White paper 2022

THE AUTOMATION GOVERNANCE PLAYBOOK

PRACTICAL ADVICE FOR MANAGING YOUR AUTOMATION ROADMAP

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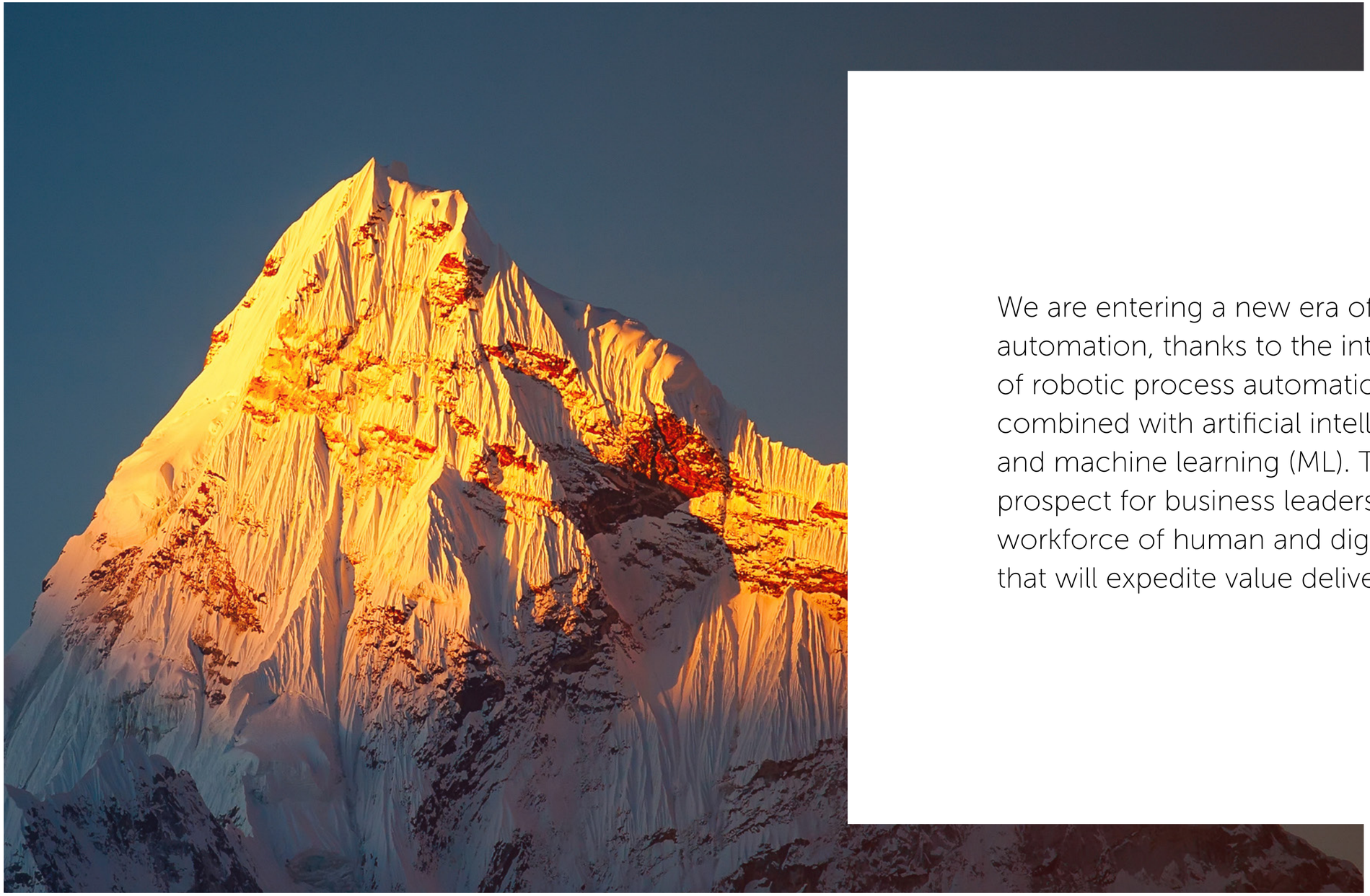


We are entering a new era of enterprise automation, thanks to the introduction of robotic process automation (RPA) combined with artificial intelligence (AI) and machine learning (ML). The tantalising prospect for business leaders is a balanced workforce of human and digital workers that will expedite value delivery.

This new era of enterprise automation will transform the workplace by streamlining and automating repeatable and repetitive processes. These processes might be internal-facing, such as across IT, finance and HR, or outward-facing, such as managing the customer experience and the supply chain. Wherever their focus, the result will be the same – the automation of hundreds, if not thousands, of repetitive macro and micro processes will free up human talent to focus on value-adding workflows and tasks. This new era of enterprise automation could lead to a workplace revolution.

However, we must issue a word of caution in case we celebrate this transformation prematurely. We know from other major change programmes, such as business reengineering, that the path to enterprise transformation at scale is fraught with challenges and disappointments. To be successful in exploiting RPA, senior executives must identify and then deal with impeding roadblocks at the outset of the automation journey, just as organisations have done with their enactment of cloud-first strategies during the past decade. More broadly, we can take lessons from the ongoing digital transformation that pervades every organisation. In Table 1, we list the governance challenges around ambition and scope that early adopters of enterprise automation are experiencing.

Table 1 – Governance challenges relating to ambition and scope

Stage	Governance factors	Governance challenges
Defining the ambition and scope of an automation programme	Combining the human and digital workforces	Staff concerns about future employment prospects
	Achieving a fully automated enterprise	Prospects of RPA succeeding when business reengineering did not deliver on its promises
	Laying the technical groundwork for success in automating processes	Will a cloud-first strategy support or hinder robotic process automation?

In this playbook, we examine how to undertake a successful automation journey by adopting a comprehensive governance model that supports selective pilots and subsequent large-scale deployments. The model touches on people, processes and technologies, giving guidance for business leaders on the most productive areas to address based on recent case studies.

In the following sections, we summarise the key points of governance:

1. Developing an Automation Operating Model
2. Building a Centre of Excellence
3. Adopting an automation roadmap
4. Establishing automation pilots
5. Governing automation scale-ups
6. Creating the foundations for success
7. Taking the next steps towards enterprise automation

01 DEVELOPING AN AUTOMATION OPERATING MODEL

A successful change programme that aims to deliver a fully automated enterprise is likely to run into difficulties unless it combines top-down directives with bottom-up support from the outset. This joined-up approach requires strategic alignment amongst key stakeholders, a clear designation of ownership and responsibilities, and clear performance measures to determine successful outcomes. Table 2 describes the governance factors and associated challenges in establishing an Automation Operating Model (AOM).

Table 2 – Governance imperatives in establishing an AOM

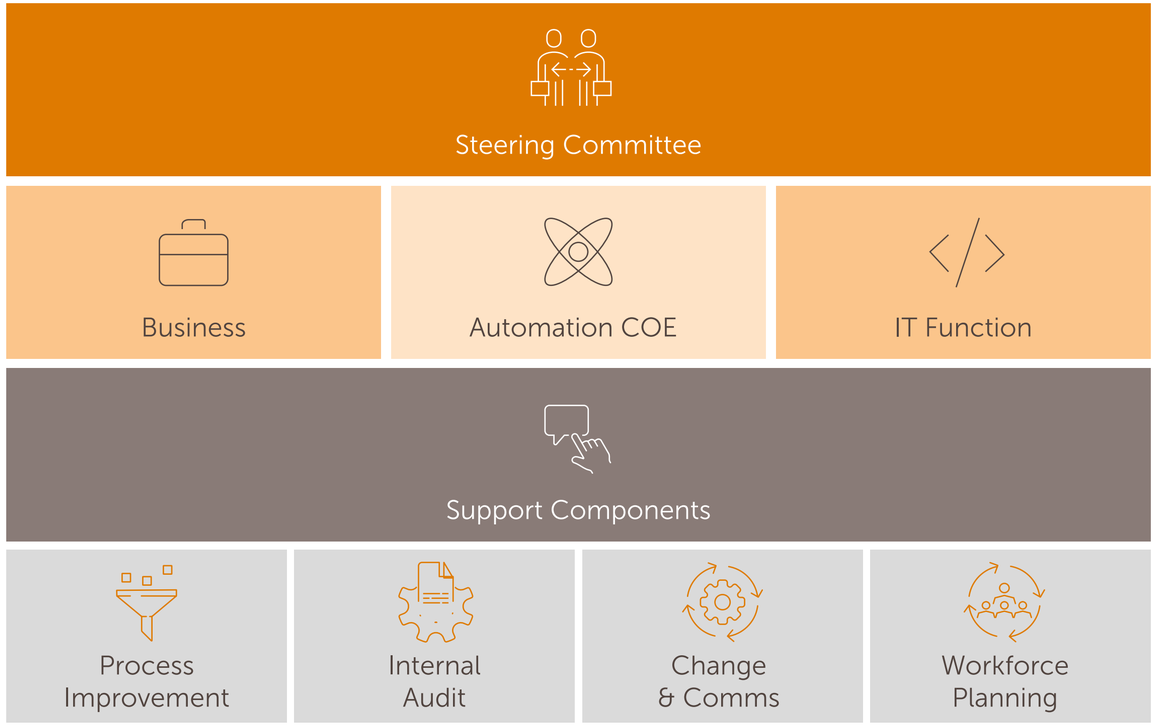
Stage	Governance factors	Governance challenges
Developing an AOM	Gaining alignment of strategic goals	How can automation benefits be aligned with corporate goals?
	Achieving stakeholder alignment	Who should set the standards and design the governance?
	Assigning ownership of the automation programme	Who owns the automation operating model?
	Applying the correct measurements	How should success be measured and monitored?

By recognising that RPA-led automation is a major change programme on a scale comparable to digital transformation and business reengineering, we believe a successful approach will require: top-down sponsorship; it must encompass people as well as process and technology; an ability to engage with external partners who specialise in RPA; and a clear set of priorities from the outset.

To meet all these requirements, the enterprise should adopt a three-level AOM that includes:

- A steering committee of senior executives drawn from business units and key functions. The steering committee should be responsible for defining the overall vision, the funding, and the coordination of the programme in order to rally sponsorship and engagement across the organisation. Given the likely scope and impact of a fully automated enterprise, this committee should include the CEO and members of the C-suite. Any form of delegation at this point would undermine mobilisation and the achievement of ambitious goals.
- A Centre of Excellence (or COE) that enables the business and IT organisation to collaborate effectively. Our conversations with 15 global organisations in 2021 revealed that all CIOs had adopted COEs to coordinate automation pilots and scale-ups across functions and business units.[1] The COE orchestrates the key executive functions of the programme, from ideation, through production and onto the maintenance of robots.
- Supporting components that enable a successful automation journey. These components should include process improvement, internal auditing, change and communications, and workforce planning. Establishing these support functions will ensure programme optimisation, adoption and compliance. See Figure 1 for an example of an AOM that has been designed by UiPath.

Figure 1 – Illustrative three-level Automation Operating Model[2]



Note that the Centre of Excellence (COE) sits between the rest of the business and the IT function to help balance the needs of these two stakeholders.

[1] Towards the fully automated enterprise – the emerging CIO imperative. Sponsored by UiPath and published by CIONET International in 2021
[2] UiPath Automation Operating Model published in 2000.

02 BUILDING A CENTRE OF EXCELLENCE

The implementation of successful automation pilots and scale-ups relies on financial investment, strong technical and business skills, and carefully crafted partnerships with external vendors. The experiences of early adopters suggests that business units tend to experiment locally and avoid delays that might emerge from group-level or IT-led interventions. This form of experimentation follows the well-trodden path of grey IT, where technology is not necessarily implemented and run by the IT department. However, this lack of IT governance can lead to several issues that might block progress towards a fully automated enterprise. These potential roadblocks include:

- A lack of interoperability between islands of automation
- An inability to address end-to-end processes that cross functional boundaries
- A reduced opportunity to adopt standard solutions across the enterprise

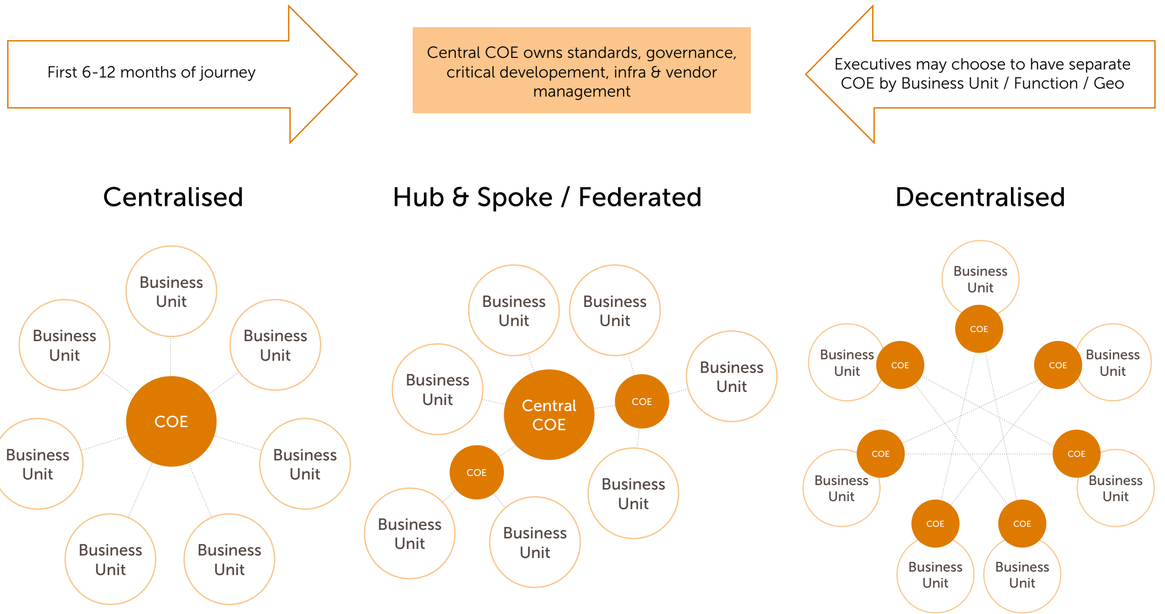
Similar issues appeared in the early days of cloud adoption when line-of-business staff could sign-up with a host of different cloud vendors. Typically, organisations found themselves partnering with hundreds of cloud suppliers. Organisations were quick to recognise the folly of this approach. As a result, they have implemented cloud-first strategies that harmonise on-demand efforts around a limited number of cloud platforms (for example, Azure and AWS) and associated standards.

To avoid some of the problems that characterised the early days of the cloud, C-level executives should establish a COE that works to overcome the potential roadblocks to a fully automated enterprise. However, they should also proceed with caution as they establish a COE.

A COE that operates remotely from the business can create a set of constraints that stifle innovation at the local level. For this reason, organisations should align COE governance with the prevailing culture and style of the business. For example, a centralised management style would favour a COE located at group level, with full authority over policies, standards, as well as production facilities – what we refer to as an 'automation factory'. In contrast, a conglomerate would be better suited to a highly decentralised approach that is enabled by a community of practice.

For most organisations, the right approach will be corporate 'parenting' at the outset of an automation journey, with a loosening of control once the business' use of RPA techniques matures. Figure 2 summarises the most frequently adopted COE models.

Figure 2 – Alternative COE governance models

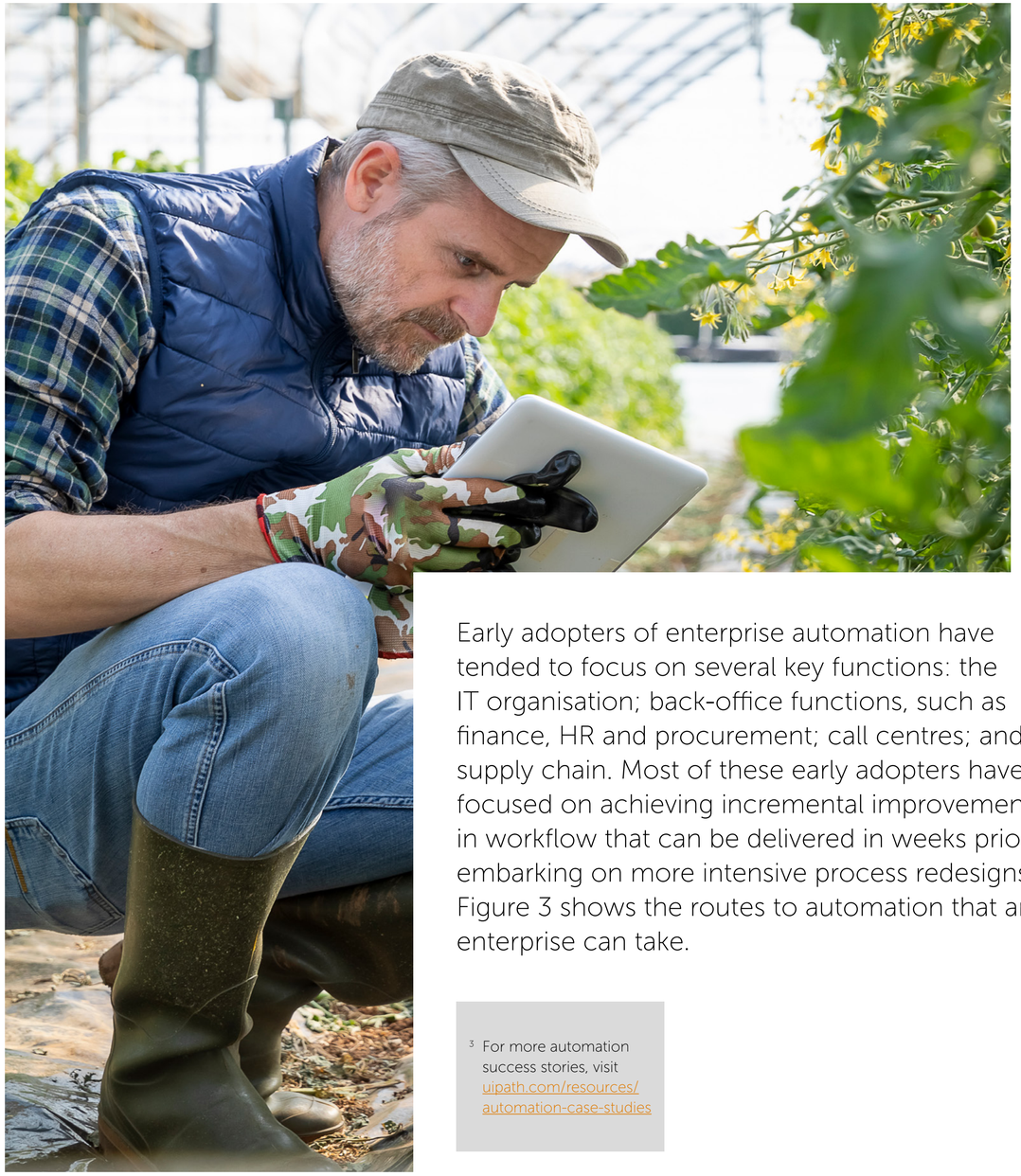


The implementation of successful automation pilots and scale-ups relies on financial investment, strong technical and business skills, and carefully crafted partnerships with external vendors.

03 ADOPTING AN AUTOMATION ROADMAP

Just as business process redesign needs to consider the degree of change and the potential disruption to an organisation, so RPA- and AI-driven automation will need to consider these factors when an initial roadmap is created. Our research indicates there are three levels of RPA-led enterprise automation:

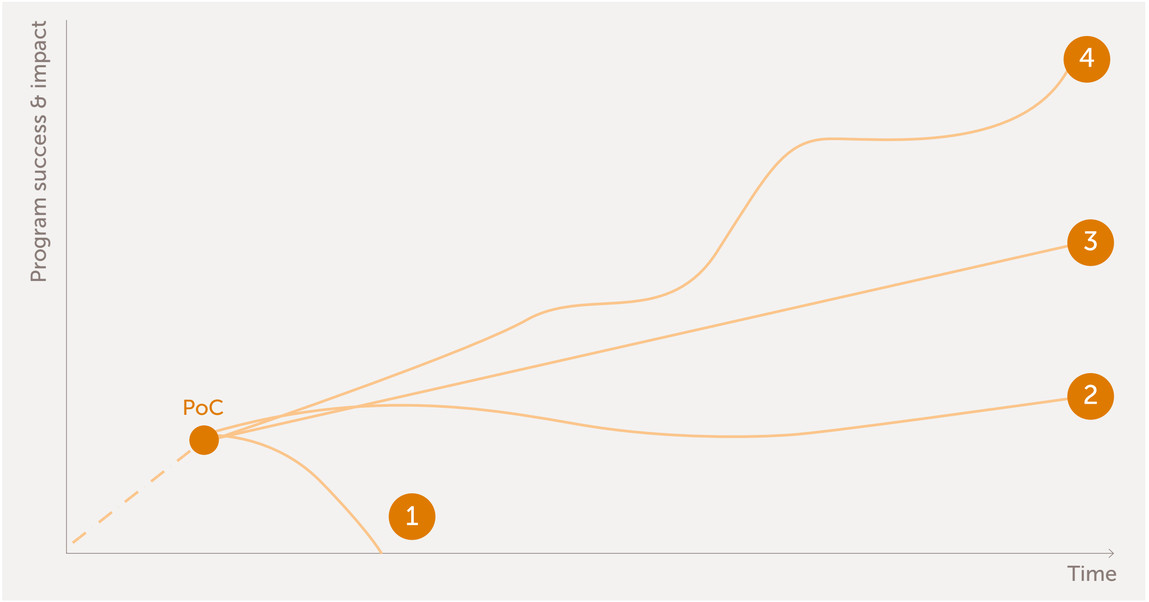
- Incremental change that uses software robots to automate repetitive tasks, but which avoids a full intervention into process design. The potential in both the back office and the front line is to eliminate 30% or more of repetitive tasks. For example, professional services firm EY has implemented 100,000 robots to simplify user access to core SAP systems that look after customer relationship management, time recording and expenses. This automation has slashed training costs and reduced time spent on administration.
- Process redesign that deploys automation tools, such as process mining, to examine the end-to-end efficiency of critical processes and recommend workflow improvements. Consumer goods company Reckitt Benckiser started to automate its IT service function by employing robots to issue password resets and software licences. The company now deploys 80 robots to automate about 20% of all IT-related processes.
- New business models that employ fully automated processes from inception. Organisations such as two reinsurance giants have established teams to plan and pilot new business operating models that enable them to compete in the FinTech space. To be effective, all processes must employ RPA software, AI and ML from the outset to deliver breakthroughs in operational performance such as time to market and cost efficiencies.



Early adopters of enterprise automation have tended to focus on several key functions: the IT organisation; back-office functions, such as finance, HR and procurement; call centres; and supply chain. Most of these early adopters have focused on achieving incremental improvements in workflow that can be delivered in weeks prior to embarking on more intensive process redesigns[3]. Figure 3 shows the routes to automation that an enterprise can take.

[3] For more automation success stories, visit uipath.com/resources/automation-case-studies

Figure 3 – Four Common Post-PoC Trajectories



FOUR COMMON POST-POC TRAJECTORIES

1. Abandon – Inability to effectively execute proof of concept (PoC) erodes confidence in the technology.
2. Stall – Inability to communicate impact of PoC to broader orgisation limits the use and impact of the technology to minor task automations.
3. Crawl – Inability to imagine & quantify the impact to the enterprise limits executive visibility and funding, limiting the program to smaller, incremental growth.
4. Scale – Top-down investment & strategic direction of th eprogram is grounded in well-defined business objectives and an **automation strategy** that allows the program to scale, invest in key capabilities and deliver real value for the enterprise.

04 ESTABLISHING AUTOMATION PILOTS

Having appointed an automation steering committee and established a COE, the next task is to engage key stakeholders and select pilots that can deliver immediate value to the business. Best practice suggests that a pipeline of incremental improvements can be created by choosing two to three functions and asking staff to submit ideas. Workshops can be organised to discuss and prioritise these ideas. Businesses can use prototyping tools to develop and test the validity of ideas in days rather than weeks, including an assessment of potential benefits. The governance principle here should be to: coordinate these pilot activities, re-use successful pilots, and reassure staff that they will benefit from a higher quality work environment once automation is implemented.

Process redesign requires a deeper assessment of business benefits and practical feasibility. Early adopters, such as multinational insurance firm **MAPFRE** and **J&J Medical Devices**, have chosen to automate processes that are critical to competitive success, including claims processing, and device maintenance and servicing. In such cases, process mining tools can analyse current workflows and help teams simulate new approaches based on end-to-end automation. It is worth noting that such redesigns need to be conducted in parallel to normal operations to avoid disruption and to minimise risk to the business. Table 3 summarises the main governance factors and challenges when a company establishes automation pilots.

Table 3 – The governance of pilots

Stage	Governance factors	Governance challenges
Selecting automation pilots to begin the journey	Value/benefits realisation	How can automation demonstrate value without headcount reduction?
	Automation pipeline	Which processes should be automated and why?
	Stakeholder engagement	Who should be involved to ensure adoption?
	Change management	How can we ensure employees do not feel threatened?
	Lifecycle management	How should we manage the full lifecycle from discovery and test through to go-live?

05 GOVERNING AUTOMATION SCALE-UPS

Having successfully validated an automation pilot, the organisation might see the merit in scaling up this application across an entire function or business. This implementation might lead to an incremental improvement, such as the elimination of manual tasks, or a more fundamental redesign of critical processes. At this stage, several governance and support components need to be in place for the scale-up to be successful:

- Funding needs to be agreed and benefits measured against a targeted return on investment. Timescales need to be estimated (for example, will this project take place within the current financial year or will it extend to two or more budget cycles?).
- Ownership of the end-to-end scale-up process needs to be assumed by either a business unit or function, and reporting lines to be assigned (for example, the automation steering committee or the head of the business unit running the scale-up). The nominated party will need to assemble a qualified change team that combines both business and technical skills, comparable to an Agile DevOps programme.
- Reporting processes need to be established that cover the automation steering committee, the COE and the business unit or function that owns the process. A reporting cycle needs to be agreed (for example, reporting progress at weekly or monthly intervals).
- Key support components need to be in place to ensure a smooth and enduring roll-out process. These components are likely to include technical standards, a platform on which bots can communicate, and adequate security measures.

As with any major change programme, communication will be a critical success factor to ensuring a smooth rollout. Regular engagement with key stakeholders will also be essential. As the programme continues, full documentation of procedures will help set direction for future programmes. The COE should take responsibility for capturing and propagating these procedures and lessons learnt through the rollout. The key governance factors and challenges are described in Table 4.

Table 4 – Governance of scale-ups: Factors and challenges

Stage	Governance factors	Governance challenges
Scaling up successful deployments	Quality standards	How to deal with automations being built inconsistently?
	Business engagement	How to ensure access to process SMEs for the build team?
	Automation pipeline management	Can a huge backlog of automations frustrate the business with delayed delivery?

06 CREATING THE FOUNDATIONS FOR SUCCESS

The CIOs interviewed in our recent research report, T*owards the Fully Automated Enterprise* (see reference 1), suggested that many early-stage pilots often take place within business functions but do not include input from the IT department. This detached approach creates issues around lifecycle maintenance, scalability and security – especially as these areas might need to be picked up by IT teams in the longer term. To avoid this detachment, all the organisations we interviewed have established COEs to coordinate automation initiatives and develop foundations at group level.

Recognising that sustainable change must embrace people, process and technology, these foundations are largely associated with technology aspects, assuming the rest of the business can take the lead in the people and process areas. The tasks that are most relevant here and that require input from the IT organisation include:

- Technology platforms that enable robots to interconnect in a secure fashion to exchange information. These platforms are likely to be cloud-based, such as the UiPath Orchestrator. Such platforms will help with adherence to governance standards within an organisation.
- Qualified RPA vendors that have the expertise and products that can support pilots and scale-ups within and across national boundaries. These are likely to be limited to just two or three strategic partners that encompass RPA products and delivery partners.
- Automation portals that give users access to all documentation contained within the COE. Such documentation is likely to cover successful pilots, recommended standards and vendors, and governance policies.

In addition to IT-related governance and support factors, an internal audit will also be required to ensure that regulatory compliance is built into all automation projects and can be updated as national guidelines dictate. The key governance factors and challenges are summarised in Table 5.

Table 5 – Governance associated with establishing the foundations

Stage	Governance factors	Governance challenges
Introducing the necessary foundations	Deployment model	Software-as-a-Service, private cloud, automation-as-a-service, on-premises – which is right?
	Security	Can robots be trusted? Should they have the same privileges as humans?
	Skills availability	Are existing skills transferrable and how can people be retrained?
	Regulation and compliance	Who will take responsibility for compliance at the national level?

07 TAKING THE NEXT STEPS TOWARDS ENTERPRISE AUTOMATION

Recognising the post-nascent state of RPA and AI today, most organisations fall into the 'mass adopter' category. These organisations will follow the lead of early adopters. This paper rests heavily on the experience of the latter category and helps lay the ground for the large majority. The essential governance steps are summarised in Table 6 and include:

- Adopting an Automation Operating Model (AOM), supported by the CEO and executive team
- Laying out a roadmap of pilots and scale-ups by business units and functions
- Establishing a Centre of Excellence (COE) at group level, with appropriate resource levels
- Selecting appropriate automation partners, RPA tooling and technology platforms

It is only when these steps and taken and the right conditions are in place that an organisation will be able to take a successful journey towards becoming a fully automated enterprise.

Table 6 – The governance playbook

Stage	Governance factors	Governance challenges
Pathway to a fully automated enterprise	Strategies, policies and standards	Creating a governing body that has full authority to oversee all automation projects
	Implementation of automation projects	Adopting a common set of external partnerships and tooling to enable re-use
	Sustainability through the lifecycle	Standards, procedures and platforms for consistency across the lifecycle

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Roger is director of research at CIONET. A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over forty five years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

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CIONET is the leading community of IT executives in Europe and LATAM. With a membership of over 10,000 CIOs, CTOs, and IT Directors, CIONET has the mission to help IT executives achieve their aspirations. CIONET opens up a universe of new opportunities in IT management by developing, managing and moderating an integrated array of both offline and online tools and services designed to provide real support for IT executives, so they can do more than just keep up with change but ultimately define it.

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