![FIS]

RPA 4.0:

The New Holy Grail of Efficiency in Auto and Equipment Finance

Robotic process automation (RPA) is nothing new to the auto and equipment finance industries. As a technology, it has been around for a number of years. However, since its inception during the 1990s, it has evolved to include several new layers of sophistication, applicability and utility that make it a potential game-changer for finance organizations seeking to lower cost, increase productivity and improve customer experience.

RPA Then and Now

To level set, let us define RPA as the use of a computer to create a virtualized full-time equivalent (FTE) resource – a robot, in other words, rather than a person – to manipulate existing application software in the same way that a person today processes a transaction or completes a process.

RPA doesn't replace existing client or service provider applications. It simply works with those systems to perform the specific task that the virtual FTE, or robot, has been asked to complete. It further incorporates rule-based automation, capable of accessing multiple systems and integrating multiple data sources, to support human decision-making through smarter process exception-handling.

Over time, RPA has evolved.

- **RPA 1.0:** Assisted RPA, deployed on a desktop to improve worker productivity, with limited scalability and automation capabilities, such as document completion wizards.

- **RPA 2.0:** Unassisted RPA, deployed on a server to scale and automate processing end to end, but requiring manual control and limited to managing screens and system changes.

- **RPA 3.0:** Autonomous RPA, deployed in the cloud to dynamically scale and automate more advanced processes end to end, in context with analytics, but limited to structured data, such as customer purchase histories.

- **RPA 4.0:** Cognitive RPA, incorporating artificial intelligence (AI), machine learning and natural language processing for automating tasks involving judgment, with predictive and prescriptive analytics utilizing structured and unstructured data, such as free formatted text read/write or image recognition.

Given this evolutionary sequence, RPA 4.0 is currently considered a future technology by most organizations, while RPA 3.0 represents the industry's latest and greatest accepted iteration. This is not to say that RPA 4.0 is a stretch, it is just not as widely used. However, for those auto and equipment finance organizations considering the benefits of RPA as a long-term strategic enabler, RPA 4.0 represents the new standard. It blends RPA with cognitive solutions and digitally enabled straight-through-processing technologies. When layered on top of a digital transformation, RPA 4.0 can greatly reduce the number of transactions moving across the organization for manual intervention, speeding cycle times and enhancing customer satisfaction by providing a more robust digital experience.

> **As the role of digital operations increases, financial institutions are looking to automate transactional processes and shift focus to more judgment-intensive offerings. However, increased digital adoption and maturing of automation solutions are leading to lower FTE requirements for the industry, prompting service providers to look for other avenues of growth.**
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Many Advantages to RPA

By now, it is fair to submit that all organizations have experienced the benefits of RPA, in some form or another. Replacing repetitive manual processes with automated programs has broadly streamlined paper-based transactions. Many data entry, verification, validation, search, screen management and even letter and email generation tasks no longer require human intervention, thanks to RPA advances.

Nevertheless, as the auto and equipment finance industry moves toward 100 percent digital adoption, RPA can be a massive accelerator in improving productivity, efficiency, customer experience and profits.

RPA blends well with digital transformation implementations. As digital business and operating models open data and processes to advanced automation and straight-through processing, RPA effectively maximizes the gains. By integrating cross-application activities associated with transaction documentation and customer relationship management, RPA 4.0 can provide the glue that pieces together machine learning and cognitive analysis to arrive at more efficient business process flows.

Identifying the Opportunity

Still, taking RPA to the next level is not so straight-forward. Every organization is different, and one size does not fit all. To begin with, there are several processes that can be optimized through RPA that may ring true for your business, but not another. Classic candidates would exhibit three characteristics to be fulfilled within an end-to-end process. These would be actions that are:

• Consistent, with the same step being performed repeatedly

• Template-driven, with data being entered into specific fields in a repetitive manner

• Rules-based, allowing decision flows to alter dynamically

Examples include:

• Data entry and validation

• File and data manipulation

• Automated formatting

• Multi-format message creation

• Multiple system data reconciliation

• Web scraping

• Text mining

• Uploading and exporting

• Downloading and importing

• Workflow acceleration

• Currency/exchange rate processing/trading

• Reconciliations

Learn from Others

As you move down the decision chain toward implementing an RPA 4.0 model, a good place to start is to review what's been done in the past. This is one of the benefits of adopting a maturing technology. You can examine the learnings of others who have come along through the RPA 1.0-3.0 journey, then adjust your plans to minimize risk and optimize outcomes.

For instance, some early adopters who attempted automation initiatives without having rules-based governance in place found that layering on technology without such process considerations wasted time and money. Lesson: Slow down and invite business professionals to the table to map out complex processes and define proper governance, regulation and compliance.

Others learned that RPA applied strictly at the desktop did not allow for efficient scaling of the program over time, so virtual, cloud-based resources became vital to sustaining the momentum. Lesson: Consider a cloud-based digital platform to enhance scalability across geographies, business units and applications.

Still others have launched programs using vendors who demonstrated the latest technology but did not have the change management practices in place to convert the investment into human productivity. Lesson: Consider establishing an internal RPA Center of Excellence (CoE), to vet partners, hold them accountable and operationalize your vision.

Assess, Prioritize, Map, Test, Score

Given the risks involved, it is wise to manage your RPA program from the top down. Top executive leadership must be involved early on to create a vision for the transformation and ensure buy-in at the lower levels.

Aligning with a qualified, experienced process transformation partner that possesses the appropriate tooling options, AI-based technologies and engagement models you need to achieve your targeted use cases at speed is also recommended. This will require a strategic view of your transformation, as well as internal oversight to guide progress along a frictionless path, assure program adherence and maintain business relevance.

The best approach to follow will be an "assess, prioritize, map, test and score methodology." The goal is to identify your long-term mandates, determine the best partners, technologies and processes needed to extract maximum value, and map the fastest route to ongoing business improvement.

As you look at potential process candidates for RPA, analyze the financial benefits, suitability factors, strategic impact, practicality, and the tools and frameworks necessary to adopt the solution. Consider how RPA fits within your technology and business topology and how it will be controlled.

What process might be an ideal candidate for a test pilot? What represents a quick win? Who will manage the asset? What criteria will be used to judge progress?

As answers come in, your road map to completion will naturally take shape. You will begin to see the skill sets required to transform the business. What controls, documentation and maintenance will be necessary to sustain progress. What timeline and budget will be required to complete and ultimately sustain the effort.

Representative Use Cases for Financial Services

Here are some common use cases relevant to auto and equipment finance organizations to spark your imagination. It is our hope that these will open an internal dialog and set you on the path toward achieving new levels of productivity, efficiency and profitability in your organization.

Document Processing: Leveraging AI and ML to drastically improve Optical character recognition (OCR)capabilities and reduce manual efforts for an increase in cost savings and accuracy

- **Fraud Detection:** Positioning RPA "on top" of customer relationship management (CRM) systems to automatically monitor agent activity, lock potential fraud instances, notify management and create an audit trail that protects the brand

- **Multi-System Navigation:** Enabling agents to quickly retrieve and enter repetitive data across multiple tabs and systems with a single click, reducing agent hold times and improving the customer experience

- **Real-time Analytics:** Leveraging text mining and data modeling to extract chat reports into a unified analytics platform to speed processing and improve customer satisfaction

- **Research & Verification:** Developing bots to rapidly retrieve and validate information across multiple systems for processes, such as Suspicious Activity Reports, to save time and improve human decision-making

- **Chargeback Processing:** Handling chargeback and various sub-processes, such as data gathering, chargeback execution and member notifications, to reduce production costs

- **CRM Changes:** Reviewing transactions for validation and automatically updating information without human intervention, error or additional FTE investment

- **Exceptions Processing:** Supporting manual claims exception management, using integrated robotic interventions and rejections, with auto-assignment to queues for streamlined decision-making

Proceed with Confidence

Moving your RPA efforts toward the holy grail of RPA + cognitive solutions + digital straight-through processing is now an imperative for achieving competitive dominance. The concept of RPA has been proven in applications across many industries over time. Auto and equipment finance companies are in a particular position to benefit. As organizations that routinely engage in repetitive manual processes, these firms stand to gain the most by adopting high-level RPA.

But, be forewarned. RPA alone will not take your legacy systems to the next level. You must evolve to a digital business model sooner than later for RPA to deliver its greatest benefits. While laggards in the space, such as government entities, may continue to rely on paper-based processes, such as vehicle titling, equipment delivery and acceptance, your decision to adopt early will only enhance your interactions with them and accelerate your gains.

The best place to start is with a strategic plan, formulated from the top down and executed by a dedicated internal team, supported by a qualified partner, with an end in mind. Identify the low-hanging fruit, then map out a test program. As results come in, scale the solution to maximize value and attack the next priority.

Avoid disruption by being the disruptor. Take your organization to the next level of RPA – and optimize your business outcomes by leveraging the best of what the digital revolution has to offer.

> **Research shows that more than 80% of firms invest less than $1M into RPA, which is still relatively low, considering that nearly 90% of said firms are implementing or looking to implement an RPA solution.**
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> **RPA Benchmarking Report 2017**

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