Business Process Automation

Re-imagine your workforce

KPMG in Malta

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Changing the way we do business - moving to a digital workforce

We are living in challenging, yet exciting times packed with opportunities. Digital workforce, the term given to the continuum of technologies ranging from automating swivel-chair activities such as copying and pasting content from one system to another, right up to cognitive solutions that can think, learn and reason like humans, is no longer a consideration but a mandate. In specific situations, this has merely become a means for survival.

Success in today's complex global markets requires unprecedented levels of speed, accuracy and cost efficiency beyond what a human workforce can achieve. As technology improves, sophisticated tasks can be automated to be carried out much faster and efficiently than the human workforce's capacity can handle. Hence, the reason why organisations are turning to automation technology to transform their businesses.

In this brochure, we look at what's behind these bold statements. We also explore some of the benefits that automation technology holds, including the ability to digest and analyse huge amounts of data. Finally, we present nine factors you should consider before implementing an automation strategy.

We strongly believe that robotic and cognitive automation is the wave of the future for organisations. For most organisations, it is no longer a question of 'if', but more about when, where and how fast they can apply digital workforce as a differentiator. Answers to those questions often rely on understanding the financial investments required and setting expectations on the timing and magnitude of the associated returns. It's crucial that you explore what you can do today to position yourself for success tomorrow.

We welcome your feedback on this topic and invite you to contact our specialists for further discussion.

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Embrace the change (and harvest the benefits)

Automation has been driving the economy since the first Industrial Revolution. The concept has always been in pursuit of the simplification of tasks and achieving higher productivity - and from vehicles to manufacturing processes, automation has created a dramatic change to the downstream economy and spawned a whole new wave of industries and jobs that were previously inexistent.

Today, we are in the midst of what some call the Fourth Industrial Revolution, which leverages digital technologies to augment or automate the tasks undertaken by knowledge workers in business, enabling a digital workforce. Digital workforce, a term that encompasses Robotic Process Automation (RPA), is the application of software technology to automate business processes ranging from transactional swivel-chair activities to more complex strategic undertakings, in a non-invasive manner. As automation increasingly penetrates the tasks that are manual in nature, it is poised to dramatically transform the way work is traditionally done. Its significance is that it enables data to be collected, analysed or calculated at a speed and scale far greater than a human or team of humans could manage.

While the common perception of 'robotics' may be a robot or piece of machinery that automates a packing process in a factory, robotics is equally applicable to business processes within myriads of industries. Our deliverable - the 'Bot', replicates processes by automating tasks which are repetitive, time-consuming and prone to errors, directly within the user's interface. This indicates that no changes are required to be made to any existing applications, as the bot can interact directly with any interface in the same way a human would.

RPA acts less as a replacer of employees and more as an assistant, allowing people to do their jobs faster, more thoroughly and more accurately—enabling the workforce to spend more time to focus on higher-value work. The digital workforce is not so much a threat to the human workforce; in reality it is the next evolutionary step toward ever smarter, productive and innovative employees.

The Digital workforce era is here. Automation's entry into the workforce can be incremental, but it will be fast. How quickly you transition from a workforce-centric to a technology-centric business process model will help determine where you rank among tomorrow's winners. **Are you ready to embrace automation to break transformation barriers and make every employee an innovator?**

Digital workforce means "the automation of labour by leveraging digital technologies to augment or automate the tasks undertaken by knowledge workers in business"

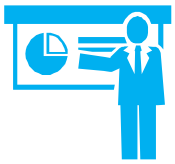
Significant cost savings

Productivity/Performance
Software robots work 24/7, and 365 days a year; do not take vacations, get sick, suffer from work/life balance issues; and perform tasks at digital speeds.

Auditability
Bots keep the perfect audit trail via the log file, which is built by the software that documents every action the bot would have taken and the corresponding resulting outcome.

Employee Satisfaction
Eliminating the mundane repetitive tasks allows employees to focus on strategic initiatives, thereby enhancing the business in a more profound way and enabling more job satisfaction.

Quality/Predictability
Software robots always do what you tell them to do – when properly configured they do not make mistakes and thereby eliminate human error.



Scalability
Bots scale instantaneously at digital speeds to respond to fluctuating workloads. There is also no overtime, no hiring challenges, no training, and no severance.

Cost Efficiency
Digital workforce savings are estimated to be between three to ten times the cost of implementing the automation.

«Quicker, cost-effective implementation»

The spectrum of automation

Rules

Basic Process Automation

Robotic process automation technologies address simpler processes that follow very explicit 'rule-based' documented manual steps, often leveraging multiple systems (e.g. order entry). These automation tools often reside on the desktop resulting in shorter integration times and a faster path to automation.

Examples

- **Data collection (scraping)**
- **Data query (structured data)**
- **Data processing**
- **Logins to multiple systems**

Learning

Enhanced Automation

The next level uses built-in knowledge and natural language processing capable of recognising patterns from unstructured data and automating based on accuracy ratings. This often includes starter automations right out of the box for activities such as IT operations and finance.

Examples

- **Data query (unstructured data)**
- **Answer queries utilising knowledge base**
- **Analytics provided through human intervention**

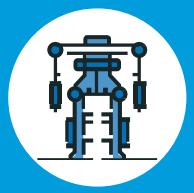
Reasoning

Cognitive Automation

Cognitive automation is the most recent entry into the intelligent automation space and should be used when confident with evidence-based rationale. It includes machine learning, artificial intelligence, natural language processing and big data analytics, which are used to create sophisticated technologies that think and learn like humans.

Examples

- **AI, Language recognition and processing**
- **Self-optimisation of algorithms**
- **Big Data processing**
- **Projection based analyses and atomisation of decision-making**



RPA

Automation of transactional, rule-based repeatable processes

Enhanced Automation

Algorithms known as smart bots that execute judgment and reasoning- oriented tasks

Cognitive Technologies

Machine learning and adaptive technologies that understand context, infer probabilistic answers, and extract valuable insights from Big Data

Can all processes be automated?

RPA is not a one-size blanket to drape over every single business process. Just because a process could be automated does not mean it should be. You don't want to spend the time and effort to optimise a process if it's not critical to your business, if you're not going to get reasonable ROI as a result.

A checklist of criteria for activities best suited for automation points us to processes that fall under the categories below:

Simple

Intensively Manual

High Volume

Structurally Repetitive

Low Exception Volume

High Likelihood for Human Error

"Intelligently applying — or not applying — automation is how to produce better business outcomes and end-user experiences. Identifying processes fit for automation is initiated with an analysis of business processes against feasibility standards. Shortlisted candidates should align with the criteria defined above. Automation initiatives should be designed carefully to ensure utmost value, enabling sustained benefits, economies of scale, security and resilience. Desired benefits and outcomes are achieved in the most cost-effective manner. When mentioning cost, RPA return on investment (ROI) can generally be recouped within a few months

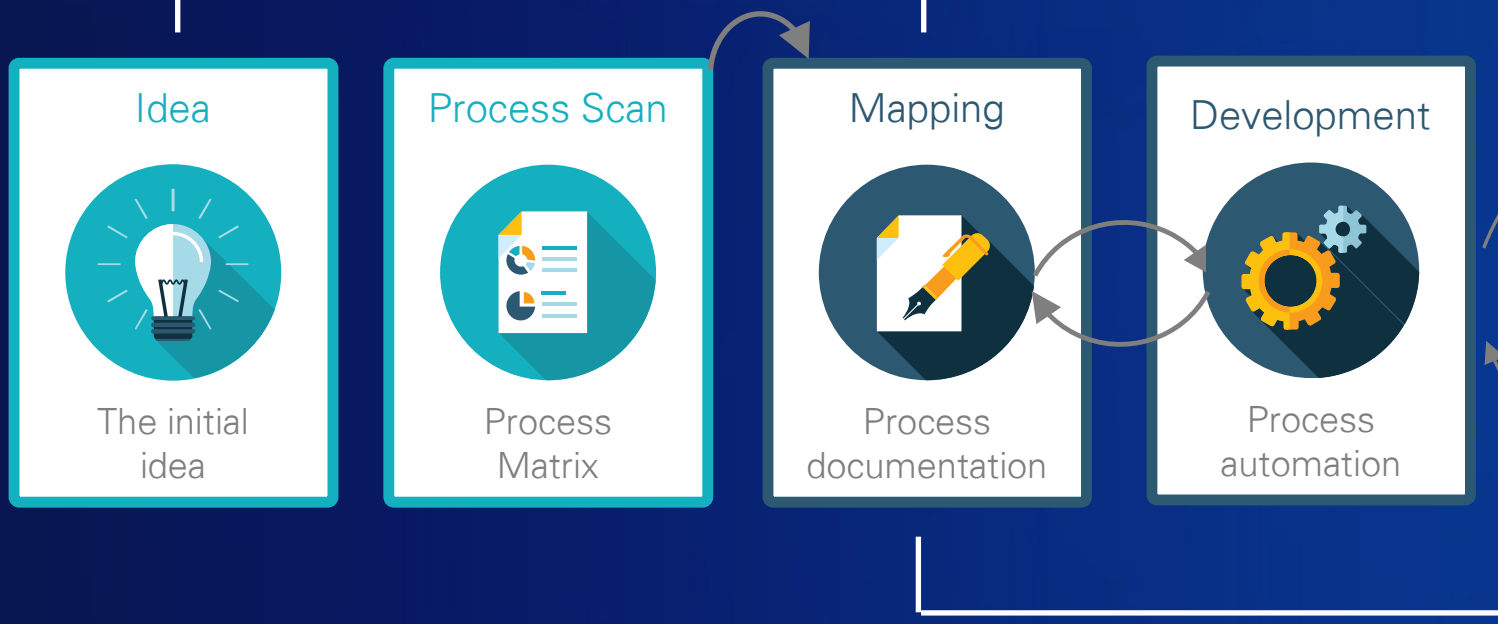
«RPA offers customised solutions»

Delivery Methodology - Lifecycle

Solution Design

Captures the existing business processes and quantifies the benefits of automation.

1



Functional Proof of Concep

4 to 6 weeks (Imple

Continuous Support

Assistance throughout the whole journey, including monitoring, reporting, incident resolution and change management requests.

3

2

Technical Deployment

Includes the design, build, acceptance testing and deployment of the Bot.

ot of Medium complexity

ementation Time)

A case in point: Using RPA to facilitate AML screening

Compliance Specific

The ecosystem today is characterised by operators and/or financial institutions needing to balance the ongoing rise in transactions against a backdrop of ever-increasing industry regulation. We are seeing an emphasis on preventing money laundering and combating the financing of terrorism as well as continued pressure from industry bodies for corporations to promote client safety.

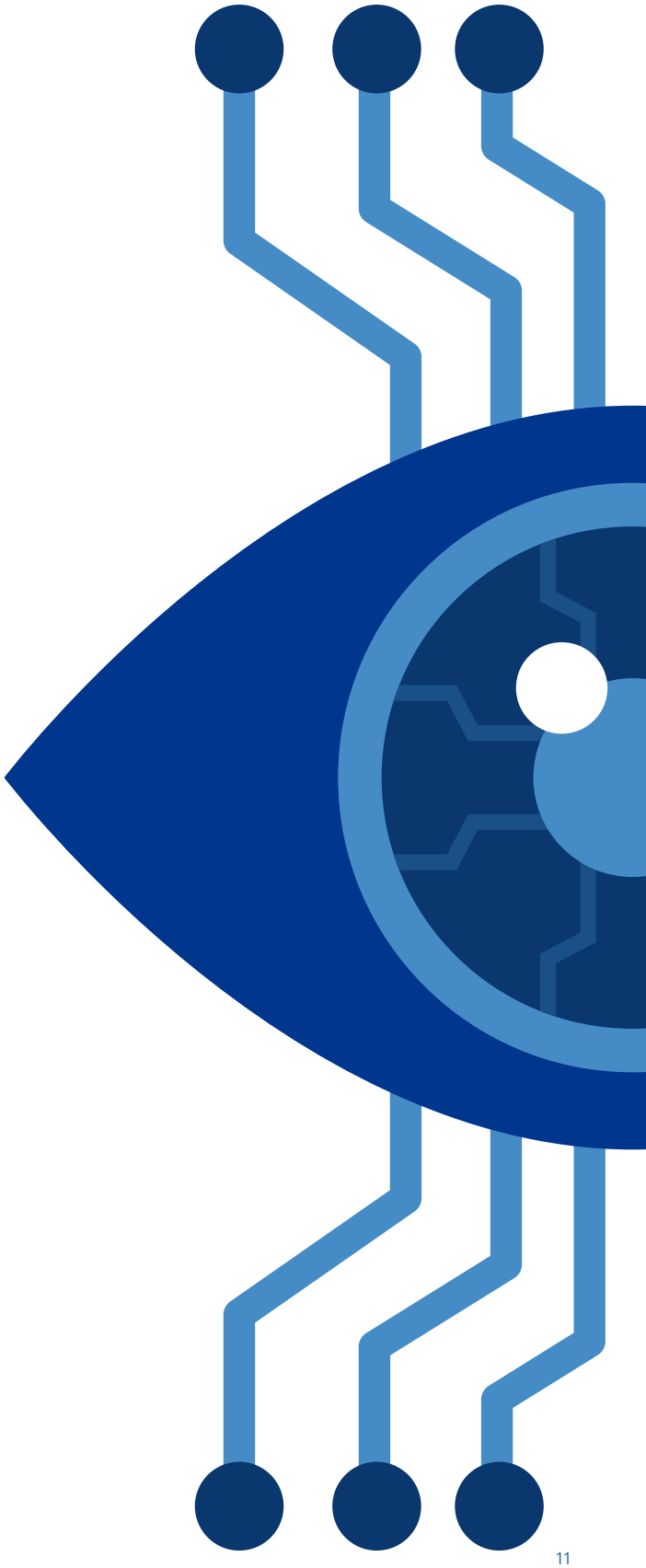
We have investigated some of the pain points that organisations face and found that AML screening is one of the most pressing concerns. This is because by law, the Financial Intelligence Analysis Unit (FIAU) requests that a Suspicious Transaction Report (STR) should be compiled and submitted within 5 working days from when suspicion arises. This report involves insight on the trends and habits of the client's activity with the ultimate purpose being that of capturing abnormal patterns, that might eventually raise suspicious alerts, requiring attention.

Compliance officials perform this process by conducting online searches, manual copying and pasting and carrying out various other manual checks. KPMG has a solution that carries out the pre-defined analysis on customers, providing a business insight report with a snapshot of relevant activities that reflect suspicious predicate offences. The report comprises of adverse media, sanction and politically exposed person (PEP) screening. This involves checking clients against global databases for negative news related to fraud, anti-money laundering and other risk areas. Thus, this enables the compliance team to focus on higher-value activities that require judgement and expert knowledge, such as the in-depth investigation of cases or alerts by reviewing the collected documentation.

Advantages of Automation

The following benefits were achieved by automating the screening process:

- Collating as much publicly available adverse news as possible in real-time.
- Drastically cutting down on false positives or unrelated information.
- Fully documenting all negative news search results in the most efficient manner
- Simplifying the entire process to promote consistency.
- Helpful in creating case reports and audit trails as part of the screening process in an automated way, thereby eliminating human bias.
- Producing annotated articles with highlighted keywords, identifiers and important sentences which can serve as evidences in later stages.
- Saving effort and reducing time by nearly 60% as 1-2 hours of manual processing time is brought down to 20-40 minutes of automated processing time.
- No need for retraining in the event of employee turn-over.
- Processing much higher volumes over a 24-hour period.



Testimonials

RPA 7-Day Training

KPMG provided RPA training services to our internal IT team. The sessions were interactive and contained a number of practical tasks which allowed more hands-on exposure. The training was customised to suit our requirements and targeted the applications which we use internally, this gave us the opportunity to begin building a proof of concept.

- Izola Bank

Bank Reconciliation

KPMG assisted our team by automating a specific part of our manual process. The project started by the automation team getting to know and understand into detail the whole process we had in place. This enabled the team to better understand our requirements and to come up with a solution that best suits our needs.

We worked hand in hand to design and implement the automatic process into our system. The team is a dynamic and pro-active team that puts their client first ensuring the development of the best possible solution.

- Accounting Team

Suspicious Transactions Report Generation

KPMG's automation bot has nicely complemented our compliance processes, automating much of the mundane repetitive activities our compliance team have previously been burdened with. Our team can now focus their time and attention on analysing data instead of collating it. We are truly pleased with the operational efficiencies resulting from this automation project.

- Local Gaming Operator

Automatic creation of purchase orders

KPMG managed to integrate RPA seamlessly within our environment. By automating the creating of purchase orders, we managed to free up one week worth of time that one of our accountants usually allocated to carry out this repetitive task, and which the bot managed to carry out in about an hour.

- Local Gaming Operator

Dedicated to a multidisciplinary approach and absolute integrity

Our three functions: Audit, Tax and Advisory stand for a wide variety of services provided by our highly qualified employees, all with extensive expertise, experience and a high level of commitment. Our services create added value for our clients. This added value depends not only on the skills of the individual team members, but also, and above all, on their ability to work together as high-performing multidisciplinary teams. We are committed to this approach as the best way to satisfy our own high-quality standards as well as those of our clients and the wider public.

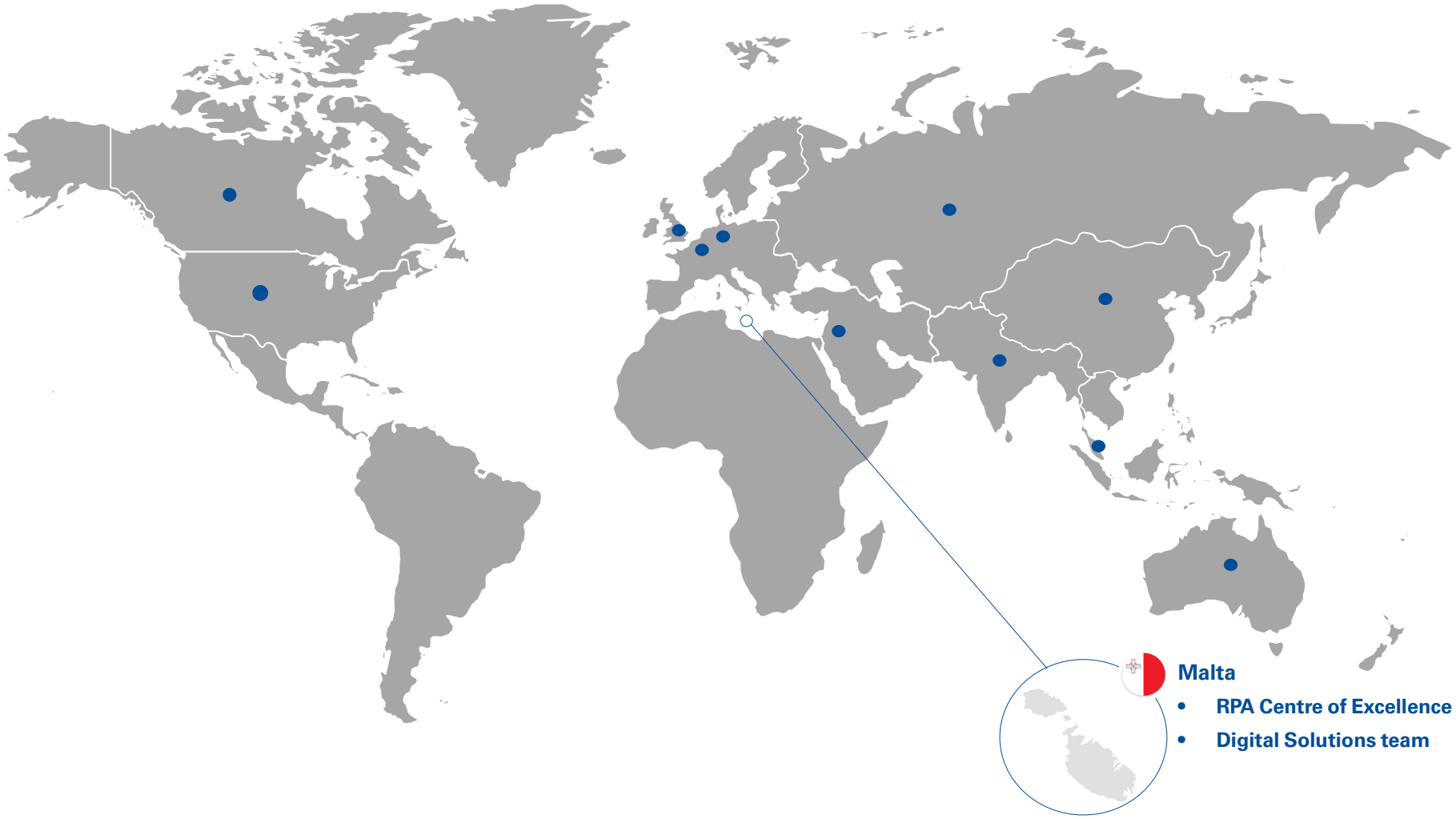
KPMG's technology professionals understand this changing and challenging environment. We combine industry knowledge with technical experience to provide insights that help technology leaders deal with their complex business models. Our professionals go beyond today's challenges to anticipate the potential long and short-term consequences of shifting business, financial and technology strategies. We also help clients explore potential obstacles to change and collaborate on critical decisions that can deliver real value to their businesses.

Our differentiators:

- Objectivity as advisers
- Beginning-to-end experience
- Functional breadth
- Industry-specific experience
- Technology end services
- Extensive date end analytics capabilities
- Proprietary research, tools and intellectualproperty
- Industry relationships
- Integrated competencies end services

A network of expertise across the globe

Working collaboratively and pragmatically alongside our client. KPMG helps organisations improve service delivery models, reduce support costs and drive specific business outcomes in order to achieve sustainable continuous improvements, and competitive advantage. We are also an industry leader in applying intelligent automation, robotics and cognitive technologies to business operations and services. The map below shows our global network of expertise:



Key considerations before jumping on the automation bandwagon

Now it is time to take action and realise your share of the automation savings. For those eager to take advantage of automation, we suggest a three-step approach. Any team about to embark on an automation project should have clear answers to the following questions:

Raise awareness, align functions and expectations

Who are the key stakeholders?

Verify the right executives are committed for a unified approach to automation.

Have you documented the business' requirements in detail and how automation will help you meet them?

Implement a high-level automation governance plan focused on results, not restrictions. Get IT, risk and security involved as soon as possible.

Assess initial opportunities and conduct a proof of concept (PoC)

Have you identified and prioritised areas for automation?

Create a matrix for assessing and prioritising automation activities. This will help you identify quick wins and deliver value early using predefined prioritization criteria.

Have you identified the tools or technologies that you need? Do you need support from providers and partners?

Choose an experienced, well established vendor that meets the current and expected needs, as well as gives you scalability and accelerated integration across different products.

Evaluate PoC results, define your framework and build an automation adoption roadmap

Is the implementation reflected in a realistic, detailed and costed IT roadmap?

Thanks to the advances in RPA and as-a-service delivery, you can potentially shed much of your back office and rent it from service providers. Alternatively, you could choose to build your own infrastructure to support automation.

Do you have a governance framework around automation projects?

As your automation efforts blossom and demonstrate success, be prepared for the onslaught of requests. Have a clear approach to prioritising opportunities across the enterprise.

Despite the clear line-of-sight between RPA and the benefits brought about, some organisations still struggle to implement automation and reap the benefits. Every corporation has its own unique dynamics and therefore its own key challenges in introducing automation. However, some of the major reasons for such difficulties do not stem from a technology point-of-view, but rather from non-technical barriers. In our experience, critical success factors include:

Knowledge of what to automate

It is widely agreed that the greatest benefit of automation arises when applied to high-volume, low-value tasks. Quality and consistency are other significant drivers of introducing new technologies in these areas. Any tasks which currently do not meet the organisation's aspirational quality and consistency thresholds could be ripe for automation.

Knowledge of how to automate

Companies need to identify the solutions that address their key issues. It is likely that a number of functions across a business will need to be consulted with before finalising which solution(s) to implement. We discuss this further in the upcoming section "Nine must have factors in the RPA proposition to the board".

Budget and/or CFO approval

In KPMG's CEO Outlook 2019, Lisa Heneghan, Chief Digital Officer at KPMG UK, observed:

> "Ultimately a CEO's or CFO's decision to invest in tech will be based on ROI"

Are you able to make a compelling ROI case for automation in the financial reporting function? Some of the key benefits such as efficiency gains may have a clear financial value that can be attached. Others however, such as improving quality, might be difficult to quantify -but the more clearly you can assign a value to them, the stronger your case will be. Part of this will come from gaining a thorough understanding yourself/as a team of the issues and potential upsides. Highlighting the benefits and forecasted ROI then becomes more straightforward.

Nine must have factors in the RPA proposition to the board

One question that is often asked by executives of the organisations is whether investing in RPA and cognitive automation is right for their organisation. According to Marco Vassallo, who leads the Intelligent Automation stream at KPMG in Malta, this is not the right question to ask. "At this point in time, it's not a question of whether you adopt RPA or not," he declares. "In today's world, an organisation that does not seriously consider automation, would be risking remaining relevant."

01

Where would RPA work best?

- Start with the areas that are the most labour-intensive or involve repetitive, rules-driven work.
- This may include, for example, jobs that require a large number of relatively low-skilled employees with high turnover.

02

What is the quality and accuracy of the data you currently receive? Have you measured error rates?

- Determine how digital labour can help you harness and analyse data for better decision making (in terms of strategy, operations and product development) and reporting.
- Project the potential savings that will result from reduced errors and increased speed.
- Consider the potential benefits of improved data analytics guidance (e.g. to achieve a profile of your most profitable customers; to determine which customers require closer risk monitoring).

03

What is the status of your existing technology systems?

- Calculate the technology debt you have on your balance sheet.
- Assess the skills/talents you have in targeted technologies.
- Determine whether existing products used in the front office can be applied to middle and back office tasks.

04

Are you facing escalating cyber threats to your operations and the security of your account information?

- A properly designed and operated digital labour solution should allow for better risk control.
- Consider creating a public and private cloud strategy.
- Assess the sophistication of your data retention/deletion policy.

05

How much market-share erosion have you experienced as a result of new entrants and increased competition from traditional competitors? How are you reacting to it?

- Determine how customer experience can be enhanced by improved automation, including straight-through processing.
- Assess whether an AI-driven data analytics program can help you spot trends that will inform your business strategy.

06

What are your customers demanding in terms of service, speed and mobility? Are you keeping up?

- By spotting trends and analysing preferences, RPA and AI could help your firm attract and better service customers or clients.
- Map out any new offerings you will be able to provide to your customers as a result of enhanced robotics.

07

Is your business being impacted by macroeconomic issues and geopolitical developments, including new and increased regulation?

- Consider how RPA and cognitive automation will enhance regulatory compliance in terms of speed, accuracy and reduced headcount.

08

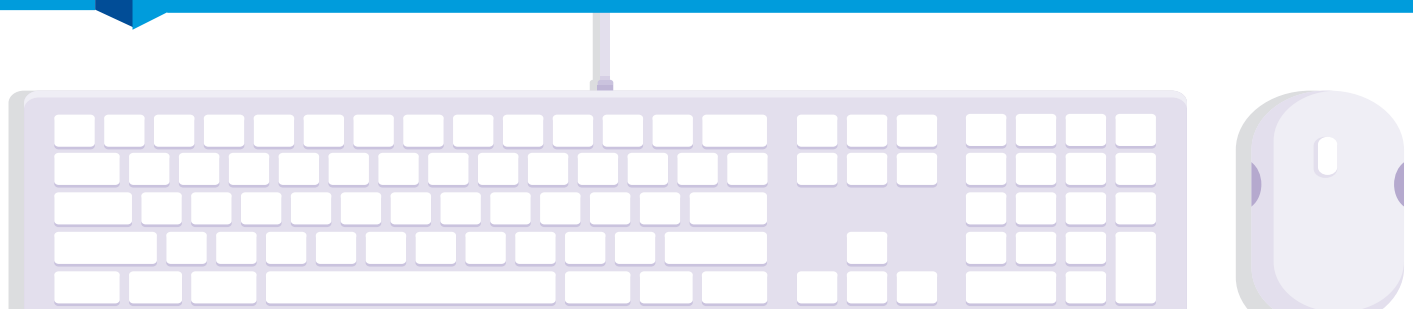
What is your talent acquisition strategy to meet new technology needs?

- Determine whether you will need to hire new employees, retrain current staff, or contract with third parties to operate and/or oversee the machines.

09

What is your strategy for communicating your plan to transition to RPA and AI innovations?

- Clear communication of any innovation effort of this nature – for example, how it will be accomplished and its goals – is the first step on the road to a successful programme.
- It's essential that lines of business understand their roles and responsibilities in this effort.



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