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Establish & Manage a Best in Class Intelligent Automation Center Of Excellence (COE)

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INTELLIGENT AUTOMATION WEEK CHICAGO

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WORKSHOP B: Establish & Manage A Best in Class Intelligent Automation CoE (Center Of Excellence)

Is your organization evaluating the need to establish a CoE for your IA program, and/or would like to increase its effectiveness? If so, then this deep dive CoE session is a perfect way to learn more about how to do just that.

In this session, we will discuss:

- Various **CoE models**, such as: hybrid, functional, etc.
- How to establish (or enhance) an effective **governance and centralized structure** to support your organization's intelligent automation CoE initiatives
- Effective CoE and governance **process models**
- **Risk, Controls & Audits**
- **Chargeback** models and would they work for your CoE
- Methods to successfully develop and manage effective **change management** initiatives - and effective **PR, marketing, and communication** plans

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Agenda

1	2	3	4	5	6
Introductions	Preface: Definitions and Current State	IA CoE Definition and Models	Establishing Your CoE and Governance Model	Risk, Controls, Audit & Chargebacks	Change Management, PR, Media Relations & Marketing

Who's Who

Name | Company | Role

Show of hands:

IA: Exploring, Launching, Growing, Scaling?

How many bots in production?

Have a CoE?

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INTRODUCTION

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Global Management Consulting & Advisory Services

1. **Who We Are**
   Founded 2006, headquartered in California, global offices
2. **What We Do**
   Evaluations & assessments, strategic advice, project management, implementation support, process and market expertise
3. **Where We Focus**
   Finance, Human Resources, IT, Procurement, Facilities, Customer Operations & other functions
4. **The Chazey Difference**
   Practioners first, staff continuity, high ROI, knowledge transfer, client engagement in transformation

Shared Services

From Business Case to Implementation, plus correction & optimisation of existing operations

Robotic Process Automation

Automation assessment, proof of concept, vendor selection & provider of IA solutions

Business Transformation

"Back office" transformation, M&A integration, organizational design

Enterprise Wide Security

Business Continuity Planning & Organizational Cybersecurity

Who We Have Worked With

OUR CLIENTS

WHERE WE COME FROM

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Preface

Definitions and Current State

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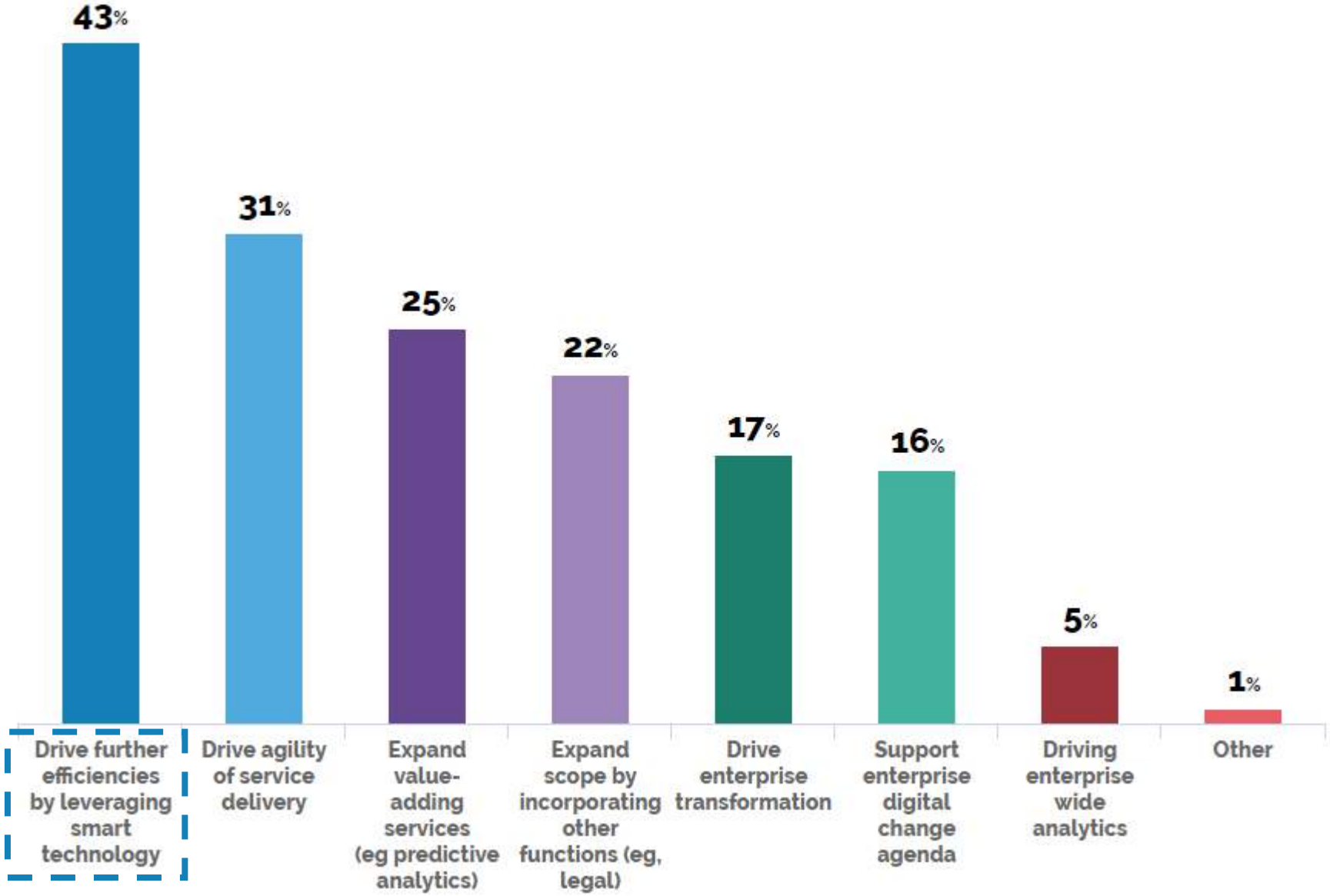
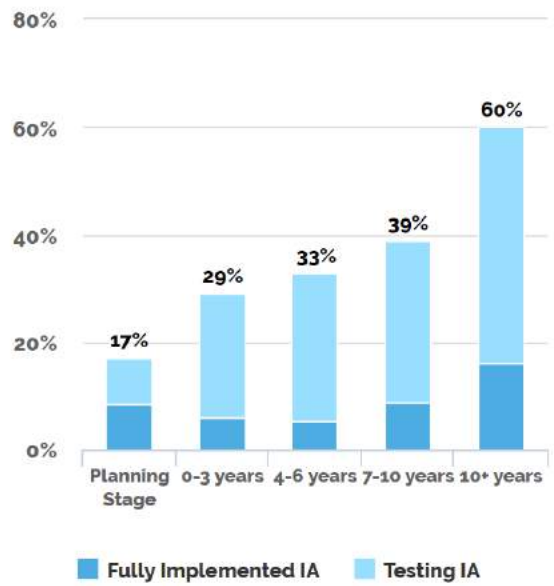
Main Objective for GBS in the Immediate Future



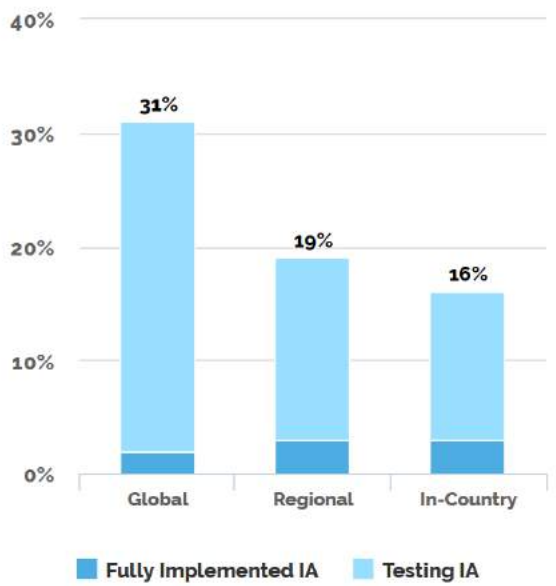
Source: SSON Analytics - Evolution of Workforce and Technology in European Shared Services Centres 2018, 7/2018

2018 Intelligent Automation Adoption

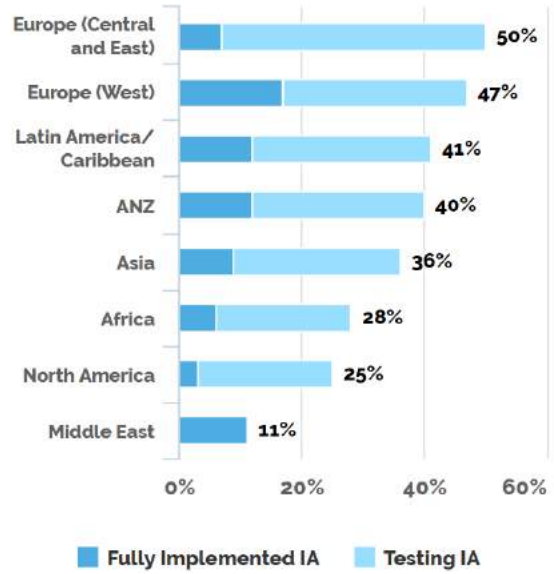
By Maturity Level



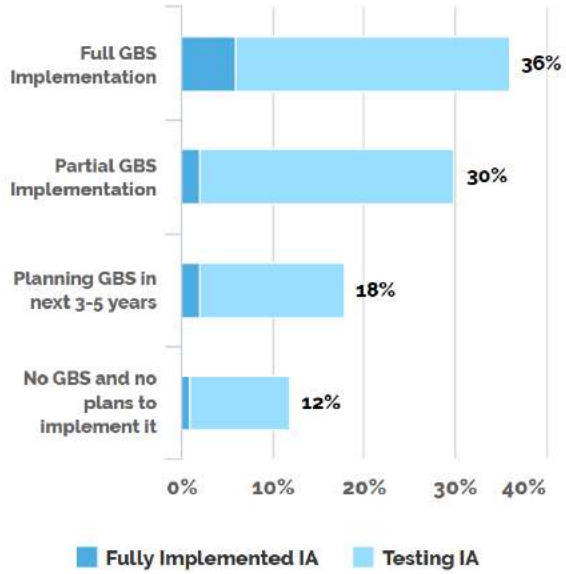
By Geographies Serviced



By Location of SSC



By GBS Maturity



Source: SSON's Annual State of Shared Services & Outsourcing Industry Survey Results 1/2018

Key Concepts

1 Robotic Desktop Automation (RDA)	◦ Optimizes existing manual and fragmented processes for agents ◦ Reduction in low value add manual processing by workforce
2 Robotic Process Automation (RPA)	◦ Removes need for agent input ◦ Drives significant increase in process speed and cost reduction
3 Digitized RPA	◦ Self-serve via mobile, web, IVR, speech recognition ◦ Robots fulfil requests with no human intervention and update customers with progress slashing query volumes
4 Machine Learning	◦ Combination of robotics with analytics and decision engines ◦ Adds an element of judgement
5 Artificial Intelligence (AI)	◦ Combination of robotics with analytics and artificial intelligence ◦ Cognitive robot using Machine Learning or statistical modelling to continuously optimise action

Source: SSON - Global Intelligent Automation Market Report, H1 2017

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ROBOTIC PROCESS AUTOMATION

"Robotic Process Automation" or "RPA" means the application of technology that enables computer software to partially or fully automate human activities that are manual, repetitive and rules based. RPA gives a business the ability to map out a business process that is definable, repeatable and rules based, and assign a software "robot" to manage the execution of that process. RPA software operates at the "presentation layer" (the user interface) of computer systems and appears to the applications to be a human user.

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ROBOTIC DESKTOP AUTOMATION

"Robotic Desktop Automation" or "RDA" generally refers to an automation running on the desktop and working with the operator automating fragments of transactions, whereas RPA or robotic process automation reflects a server-based, unattended process execution.

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INTELLIGENT AUTOMATION

"Intelligent Automation" or "IA" is a holistic description of everything from desktop scripting to artificial intelligence, as applied to process execution, spanning from Robotic Desktop Automation, to Robotic Process Automation, through Cognitive, Machine Learning, Artificial Intelligence, and beyond.

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DIGITALIZATION

"Digitalization" is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to become a digital enterprise.

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"FOURTH INDUSTRIAL REVOLUTION"

"Fourth Industrial Revolution" is characterized by emerging technology breakthroughs in a number of fields, including robotics, artificial intelligence, blockchain, nanotechnology, quantum computing, biotechnology, the Internet of Things, 3D printing and autonomous vehicles.

The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third Industrial Revolution, or the "Digital Revolution" involved the advancement of technology from analog electronic and mechanical devices to the digital technology available today. Advancements during the Third Industrial Revolution include the personal computer, the internet and information and communications technology (ICT). The current Fourth Industrial Revolution is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.

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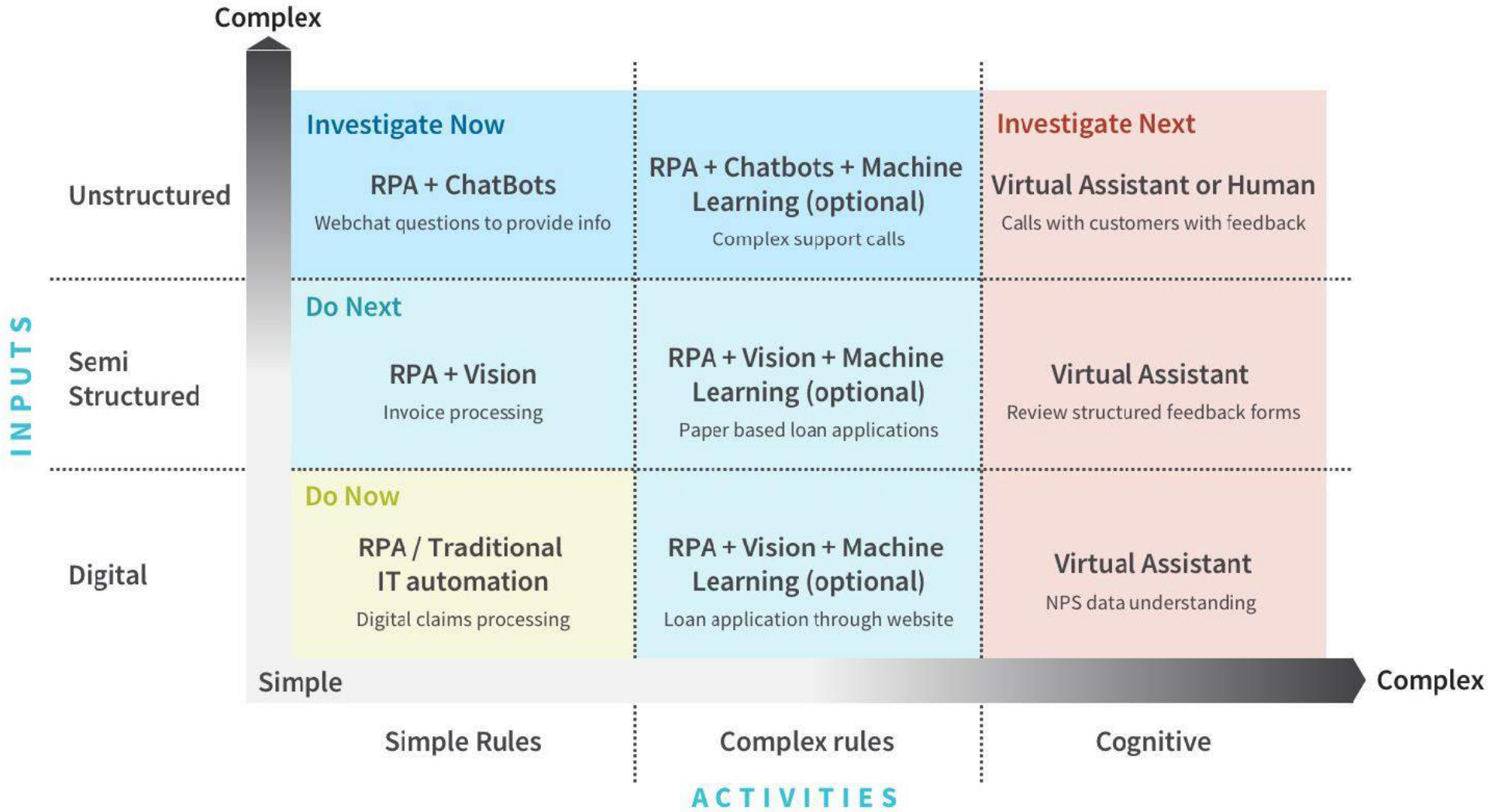
Decision Matrix



Source: EPAM - The Evolution of RPA to Intelligent Automation, 6/2018

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IA CoE Definition and Models

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Operating Model

Office of CIO (Strategy)

- Strategic, global services with clear linkage to vision, mission and strategic goals of organization
- Long-term perspective whose activities have more distant relationship between effort and results
- Confirm policy alignment & ratification

Business Partners (Influence)

- Work with operational leaders to achieve organizational objectives
- Provide information, tools, analysis and insight to influence decision making
- Higher level of business proximity required (de-centralized delivery)
- Need functional expertise, analytical skills and strong interpersonal skills: "hire for skill and attitude"

Centers of Expertise (Expertise)

- Professional & technical
- Deliver on organizational strategy through provision of tactical services
- Generally requires interaction with client, although less necessary to be physically situated close to business
- Policy research, development & implementation
- Generic business & functionally expert skills required: "Hire for skill, train for attitude"

Shared Services Center (Process)

- Transactional & administrative
- Regular, repeatable, transactional activities
- Results more quantifiable
- Benefit greatly from standardization, automation and technology
- Clear linkage between effort and results (outputs generally experienced in short-term)
- Less necessary to be physically situated close to business
- Process focused, service-driven skills required" "Hire for attitude, train for skill"

Internal Client

- Provides inputs and/or receives outputs of in-scope processes
- Representative of internal client signs off processes, service levels, input requirements, key performance indicators, and client's roles and responsibilities as documented in Service Partnership Agreements

Client Interaction Framework

Account Management	Client Contact Management	Service Partnership Agreements	Client Feedback	Continuous Improvement	Process Control	Performance Measurement	Performance Reporting	Recharging Methodology

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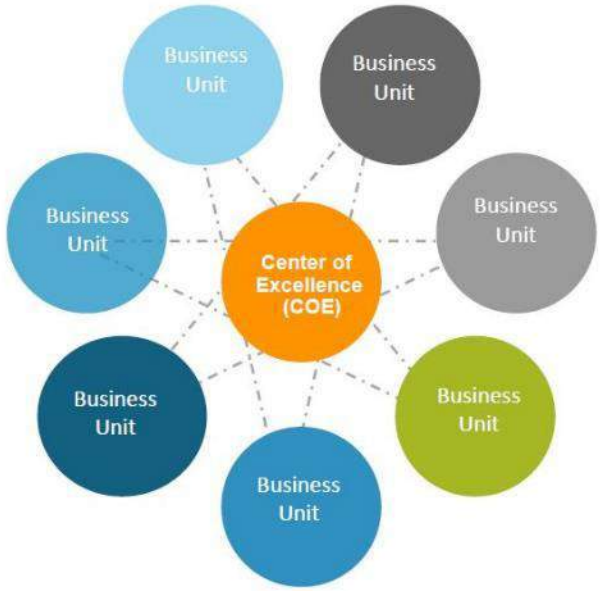
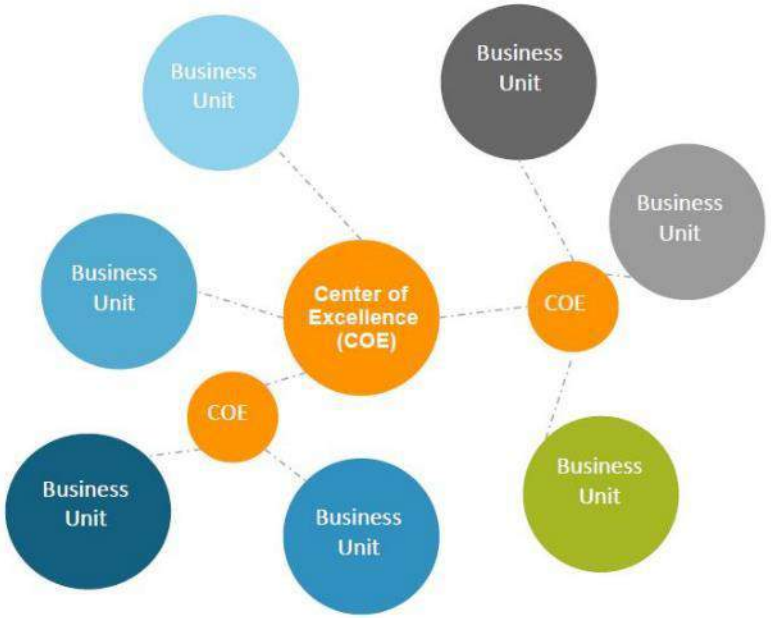
Models

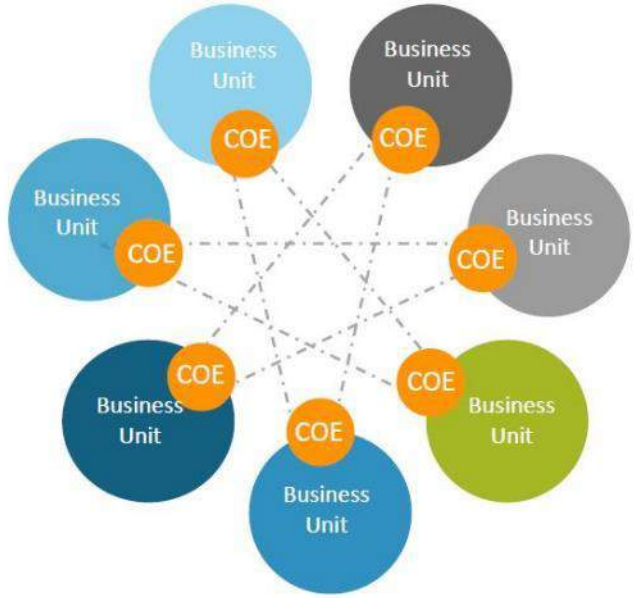
Center ≠ Centralized



Centralized



Hybrid



Federated

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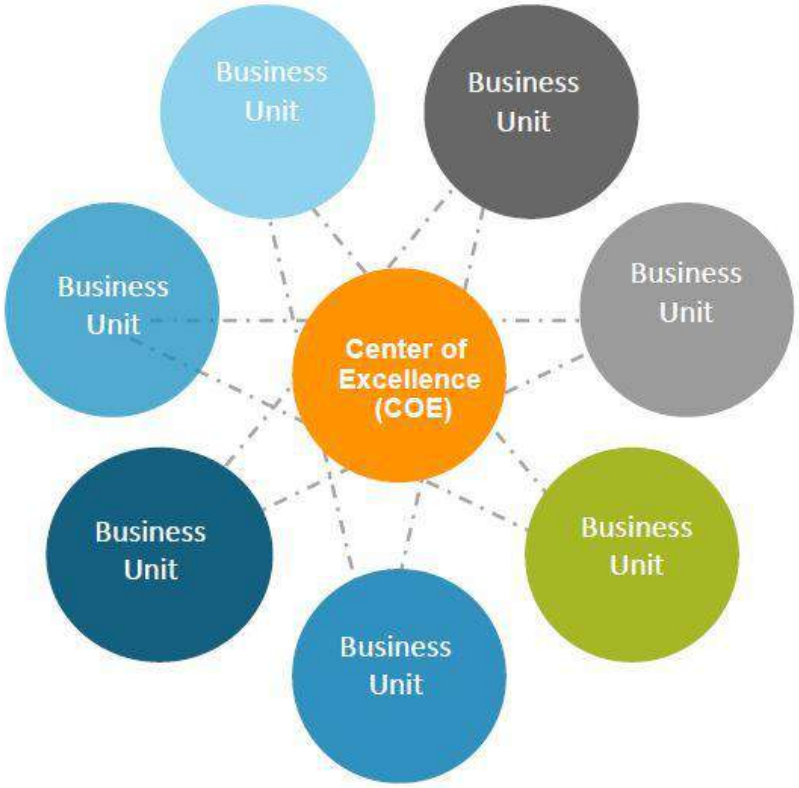
Centralized



One IA CoE serving all Business Units

Advantages:

- Unified and centralized IA support for all Business Units
- Higher expertise, lessons learnt and best practice for automation easier to disseminate within the center
- Standardized IA deployment, support and implementation methodology

Disadvantages:

- Potential prioritization challenges of automation projects due to high number of business units served
- Relies on distant communication

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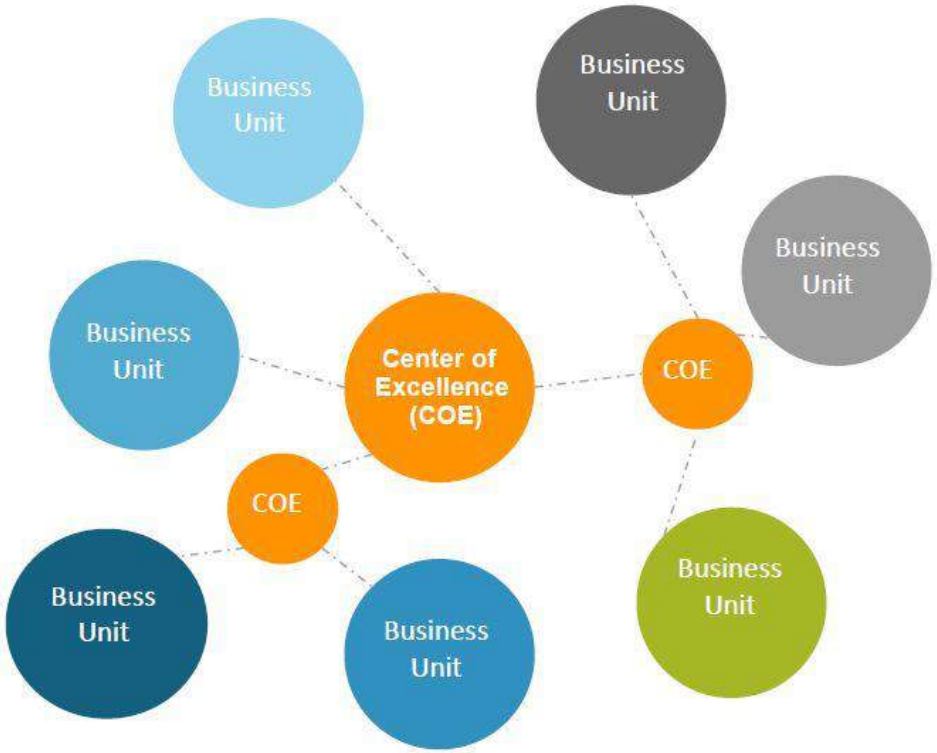
Hybrid



Several IA CoEs serving several business units, linked to several smaller IA CoE dedicated to individual business units

Advantages:

- High complexity projects delivered out of main IA CoE, smaller IA CoEs handle low-medium complexity automation projects
- Decreased risk of prioritization challenges due to existence of smaller dedicated IA CoEs
- Higher process knowledge specific to business units concentrated in the smaller IA CoEs

Disadvantages:

- Lessons learnt and best practice for automation at risk (expect discrepancy in know how between main IA CoE and smaller IA CoEs)
- Potential incoherence in the approach for IA deployment, support and implementation methodology

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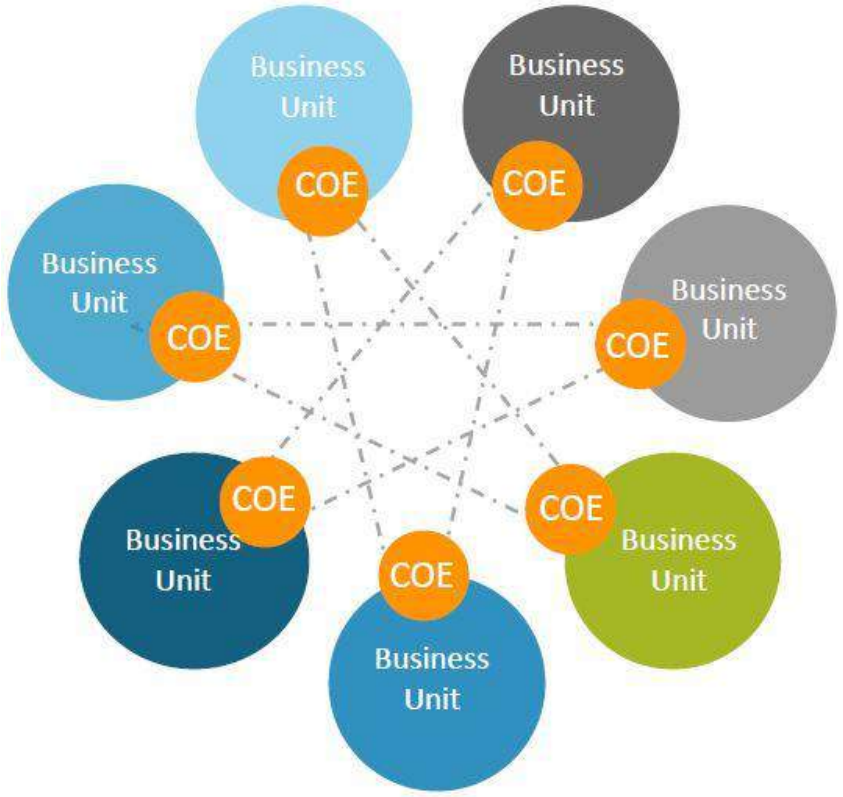
Federated



Independent RPA CoEs within each business unit

Advantages:

- Each business unit is fully in control of the automation projects and their prioritization
- All IA CoEs will benefit from strong process knowledge as close to (within) each business unit.

Disadvantages:

- Lessons learnt and best practice for automation at high risk – need to enforce a strong, regular exchange of best practices between IA CoEs from different business units.
- High risk of incoherence in the approach for IA deployment, support and implementation methodology
- Incoherent technical solutions may be applied – risk of always "reinventing the wheel"
- Certain IA roles will be duplicated and not fully utilized: e.g. the IA Support team in certain IA CoEs may have less work than others, same for IA Solution Architects, etc.

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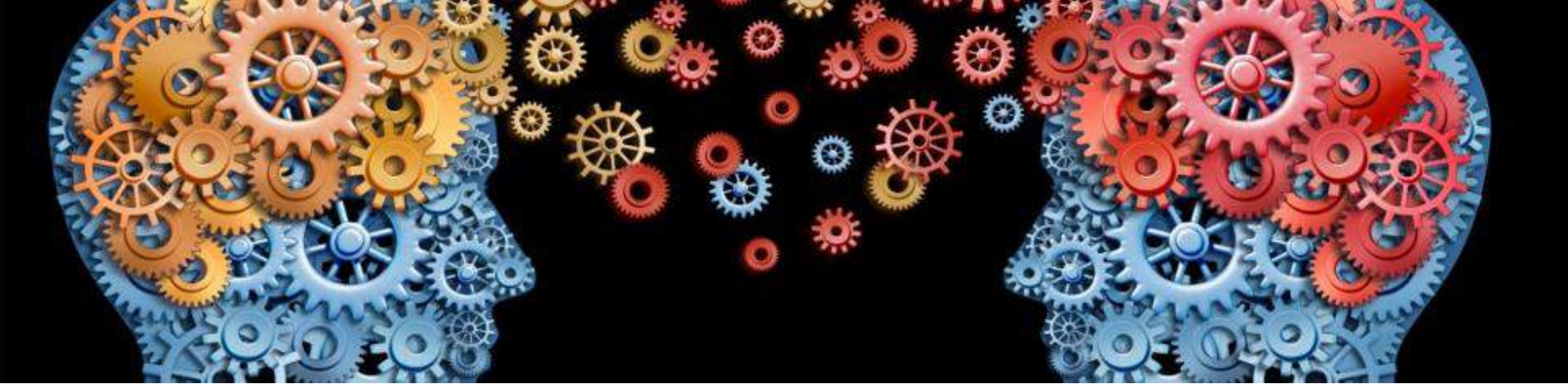

Planning to establish your CoE (or reflecting on what you have built)

Exercise:

- **In your organization, which CoE model makes the most sense, and why?**

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Establishing Your CoE and Governance Model

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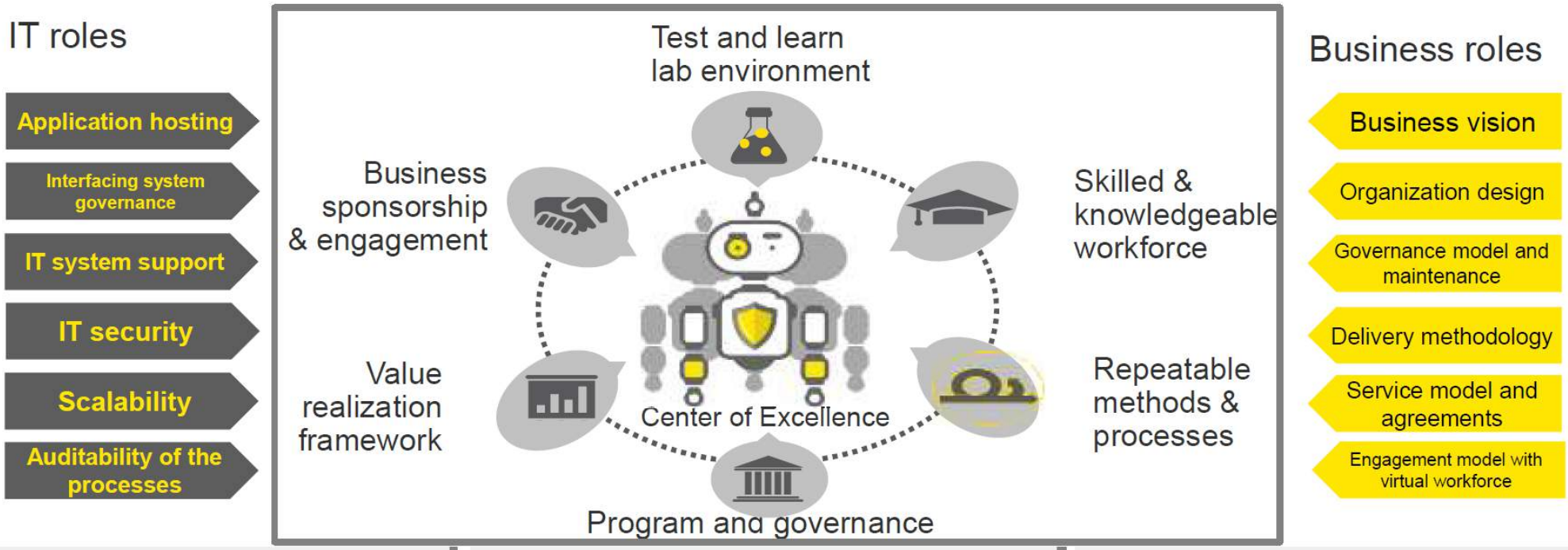
Key Components & Interactions

Center of Excellence (CoE) landscape



Scalability

The CoE is guided by the organization's RPA vision and supported by policies and best practices that enable economies and growth across the enterprise.

Speed

The CoE allows the organization to quickly identify, prioritize and implement RPA solutions across the enterprise.

Consistency

The CoE develops enterprise standards for RPA implementation and support and shares these across the organization ensuring that RPA is implemented consistently within business units.

Center of Excellence functions facilitate benefits across business units

- Solution Development
- Stakeholder Enablement
- Skills Development
- Project Delivery Enablement
- Vendor Relationship Management

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Source: EY

Sample Roles, CoE

Building a Robotic Operating Team

RPA Sponsor

- *Initiates the idea of automation, underwrites resources and protects progress into business adoption*

RPA Champion

- *Imprints the RPA vision and mission within the organization*
- *Acts as an internal Evangelist for RPA*
- *In charge of ensuring a healthy automation pipeline*
- *Head of the operational management of the virtual workforce*

RPA Change Manager

- *In charge of creating a change and communication plan which is aligned to the project deliverables, in order to ease the RPA adoption within the company.*

RPA Infrastructure Engineer

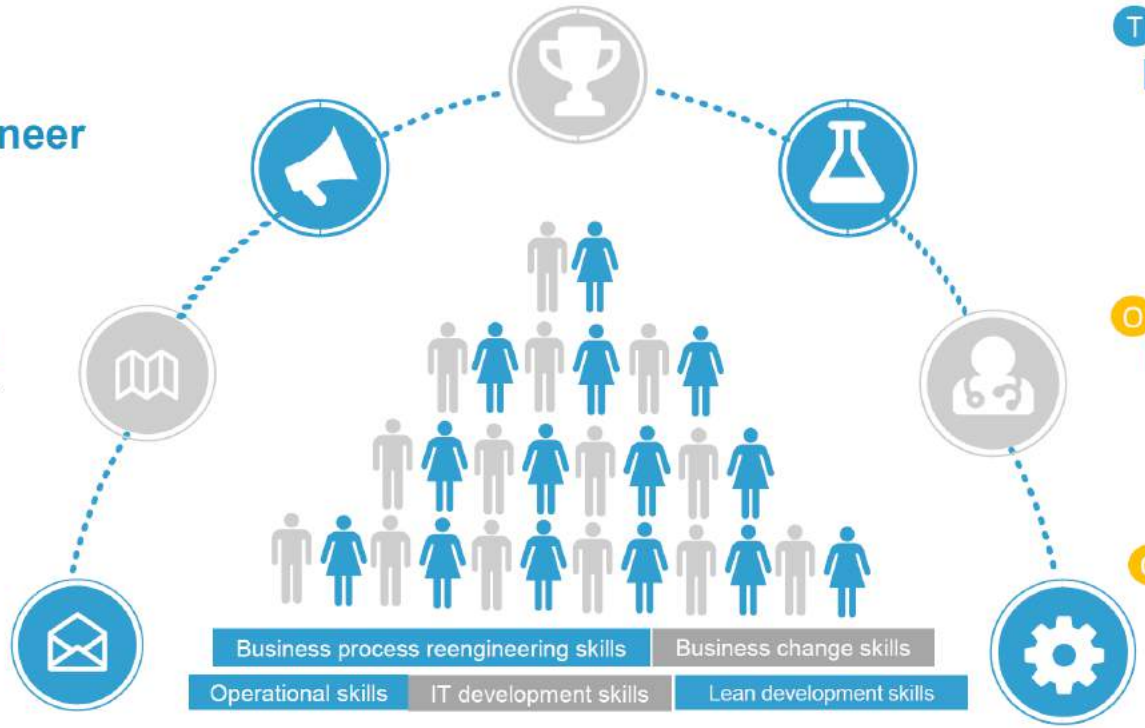
- *In charge or Server installations and troubleshooting*

RPA Solution Architect

- *In charge of defining the Architecture of the RPA solution. Guardian of the end to end performance of the solution agreed.*

RPA Developer

- *In charge of designing, developing, testing the automation artifacts*



RPA Business Analyst

- *Process Subject Matter experts located in Business Operations.*
- *In charge of creating the process definitions and process maps used for automation*

RPA Supervisor

- *Administers, orchestrates and controls the virtual workforce in operational environment*
- *Focused on continuously improving the robots operational performance*

RPA Service Support

- *First line support for the RPA solution deployed.*

*The Robotic Operating Team or Centre of RPA Excellence is fundamentally a **cross functional team** with the clear objective of deploying the RPA automation on a global basis as quickly, as efficiently and as safely as possible.*

O RPA Operations T RPA Transitions Team

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Source: UiPath – Enable RPA CoE

Sample Position Description

RPA Supervisor - Operations

Role definition:

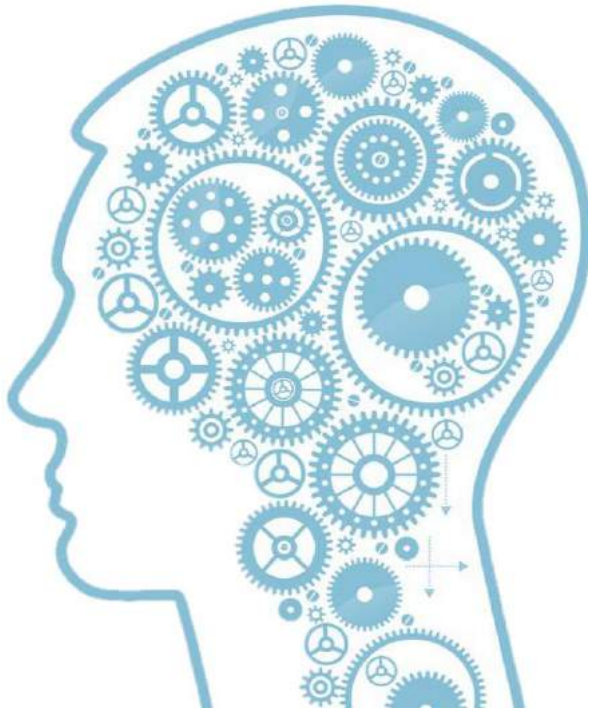
Part of future RPA Operations team.
Administers, orchestrates and controls the virtual workforce in operational environment
Focused on continuously improving the robots' operational performance using the tools and technologies in place and improving these.
Uses advanced reporting and analysis functions based on detailed logging system to optimize resource use and stability of robots and artifacts in place.

Deliverables:

Reporting of optimally running artifacts on well-utilized RPA resources

Skill-set requirements

Strong process and technology knowledge.
Medium to advanced experience in supervising teams, monitoring, reporting and auditing.
Medium understanding of RPA software functionality at desktop level.
Strong understanding of monitoring and auditing functions of the RPA software used.
Previous experience working with RPA tools is a plus.
Medium to advanced experience in supervising teams, monitoring, reporting and auditing.
Basic understanding of RPA software functionality at desktop level.
Strong understanding of monitoring and auditing functions of the RPA software used.



Source: UiPath – Enable RPA CoE

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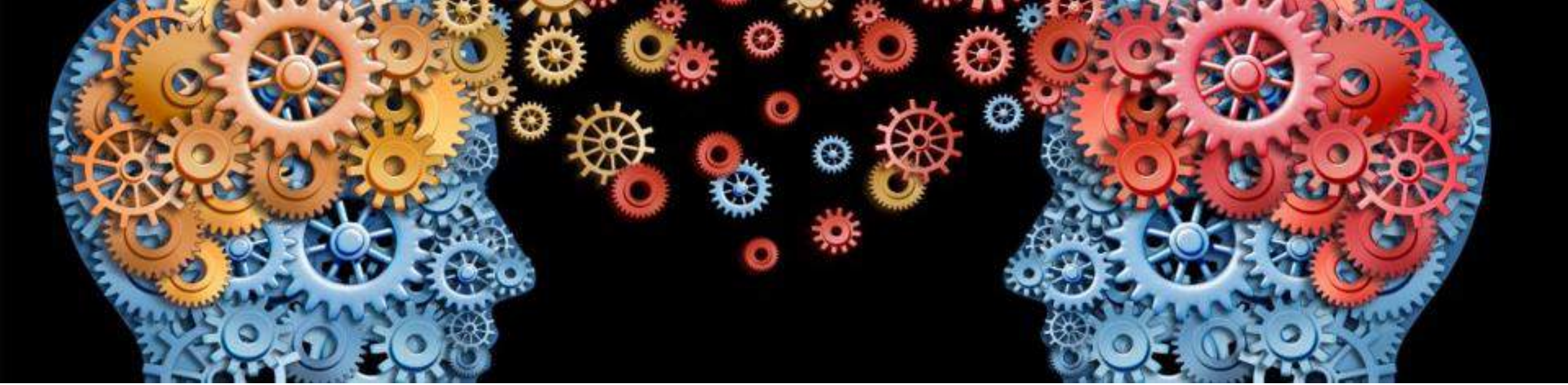
Key Elements of IA CoE Governance

Strategy & Governance	Process Life Cycle	Value Measurement	Alignment & Change	Technology	Enterprise Integration
Program strategy	Process identification	Program progress measurement	Skills development	Vendor management	Business process mgmt.
Policies and standards	Process prioritization	Operational and performance metrics	Stakeholder management	Architecture and infrastructure	Transformation programs
Roles, responsibilities and structure	Automated process optimization	Benefits measurement and reporting	Organization change mgmt.	Innovation and test lab	Risk and controls
Risk management	Development and deployment		Communication	Expert network	Security
Methodology and design authority	Ongoing operations			Knowledge management	IT processes
Robotics asset management					

Source: EY



Establishing (or enhancing) an effective governance and centralized structure to support your organization's intelligent automation initiatives

Exercise:

- **Have you begun to staff your CoE and if so, how?**

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Risk, Controls, Audit & Chargeback

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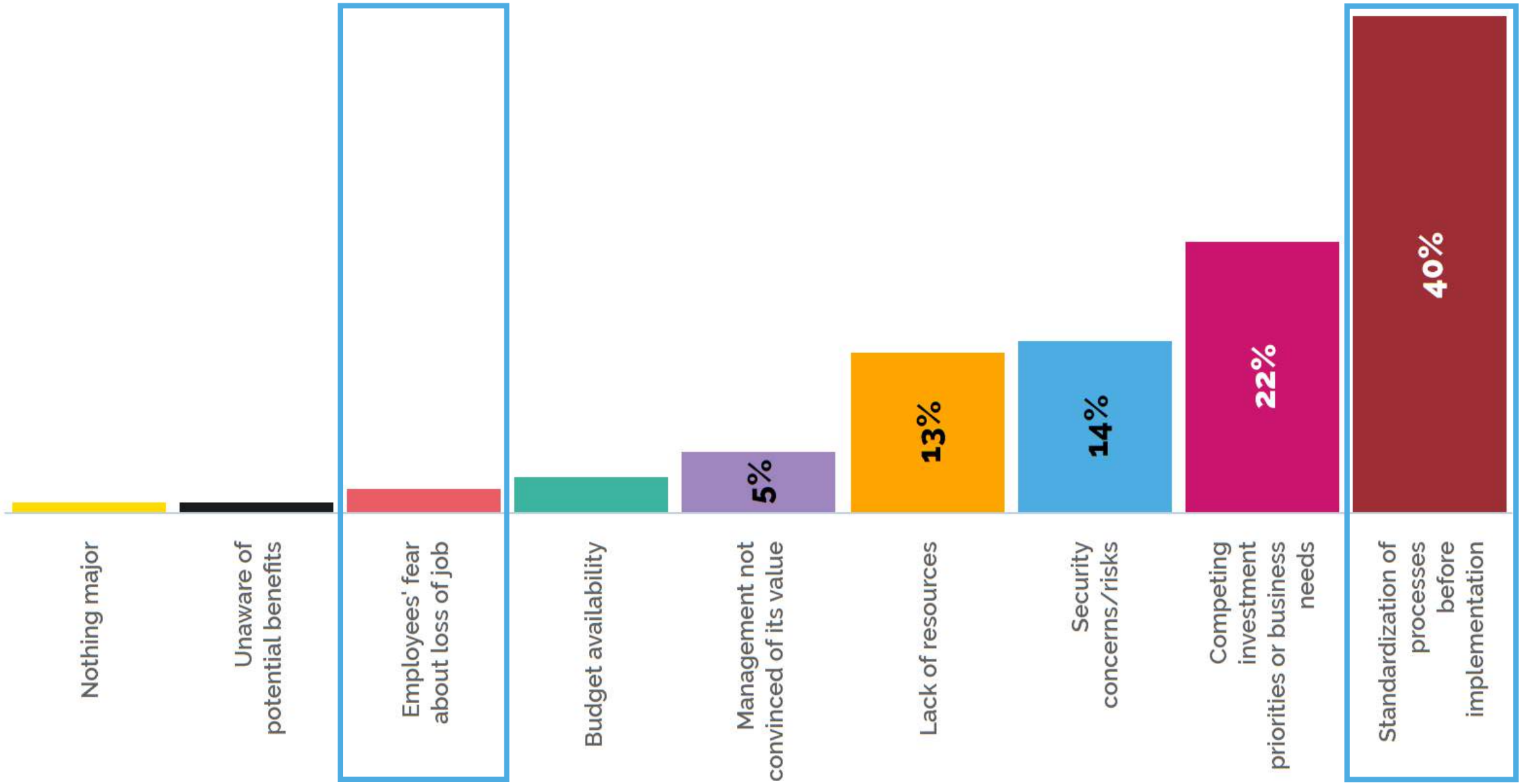
Main Challenges Implementing Intelligent Automation



Source: 2017 Pulse Check: Intelligent Automation in U.S. Shared Services Market, 8/2017

Common Causes of RPA Failures and Mitigation

1. Targeting RPA at the wrong processes

- Highly complex processes are appealing but that is the wrong approach. Even if these are more painful for human employees, their complexity may delay the big cost-savings that result from low hanging fruit.

2. Insufficient skills

- The skills needed to create a proof of concept are not the same skills needed to establish production automations. Driving scalable and resilient automated processes is significantly more complex than building a simple process fix. Investing in classroom training is key.

3. Treating robotic automation as an IT-led rather than business-led project

- Robotic automation is about leveraging a virtual workforce. And just as IT would not manage your human workforce, it should not manage a virtual one, at least not alone. The business needs to own and lead this implementation with a clear view of desired objectives. IT has a crucial role, however, in delivering infrastructure and software support, as well as governance and managing change.

4. Lack of an RPA business case and failure to plan ahead of time

- Proof of concepts or pilots prove that robotics delivers, but don't necessarily prove a successful large-scale implementation. A smart approach is to manage scale and start with Shared Services based opportunities alongside a proof of concept.

5. Not considering what happens once processes are automated

- Who will run the workforce, and what happens when you go live? A well-planned skills building initiative will help.

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Source: SSON Analytics – Starting on Your IA Journey, What You Should Know, 3/2018

Common Causes of RPA Failures and Mitigation

6. Automating too much of a process or not optimising for RPA

- The target is not necessarily to eliminate human input but to change existing processes to allow RPA to work as effectively as possible. A good benchmark is to automate 70%of low value activity leaving 30% high-value work to humans.

7. Treating robotics as a series of automations as opposed to an end-to-end transformation

- Automation should be a continuous practice, and measuring benefits along the way is key.

8. Applying traditional delivery methodologies

- Robotics differs from traditional technologies and rarely changes existing systems, so over-engineered delivery methods are not necessary. Agility and speed are what count.

9. Overlooking IT infrastructure

- Most robotics tools operate on virtualized desktops that require scaling and business continuity plans. However, IT does not always have the time to create a production infrastructure.

10. RPA alone is not enough

- Automating numerous sub-processes still requires some human intervention. Extending robotics into digital self-service, for example, reaps far greater returns.

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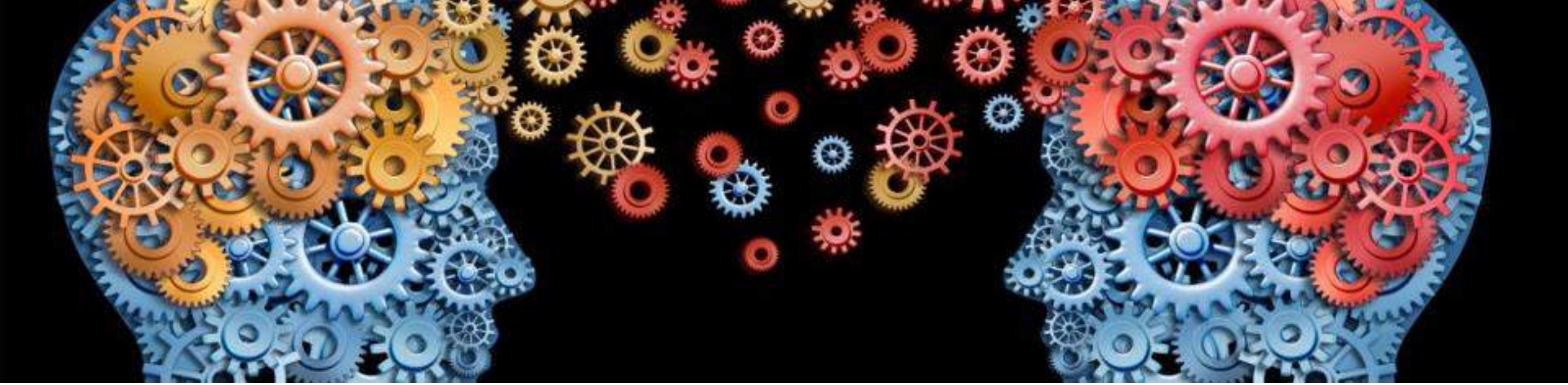
Source: SSON Analytics – Starting on Your IA Journey, What You Should Know, 3/2018



Chargeback: Does it make sense for IA efforts?

Exercise:

- **Have you considered or implemented a chargeback model for your IA CoE?**
- **What are the pros and cons?**

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Change Management, PR, Media Relations & Marketing

Educate, Educate, Educate

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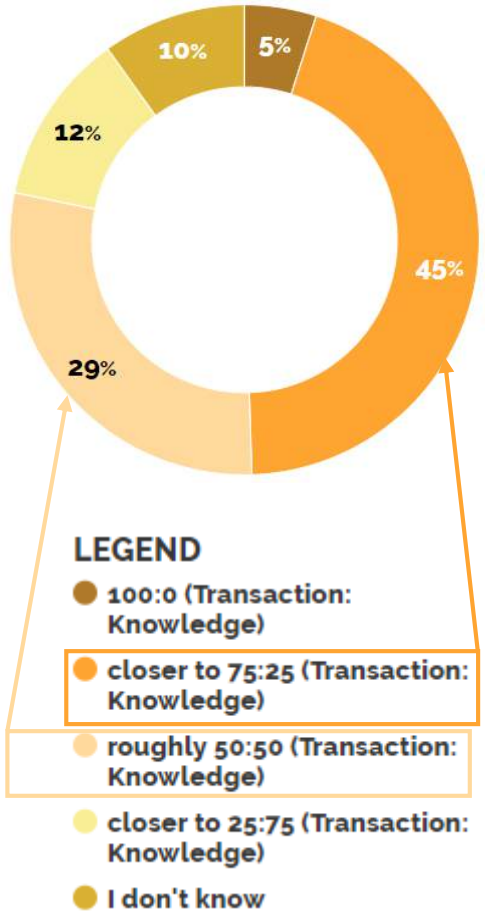
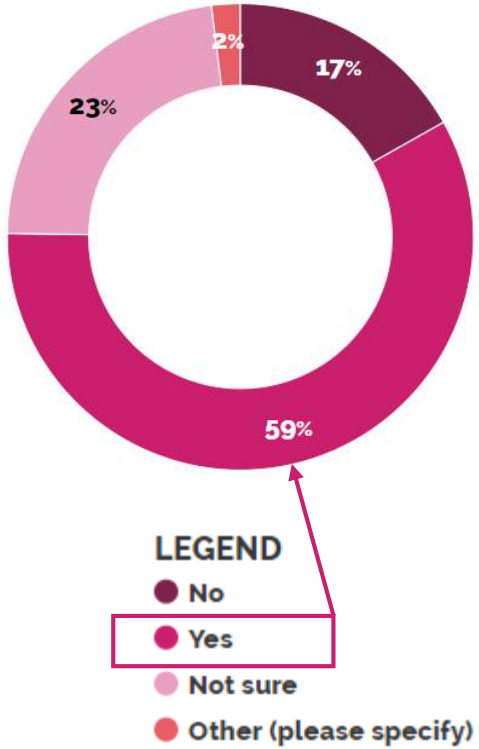
Shifting Work

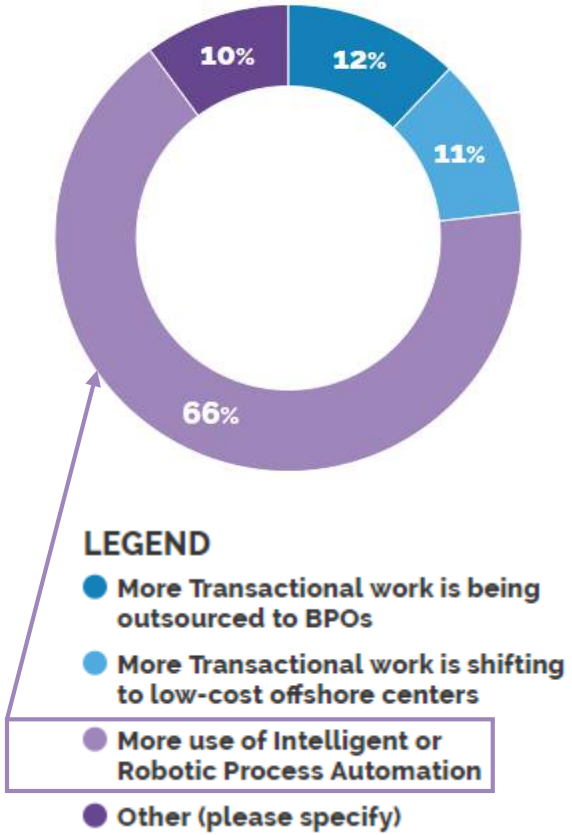
What is the ratio of Transactional to Knowledge based work in European SSCs?



Is your strategy to shift from transactional to knowledge-based work?



What drives the shift to knowledge based work?



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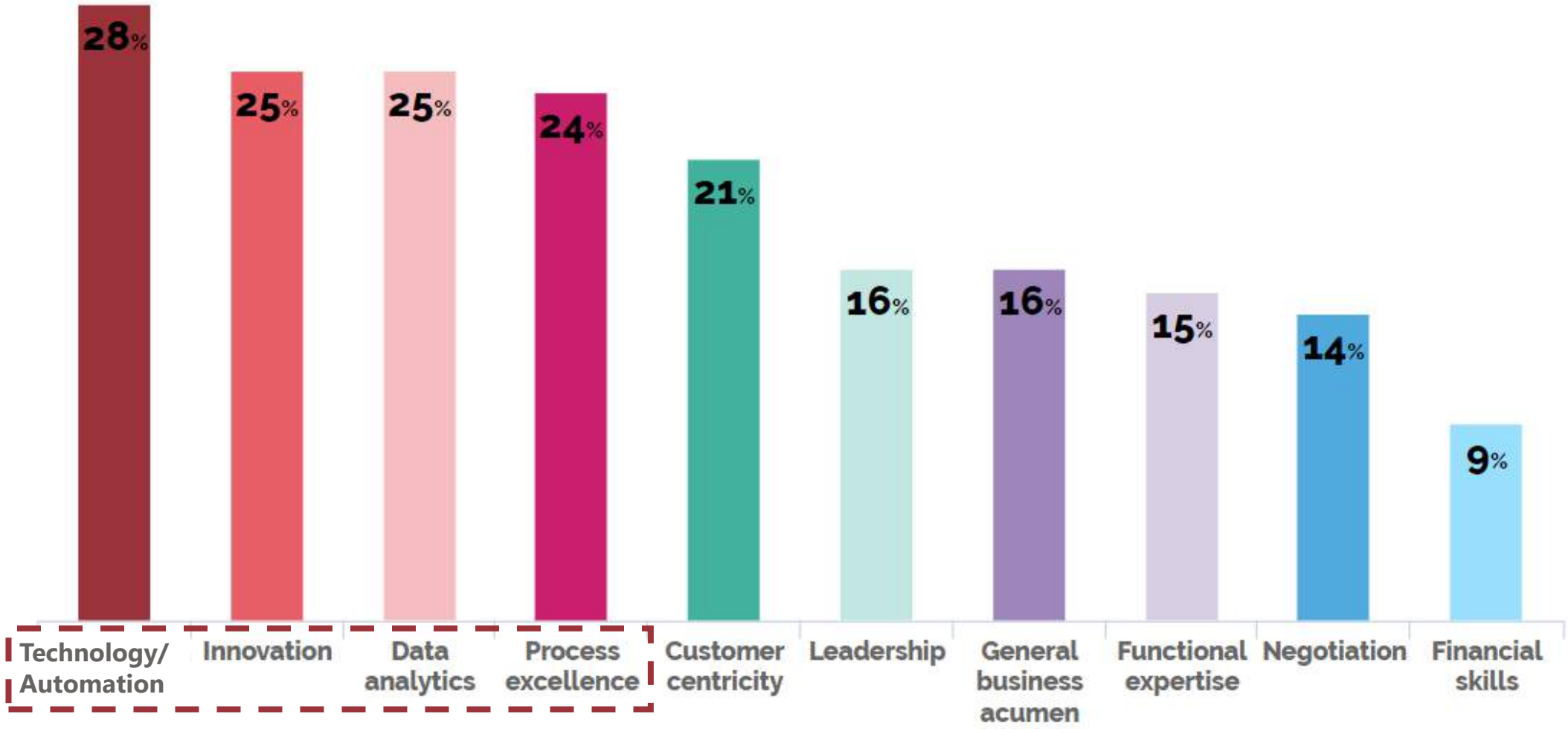
Source: SSON Analytics - Evolution of Workforce and Technology in European Shared Services Centres 2018, 7/2018

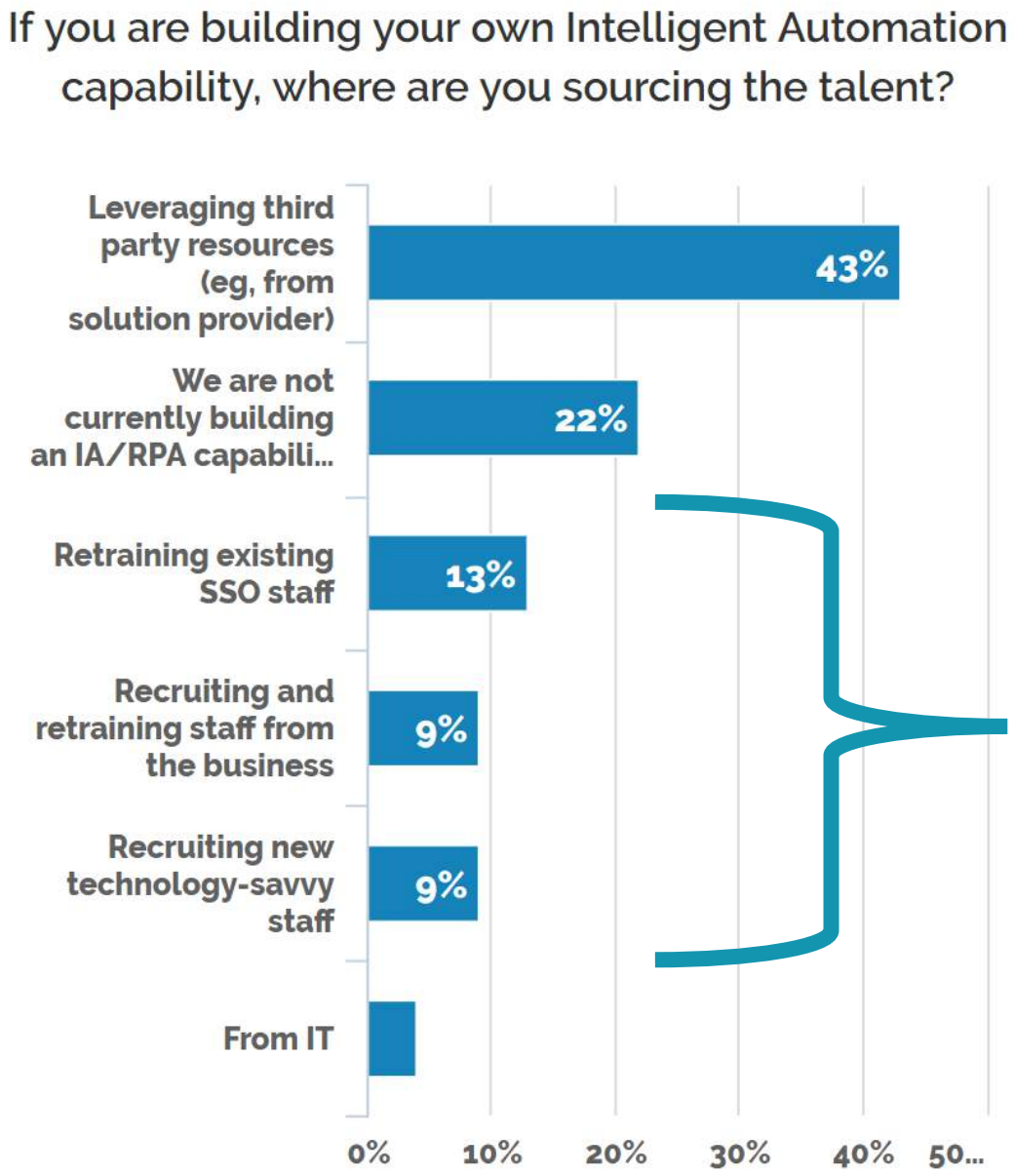
Talent Challenges

What are your areas of skill gaps?



Source: SSON Analytics - Evolution of Workforce and Technology in European Shared Services Centres 2018, 7/2018

Sourcing Talent



"We look for attitude and aptitude"

Whereas many vendors advertise "no technical knowledge needed", it speeds both training and impact

Digital Natives and Millennials are well suited for these roles

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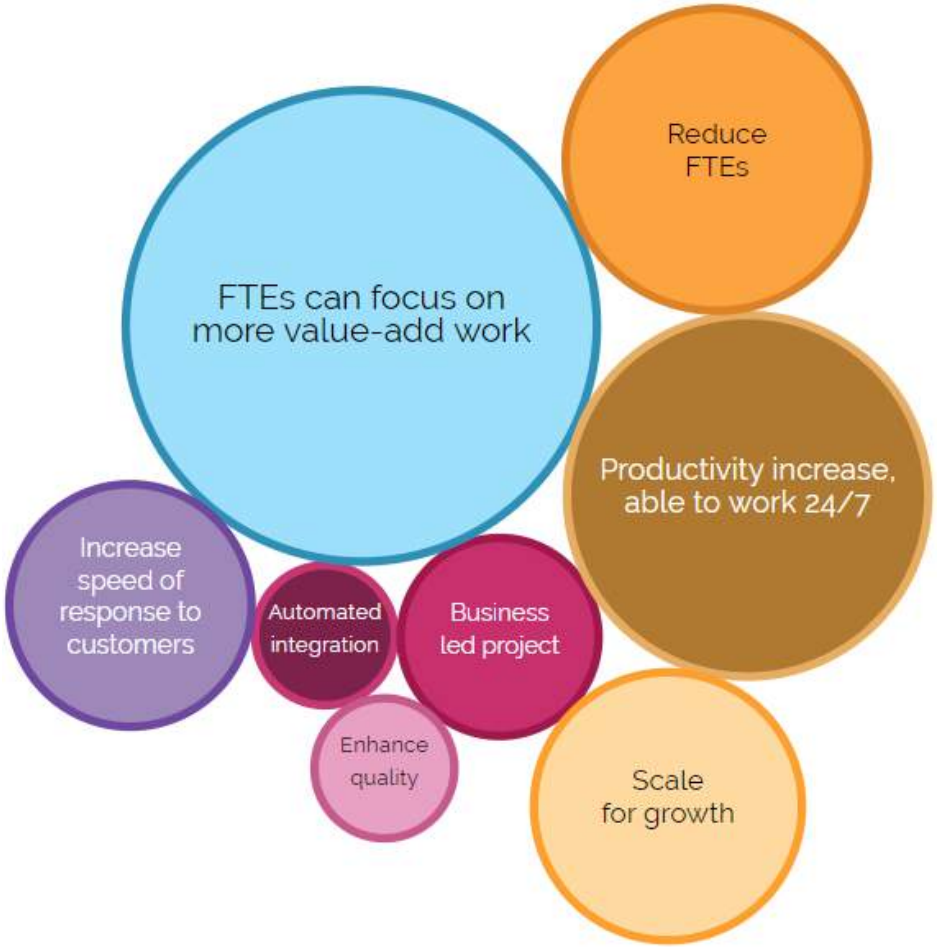
Source: SSON - Examining 2018 Trends in ANZ Shared Services Centres, 3/2018

Benefits

Key CoE Role: Continue to Educate



What are the benefits of intelligent automation (IA)?

- "Quality"
- "Speed"
- "Governance"
- "Flexibility"
- "Agility"
- "Talent retention"
- "Compliance"
- "Value insights"
- "Security"
- "Business continuity"

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Source: SSON – Starting on Your IA Journey, What You Should Know, 3/2018

Example Automation Roadmap

- Conduct interviews/ workshops with the financial services institution's leadership to understand priorities and pain-points
- Use the insights generated to select the "challenge space" and develop a vision for the business (expected outcome)

- Review existing process maps and conduct a deep-dive of processes, costs, and FTE requirements
- Develop a view of what needs to change/what needs to be true to realize a significant improvement in cost and quality
- Determine level of complexity for each process

- Develop hypotheses on how one or more emerging technologies can be applied to help solve the challenge
- Leverage in-house capabilities and/ or engage RegTech firms
- Design the operating model, business requirements, implementation approach, etc.

- Engage with financial services institutions (and RegTech firms) to develop and implement working prototypes in the organization's test environment
- Collect feedback on prototypes; test, evaluate, and assess applicability
- Implement governance/change management for test process

- Identify areas where the solution can be further scaled
- Develop the long-term RegTech adoption strategy for financial services institutions, including ROI modelling, change management, and governance
- Monitor RegTech implementation

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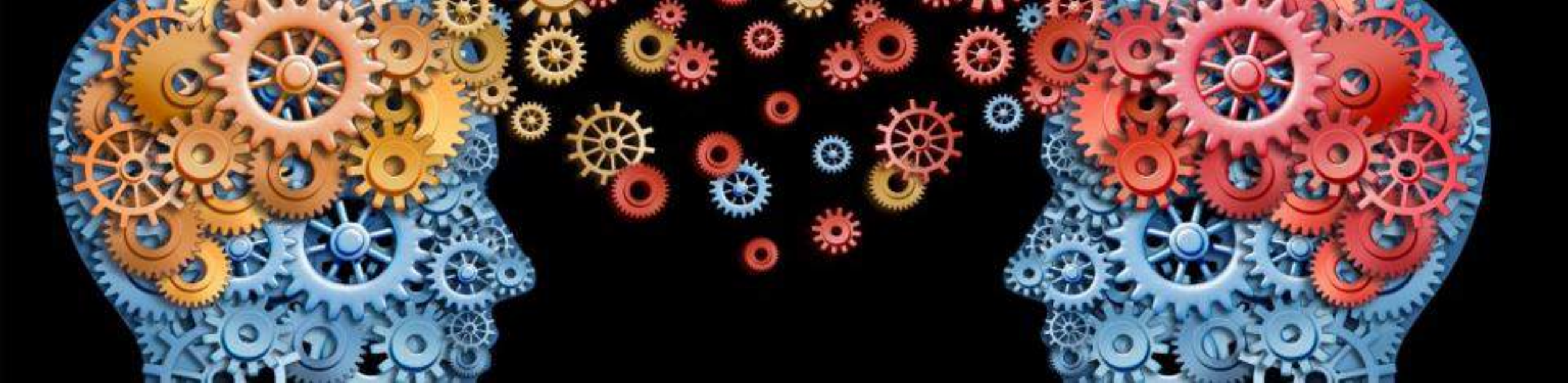
Source: The Future of Regulatory Productivity, powered by RegTech - Deloitte



Change management, PR, media relations & marketing

Exercise:

- **Where is your organization in terms of awareness and buy-in?**
- **What steps have you begun or imagined?**

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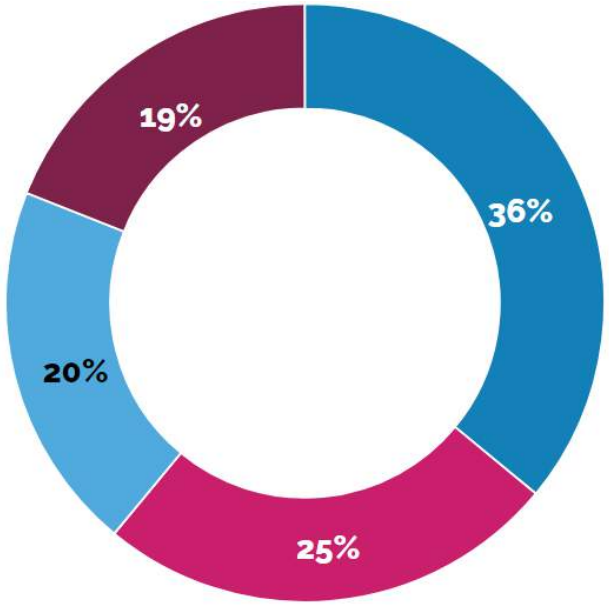
Help with the Journey

Internal vs. External

Building Automation Capabilities



- Reliance on third party to deliver solution
- Building internal capabilities by leveraging third party training and skill transfer
- Recruiting team members (internal or externally) to develop the capability
- We are not currently building an IA/ RPA capability

MODEL	20% IN-HOUSE	36% OUTSOURCED	25% HYBRID
CONSIDERATIONS	1. Executive sponsorship 2. Investment capabilities 3. Existing organizational grounding 4. Staffing 5. Strategy 6. Planning 7. Controls & audit	1. Immediate business pressure that needs to be addressed 2. Sponsorship attainment	1. Strategy and governance, which drives prioritization and benefits 2. Choice and implementation of technology 3. Management of production automation
PROS	1. Knowledge acquisition	1. Speed 2. Responsibility	1. Fewer political repercussions 2. Self-contained 3. Faster implementation
CONS	1. Start-up cost	1. Wins are not integrated 2. IT Governance 3. Knowledge retention and expansion 4. Resistance 5. Price	1. Not developing your knowledge 2. Contracting challenges

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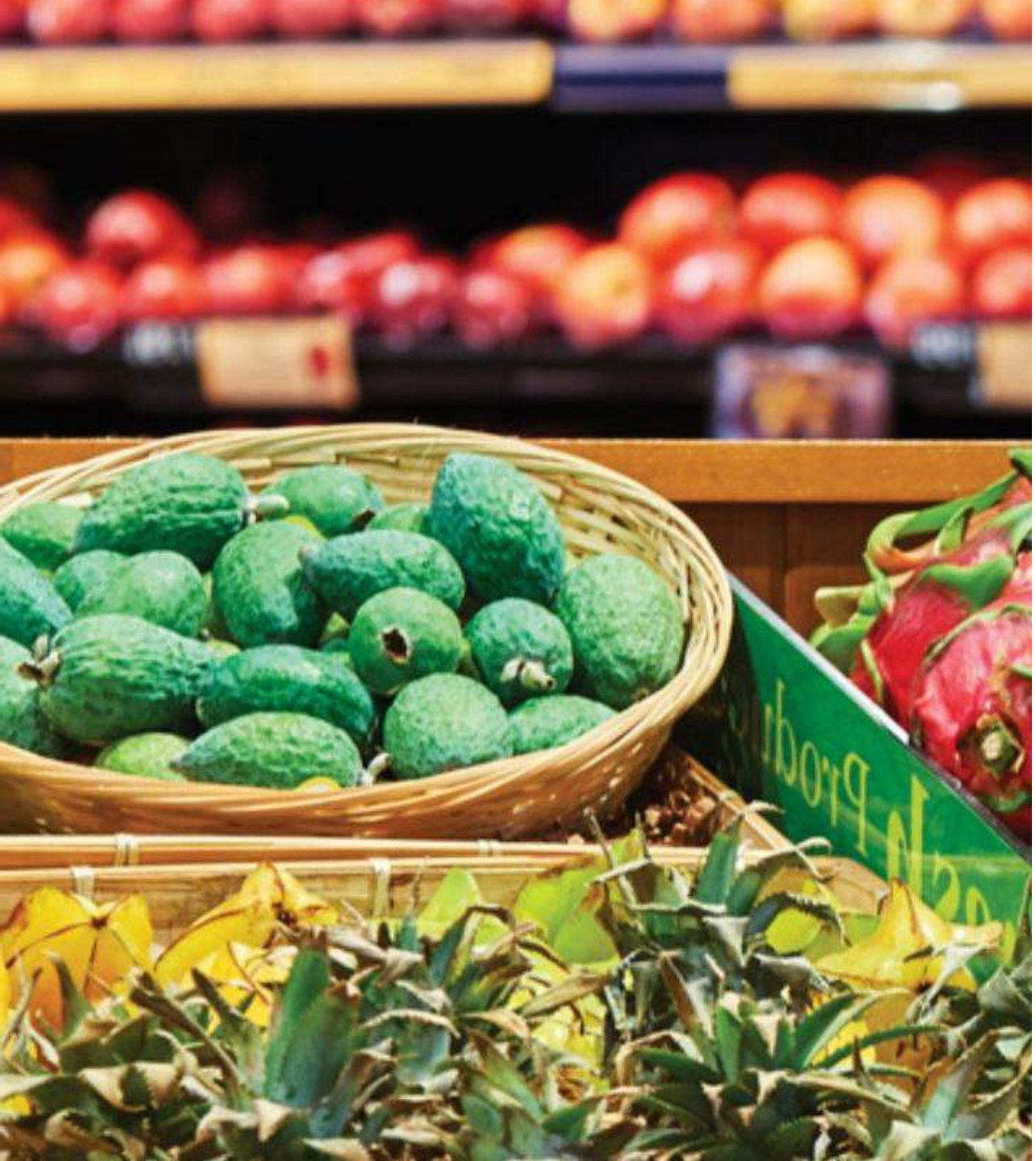
Source: SSON – Starting on Your IA Journey, What You Should Know, 3/2018

6 STEPS TO LAUNCH a COMPANY's RPA JOURNEY

1	2	3	4	5	6
Process Suitability Assessment	Proof of Concept / Pilot	Operating Model	Vendor Assessment & Tool Selection	Business Case	Automation Roadmap

We advise following a clear, simple, structured framework as the building blocks for a successful RPA journey with tangible benefits and well defined expectations



PHILLIPS EDISON & COMPANY

Recent Success

Chazey is currently engaged to help launch and grow the RPA program at Phillips Edison, initially focused on key areas of accounting to include billing, accounts receivables, collections, lease maintenance and monthly accounting entries.

Our work includes process assessments, process improvements, building robots, updating policies and procedures for a hybrid workforce, elaborating the suggested robotics operations model and building a business case for RPA growth.

Also includes knowledge transfer of process, methodology and technical approach for developing additional robots as their program scales to enterprise level.

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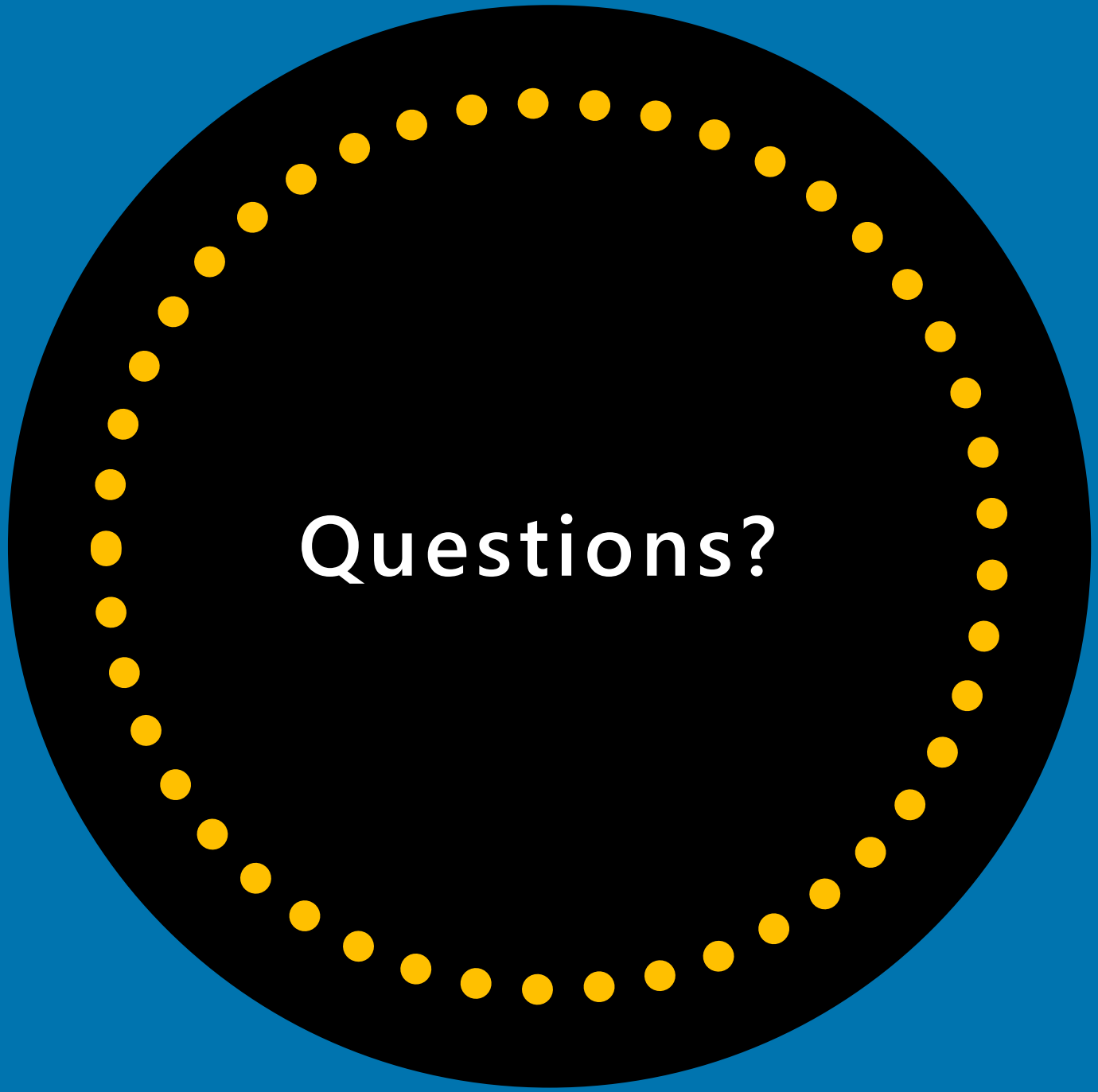

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Leverage Our Experience for Your Success

THANK YOU

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