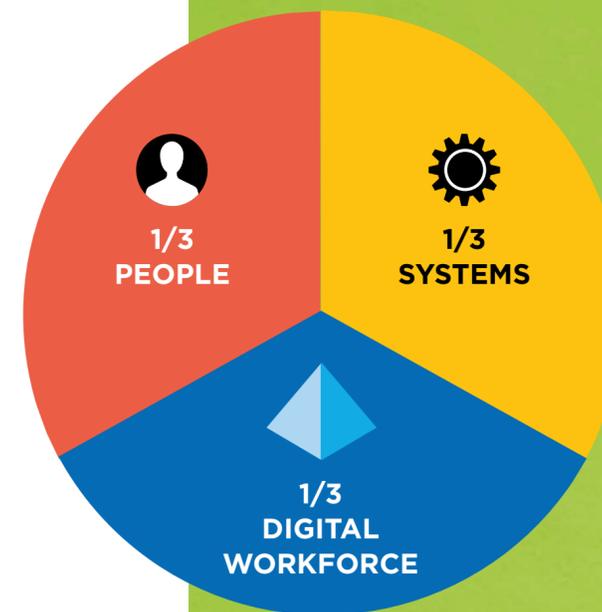
The world of work in financial services is changing fast, driven by smarter technologies that are helping organizations reimagine how tasks and processes are carried out.



Intelligent automation has already enabled financial services companies to bring in digital workers—**software designed to model and emulate human roles**—to execute predictable tasks. On top of that, the emergence of artificial intelligence (AI) and machine learning (ML) reduces dependencies on learned technical and process knowledge, so that whole processes can now be automated end-to-end.

The net effect of these trends is the potential to liberate humans from the tasks that software, in the form of a digital workforce, can do more cost-effectively, accurately and quickly. **Digital workers perform ever more complex work**, not just across the front, middle and back office of a financial institution, but across the entire enterprise.

It means people can spend their time doing what humans do best, and what a digital workforce simply can't —**empathising, collaborating, networking, creating**—all for the good of customers and colleagues. So rather than just dwelling on the benefits of technology, we want to shift the lens from cost-savings and efficiencies to focus on enabling human ingenuity. As more and more work and technical knowledge is commoditised and automated, organizations of the future will have the opportunity to help their teams reach their full potential.



We believe that organizations in the sector are evolving into three essential and powerful components: **one-third people, one-third systems and one-third digital workforce.** Human ingenuity and creativity will give financial services institutions the competitive edge they need—but the digital workforce will prove to be the next step in productivity beyond robotic process automation.



The journey to a new paradigm

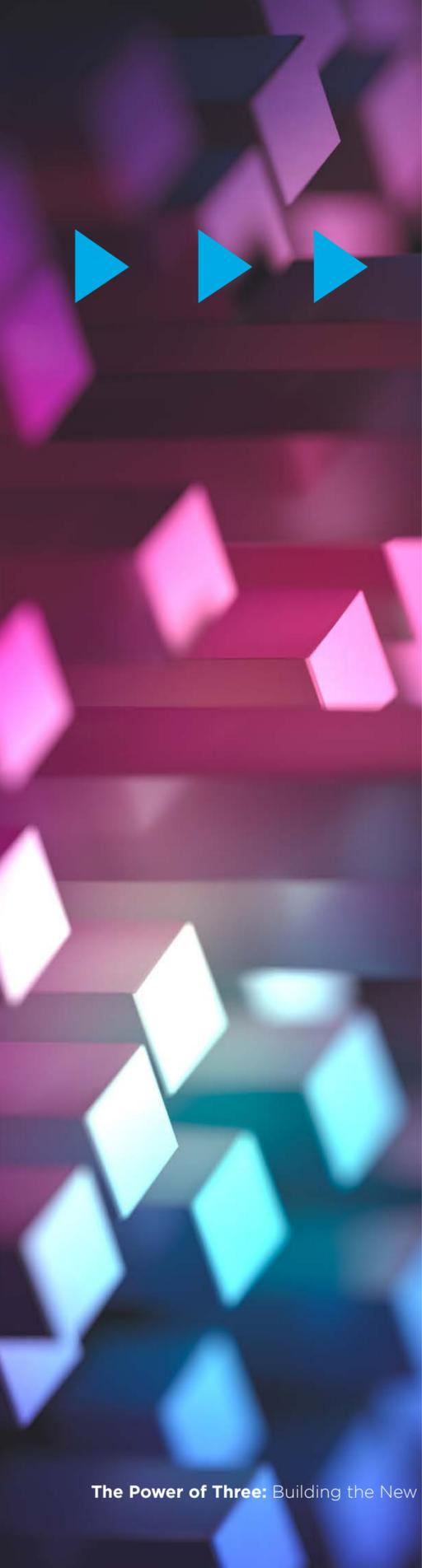
To understand how far financial services institutions have evolved, we undertook global research with

550 financial services professionals

to uncover where progress has already been made, how work models are changing and how change is predicted to continue in the future.

In this, the first in a series of executive briefing papers based on our research, we provide an explanation of what intelligent automation is, the benefits it delivers to financial institutions and how it is **freeing up humans to undertake more meaningful work.**





What is **intelligent automation**?



Origins

The robotics revolution in manufacturing is said to have increased productivity in the 20th century by around 50-fold, so by the year 2000 **one person was achieving the workload of 50 people**. By 2010, organizations had adopted **robotic processing automation (RPA)** to complete high-volume, repetitive tasks where they were once only completed by people.



Definition

If RPA mimics human actions, and AI is the simulation of human intelligence, then intelligent automation is the combination of the two. It takes the **'doing' from RPA and combines it with 'learning' from ML and 'thinking' from AI** to allow the expansion of automation capabilities.

Intelligent automation takes technologies, such as optical character recognition, natural language processing and ML and applies it to RPA, allowing the automation of processes that don't have a rules-based structure. Using **intelligent automation, digital workers can handle unstructured data and provide answers** based on subjective probability.



Capabilities

The automation revolution underway now enables every system to interoperate through a digital workforce. It means that **core legacy systems can be accessed by digital workers** just as they are by humans, but far more efficiently, securely, and much more quickly.

Research **Findings**





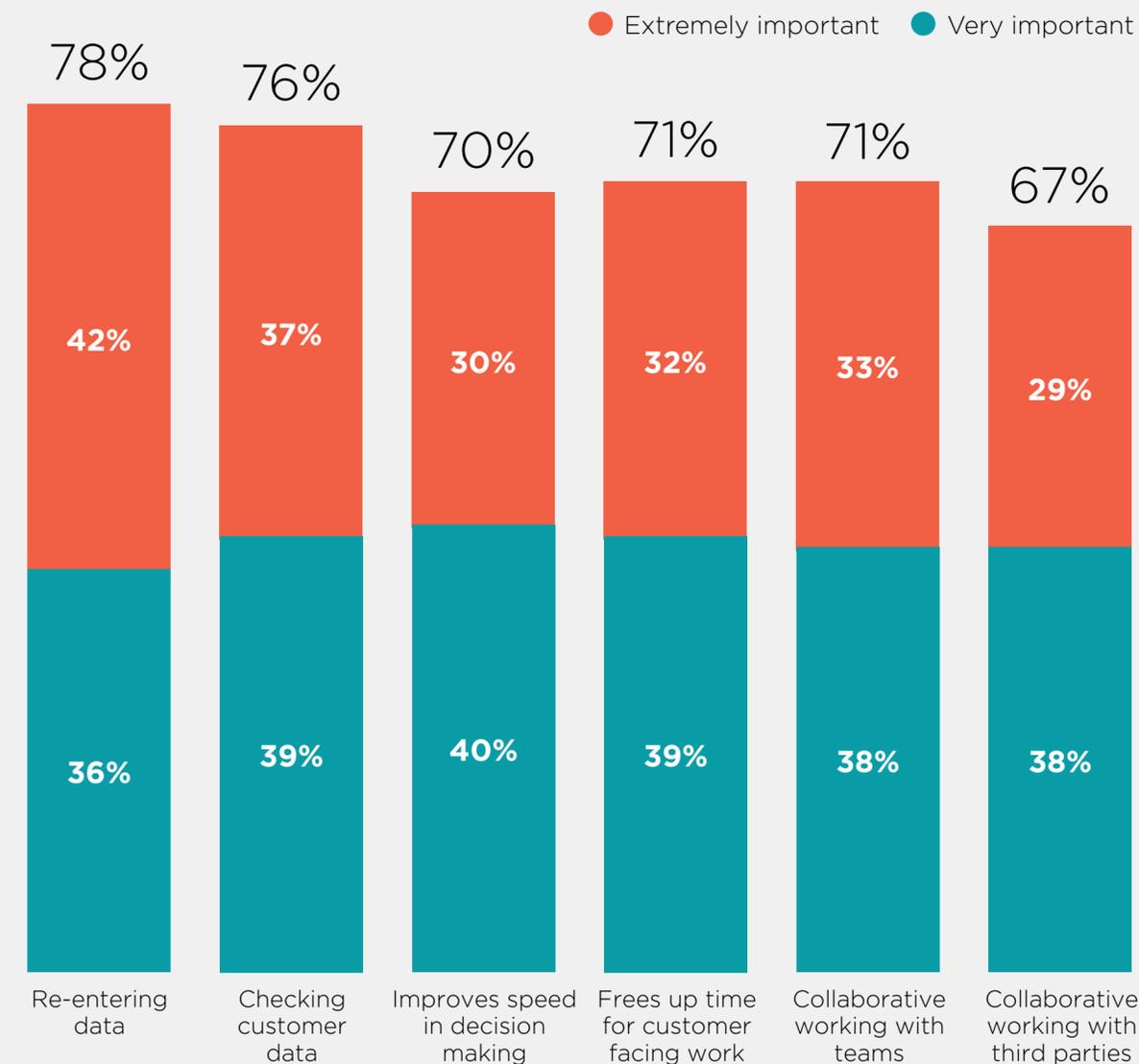
Financial services are only **now beginning to unlock the potential of automation**

Financial services institutions that have invested in intelligent automation report significant increases in their productivity rates, an improvement in **agility and resilience, higher accuracy, and speed** in areas like compliance, together with an improved customer experience.

When we asked banking professionals how important automation is in helping them in their day-to-day work, they said that these benefits are already being achieved across the board.

However, it's clear there is **plenty of room for further improvements**, particularly when comparing the 'extremely important' response to re-entering data (42%) to the same measure for collaborative working with teams (33%) and third parties (29%).

Proportion of respondents who said different aspects of automation are very or extremely important to different parts of day-to-day work



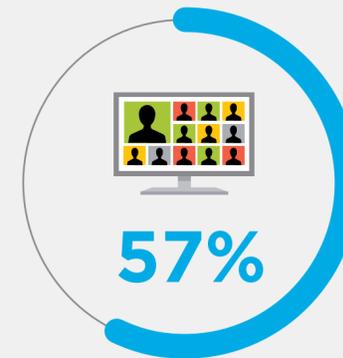
The pandemic accelerated **adoption of new ways of working**

The pandemic has had significant impacts on financial services institutions, many of which adapted at speed to new working conditions. **They were able to respond to huge growth in demand for loans and payment holidays**, for example, using intelligent automation for rapid deployment of new capabilities almost overnight.

In fact, the pandemic ushered in significant shifts across all industry sectors, particularly in the use of technology and the acceleration of digitalization. For decades, financial services institutions tended to believe it would be too difficult for contact center staff or traders to work from home.

Yet the pandemic forced widespread change and showed financial services leaders that **almost anything is possible when it comes to working remotely**. The vast majority (87%) of people in our survey said they had seen digital acceleration in some shape or form.

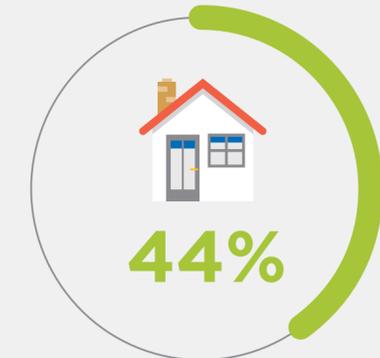
Has the COVID-19 pandemic accelerated the use of automation in the financial institution you work for?



Yes, we have replaced meetings with videoconferencing



Yes, we have replaced paper documents with electronic equivalents



Yes, we have redesigned some business processes to better support remote working



Yes, we have taken the opportunity to build new, automated processes that improve the way we interact with customers and colleagues in some areas



No, we are currently operating in much the same way as before the pandemic but are looking to make changes in the future



No, we are operating in much the same way as before the pandemic and are not looking to make any changes in the future



Just 6% of respondents said that they had not, or did not plan to, make any changes to the way they operate as a result of the pandemic, leaving **94% of financial institutions** that either ‘had changed’ or ‘plan to make changes’ in the future.

But the pandemic also exposed weaknesses in some areas, particularly where banks were still heavily reliant on paper-based and manual processes. More than ever before, it has become clear that a **dependency on large numbers of people to perform lower-value, repetitive tasks** and working with inflexible and non-interoperable systems cannot continue if financial institutions are not just to weather future storms—but also achieve growth.

Dependence on people working in expensive offices against rigid schedules and prescriptive practices with inflexible technology limits responsiveness and the rapid evolution of business models.



In a recent survey of executives who manage real estate for their companies, around half of respondents expected **at least 25% of their workforce to stay permanently remote.*** In the short term, the ratio of full-time equivalents (FTEs) per desk will likely fall, as banks seek to maintain social distancing in compliance with local guidelines.

We are travelling on an accelerating continuum powered by automation (and fueled by necessities created by the pandemic) that takes layers of manual work away from humans. This is delivering many hours back to businesses and improving the capacity of people to work in more productive ways within a hybrid model.

**We're
HIRING**

The World Economic Forum (WEF) has reported that around **65% of children today will end up in careers that don't even exist yet**, and there is a growing acceptance that **robotics and AI will drive the creation of jobs**, rather than replace them.*

Humans are increasingly comfortable that **automation is not the threat it once was**, and financial institutions are taking a more strategic view of how they can get competitive advantage by setting their human workers free. The fact is that adoption of the three thirds model is now the only valid engine of growth in the financial services industry.

TD Bank focuses on customers

In the past two years, TD Bank, one of Canada's largest financial institutions, **has scaled up to 400 digital workers**. Frank Psoras, SVP Customer Strategy, Innovation and Acquisition, says that this digital workforce is proving the perfect solution to automate front-to-back office operations that include a high number of manual processes.

Psoras' team has **grown rapidly from three to 100 people** and has shifted focus from cost savings to driving speed and operational agility. As Psoras explains it, "You have a talent base that you have to build, you have people that have to think in that way. We shifted our workforce from doing repetitive exercises, to re-thinking how we do the process, actually enabling it – while managing new types of operational risk."

This shows that far from removing jobs, automation can create new ones. Frank believes that **"it's far more than just about cost elimination, there's so much more that you can do."**

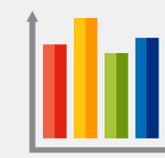
Intelligent automation can act as the lever for change

Embracing RPA has been a part of the ‘bank-of-the-future’ objective and freeing up colleagues from mundane, repetitive tasks. We’ve taken the robot out of the human, in order to enable those colleagues to fulfill more purposeful roles, as we forge ahead with the next stage of our strategy,

says Gerald Pullen, head of Continuous Improvement and RPA from Lloyds Banking Group.

We asked respondents to our survey of financial services institutions **what they would do with time that could be freed up through automation**, and it’s clear that spending more time with customers, as well as improving customer experience, comes out on top.

If 50% of the work you undertake today was automated, which other activities would you be free to help drive?



51%

Use data analytics to uncover problems in processes



48%

Spend more time with customers



45%

Collaborate with colleagues



44%

Use data analytics to spot red flags in customer behavior



28%

Identify the next products and services customers will want to buy



13%

Find new ways to collaborate with third parties

Fear of automation as a jobs destroyer has been replaced **by optimism for humans performing rewarding and valuable work.**

From our work with financial institutions worldwide, we see that the adoption of intelligent automation has historically moved through discrete phases, from **reducing friction and costs** in existing processes to one that provides the basis of **completely new ways of interacting with customers and colleagues.**

Our global report **The Impact of a Digital Workforce on Business Agility & Survival**, which surveyed **6,700 knowledge workers and senior IT decision makers**, revealed a positive link between global productivity, business agility and resilience, as well as with intelligent automation.



More than eight in 10 respondents (81%)

believe intelligent automation will be essential for businesses to remain competitive over the next five years.

Source: The Impact of a Digital Workforce on Business Agility & Survival

One of Denmark's largest pension companies, **Danica Pension** operates under a model of continuous improvement. As part of that strategy, it has grown its digital workforce exponentially. By the end of 2020, **digital workers made up 20% of the total Danica Pension workforce.**

Digital workers perform ongoing due diligence by looking up the source of funds, validating registration of proper identification and background data for each customer, and producing reports. If an account is deemed low risk, the digital worker can close the case. If there are additional questions, the information is passed to a human colleague along with documentation on the current status.

Since deployment, the number of hours returned to the business has doubled every year. Last year 250,000 hours were completed by digital workers. The digital workforce maintains extremely low operational and maintenance costs regardless of how much the program is scaled.



While the pandemic was a shock to many, there is no doubt that it has **inspired new thinking**. The danger is that the industry slips back into business as usual thinking once the immediate threat (eventually) recedes.

One trend that may prevent this happening is that stakeholders and investors are pressing for more of an emphasis on the Environmental, Social and Corporate Governance (ESG) and fairness agenda. The convergence of intelligent automation and the emerging agenda is a positive one, in that it **means organizations now have the ability to ensure that more human workers can be freed from monotonous work** and empowered to fulfill their potential.

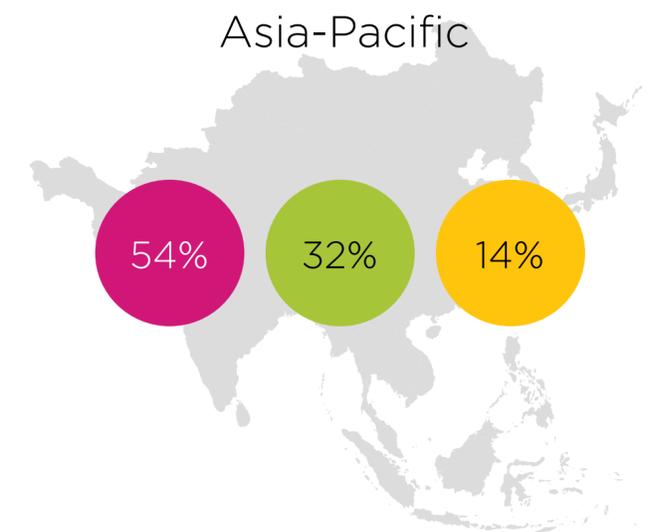
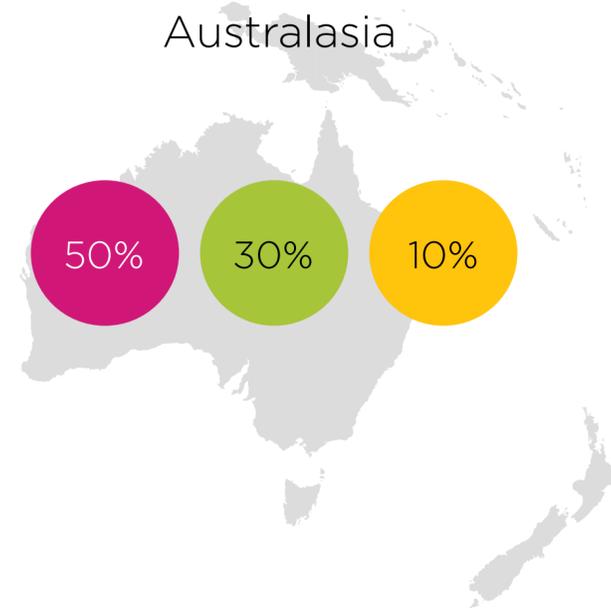
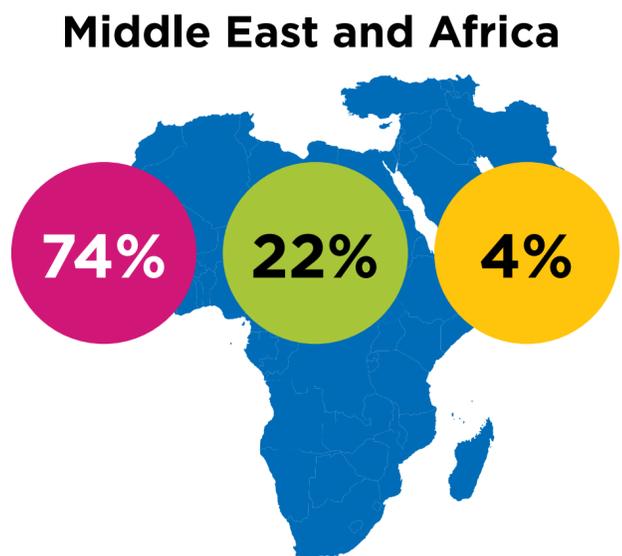
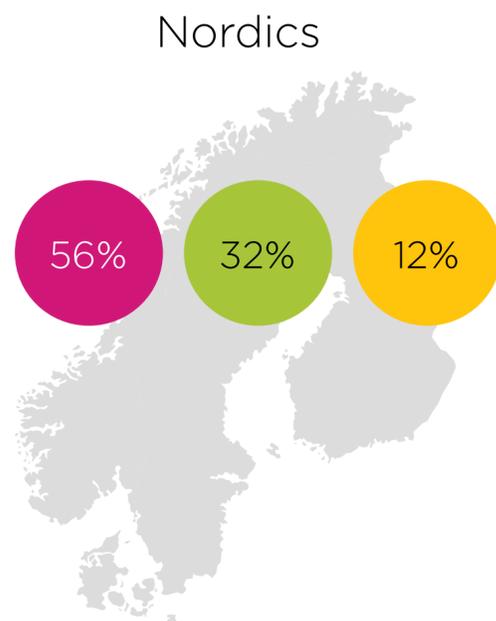
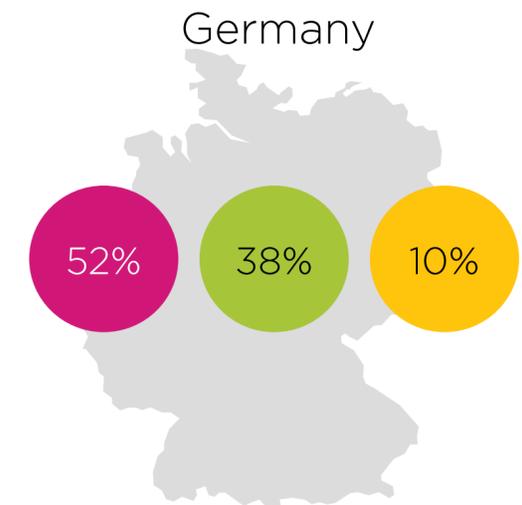
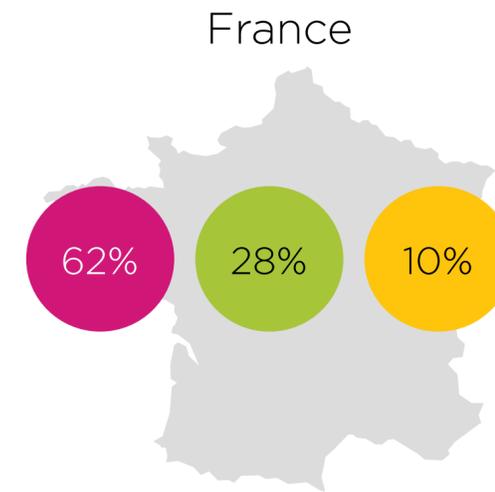
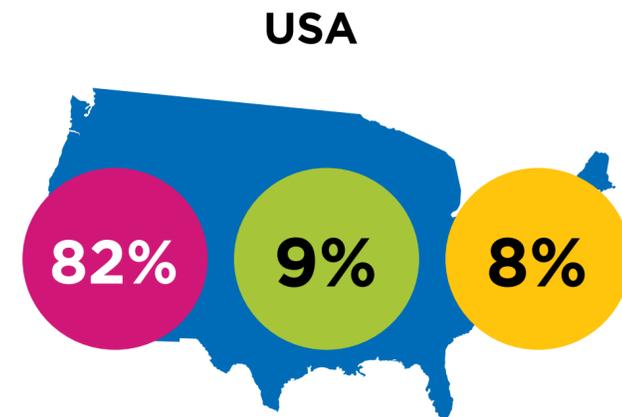
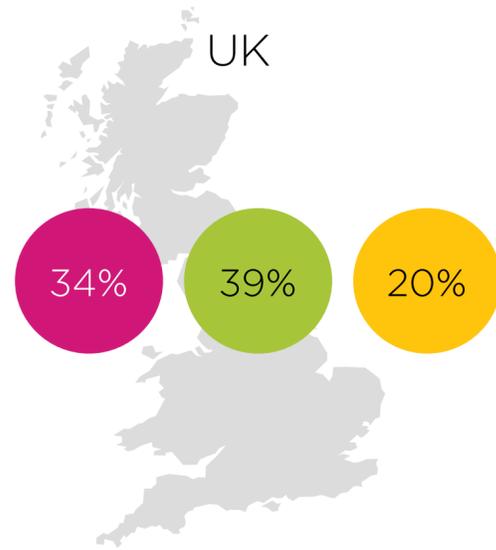
This isn't just a good thing for peoples' own states of mind, but is proven to help organizations win greater market share, reduce attrition, build profitability and achieve more success—without increasing costs.



Our survey found that respondents in countries with a greater appetite for intelligent automation (such as the USA and MEA) were also those most likely to **predict an increase in numbers within their teams**, and vice versa.

How do you expect headcount in your team to change over the next 12 months?*

● All increase % ● Stay the same % ● All decrease %



Do you believe more of your own work will be automated in the next 12 months? (all increase %)

USA
73%

UK
54%

France
56%

Nordics
70%

Germany
48%

Asia-Pacific
52%

Total
60%

Australasia
50%

Middle East and Africa
82%

To harness the power of intelligent automation, leaders within financial institutions need the imagination and courage to continue the momentum instigated by the pandemic. That means understanding **the need to show people the personal benefits they can gain from greater automation**, as well as the productivity and financial gains that can be made for the greater good of the business.

Conclusions

Intelligent automation, in its present incarnation, has **arrived at the perfect time for a financial services industry** that needs to improve its ability to adapt, its overall resilience and the quality of the experience it offers to customers.

New digital-first competitors and big tech players are creating competitive threats, but there are also **opportunities for banks to use technologies to build new offers**, new partnerships and to reimagine how they operate in the three-thirds model of the future.

Look out for further editions in our global banking Power of Three executive briefing series. We'll be focusing in on specific elements of how intelligent automation improves the customer experience, how it builds organizational resilience and agility, and why the banking industry is set to continue changing over the coming years.

We welcome your feedback on the series and encourage you to contact us at **contact@blueprism.com** with any questions and comments you may have.

Methodology

This report is based on independent research undertaken with a total of **550 banking professionals at the senior manager level** and above involved with back-office operations split across the **USA, UK, France, Germany, Nordics, MEA, Asia and Australasia** by PollRight, between December 2020 and January 2021. Australasia covers Australia and New Zealand, while Asia Pacific covers Hong Kong, Singapore and India. Please note that some percentages may not add up to 100% due to rounding and excludes 'don't knows' from the analysis.



About Blue Prism

Blue Prism is the global leader in intelligent automation for the enterprise, transforming the way work is done. At Blue Prism, we have users in over 170 countries and more than 2,000 businesses, including Fortune 500 and public sector organizations, that are creating value with new ways of working, unlocking efficiencies, and returning millions of hours of work back into their businesses. Our intelligent digital workforce is smart, secure, scalable and accessible to all; freeing up humans to re-imagine work. To learn more visit www.blueprism.com and follow us on Twitter [@blue_prism](https://twitter.com/blue_prism) and on [LinkedIn](#).