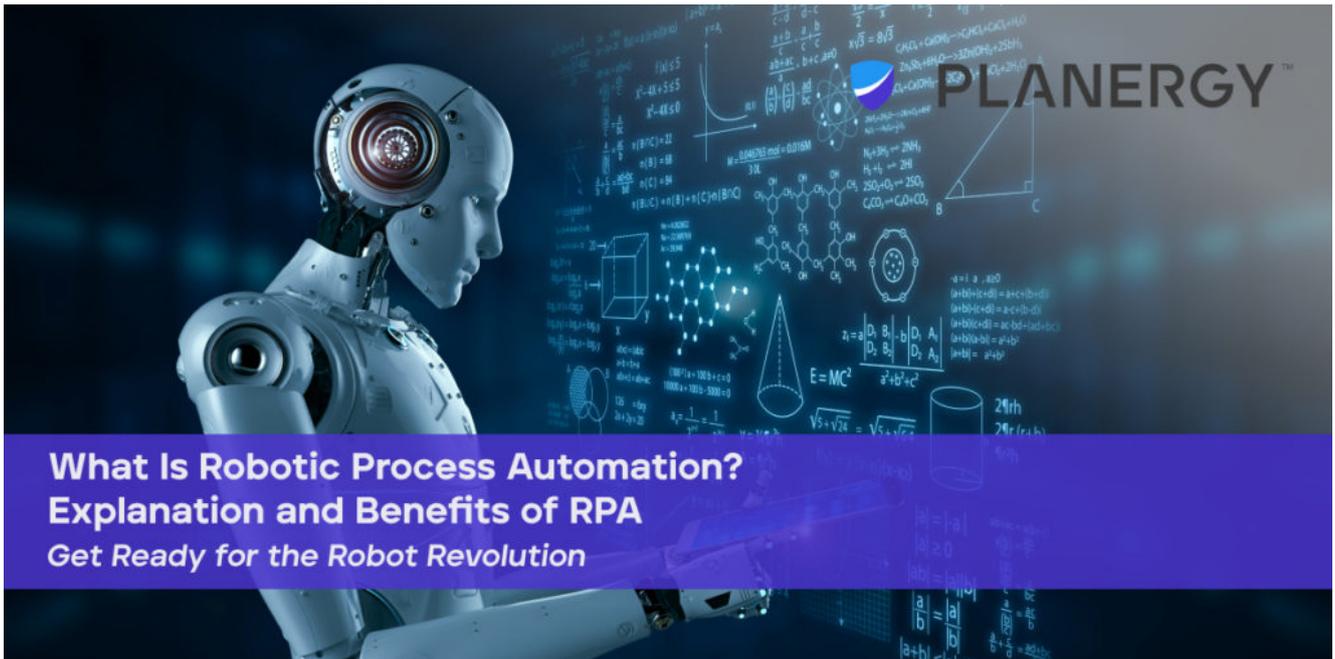


# What Is Robotic Process Automation? Explanation and Benefits of RPA



To take full advantage of the potential savings and increased productivity offered by digital transformation, companies around the world are implementing advanced, technology-supported process improvements as part of their strategies for growth and innovation. One of the most promising technologies designed to support continuous improvement is *robotic process automation*, or RPA.

Versatile, tactical, and easily integrated into existing software environments, RPA has significant value for those who understand its potential—and how to dodge the potential pitfalls that can make implementation a challenge.

# What is Robotic Process Automation?

While the word “robot” may conjure images that are more sci-fi than serious business, the “robot” in “Robotic Process Automation” is what’s known as a *software robot*, a type of specialized application used to record and execute a series of discrete but interrelated tasks (including human actions) in order to complete a larger one. Also known as *software bots*, these applications can be used to create a virtual workforce designed to automate and streamline high-volume, repetitive tasks, often removing both human error and the need for some or even all human intervention.

This frees your human workforce to apply their skills and time to more strategic, high-value tasks while simultaneously improving accuracy and speed on low-value ones.

Two different types of robotic process automation exist:

- **Independent RPA**, which requires minimal or no human intervention. Independent RPA is ideal for high-volume tasks that require high speed and accuracy. It can be further refined through the use of contingency programming to handle moderately complex tasks (e.g., automatic rerouting of a purchase order for approval if the primary approver is out of the office or otherwise unavailable).
- **Assisted RPA**, used for tasks that benefit from automation but still require some human oversight or are activated by human interaction. For example: a staff member creating a purchase order can click to automatically populate the form with information from the original purchase requisition to save time and effort while reducing the risk of human error; a customer service representative can retrieve customer order information with a single click and transfer it to a support work order without having to switch applications; an RPA bot can identify

unusual bank account activity and alert a staff member to review it and authorize overdraft protection, fraud investigation, etc.

Both types of RPA are enhanced by the use of artificial intelligence, which supports additional tech tools such as *natural language processing*, or NLP. By incorporating automatic analysis of both spoken and written input, NLP uses machine learning to improve user experience and improves workflow efficiency even further.

Some of the most common uses of RPA include:

- Single Sign-On (SSO) access for users throughout a company's software environment via a single user interface.
- Data transfers between connected applications.
- Email processing and automated responses.
- Document parsing and analysis to identify, retrieve, organize, or confirm specific information (e.g., contract compliance review).
- Deep analysis of historical vendor, company, and market data (particularly unstructured data) to produce insights and identify previously overlooked opportunities for expansion or innovation.
- Automatic monitoring and adjustment of inventory levels.
- Connecting diverse applications together through the use of Application Programming Interfaces (APIs)
- Automation of core processes within larger business processes, such as the automation of approval workflows within the procure-to-pay (P2P) process.
- Onboarding for staff (human resources) and vendors (supplier management) through automated, role-appropriate account creation.

*RPA is especially beneficial for procurement automation workflows. The procurement and accounts payable (AP) functions share many interrelated processes that can be readily streamlined and optimized through automation,*

*and since many are both high-volume and repetitive, independent RPA is a natural fit.*

## What Are the Benefits of Robotic Process Automation?

Research firm Gartner placed the estimated 2019 value of the RPA market at \$1.3 billion, and it's not hard to imagine that number growing even larger as more companies embrace automation as not just an asset, but a competitive necessity. Cost-effective, readily scaled, and versatile enough to easily connect (or replace) legacy systems, RPA software is a smart and user-friendly way to introduce automation technology to your overall business process management strategy. RPA solutions come in a variety of formats, from bespoke applications to modules within larger software suites such as PLANERGY's procurement solution.

As Desmond Tutu once famously said, the only way to eat an elephant is one bite at a time. For many companies, the elephant is digital transformation, and the biggest benefit of RPA lies in its bite-sized modularity. Rather than trying to optimize an enterprise-level process such as P2P in one fell swoop (which is more appropriate to *business process automation*, itself supported by RPA), companies can use RPA tools to create a digital workforce of numerous RPA-driven processes, with each tackling a different part of the process while working in concert to support overall optimization across departments, business units, and your entire company.

RPA offers a range of benefits to your business at all levels, including:

- **Substantial cost savings.** 2017 research by the Department of Management at the London School of Economics found that applying RPA to appropriate tasks created between 30 and 200 percent return on

investment (ROI) in the short term, with additional value generated long-term by reductions in waste, time, resources, and work hours.

- **Reduced risk exposure.** RPA implementation lets you monitor every step of the process being automated, providing total transparency and reducing risk accordingly. For example, using RPA technology to automate your purchase order process can reduce risk in several ways:
  - Requiring all spend to flow through a single central system, using approved workflows, connects buyers with the optimal vendor, pricing, and terms for any given purchase automatically.
  - Full spend visibility eliminates rogue spend and helps prevent invoice fraud.
  - From the original purchase request to the final routing of the purchase order to the vendor, minimal human action is required, reducing human error and its attendant risk.
  - RPA software is unflagging and obedient. It never takes a coffee break, and is largely immune to error (Murphy's Law notwithstanding). As a result, all automated processes are faster, more accurate, and more productive. In fact, you can even implement additional RPA bots to monitor process efficiency and compliance, provide real-time feedback, and support self-optimization—even in the wee hours when human workers have long since headed home.
- **Widespread, scaleable gains in productivity, quality, compliance, and efficiency:** Because they can be applied incrementally while working in tandem with other concurrent processes, RPA bots can, over time, optimize your organization's productivity and efficiency for both internal processes and those that involve interactions with customers, vendors, or corporate partners.

Cycle times for key processes such as invoices and purchase orders are slashed by automated data entry and three-way verification; production quality soars as parts are automatically sorted, reviewed, and tested more

quickly and accurately than humans could manage; automatic tracking and analysis not only support continuous improvement, but provide audit-friendly records that strengthen internal, industry, financial, and legal compliance.

As you may have already realized, RPA is especially beneficial for procurement automation workflows. The procurement and accounts payable (AP) functions share many interrelated processes that can be readily streamlined and optimized through automation, and since many are both high-volume and repetitive, independent RPA is a natural fit.

## **Implementing RPA the Right Way**

Like any automation technology, RPA has a few caveats to accompany its promise. For one thing, while it certainly has the potential to provide swift and far-reaching improvements to many businesses, it's not a one-size-fits-all solution. While a 2017 report from Deloitte found that 53% of organizations it queried had begun to implement RPA solutions (with 78% expecting to significantly increase their investment in RPA technology in the following three years), only 3% managed to effectively scale their digital workforces.

This disparity can largely be attributed to the failure of some RPA adopters to implement the technology in a manner that allows their organization to adapt to the changes in culture and workflows that come with the potential improvements.

In the same 2017 study, Deloitte found that those companies who managed to implement and scale RPA successfully shared certain commonalities in their approach:

1. They obtained support and investment from the C-suite and developed an implementation plan that included the time and training necessary to effect a shift in corporate culture, educating staff at all levels to gain an

understanding of, and buy-in for, the RPA process.

2. They developed a company-wide business process management system, which included researching the right software tools required to achieve the improvement sought, as well as investment in the creation of teams focused on leveraging both continuous improvement and tech such as RPA bots to address both specific needs and the broader goals of the organization.
3. They committed to RPA as a solution once they'd developed their plan, going "all in" to help support swift change and create a sufficient volume of RPA bots to begin producing a strong ROI as quickly, accurately, and efficiently as possible.

The secret to RPA success, it appears, is "making haste slowly." Choosing the right tools (including a purpose-made solution focused on your company's specific needs) matters, but so does investing in adequate preparation, education, and training to ensure your company embraces, rather than struggles with, crossing over to the robot-powered future.

## Will RPA Replace Humans?

Technology brings change, and like most changes, RPA has generated a certain amount of concern, manifesting most frequently as the fear that robots (software and otherwise) will eliminate human jobs completely. And while some media pundits claim automation may eliminate as many as half of all jobs in the United States in the coming decades, the truth is much less sinister.

While it's true that process automation will certainly reduce staffing needs in certain sectors and industries, the same change that led to the rise of process automation will bring additional changes to the marketplace—changes that will almost certainly lead to humans working in different ways, with different technologies, *alongside* robots. Like the Industrial Revolutions that preceded it,

the age of Digital Transformation is one that holds more promise.

And, quite simply, there will most likely always be jobs that simply aren't suited to RPA bots; while robots excel at repetitive and high-volume tasks like calculations, data transfers, and simple multi-step chains, uniquely human traits like imagination, intuition, and innovation will steer the future more toward *Star Trek* than *Terminator*.

## **Make RPA Part of Your Strategy for Success**

Robots have a big part to play in the future of process improvement, and knowing how to leverage their potential for maximum ROI is an essential part of a successful competitive strategy. By investing in both the right tools and proper preparation and strategy, you can put RPA to work to produce higher productivity, lower costs, and a stronger bottom line for your business.

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