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Improving quality, cost and compliance with IPA to enable a new wave of operational transformation

The typical Australian workplace is going to look very different in the coming years. Even before the enforced changes induced by multiple phases of lockdown and working from home guidelines, the country's job market was already in a state of transition¹. The combination of a digitally advanced market and geographical isolation limiting access to talent has meant business decision-makers have had a greater compulsion to explore where automation can support better business outcomes.

The impact of this transition is yet to reach its tipping point. Over the course of this decade it's estimated we'll see around 1.5 million current jobs phased out by automation and **1.7 million new jobs created**. This radical reshaping of the workplace will cut deep into long-established processes, notorious for being overly-manual, inefficient and time-consuming to execute, bringing a broad range of opportunities to reduce organisational spending, lower risk and improve operational efficiency.

Intelligent Process Automation (IPA) will be a key component of this transition.

¹<https://cica.org.au/wp-content/uploads/cisco-future-of-australian-jobs-report2019.pdf>

Why is IPA relevant?

IPA is an evolution of the Robotic Process Automation (RPA), which has been phased into business workflows over recent decades to automate manual work. It uses AI-based technologies like machine learning, optical character recognition (OCR), computer vision and natural language processing to enhance the capabilities of human workers.

IPA enables organisations to automate decision making at scale, lowering the cost of operations and continuing to drive efficiency over time. Any process-oriented role, such as administration, compliance or customer service, will likely contain a multitude of repetitive tasks to be performed on a daily basis. IPA takes the robot out of the human by automating routine tasks that still sit within the employee's supervision. By embedding IPA alongside human involvement, business leaders can help reduce the reliance on human performance of rote tasks and lead the organisation towards improving operational quality, speed, employee experience and, ultimately, customer experience.

In this respect, process automation isn't an end-to-end replacement for human involvement. Instead, attended bots are applied in situations where the entire process can't be automated and require human interaction. In such cases, the actions of software bots are triggered by system-level events that interact with human workers for data inputs and outputs.

The potential use cases for IPA are vast. Within an organisation, decision makers may find value in applying IPA for tasks such as processing data ingestion and input, identifying and reducing process bottlenecks, handling exception, increasing speed of response and improving agility in processing time. These attended use cases put the power of automation into the hands of business users.

While the advances in AI and data-related technologies have clearly been a driving factor, the interest in IPA is being largely motivated from a problem-based perspective. Across sectors, enterprises are facing up to deep-rooted challenges in core areas such as the cost of operations, the accuracy and predictability of process outcomes, and the business' ability to adapt to changing compliance requirements. The need to get these processes right the first time, every time, all the time requires the support of deterministic software that augments what a human is able to accomplish alone.



What are the outcomes organisations can expect from adopting IPA?

COVID-19 exposed what many have taken for granted – that moving goods and services is fragile and easily interrupted. Global instability, supply chain disruptions and social distancing are just some of the pressures leaders currently face. We've already seen structural changes in how businesses operate and how they can stay responsive and relevant to customers. The strategies for addressing these changes each need to be embedded at a process level. Understandably, improving the efficiency of operations has become a priority².

To this end, IPA can support the design and creation of end-to-end processes that offer dramatic improvements to process accuracy and quality by removing the potential for human error across a range of routine tasks such as data processing, claims administration and help desk operations. By optimising human capital, the organisation can reduce cost by reducing the need for manual interventions, such as in data consolidation and inputs, and make possible flexible and resilient operating models to compete in the digital age. When done right, IPA can create opportunities for greater cost saving and enhanced accuracy alongside increased visibility and auditability.



Reduced operating costs

The uncertain business climate is bringing to the fore the need for greater certainty in cost requirements. Executives are seeking to address the cost of operations and find new areas of efficiency that can relieve cost pressures, prompting greater interest in automation. Using intelligent automation and intelligent workflows, enterprises can simplify, standardise and improve processes in order to eliminate frictions, improve operational performance and cut costs. **Gartner** predicts that by 2024, companies that leverage automation and intelligence will reduce operational costs by nearly 30 percent.

Examples of where cost efficiencies can be realised include healthcare. Working with a leading healthcare provider, we designed an intelligent automation solution to digitally transform numerous business functions, including how they processed up to 100,000 health insurance claims per day. By deploying bots via the cloud, we saw claims processed 600% faster with a 99% success rate and 2.5x ROI over the assessed timeframe.

²<https://www.gartner.com/en/newsroom/press-releases/2020-08-11-gartner-says-cios-must-tackle-next-set-of-business-challenges-from-covid-19-to-sustain-their-organizational-credibility>



Reduction in error rate

Uncontrolled variation is the enemy of quality. For any process that's established, business leaders want to have confidence that it will be executed within a narrow range of predictable outputs. By adopting a strong control framework with detailed visibility across the lifecycle, the risk of extreme variance – and the consequent risk of error – can be virtually eliminated. Every step in the process, every activity performed and all sources of data have a digital audit trail, which offers supervision and testing controls as added lines of defense. This level of standardisation can help produce greater process accuracy, improve outputs and deliver better customer service. It can also empower employees to focus on higher value work.

We've seen companies that have applied such control frameworks achieve meaningful savings from plugging revenue leakage in order processing to 40% reduction in handling customer disputes/invoices investigations over the assessed period, beating industry benchmark of 13 days. Other organisations have also found up to 99% first-time accuracy over the assessed timeframe by leveraging digital workers. These improvements help employees to see value of reimagining and simplifying processes, which in turn can improve perceptions on the value of transformation and help increase technology adoption.



Greater visibility and compliance

The implementation of IPA is underlined by the need for a more transparent and predictable working environment. Given the recent waves of regulation, companies are now being held to much higher standards in terms of how they manage responsibilities around the protection of customer data and company sensitive information, along with growing risks around fraud and cybersecurity. It can be difficult to verify that the company is meeting the threshold on these priorities in an opaque environment. Improving process compliance and managing risk obligations through automated processing enables all activities to be automatically logged, creating a chain of transparency to support compliance efforts.

Not only does this approach reduce risk, but it can also support a vast reduction in cost associated with compliance efforts. We've seen a major life sciences company reduce end-to-end cycle time by up to 30% and improve regulatory compliance up to 96% over the assessed timeframe. In addition, a major U.S health insurer used Cognizant's bot analytics dashboard to enhance transparency and reporting, enabling savings forecast of approximately A\$20million on 30 million claims processed.

How to maximise the returns on IPA investment

As with any automation endeavour, there's a necessary requirement to link investment on IPA to tangible returns in order to get senior stakeholders on board with the change. Here are three ways organisations can maximise the value of IPA and potentially achieve a high ROI on their automation spend.



Find appropriate technology use cases to focus on

Enterprises can find opportunities for dramatic cost reductions by making small efficiency gains on high volume activities such as claims processing and resolution, payment settlements, customer onboarding, and credit card limit reconciliation. Conventionally, these were intensely manual, laborious and error-prone tasks. As a result, even small automation improvements can return large savings very quickly.

For example, working with a company in the financial services sector, we applied IPA to help validate fraud claimed by customers using account information and to gather all the needed data from 19 applications to provide holistic, intelligent, and real-time inputs. This has resulted in faster reclamation for customers and reduction of incorrect fraud claims, which has in turn helped improve customer service and outcomes.



Choose processes that are going to be scalable and deliver value back to the business

The case for modernisation is understood across most large organisations. What's still often undefined is the path they take towards modernisation and the trade-offs that can be made to get there as quickly as possible. Waiting for a multi-year strategic replacement of a core IT system incurs massive opportunity cost and offers little in the way of assurance that the programme will keep pace with the fast-changing business environment. Enterprises may find they are better to focus on opportunities for automation that can be applied to existing infrastructure, process, and even individual tasks to get fast results.



Focus on quick access to skilled resources

Modernisation brings with it a need for talent. Longstanding challenges around the availability of human capital in the ANZ market are currently being compounded by restrictions on short-term working visas, bringing the risk of skills gaps and project delay³. IPA can help to fill these gaps by optimising existing workforce productivity and adding capacity by reducing the resource burden for mundane and repetitive tasks. At Cognizant, we use a hybrid onshore-offshore model to make sure we have access to the skills we need, whether here in Australia or tapped from other markets.

³<https://e-visa.co.uk/australia/corona>

Supporting the digital shift

The opportunities for automation are different in every organisation, depending on a range of factors such as the maturity of its workforce, the unique characteristics and regulatory requirements of its sector and even the CRM or ERP systems that's underpinning the organisation's digital strategy. No single approach or blueprint can be copied from one organisation to the next and so a bespoke approach is essential.

We support our customers in designing and applying IPA by drawing from our deep vertical domain knowledge and our cutting-edge technology, process and change management expertise. By partnering with IT and operations, we can assess the effectiveness of existing processes, evaluate and recommend the right technology to reach the organisation's goals and simplify, streamline and integrate systems to drive sustainable and scalable change into processes and operations.

As a partner we can help to deliver business results today aligned to organisational objectives around efficiency, productivity, speed and cost reduction, helping the organisation to accelerate its shift to digital and maximise its automation potential.

To find out more about how we've helped companies to automate lasting change at scale and deliver ROI on their automation spend, read our full case studies [here](#).

About the author



Peter Whitaker heads up Cognizant's Intelligent Automation practice in ANZ which provides end to end consulting, automation and analytics services to many of Australia's largest organisations, combining RPA tools such as Blue Prism, Pega Robotics, UiPath and Automation Anywhere with leading edge OCR, AI and ML technologies. Peter is an industry expert in the intelligent automation space with over 20 years of experience in front-office and back-office robotics process automation. He has designed and delivered robotics solutions to enterprise customers in the US, Europe and throughout the APAC region – including establishing robotics capabilities at some of Australia's largest companies including the banking and telecommunications industry.

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About Cognizant

Cognizant (Nasdaq-100: CTSI) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 185 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.



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