



# BusinessProcessViews

ROBOTIC PROCESS AUTOMATION: END USER INSIGHTS IN RETAIL BANKING  
AND ENERGY (NPOWER)

APRIL 2017

**Analyst: John O'Brien**

TECHMARKETVIEW

[WWW.TECHMARKETVIEW.COM](http://WWW.TECHMARKETVIEW.COM)

EMAIL: [JOBRIEN@TECHMARKETVIEW.COM](mailto:JOBRIEN@TECHMARKETVIEW.COM)

## RPA lessons in transformation

In our course of researching Robotic Process Automation (RPA), we have spoken with a number of enterprise end users on their experiences implementing and operating RPA across their back-office business processes.

At this early stage in the evolution of the market, business process service (BPS) providers themselves are very much akin to end users too, in that they are implementing internally, and building capability for wider use.

These discussions and insights continue to help frame our growing research into the Business Process Automation and RPA sector (see [Business Process Automation – opportunities in the Robotic Revolution](#)).

In this Analyst Views report, we provide insights specifically from conversations with senior business managers responsible for managing RPA deployments, in the highly-regulated UK energy & utilities and retail banking sectors.

## UK&I Retail Bank

The retail bank is a major provider of deposit accounts and lending in the UK and Ireland. Like many providers however it was hit hard by the financial crisis of 2008, and began a recapitalization and restructuring programme, which continues through today. In 2017, it announced plans to begin a major new investment in IT over the next four years as part of plans to reinvigorate its branch network.

It has been working with RPA technology from **Blue Prism** since 2015. The bank has moved beyond proof of concept stage to full implementation, with 50 robots in use today, starting in the back office and now extending to other business functions.

Alongside the RPA technology, the bank is deploying **ActiveOps** as the production management system, to provide the measurement and collaboration support for managers to optimise and drive the benefits from the human and RPA resources across teams and processes. The bank found that it needed a robust and comprehensive measurement system like this because it needed to measure the benefits and understand the downstream impact on the wider organisation.

Productivity gain has been significant; over 25% in many processes, with savings being realised through either reduction in work outsourced to third parties or redeployment of resources onto other expanding areas of the bank. In addition to improving productivity the bank has seen significant benefits in reduction in errors and improvements to customer service, with responses reduced to 15 minutes as opposed to 3 days.

Other value has been seen from “an incredible audit trail” from the robot, regarding how many hours operating and over what period. This visibility is supporting and accelerating a Lean programme within the bank to further reduce or eliminate non-value adding tasks. This programme is also going to help the bank looking at how configure its operations to move from a five-day week use of the robots to continuous working.

The bank has largely developed its own resources to implement RPA, ActiveOps and Lean via a centre of excellence (CofE), recruiting internal resources from within the business processes and training them in use of the new solutions. This brings challenges as these skills then make the individuals highly marketable.

But the CofE is a positive demonstration of new career opportunities for staff in the bank, and of new opportunities emerging as a result of Automation. This is a direct response by the bank to retain valuable talent following automation.

## Npower - Big Six energy provider

Npower is now part of Innogy SE, which was created and spun out of RWE in mid-2016. Alongside its domestic energy services, Npower is the second largest supplier of electricity in the UK Industry and Commercial (I&C) market, which it provides via its Npower Business Solutions division.

Npower Business Solutions supplies a diverse portfolio of large industrial, multi-site retail, public consortia and utilities including household names like British Telecom, Tata Steel, Sainsburys, McDonalds and Marks & Spencer. The division also supplies about 20,000 medium-sized UK businesses.

Npower Business Solutions has a turnover of £3bn. Npower as a whole has a turnover of around £7bn.

### The challenges

Like many energy providers today, Npower is facing increasing competition, regulation and pressure on pricing, driven by inflationary trends such as smart meters and fluctuating energy costs (see [Npower price hike: it was smart meters 'wot did it](#)). Meanwhile an ageing infrastructure puts huge pressure on the business to transform at a faster rate to meet these demands.

### Domestic business – automating at scale

Against this backdrop, Npower's domestic business has been pursuing broad-ranging transformation over the past few years. This has included its own large-scale ERP transformation programme, in parallel with outsourcing non-core back and front office services to **Capita** and **TCS** (see [Npower in controversial BPO with Capita and TCS](#)).

However the Domestic business has also been using RPA from Blue Prism since 2010, and is therefore one of the early adopters of RPA technology.

Today, some 300 robots are now used to administer processes such as meter management, customer billing, exceptions processing and managing energy consumption vs. supply. RPA is also now a key enabler to help the Domestic business onboard new customers efficiently. As consumers switch supplier more often onboarding becomes an increasingly important space for competitive advantage. This is an area that newer rivals like Co-Op Energy have also been investing in Blue Prism RPA solutions to manage.

### Industry & Commercial – RPA for agility

Npower Business Solutions division, as the smaller of the two, is where we are focusing our analysis. It is pursuing a different approach to Domestic – built around smaller scale automation to achieve operational agility and reduce errors.

Npower Business Solutions has legacy architecture, running complex, low-volume processes with high service costs. At the same time, it needed to increase customer satisfaction and retention while providing more speed and agility for the business. Due to the costs and time needed to deliver major IT programmes, it looked outside the traditional corporate IT space to RPA to deliver the level of change required, while increasing the lifetime of the legacy IT systems.

Today, Npower Business Solutions has 10 robots to remove the 'swivel chair' activities of rekeying in relevant information into multiple systems.

Processes identified for RPA were those where it could assist and streamline employee workflow, rather than create wholesale job displacement. This was achieved by focusing on processes that required multiple legacy systems and which employed seasonal/temporary work.

Processes fitting this picture were invoice statement generation, emergency contact detail communications and informing clients of missed contract renewals – areas effectively dependent on manual rekeying, often resulting from changes due to new regulations, or business demands.

#### *Invoice generation:*

There were 50 different systems holding invoice information within the business, which Npower used to hire temporary FTEs to support notification of customers with contract end-date and renewal details. Blue Prism technology was used to collate the information from the different systems, and then use business rules to automate the activity steps. This enabled Npower to avoid breaching regulations and saved 21 FTEs.

#### *Emergency contact process mandate*

Npower decided to use RPA to automate a new process, to contact customers for emergency contact details. Again this was used as an alternative to IT development, which was estimated to cost £500k-£1m and require 4 FTEs to administer. Instead Blue Prism was used to pool data from different systems together and then create a letter with the correct and appropriate information for any customer who hadn't received an invoice for a determined amount of time.

#### *Missed contract renewals*

Another new solution was created to alert customers who are out of contract and still using energy. Rather than allow this to fall into a debt collection issue, RPA is now being used to contact the customers and inform them of higher, out-of-contract rates for their energy usage. The higher rates incentivize the customer to renegotiate a new contract. This has had added benefits of improving cash and reducing debts.

### **Business impact**

The 10 robots in use today across Business Solutions is small compared to the Domestic business. However the broader business impact is significant. During the first year of deployment Npower automated 17 processes, saving the equivalent of 40 FTE hires and creating an 8% productivity increase across the entire service operation.

It has given Business Solutions the confidence to maximize its legacy systems and resources, and target other areas where there are similar challenges taking place – today some 15 projects are now ongoing in programmes that are driven by regulatory or business critical programmes. The plans are to extend the footprint of RPA supplied by the current 10 robots.

The outcome of the small-scale RPA projects, is that RPA can replace costly bespoke IT development, and become a key tool to help the business respond quickly to meet the businesses' short term market needs.

### **Summary**

It's clear from both end users that RPA is much more than a 'sticking plaster' or an interim solution. The use cases are expanding and becoming more strategic as the benefits are felt by the business users. RPA is therefore going to become a more important tool for wider IT and business process transformation.

Some providers will see CofEs (as with the retail bank) as an opportunity to upskill their retained workforce to drive more strategic change. Others will continue to see it as a tactical and very beneficial tool to drive productivity improvements and compliance.

So, while cost reduction is undoubtedly a key driver, it is not the only factor. The wider benefits include: becoming more responsive and agile to change, replacing costly and time-consuming IT development and integration, maximizing the life-span of legacy systems, ensuring regulatory compliance and also improving end customer satisfaction.

Freeing up capacity meanwhile, can make it easier for organisations to absorb growing regulatory overheads – something particularly pertinent in these highly-regulated sectors like banking and E&U.

*BusinessProcessViews* is only available to TechMarketView Subscribers. By downloading and viewing *BusinessProcessViews*, Subscribers agree to be bound by TechMarketView's full Terms & Conditions as supplied and available for viewing on [www.TechmarketView.com](http://www.TechmarketView.com).

All information is proprietary to TechMarketView and is protected by U.K. and foreign laws governing intellectual property. The information contained in the services is the copyright of TechMarketView and is subject to international copyright laws. Subscribers may use information contained herein for the research purposes only of the Subscriber or its employees. The Subscriber may not sell, resell or otherwise make the information available in any manner or on any media to any third party unless it has been granted prior written consent by TechMarketView. The Subscriber agrees to take all reasonable steps to restrict and control the use of and copying of TechMarketView's services, Subscribers may quote from *AnalystViews* provided that Source: TechMarketView is appended to each and every quote. Any such quotes should be limited to no more than a paragraph.

The responsibility for decisions taken on the basis of information given by TechMarketView will remain with the Subscriber. TechMarketView shall have no liability for any indirect special or consequential loss, damage, costs, expenses or other claims including (without limitation) those for loss of profit, loss of savings, loss of business or loss of interest which arise whether or not it has been notified of the possibility of such damages etc.