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# Automation is Back with a Bang!

A research study of 500 Global 2000 Enterprises by HFS Research in partnership with Infosys

SEPTEMBER 2022

# Foreword

**A pinch of automation, and a world of change…**

BPM as an industry is at the cusp of a colossal change with some distinct and unique trends emerging in the last two years. Hybrid working models, insights driven transformation, and an increasing appetite for automation, are a few driving factors for this accelerated change. One trend more evident than others, is the impact of intelligent automation on business processes and customer experience.

HFS and Infosys in collaboration with Infosys digital first enterprise services, curated a research study to understand this tectonic shift even better. This was driven by my thought that "Till we get past the notion that intelligent automation is a MUST DO, it will never become the WAY OF DOING that it has the potential to become." Hyper-automation programs delivered the right way, can be a gamechanger.

We strongly believe that automation will eventually amplify human potential manifold and create the next opportunity in redefining Business Process Management. We are excited to present this research study led by HFS, that offers a strategic view of the future trends for automation and aligns with our belief in a client-centric growth vision. The industry as a whole is also synchronizing to this vision . Recent global events have played a crucial part in making intelligent automation the epicentre of digital hyper growth for most organizations.

While automation has always amplified human potential in the BPM Industry, it is only coming of age to become a business priority. The pandemic further amplifies the importance of human-AI+IA collaboration as the best possible risk mitigation. Employing Intelligent Automation, Process Mining, AI based Machine Learning and Data Insights together will broaden the scope of digitization and create a Hyper Automation ecosystem. Going forward, more will be empowered with sustainable automation to mitigate talent crunch, thus democratizing automation skills.

Drawing insights from a global survey, this research amalgamates varying perspectives of more than 500 Fortune companies, and over 2000 industry thought leaders and our esteemed clients to bring you insights of utility. I hope that this publication will assist you in shaping the journey of automation in your organization.

**Anantha Radhakrishnan**
CEO,
Infosys BPM

**Automation doesn't dictate why we do things; It must dictate how we do them**

10 years since HFS introduced RPA to the industry (see link), and we're finally focusing on automation as a value-lever that drives business outcomes. The pandemic has shifted the automation focus from creating efficiencies in the back office to delivering immediate business impact, where talent shortages can be overcome, where digital workflows can operate despite broken supply chains, and where businesses can function effectively in the virtual business environment.

Moreover, smart business leaders have realized that automation is a mindset and a discipline that needs to be ingrained into every business practice. It is not why we do things; it's how we do them. Automation makes what we have function effectively without needing constant human attention and manual workarounds. And the better we understand automation, the more autonomous it can become to drive genuine artificial intelligence interactions and processes in the future.

If there's one thing the pandemic taught us, it's been the necessity to re-think processes to get the data; what should be added, eliminated, and simplified across our workflows to source this critical data. And there is simply no option but to plan to design processes in the cloud using web-architected applications. In this virtual economy, our global talent must come together to create a borderless, completely digital business ecosystem where we can connect with other organizations that share common goals and purposes. This is the true environment for real "digital transformation" in action.

In partnership with Infosys, this research sets out to understand how enterprise mindsets towards automation have changed over the pandemic and the extent to which enterprises have developed joined-up automation disciplines. We dig deep into the current state of automations across major organizations to understand how they intend to get more from existing investments and their future plans as their automation disciplines mature.

As I reflect on the research, what hits me the most is that 70% of automation leaders admit they are still novices. It seems the more they learn, the more they realize they need to know. We're only at the start of a long journey for the majority of today's ambitious organizations, and selecting the right partners along the way to help them design, implement and learn from automations across their businesses is so important.

**Phil Fersht**
CEO and Chief Analyst,
HFS Research

# Contents

# Executive summary (1/2)

Sustained energy and a renewed commitment to enterprise automation are evident, as more than 500 Fortune 2000 executives revealed in an HFS research study conducted in partnership with Infosys. Let's take a look at some of the key findings:

Big post-pandemic rebound for Automation. COVID slowed automation initiatives for 65% of respondents and caused some reprioritization for IT resources. But today, over 70% of respondents say that automation is now an increased priority with stronger C-suite sponsorship.

Enterprise leaders want digital modernization, but Automation is still too focused on cost and efficiency. Over 75% of respondents reported cost, efficiency, and productivity among the top 3 objectives for Automation. When the vast majority of projects are simple or moderate and measured with efficiency and cost metrics, that is what they produce. This is the disconnect: What business wants is growth and revenue, but Automation is predominantly serving up a lower cost.

C-Suite wants business impact with Automation, while middle-management focuses on productivity. The C-Suite is overwhelmingly clear they want to see significant improvements in business outcomes from automation initiatives (73%) compared to their middle management peers running the engagements who are more focused on productivity measures (64%). The C-Suite also is more concerned about the positive impact on employees, such as freeing up their time to focus on higher-value activities (51% compared with 42% of middle management).

Headcount reduction with Automation has lost relevance. Where both leadership and middle management agree that headcount reduction is a relevant outcome of Automation, with only a fifth seeing this as a measurement of success.

Automations are now at a serious investment level. 25% of companies are spending more than $25m per year on automation initiatives. 49% of total investment is in services (51% in product). Three quarters are planning to increase investment in the next 12 months.

Automation has now become a lot more than merely RPA. RPA is the most common automation tool, but investment is up across the board in process mining, digital assistants, natural language processing, intelligent document processing, machine learning and even deep learning.

The software makers are failing to deliver customer success. 87% respondents say that more value is needed from current investments. Only 6 in 10 initiatives are meeting expectations. As much as 60% of purchased licenses are sitting as shelf-ware.

Enterprises are adopting more meaningful success metrics. We aren't talking about the number of bots deployed or headcount reduced nearly as much. Good measurements are available for a variety of far better metrics like IRR, working capital, days outstanding, net promoter score or cost per transaction.

Staff are adopting and embracing Automation like never before. But talent crunch is the #1 issue. Internal development and training are the primary response, external hiring next and using gig/3rd party service providers third to meet the talent crisis.

The C-suite is taking sponsorship seriously and mandates are handed out. The IT and ops execution teams are aligned. The problem lies in a clear lack of accountability.

Majority of automation leaders are only at the start of their journey. 70% of respondents self-rated themselves as automation beginners. Only 9% emerged as automation champions and offer vital lessons to drive success.

Over 30% of clients have reported lack of Organizational clarity, **accountability, governance, and required investments** to scale the Automation initiatives, as impediments to meeting C-Suite expectations

# Executive summary (2/2)

Business has been doing Automation for a while and it is showing some results. But success is at best middling. What is going on? Why are organizations having a tough time?

Something is fundamentally wrong. The mismatch is in the basic approach. Automation is not a strategy, it is an enterprise capability. Automation capability *can accelerate and improve aspects of core business strategies.* It is an enabler; albeit a very powerful one.

## Until we get over this notion that Automation is a thing we must go DO, it will never become the WAY OF DOING that it can become.

Below, we will dive into more detail around some surprising, and not so surprising findings in the survey and pause from time to time to think about other questions. All the while, keep this BIG IDEA present in your mind… with which core business strategies should I embed automation capability **first?**

# Section 1

## Post-Covid, Automation is Back with a Bang as focus shifts to immediate business impact

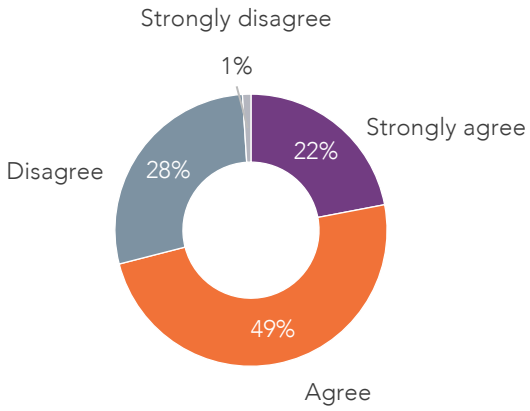
There is no question that business, particularly global enterprises, have been tested in the last several years. The question of COVID's impact on Automation is now much better understood as well. 65% of respondents agree that COVID did have a negative impact as priorities shifted, while the other 35% said COVID did not negatively impact their automation efforts. Regardless of whether the pandemic was an issue, focus is returning. Over 70% of respondents say that Automation is now an increased priority with stronger C-suite sponsorship (see Exhibit 1).

The implication is two-fold:

1. **Non-essential Automation has been put on the backburner.** For some, the pandemic halted every nonessential activity while crisis management went into full swing to - first and foremost - ensure the survival of the company.
2. **Automation has become a key discipline where it has immediate business impact.** For example, banks that had to "pause" millions of student loan payments, Automation became a lifeline. For others, such as healthcare related organizations that had to implement track and trace metrics in days or weeks, the automation team was at the ready and immediately went to work. In addition, how does a consumer products firm take data from legacy supply chain systems into an Amazon environment – it's not the sort of thing you can solve overnight. You literally can't operate seamlessly in the virtual economy if you don't have the tools to link the old with the new, and automation tools must be part of the toolbox to make an immediate impact with the suppliers and customers which are the lifeblood for survival in a world where supply chains are falling apart at the seams, customer needs are immediate and stitching together processes from the front to the back office is the only way to function in today's hyperconnected markets. These things would not have been possible just a few years ago.

**Exhibit 1:** Automation is back with a bang

"Automation is now an increased priority with stronger C-suite sponsorship"




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Automation has been put to work solving immediate business needs in a very dynamic environment. One CIO of a life sciences enterprise told us, "I will keep finding new automations till I die".

# Cost reduction, operational efficiency and productivity dominate automation teams, however the C-Suite really wants business and employee impact

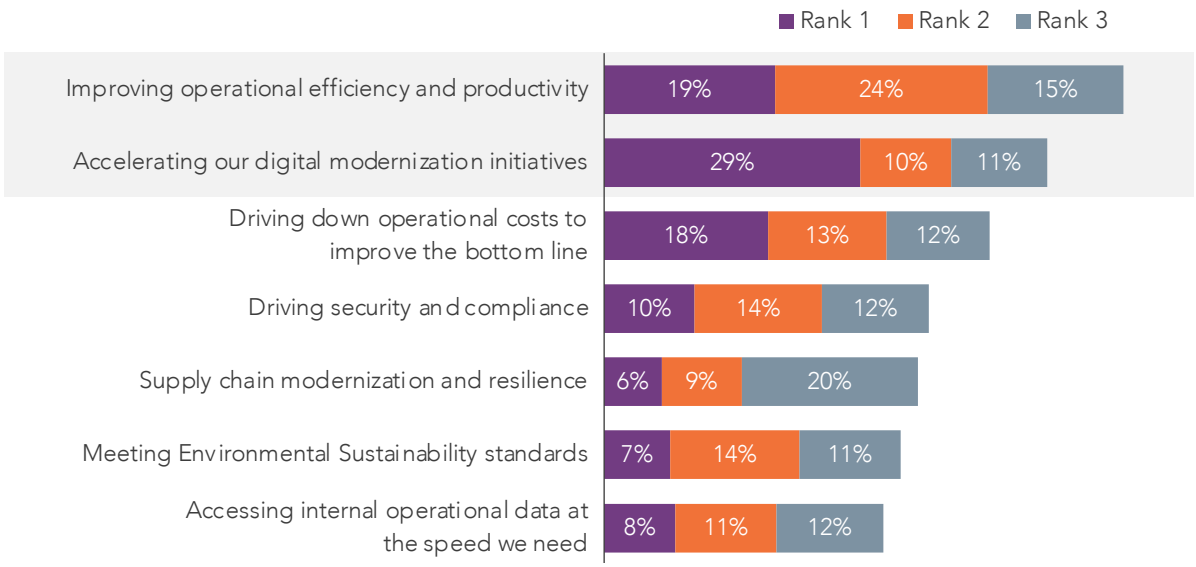
Not surprisingly, the priority of business has been largely to simply ensure survival during the pandemic. Rapid, volatile fluctuations in revenue, cost, customer base and the ability simply to operate the business are - and have been - priority one. As we emerge from pandemic, the economic headwinds of inflation, commodity shortages, geopolitics and supply chain complexity continue to plague businesses, but the need to modernize businesses to operate virtually in the cloud has never been so critical, hence the highest ranked priority is accelerating digital modernization initiatives (see Exhibit 2).

With cost productivity, resources are freed up to tackle new and dynamic business needs and customer supply chain is functional. The next logical step is to look at core operational business metrics. So, it is not surprising at all that cost first and business outcomes lead the way in how we measure automation success (see Exhibit 3). We also have nuanced ways that we think about cost and measure cost impact. The leading measures of automation projects are:

- Cost. While we might say them differently, the four below are all about cost reduction
  - Productivity measures
  - Operational cost savings
  - Hours returned to the business
  - Financial measures (ROI, IRR, etc.)
- Improvement in business outcomes (business SLAs)

**Exhibit 2:** Cost reduction and productivity are still major operational priorities but digital modernization is becoming critical for many firms

Rank the 3 biggest operational challenges that your organization is facing?

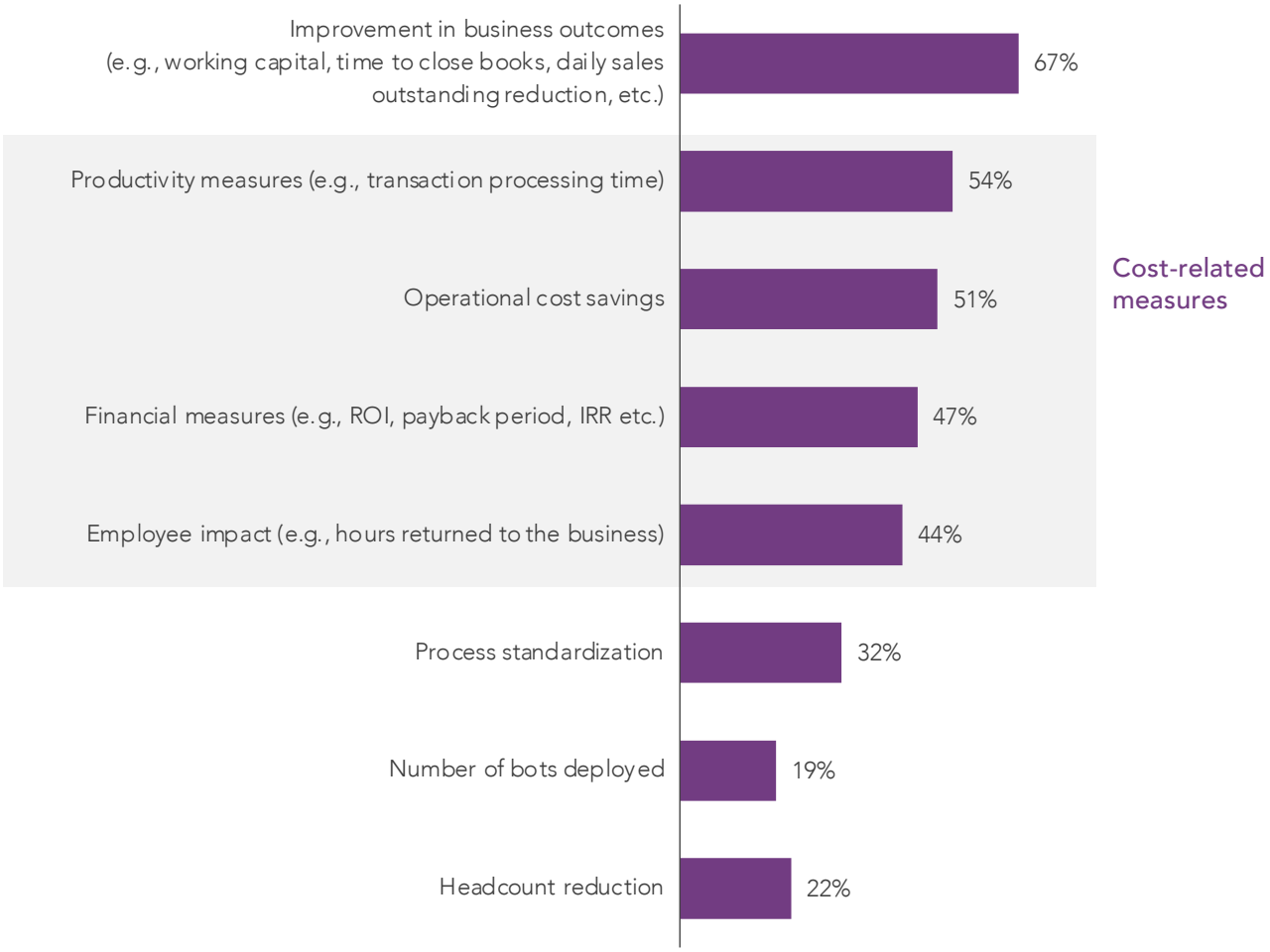



Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

When these related cost measures are taken together there is no question that Automation's ability to impact cost in all of its myriad forms are first priority, and effectiveness second. A great deal of flexibility can be infused in business when there is a strong productivity pipeline. It enables people to peel off from other core duties to work on emergent needs.

**Exhibit 3a:** Enterprises want their automation initiatives to drive cost impact and better business outcomes

How do you measure the success of your automation initiatives?

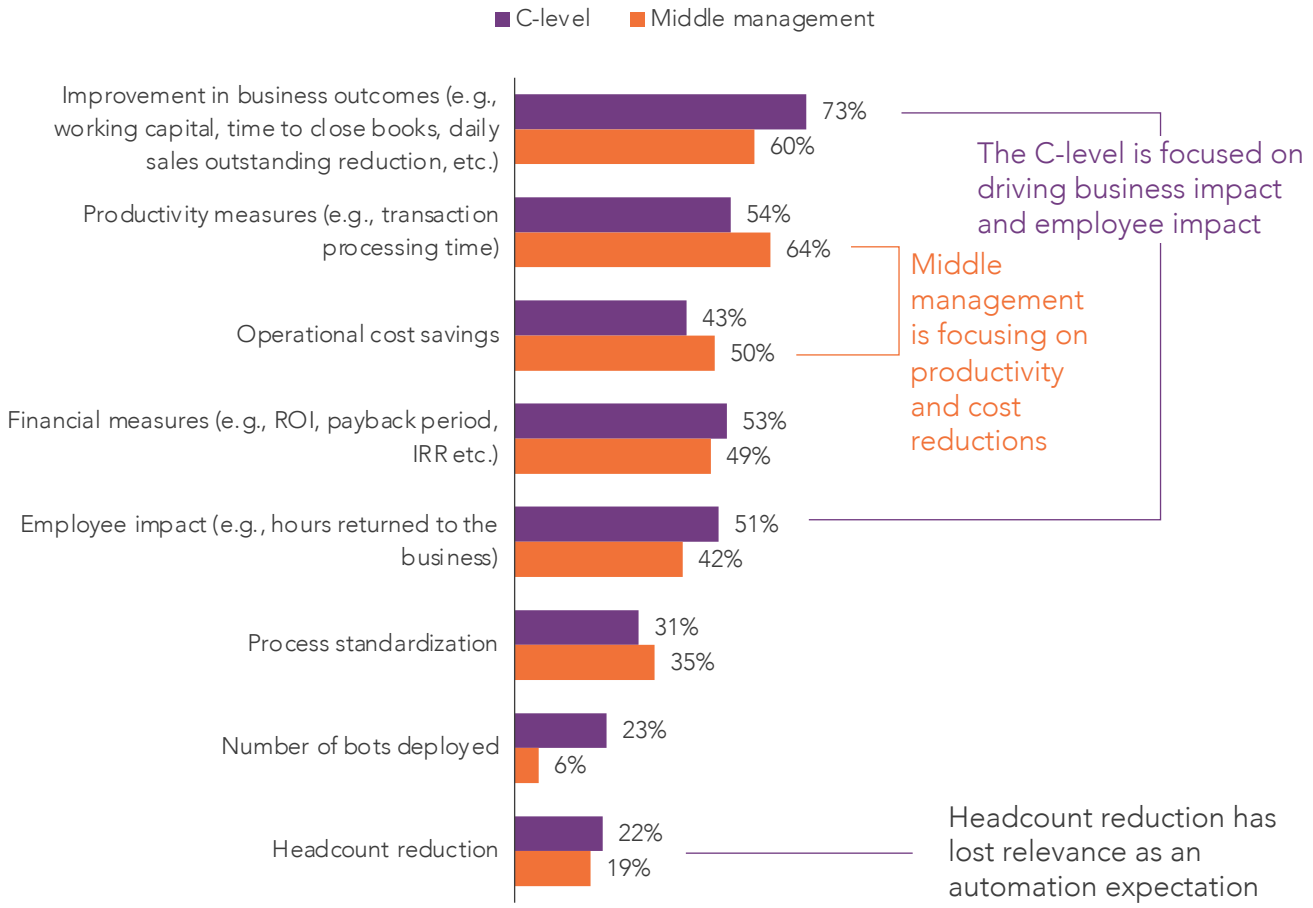



Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

However, when we compare success measurement for Automation between the C-level respondents and middle management, there are noticeable differences:

**Exhibit 3b:** C-Suite much more focused on driving business and employee impact; middle management on productivity and cost savings

How do you measure the success of your automation initiatives?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

In effect, we are witnessing a significant divergence of desired goals between leadership and their middle-management. The C-Suite is overwhelmingly clear they want to see significant improvements in business outcomes form automation initiatives (73%), compared to their middle management peers running the engagements who are more focused on productivity measures (64%). The C-Suite also is more concerned about the positive impact on employees, such as freeing up their time to focus on higher value activities (51% compared with 42% of middle management).

Where both leadership and middle management agree that headcount reduction is a relevant outcome of Automation, with only a fifth seeing this as a measurement of success.

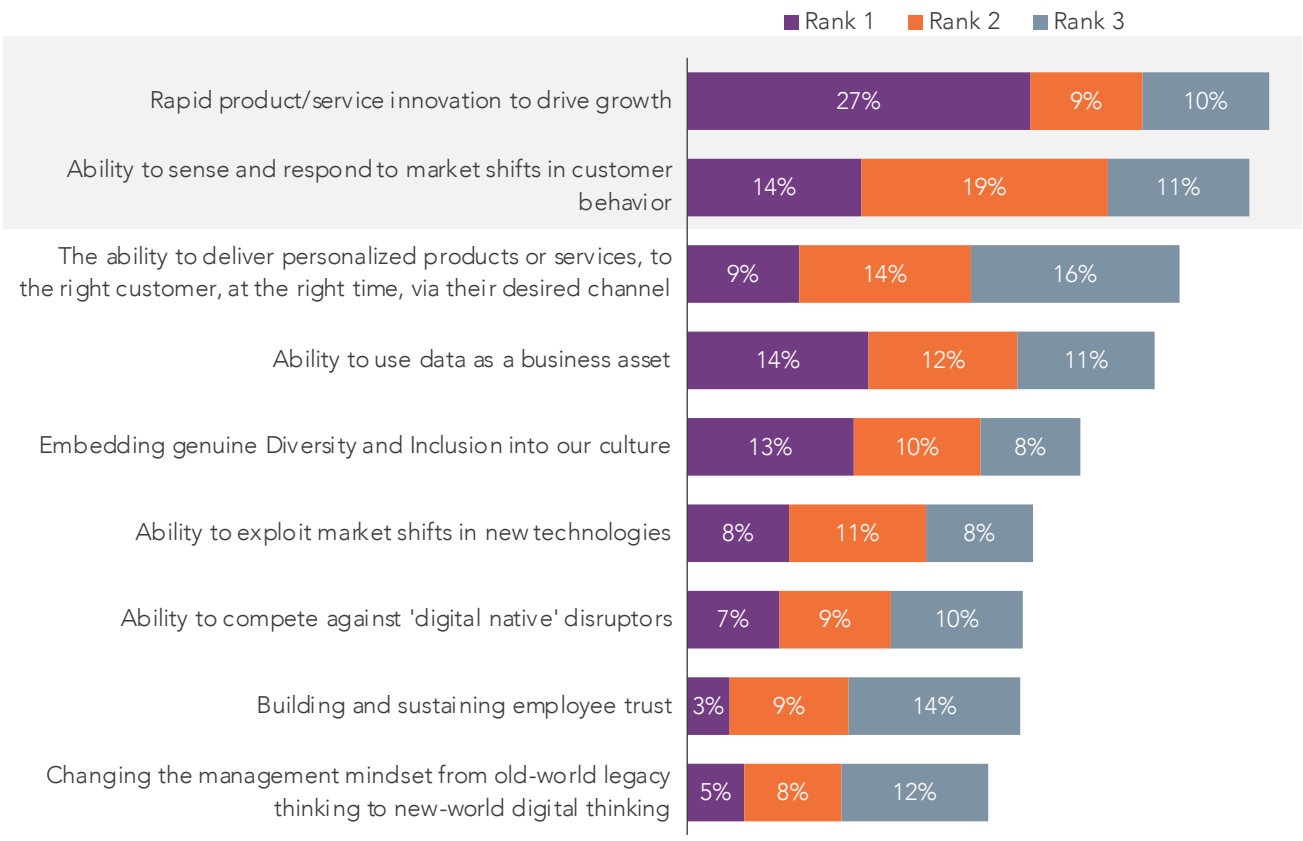
# Leveraging Automation to address strategic business challenges remains the holy grail

After core operational challenges are attended to and business survival is more certain, the next horizon are the set of core *business* challenges. Never before have things been changing so quickly. What separates a surviving business from a thriving business? Thriving businesses are able to react rapidly to changes in markets and customers and then nimbly develop solutions that customers want. When looking at the top business challenges global enterprise face, rapid product/service innovation to drive growth and the ability to sense and respond to changing market/customer behavior is at the top of mind (See exhibit 4).

These two things do not of themselves scream "use automation". As previewed earlier, the call here is to lay Automation alongside and within these key strategies. Automation will prove its ability to increase speed, connect systems, and reduce the cost of pursuing these core business imperatives. Finding quantifiable benefits and building business cases is not a major issue any longer either. 83% did not rank this in the top 3 automation challenges. When the automation capability is competently executed within a core strategy, exactly where Automation can contribute becomes clear, and the objective measures behind it are readily attainable.

**Exhibit 4:** Rapid innovation and shifting consumer behavior are the biggest business challenges

Rank the 3 biggest business challenges that your organization is facing?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Section 2

# Customer Success Must be a Top Priority. While Automation Investments are Planned to Grow, Enterprises are Unsatisfied with the Value of the Current Results.

Show Me the Money! Why does business do anything? Because there is a financial incentive to do so. That is definitely true for the respondents (Note that there were no non-profits in the mix).

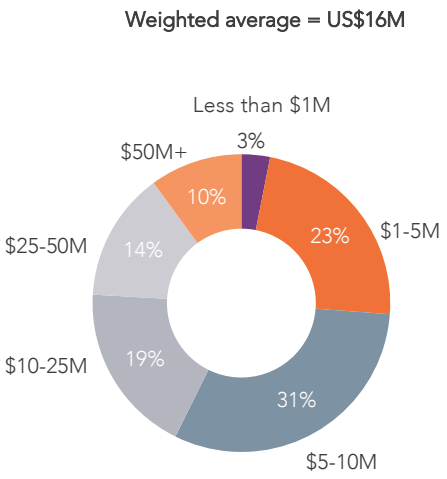
## Enterprises investing $15M (on average) in automation technologies per year and expected to grow at ~7%

Automation is bigger than some would think. 50% of companies are investing between $5 and $25m *per year*. Almost 25% of enterprises are taking Automation very seriously with total annual program costs *more than* $25m/year, and almost 10% spend over $50m/year (See Exhibit 5).

Breaking that down a little further, software and services spending are about 51:49 (see Exhibit 5). In the next section, we'll cover the breakdown of where the third-party services spend. Exhibit 6 breaks down the software spend.

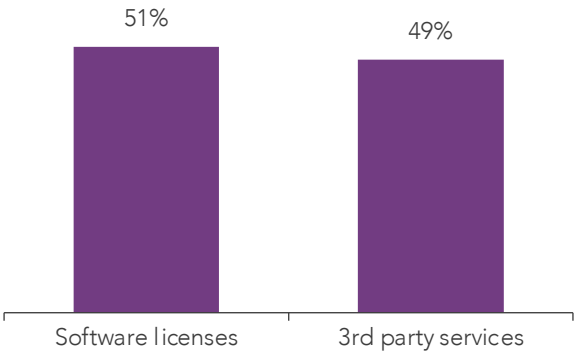
**Exhibit 5:** The overall annual investments in automation technologies is ~$15 Million with a 50-50 split across software licenses and 3rd party services

What is your overall annual spending on automation initiatives (approx.)?



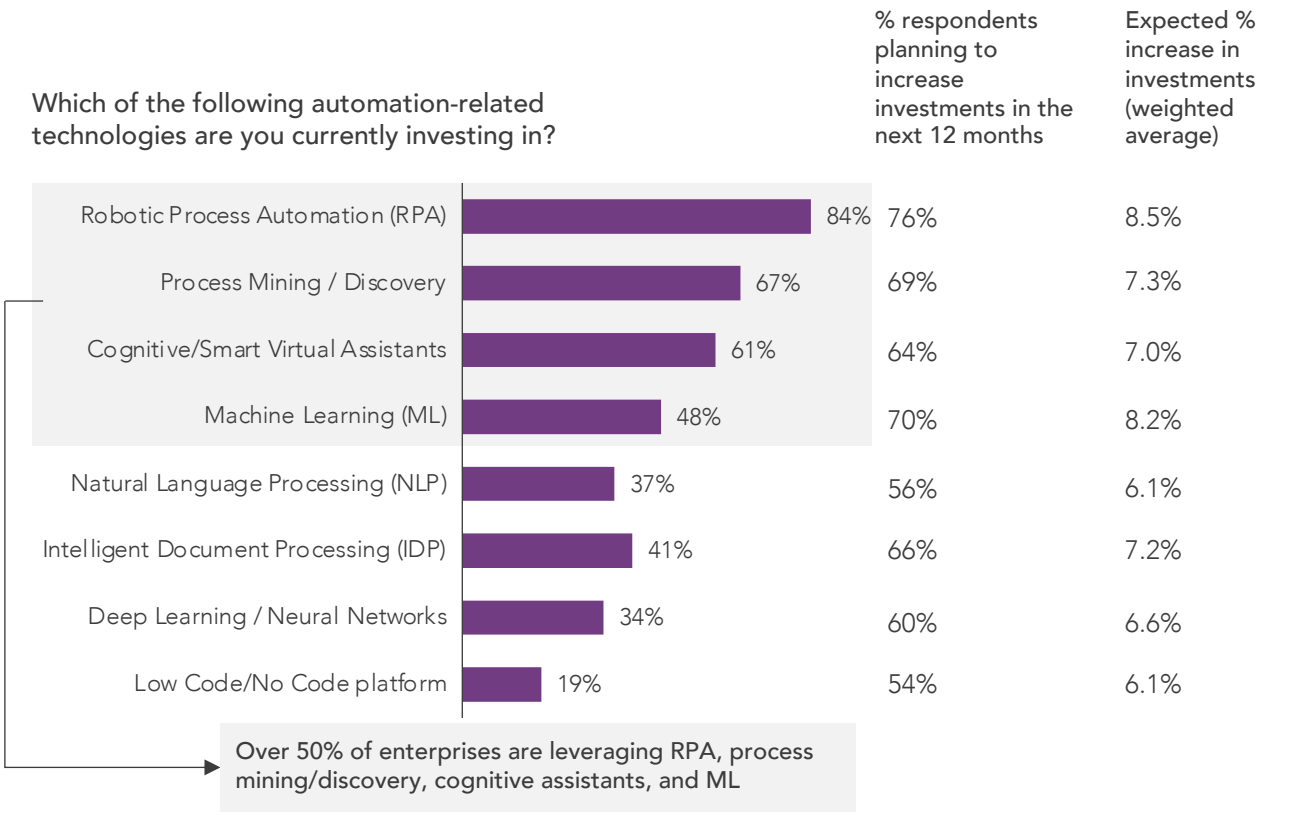

How much are you spending on acquiring software licenses versus related 3rd party services (implementation, governance etc.)

Average % split across all respondents




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

## Exhibit 6: Enterprises are leveraging a combination of automation technologies to drive their automation initiatives




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

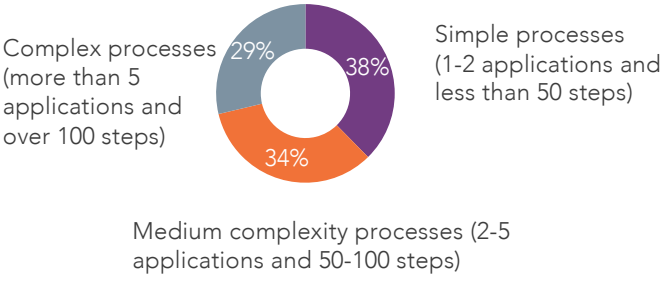
Some categories show net new customer growth. For example, 41% invest in IDP today. 66% plan to increase their spend in that category (even if the initial spend level was zero). Deep learning is moving from 34% to 60% participating in investments. This shows a robust level of investment in the next year and an expanding suite of tools being purchased. Revenue generating opportunities are reported to be pretty difficult. While 18% have that as a top goal, over a third of the respondents placed it as one of the most difficult goals to achieve.

These technologies and the implementation teams (recall it was a 51:49 split on spend) are performing a mix of projects from simple to complex (See Exhibit 7).

The mix of processes/projects generally indicates industry shifts in going after more complex processes using a more comprehensive array of automation tooling.

## Exhibit 7: Automation initiatives are targeting a mix of projects from simple to complex

**What complexity of processes have you typically automated?** (Summary of mean)




**Time to implement automation initiatives**

| | |
|---|---|
| Simple processes | 90% of respondents between 2 and 16 weeks |
| Medium complexity | 93% of respondents between 1 and 6 months |
| Complex processes | 66% of respondents between 2 and 6 months. 30% more than 6 months |

Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

## Only 6 in 10 automation initiatives meet client expectations. 60% of automation toll capacity is shelf-ware

The big question is how these projects are performing and how the overall program is performing. Even though enterprises have improved at automation, only 6 in 10 automation initiatives meet client expectations (See Exhibit 8). While only 2% of respondents said that their automation programs did not meet expectations, 32% said they only partially met expectations. More than a third are not delivering what was planned. Only about 20% exceeded expectations. To be fair, that is an improvement from just a few years ago, but it is not lining up with expected value.

One bright spot: It is increasingly rare to describe some success metric as the number of bots deployed. That is not a useful measure. A "bot" is not an increment of anything except perhaps in the license agreement with your automation vendor. Less than 1 in 5 use this as a measure (See Exhibit 3a).

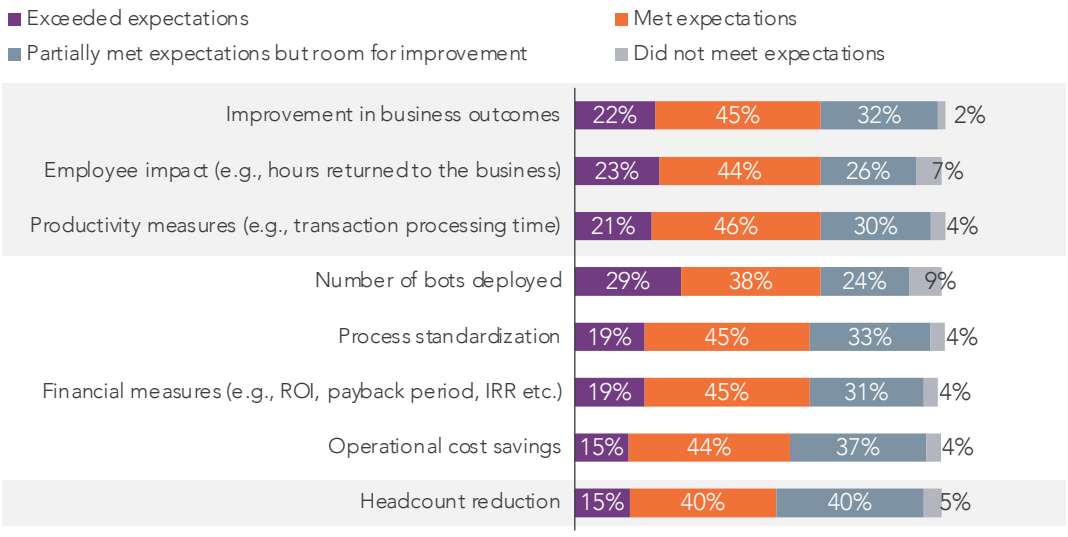
What is known is that enterprises are generally unsatisfied with the current level of value coming from Automation. More than three quarters report that they have purchased licenses and are still searching for the value. 87% said they need to see more value from existing investments before investing much more. As much as 60% of automation tool capacity is shelf-ware (See Exhibit 9). However, 76% of respondents are planning to increase investment in RPA (see exhibit 6). This cycle cannot continue and will snap at some point. This is a wakeup call for software makers, SIs, and channel partners. Customer success must be a top priority.

**Wakeup call for software makers, SIs, and channel partners: Customer success must be a top priority.**

- Only 40% RPA licenses that were bought have been leveraged
- Only 2 in 5 applications are on cloud today
- Fewer than 15 processes have been onboarded on workflow tools
- Less than 35% users have been onboarded
- Only 35% processes have used process mining/discovery (for enterprises who have invested in process mining software)
- Only 3% enterprises have a single instance ERP

### Exhibit 8: Only 6 in 10 automation initiatives meet client expectations

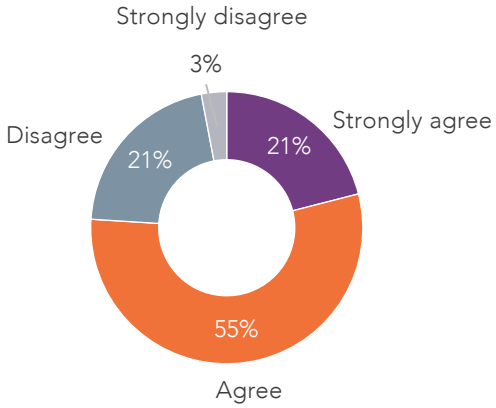
To what extent have you been successful in meeting your automation success criteria?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

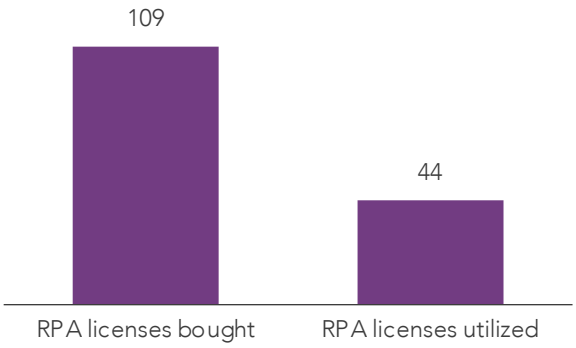
**Exhibit 9:** On average, enterprises have each bought ~110 RPA product licenses but used only 45 so far (40% utilization)

"We have bought licenses to automation products, but are still figuring out the value"




Only a third of RPA licenses used are effectively utilized

Weighted average across number of RPA licenses




Sample: 511 Global 2000 enterprises
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Shelf life of a RPA BOT is 9-18 months. System and process changes necessitate rework on the BOT or makes it redundant.

## The "illusory superiority" bias is rampant

On one hand, 1/3rd of projects are not delivering, and when we asked respondents to rank the overall performance of their automation initiatives against 11 success criteria, the results were stunning. Of the eleven aspects of performance, only 12 percent or less claimed below average or lagging performance in any measure while 50-60% (depending on the aspect) assessed themselves as above average or industry leading performance (See Exhibit 10). Seems like a very rosy picture. One third didn't meet expectations, but only 12% admitted they missed the mark in any specific best practice!!

**One-third automation initiatives didn't meet expectations, but only 12% admitted they missed the mark in any specific best practice!!**

This data appears to be showing a bias known as "illusory superiority". That is the notion where 80% of us think we are in the top half of our class at anything. These two factors do not reconcile with each other and enterprises need to ask themselves:

- What measures might we use for objective scales of performance?
- Would a deep dive here help to illuminate true leaders that could help others?
- How can we prevent illusory superiority bias in the future?

## **Exhibit 10:** Over 50% of respondents consider themselves to be above par or market-leading. Is there an "illusory superiority" bias?

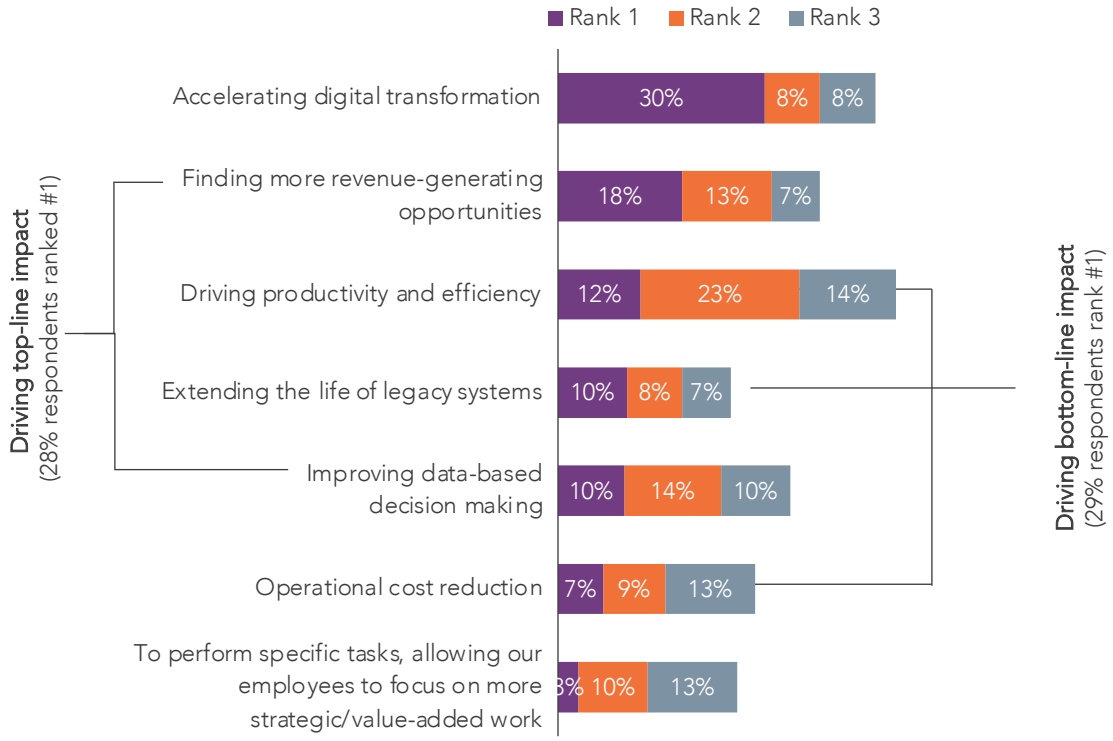
How would you characterize the performance of your automation initiatives on the following success criteria?


Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Adding additional color to the notion of value or return is to look at the question "what are the goals for investing in automation initiatives?" (See Exhibit 11). Taking the top spots are accelerating digital transformation, revenue, and productivity. 38% said that revenue generating opportunities were in the top 3 while only 14% selected autonomous straight through processing as a top 3 objective.

**Exhibit 11:** Enterprises have lofty goals for their automation initiatives to accelerate digital transformation that can have an impact on both revenue growth and bottom-line savings

What are the top 3 goals for investing in automation initiatives?




**Other goals for automation initiatives include:**

- Reduce reliance on labor amidst the great resignation
- As a building block in wider end-to-end process workflows
- Autonomous straight-through processing
- To support migration to the cloud

Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Revenue generating opportunities are reported to be pretty difficult. While 18% have that as a top goal, over a third of the respondents placed it as one of the most difficult goals to achieve.

It questions how often the scope of automation projects are chosen in revenue producing initiatives. It is a virtual guarantee that the top 10 corporate initiatives and strategies are not all cost reduction programs. The top corporate initiatives are most likely product, market, and customer revenue building strategies. It is imperative that Automation get aligned with these core corporate strategy and stop trying to be its own thing off to the side.

Section 3

# Automation initiatives are no longer restricted to just RPA but an integrated set of technologies

The very real shift in the sophistication of tooling is making more work automatable. Investment continues across a wide spectrum of sophisticated capabilities.

RPA is a great tool. It will continue to create some value by itself, but when added to other related tools, the value potential becomes exponentially greater. Intelligent Automation (IA) is so named because it is taking "simple" automation technology and adding intelligent (augmented intelligence) solutions to it. Things like Intelligent Document Processing (IDP), Machine Learning (ML), Natural Language Processing (NLP), and Virtual Smart Agents dramatically increase the types and sizes of use-cases that can be automated. At the same time, these IA solutions offer much greater potential for impacting a core business metric, i.e., Customer Experience.

## 90% of companies are using multiple Automation technologies to expand the use case to include unstructured data and impact core business results (beyond cost)

It is clear that while some automation Beginners primarily use RPA, using 2, 3, 4 or more tools together clearly has benefits and is where enterprise automation is heading.

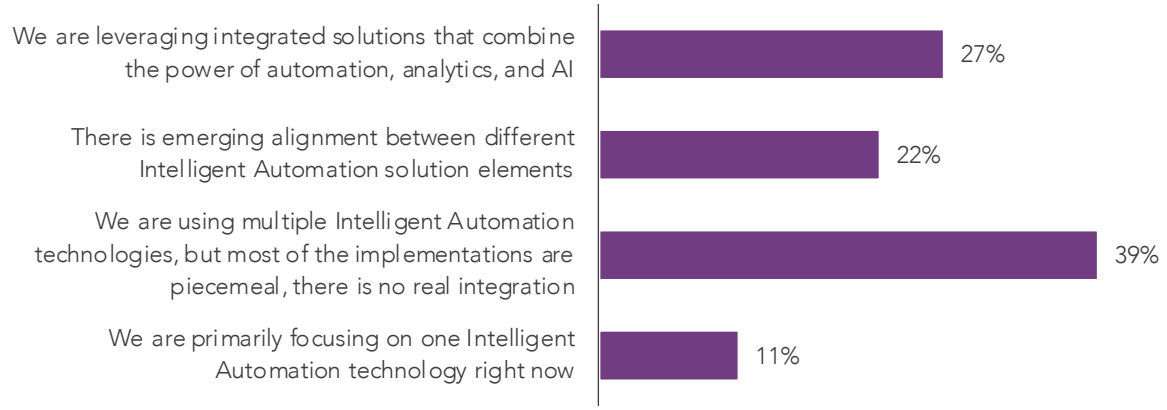
90% of companies are using multiple Automation technologies. About half of these have integrated or nearly integrated solutions, and the other half are working on integration. Banking is leading the way with 42% using fully integrated automation/analytics/AI platforms. This is a clear sign that RPA by itself will not be the sole tool of choice in the near future.

**Over 50% of enterprises are leveraging RPA, process mining/discovery, cognitive assistants, and ML.**

To enterprises, this is a signal that your automation workbench needs more than one variable wrench on it. To providers, the race to provide fully inter-operational platforms has already begun.

**Exhibit 12:** 90% of companies are using multiple Automation technologies

**How well are you able to develop integrated solutions leveraging multiple Intelligent Automation technologies to solve business problems?**




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Two factors are primarily driving this move to IA:

- Ability to expand the use case to include unstructured data
- Ability to impact core business results (other than cost)

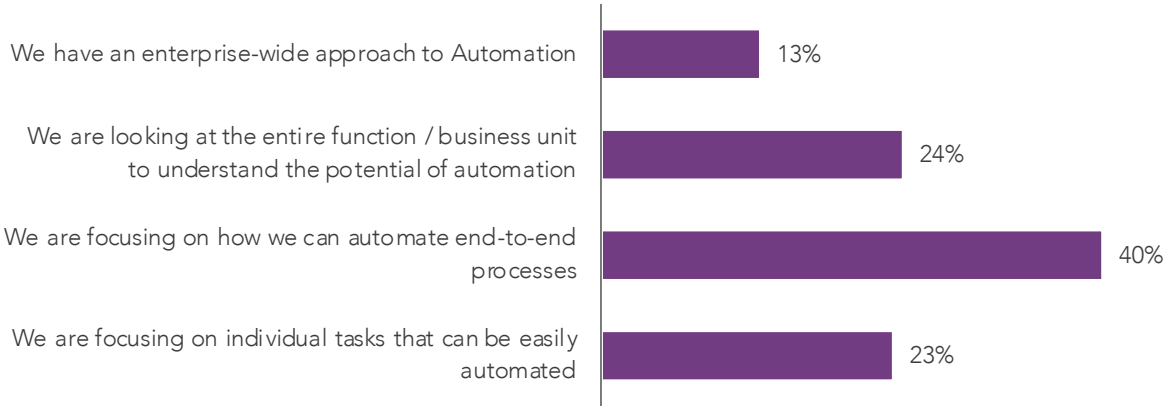
While the data indicates that few are pursuing autonomous straight through processing for whole functions, that is where we need to be. Increasingly, the philosophy of Automation is on end-to-end processes, departments, or even whole functions (see exhibit 13). While on 13% have an enterprise view of Automation, 64% are setting their sights on larger processes, departments and functions.

Philosophical views notwithstanding, it does not appear that this same number is actively going after these lofty goals. Yet. While the 64% above have a vision of end-to-end process transformation, just 14% (See exhibit 11) put "as a building block in wider end-to-end process workflows" as a top 3 goal when asked about investment goals. This is counter intuitive at first glance, but it is a matter of where they are headed versus the steps in front of them in the next 12 months.

Autonomous Straight Through Processing (STP) is hard. Of the 70 pursuing autonomous straight through processing as a current investment, 83% said it was difficult or almost impossible to do. As tools and know-how improve, this will become a more common target. The potential value is very high.

**Exhibit 13:** Nearly 80% enterprises are looking at broader automation opportunities beyond piecemeal tasks

How would you characterize the current philosophy for automation for your role versus across the enterprise?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

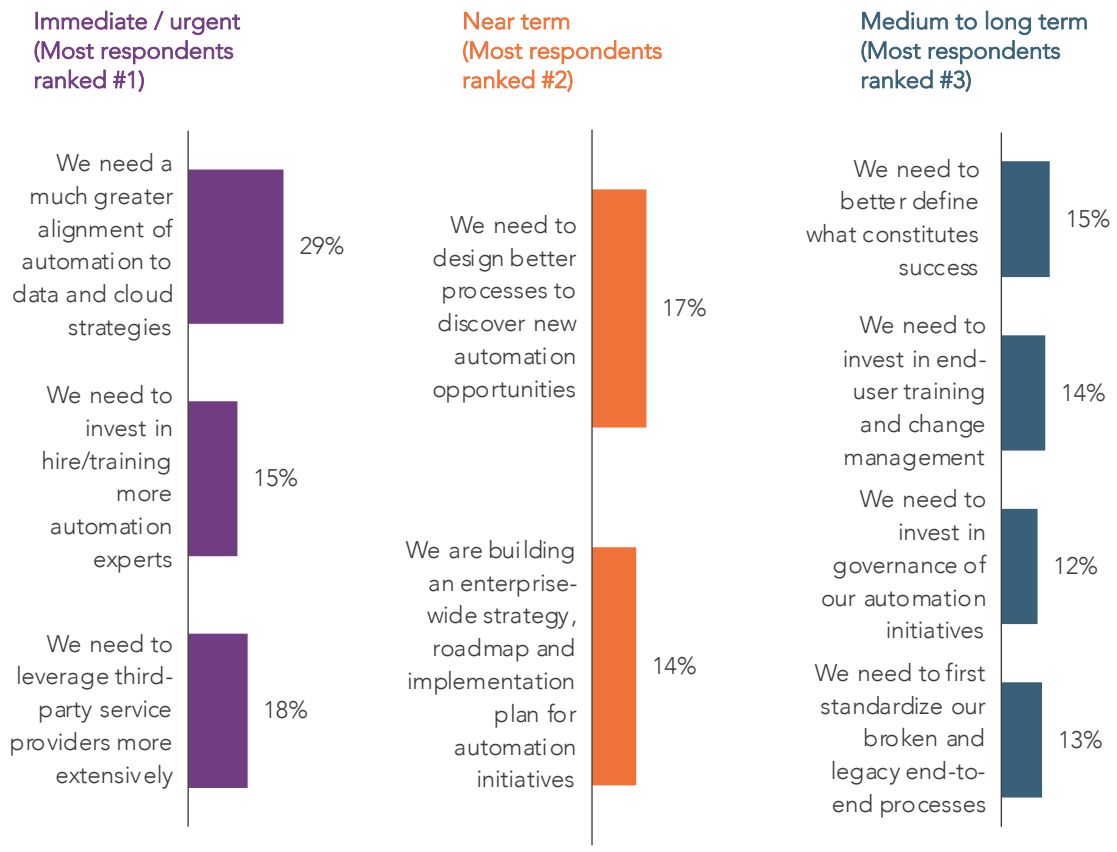
## Aligning automation initiatives with cloudification will be the key to drive more holistic business transformation

Cloud migration and applications in the cloud are important for several reasons. Transforming whole business functions is a big deal and not easy. However, the flexibility inherent in cloud applications is an enabler for Automation. This lower result might also be an indicator of businesses "stuck' with legacy processes and systems. Of the respondents, only 30% of respondents have at least half of their important apps in the cloud. Enterprise is also often reluctant to invest in legacy systems if they are on the schedule for migration.

Keeping legacy apps alive and extending their useful lives is a declared strategic aim of Automation. The costs and functional limitations of being trapped in legacy applications and processes has risen to the level of enterprise priority. Having Automation as a key enabler to free them from those shackles is crucial for successful migration and it seems that this is relatively easier to do. Companies are investing in using Automation to prepare to eventually move to the cloud. Automation is super useful for a host of complex, but one-time activities needed to move to the cloud. This is confirmed by the 29% of respondents that said strategies between Automation, cloud and data is essential. They chose this as the top initiative (See Exhibit 14) to address challenges in their automation efforts.

**Exhibit 14:** Alignment with cloud strategy and investing in talent are the immediate initiatives that are being taken to address automation challenges

What are the key automation-related initiatives that you are planning to undertake?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Section 4

# The C-suite is engaged and automation FUD (Fear, Uncertainty and Doubt) is lifting. But organizational accountability and talent crunch are big challenges.

There has been a real positive shift in how enterprises are embracing Automation. For most organizations, Automation began deep in the back office, likely in a single department led by a visionary leader who realized what this could do. The results were impossible to ignore. There is a big chasm between recognizing clear benefits in what amounts to a proof-of-value demonstration and an enterprise embracing a new paradigm. There are clear indicators when something is being adopted wholeheartedly.

## C-suite is engaged, and is using mandates. But leadership is still struggling with a digital mindset

Executive sponsorship is a common topic of conversation when talking about critical to success criteria for almost anything. 71% now say that Automation has seen an increase in C-suite sponsorship (See Exhibit 1). Executive sponsorship has significantly improved, albeit with notable dips in healthcare and insurance verticals (47% and 57% respectively) who understandably have had a few more pressing issues to contend with than most other verticals.

Executive sponsorship is essential. One of the most important reasons for this is leadership's ability to commit an organization to action or in other words, a mandate.

As expected with an increase in sponsorship, there is not a lack of executive mandate (See exhibit 15). Sponsorship without a mandate is nice, but not very effective. A mandate can temporarily overcome organizational friction and get some things done. Respondents indicated that mandates are generally not a problem.

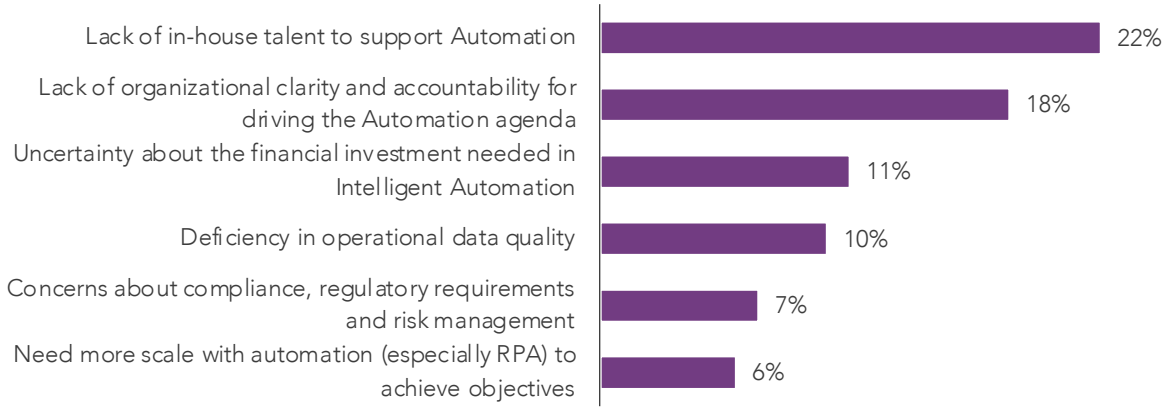
## Accountability is broken because the business is treating it as a project, not an enterprise capability

It is interesting, however, that organizational accountability seems to be problematic (see exhibit 15). It emerges as one of the top challenges for driving Automation successfully. This makes complete sense, but only when you place these findings in the context of Automation being *strategic, but not a strategy*. When accountability is shared or is owned by groups that cannot affect change, there is usually friction.

To embed a new discipline into the fabric of an enterprise requires everyone pulling on the same side of the rope. If any significant number of actors are not totally bought-in friction gets high, frustration mounts, and progress slows. Accountability can be devolved into a set of structures, expectations, commitments, incentives, and penalties. A lack of any of these breaks the accountability chain and results are often disappointing. A deliberately designed set of accountabilities are needed; NOT to incentivize this project or that project, which is often the pitfall. A focus on accountability for delivery of discreet projects is often how frail accountabilities are discovered. Rather, accountability must be purpose-built to move the enterprise to develop, grow, and deploy automation capabilities to all strategies, programs and projects. This is no different to having HR, finance and IT at the table. Each of these groups leads their respective enterprise capability that is brought to bear on everything the company does.

**Exhibit 15:** Organizational clarity, data quality, risk & compliance issues, uncertain business case, and scaling up emerge as the top 5 challenges inhibiting automation

Most pressing challenges that inhibit you from meeting your automation goals? (Rank 1 only)




Other less pressing challenges for automation initiatives include:

- Lack of current of as-a-service options for RPA and Cognitive/AI
- Lack of quantifiable benefits/inability to build strong business case
- Lack of scorecard alignment w.r.t business priorities
- Lack of alignment between IT and business
- Change management concerns over the effect on employees
- Lack of senior management mandate and vision to deploy Automation
- Understanding the need and resources to train cognitive systems
- Lack of incentives to employees on the ground to adopt\embrace automation

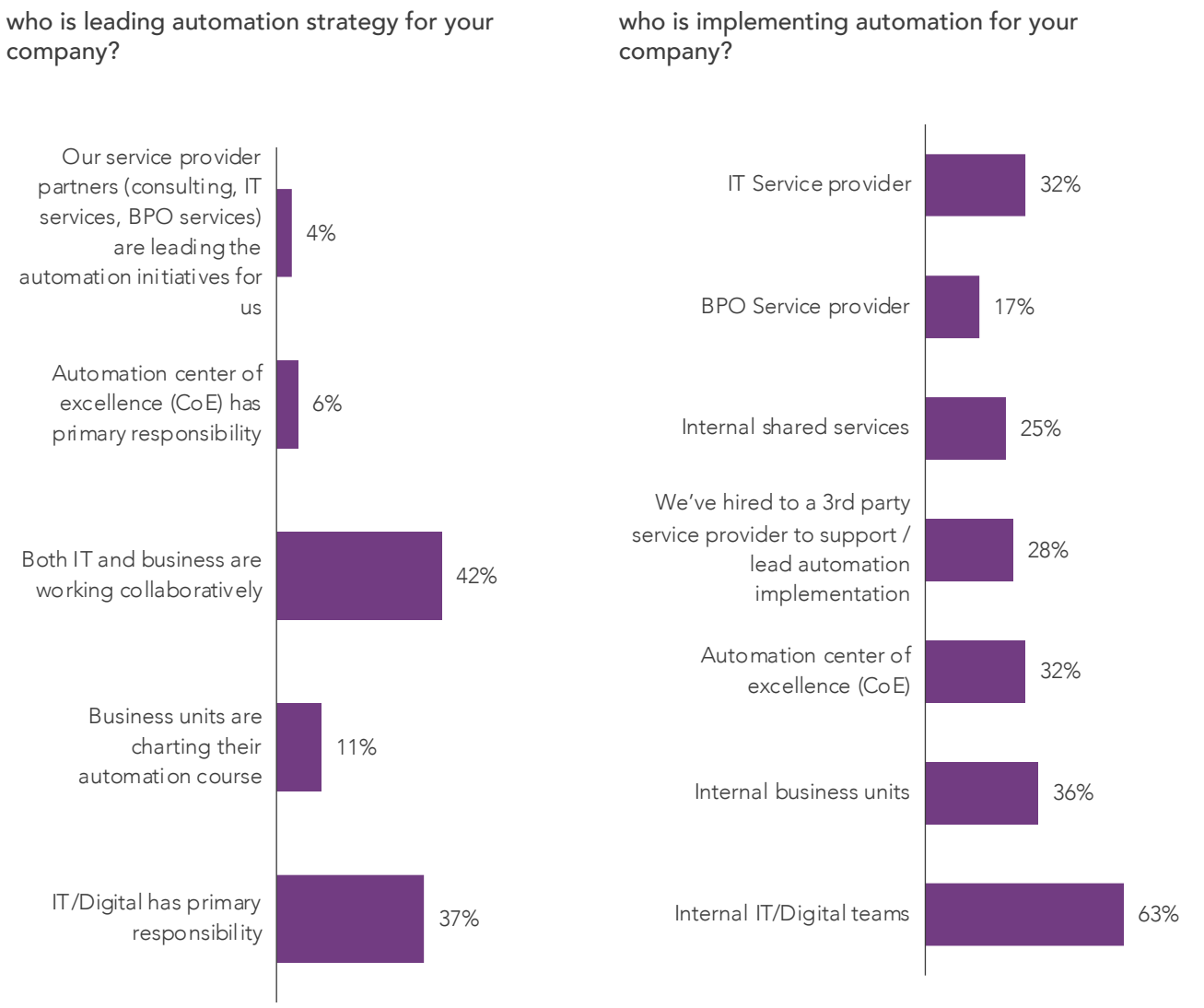
Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Last big question; the one of mindset. It would appear leadership is more uniformly getting on board with a "digital" mindset, which is critical. Everyone needs to have a fundamental belief that these digital technologies are necessary and useful. The data says we are not there yet. Almost a quarter of respondents (See exhibit 4) ranked management mindset (legacy vs. digital) as a top 3 challenge.

Sponsorship: check. Mandate: check. Accountability structure: check. Mindset: check (kind of). Now who's got the baton? Who is leading? As Jim Collins is often credited, "Let's get all of the right people on the bus, then determine where they should sit". Who should be navigating and who should be driving?

We asked the question "who is leading automation strategy for your company?" (See Exhibit 16)

## Exhibit 16: Who drives and who implements automation initiatives?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Taking a deeper look, those who answered "IT and the business" are most likely closest to the best-case scenario. The 37% who have IT/Digital in the "lead" are unfortunately destined to a fate similar to when the Outsourcing CoE was "leading" offshoring work in finance, HR and IT. We now know that the whole company had to learn to leverage offshore delivery and business service partners, what was previously called simply outsourcing. The companies that learned this secret were the first to take full advantage of the labor construct and embrace it appropriately across the entire enterprise. It is the same with Automation.

### How are automation COEs being used?

It is interesting and reassuring to see that the Automation CoE is not being asked to lead automation strategy as this is an unworkable construct.

Automation COEs are only leading automation strategy for about 1 in 20 of the respondents, but it is involved in implementation about 1/3rd of the time.

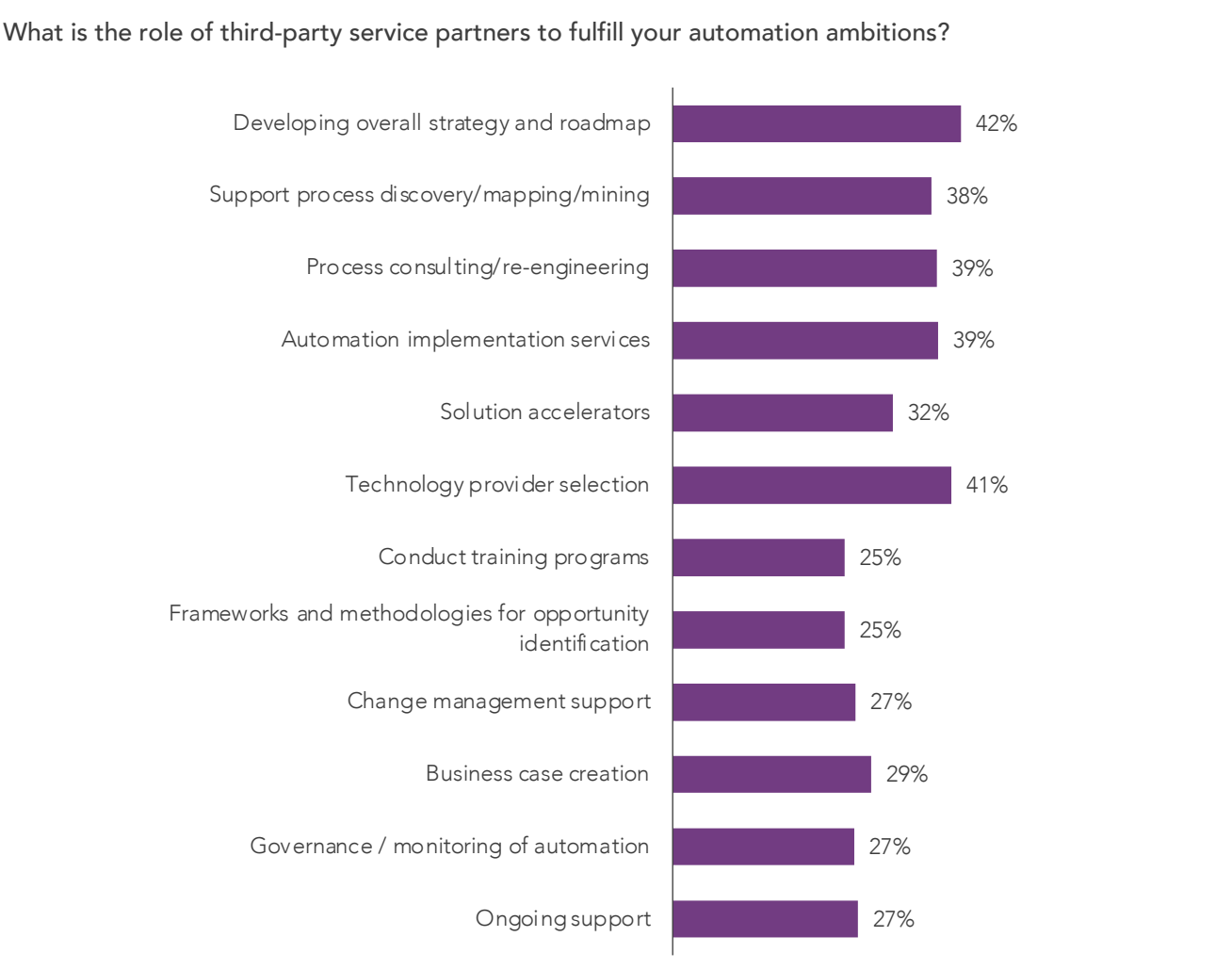
The role of the COE now finally been resolved as a true COE. One that provides governance structures for automation (or other capabilities like outsouring) without leading it or acting as a shared service for implementation.

How about implementation? It seems that it is all over the map (See exhibit 16). The IT/Digital teams are leading the way, with 63% reporting their involvement. In this case, being all over the map is probably a good place to be or at least not bad. Implementation is an enterprise activity and so should be distributed. Automation implementation needs lots of different skills and experience primarily from people used to implementing change programs. That certainly applies to everyone on the list.

Almost 28% report using third party service providers. What exactly are those third-party service groups doing? A bit of everything. Enterprise is using third-party primarily (See exhibit 17) for strategy and roadmap (42%) and help selecting technology (41%) but there is a lot more going on.

Automation must be ingrained into the DNA of the organization with right set of mandates, success measures and incentives. Automation Service providers can complement but cannot drive the program.

**Exhibit 17:** What is the role of third-party service partners to fulfill your automation ambitions?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

## Lack of in-house talent is the #1 challenge to realize automation ambitions

With such a spread of work going to third parties, it would imply a shortage of talent, which is very much the case. Talent emerged (See exhibit 15) as the number one greatest challenge business is facing to meet their automation goals. Enterprises are using every tool in the toolbox to solve for talent (See exhibit 18).

## The staff is in pretty good shape. They are ready to roll with the changes

The last category in the people and organization bucket are employees, those who must adopt a new way of working, embrace the change, and use new technologies. Good news - data from this survey and others shows a profound shift. The Fear, Uncertainty and Doubt (FUD) that once plagued Automation seems to be lifting. Staff are adopting and embracing Automation like never before. Less than 10% of enterprises report employee adoption issues as a top 3 challenge (See exhibit 15). In fact, employees may actually choose one employer over another if one is committed to making their job better through Automation.

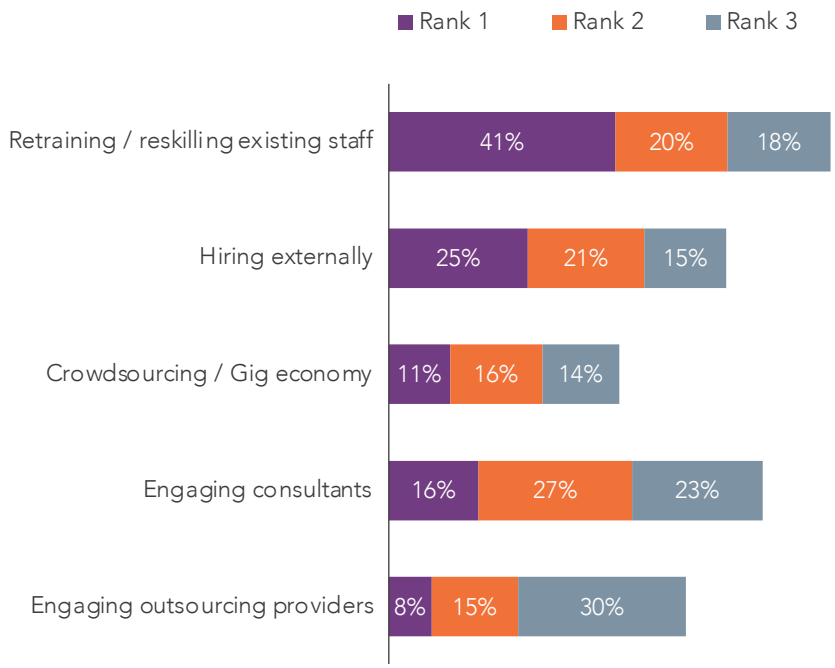
**Almost 80% of enterprises are using retraining and reskilling internal staff to solve for the talent shortage**

This is not surprising since people are being freed up by virtue of automation, and people are more trusting of automation. Key questions, enterprise leaders need to answer:

- What roles are people moving into?
- How long does it take to retrain someone? How much does it cost?
- Are there any jobs for which this strategy is not working so well?

**Exhibit 18:** Almost 80% of enterprises are using retraining and reskilling internal staff to solve for the talent shortage

In which of the following ways are you accessing the talent you need to drive your automation strategy?




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

Section 5

# Despite significant market advancements, 70% enterprises are still "Automation Beginners."

In the data, about 70% of respondents reported themselves as early in the journey or capturing some early wins (we called them Automation Beginners). Only 9% are "radically changing the status quo" (the Automation Champions) (See exhibit 19)

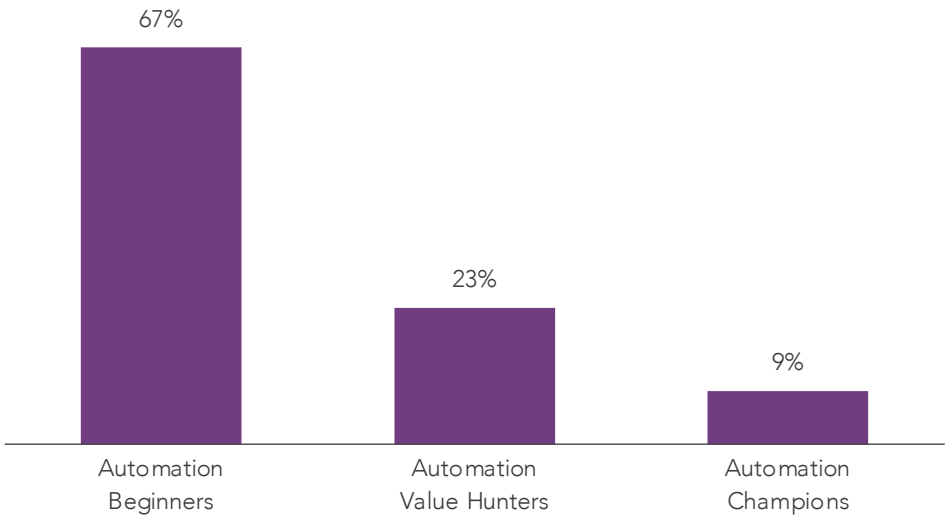
**Automation Champions** are radically changing the status quo. Intelligent Automation is now an enterprise-wide global movement. They have clear mandate, strategy and roadmap and also have clear goals and ways of measuring success. Automation initiatives are managed and governed centrally. They have experience with all kinds of automation technologies beyond RPA and continue to invest to stay at the edge of innovation.

**Automation Value Hunters** are charting new territories with Automation and finding value beyond cost/efficiency. They now have experience of leveraging multiple intelligent automation technologies (e.g., RPA, ML, process mining etc.) and have established centralized automation COE.

**Automation Beginners** have had some early automation success but are at an early stage of their automation journey. They have automated few innately boring or transactional tasks which are time-consuming and inefficient. They are typically focused on RPA and are starting to leverage more intelligent technologies (e.g., ML). Automation initiatives are mostly driven by individual business units and typically focused on cost/efficiency.

**Exhibit 19:** Automation Champions, Value Hunters, and Beginners

Which of the following statements best characterizes the overall maturity of your automation initiatives?
% respondents




Sample: 511 Global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2022

# What lessons can we learn from the "Champions" that are radically changing the status quo?

There is little question now that Automation can help your business or any business. The question remains just how much and where. The Champions are clearly further along and have things to teach the Beginners. Chief among those are:

1. **Automation is NOT a strategy, it is an ENTERPRISE CAPABILITY. 38% Champions have an enterprise-wide approach to Automation compared to 8% Beginners.** Automation is an enabler of sufficient magnitude that the distinction between being strategic and being a strategy get muddied. Automation must become an enterprise capability rather than a series of discrete projects. When Automation is treated as a strategic enabler, the problems with accountability disappear.

2. **Focus on value realization.** Automation champions are focused on ensuring that they get value from their investments. Champions are rated at 4.2 on a scale of 1-5 on having a scalable automation initiative pipeline and a robust opportunity intake process compared to 3.5 for Beginners. Champions have developed the necessary frameworks and tools for prioritization of processes and business case creation.

3. **The business wants revenue and it also wants cost optimization, but is are only getting cost optimization.** Driving top line growth requires an integrated set of technologies. 50% Champions use a much broader automation technology portfolio that combine the power of Automation, analytics, and AI compared to around 22% Beginners.

4. **Automating end-to-end processes is where this is going.** 35% processes automated by Champions in their overall portfolio of automation use-cases were complex processes (more than 5 applications and over 100 steps) compared to 26% Beginners.

5. **Don't forget governance, training and change management.** Champions are rated at 4.5 on a scale of 1-5 on their ability to effectively monitor deployed automations by predicting and quickly resolving bot failures compared to 3.5 for Beginners. Champions have built robust compliance, risk management, and BCP/DR for automations and have strong governance and oversight with effective dashboards and analytics. Champions are also rated at 4.3 on end-user adoption with effective change management, incentives, and training compared to 3.6 for Beginners.

# To-do actions for tomorrow

1. **Develop automation as an enterprise capability.** Understand how other enterprise capabilities are embedded in your company. Look at how quality (statistical process control), offshoring, and ERP work with the teams driving your top corporate initiatives. Plan workshops to evaluate your automation program and develop plans to integrate it into these actual strategic initiatives.

2. **Embed automation specialists in every strategic program.** Pull out your companies list of top strategic imperatives. Bring the right people together. Embed automation specialists in every one of these program teams. Amazing things will happen just by having experienced automation experts on the team.

3. **Call your software vendors to focus on value realization.** Tell them not only that you will not be renewing shelfware licenses, but that no new orders will be forthcoming until there is a rock solid pipeline that justifies that investment. Do the same thing with your service providers. You must demand laser like focus on customer success. Three in five projects meet or exceed expectations?! You are paying them to help you succeed. Let them know success will determine the size of the checks you write. See what happens.

4. **Get your operation benchmarked.** Find out where you are on the Automation maturity scale. Develop detailed action plans to get to the next level.

5. **Establish overall parameters in terms of total automation contribution.** How much from cost and productivity and how much from new revenue opportunities. Then review the automation PMO list. Create capacity. Put some cost projects on hold. Make room to immediately action the new projects that will come from Action 1-2

6. **Get beyond RPA.** Get your IT team together and develop a roadmap for an Intelligent Automation platform. The data in this report gives you the major categories of technological capability that you will eventually need. Pick 3 that make sense for your business. Maybe it's IDP, NLP and ML. It will vary depending on your companies' specific situation. The basic requirements are to be able to handle the most common types of unstructured data (documents, human-to-human interaction, and next best action decision making).

7. **Identify the best candidate for full e-e automation.** Make it something simple like fixed assets or on/offboarding employees. Begin the dialog and the work to understand what the work is so that your technology roadmap aligns to those needed capabilities. Get alignment to begin a multi-step (and likely multi-year) journey.

8. **Seek help when required.** Leverage third-party services across the lifecycle especially for training programs, governance / monitoring, and ongoing support.

## **The Bottom Line:** Until we get over this notion that Automation is a thing we must go DO, it will never become the WAY OF DOING that it can become.

**It may look different. It may feel different. It's not. Automation is a strategic enabler just like many things your organization applies daily to solve problems and thrive, even in these crazy times.**

**We have been here before. It took years before we finally realized these things were not strategies. When you are in a meeting and someone says "where is automation? HR is here. IT is here. Finance is here" you will know you've figured it out.**

Automation will remain frustratingly tactical because it is not a business strategy and treating it as though it creates friction. It is easy to look at Automation and conclude it is strategic. To declare something to be strategic is not at all the same thing as naming it as a strategy. Definitions are important and when those definitions change behavior, they are critical. That is what is happening. There are precedents we can learn from over the last 40 years.

Is offshoring a tactic or a strategy? Or is it strategic? Was quality (TQM, 6sigma, LEAN, etc.) a strategy or a tactic? Is ERP a strategy or a tactic? Is "cloud" truly a strategy? These rhetorical questions are purposeful. Most would agree that when these things began it felt as if each was actually a strategy. They have the potential to make a big impact and can literally change the future of business. We watched what the early adopters did at the beginning of each of these new paradigms. We took what they did and insisted we need a(n) "outsourcing or automation or cloud "strategy" without regard to the fact that none of these are strategies. But then there was frustration, and disappointment. Disenfranchised leaders talked these things all over to death. Analysts and management consultants published endless advice and related professional services grew immensely. This happens when we encounter a fundamentally new paradigm, new ways of getting things done. The pattern is clear. New operating methodologies can be deceiving, particularly when there is a one-to-many relationship with inputs and outputs. By embracing one new "thing", impacts are measured all over the business. The tendency is naturally to look at this and conclude that it must be a strategy. Wrong.

These things have not, cannot, and will not ever scratch the strategic itch. Automation can improve cost performance, business service levels, provide data for insights, improve customer experience, provide analytics and a host of other things. But to what end? Sure, all of these things are nice. Automation does not have an end. It is there to enable enterprise to seek out its core business strategies!

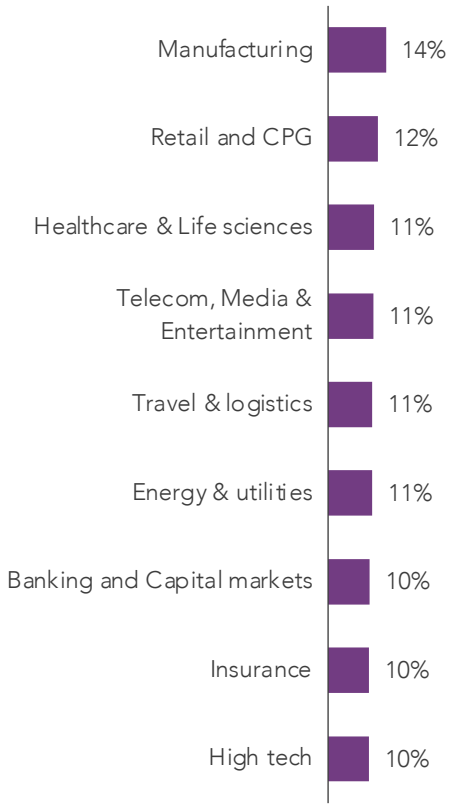
If we were to take this survey and replace Automation with offshoring in its beginning, or Six Sigma in the early days, the data would tell a similar tale. The so-what of Automation is not an end unto itself. It is a means to many ends. Further, it is uniquely well suited to over-deliver across many areas. It just needs to be embedded as an enterprise capability no differently than we have done with previous era capabilities like global delivery, offshoring, and quality. In most cases today, business is implementing Automation with a broken front end; an invalid assumption. Automation is not shoulder to shoulder with product, market, or customer strategies. It is an enabling capability that must be aligned with those real business strategies.

There are nuances to how you implement Automation when the goal is to create an embedded enterprise capability. This is no different than how we think about talent pool management, strategic sourcing, and even cloud. These are whole operating disciplines, that once embedded, are just how things get done. Yes, they are strategic not a strategy. The really big message here is that most urgent thing you need to do is align Automation within every true business strategy. Most, if not all, of the major challenges reported here will fall away as lines of accountability are fixed, objectives are aligned with business appetite, and total business value returned is now measured as an enhancement on core business strategies.

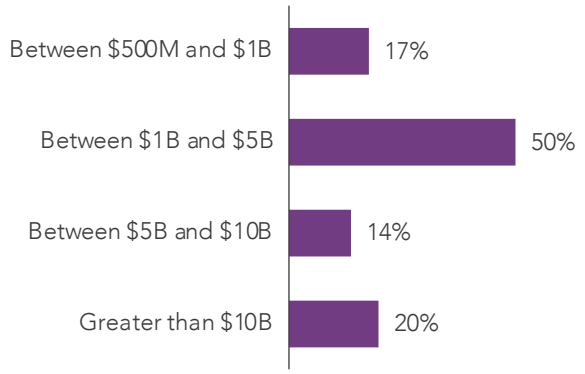
# Survey demographics

HFS Research, in partnership with Infosys, surveyed 511 Global 2000 enterprises to understand the state of automation. The survey respondents included a global, cross-industry, and senior executives (including 20% C-level executives) across both IT and business with strong involvement in their organization's automation initiatives.

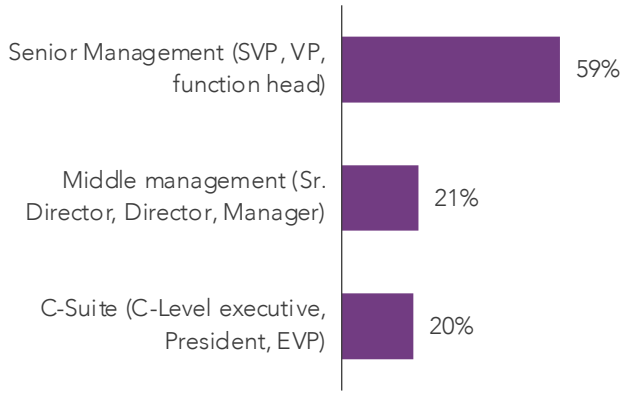
## By industry



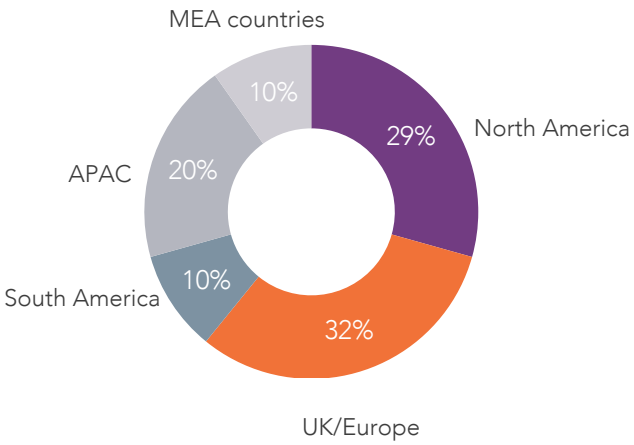

## Annual revenue




## Job Title




## Headquarters




## Role in organization's automation initiatives

# HFS Research authors

## Phil Fersht

**CEO and Chief Analyst**

Phil Fersht is a world-renowned analyst, writer and visionary in emerging technologies, automation, digital business models, and the alignment of enterprise operations to drive customer impact and competitive advantage.

Fersht coined the terms the "Digital OneOffice" and the "Hyperconnected Economy" which describe HFS Research's vision for future business operations amidst the impact of automation, AI and disruptive digital business models. In 2012, he authored the first analyst report on Robotic Process Automation (RPA), introducing this topic to the industry and is widely recognized as the pioneering analyst voice that has driven the evolution of the RPA industry.

## Lee Coulter

**HFS Advisory Board**

Lee Coulter is an experienced senior executive and thought leader in Intelligent Process Automation, disruptive technologies, shared services, BPO, change leadership, customer experience (CX) and innovation developed over 30+ years in executive roles with companies such as General Electric, AON, Kraft Foods, Ascension and transformAI.

Coulter is currently CEO of transformAI, a hypergrowth automation business. Previously, he founded and led Ascension's globally recognized captive BPO business and founder of Agilify, the nations leading pure-play automation services business.

He has published more than a hundred papers, and podcast in the areas of leadership, AI ,intelligent automation, shared services, digital transformation, strategy, and service excellence.

## Saurabh Gupta

**President, Research and Advisory Services**

Saurabh oversees HFS' global research function managing the global team of analysts across US, Europe, and Asia-Pac. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.

As an analyst, Saurabh leads our coverage for horizon 3 change agents such as blockchain, business services (such as finance and accounting and supply chain), and industry services including healthcare and life sciences. Saurabh also analyses overarching and cross-cutting themes under the OneOffice concept like digital change management.

# About Infosys

Infosys is a global leader in next-generation digital services and consulting. Over 300,000 of our people work to amplify human potential and create the next opportunity for people, businesses, and communities. With over four decades of experience in managing the systems and workings of global enterprises, we expertly steer clients, in more than 50 countries, as they navigate their digital transformation powered by the cloud. We enable them with an AI-powered core, empower the business with agile digital at scale and drive continuous improvement with always-on learning through the transfer of digital skills, expertise, and ideas from our innovation ecosystem. We are deeply committed to being a well-governed, environmentally sustainable organization where diverse talent thrives in an inclusive workplace.

HFS

# About HFS

## Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOfficeTM. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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