Rise of the machines as ANZ brings in robot workers to do the 'boring' jobs

Reported by Paul Smith for the Financial Review
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First jobs went to India, now ANZ Banking Group is leading the way locally in a global rise of robot software systems, which can do the work of employees in fields ranging from payroll administration to helpdesk support and customer service in a fraction of the time.

ANZ has spent the past year refining a well-developed program of work in an emerging field known as Robotic Process Automation (RPA), whereby tasks previously conducted by employees are now done by increasingly intelligent software that learns on the job.

Much of the robotic work is initially being conducted in ANZ's network of so-called captive centres or hubs in India, the Philippines and China, but some Australian roles are already changing to incorporate the new systems. The bank says it is not a job reduction strategy, rather it is a move to existing operations and to refocus human workers on new areas.

The emerging business trend is explained in a new report on RPA from Sydney-headquartered vendor agnostic sourcing and management advisory firm Mindfields, which says companies will see cost savings of more than 30 per cent across key RPA-centric functions such as finance and accounting, human resources and supply chain, within the next one to two years.

ANZ's general manager of Group Hubs Simen Munter says robotic process automation is "a bit like Iron Man" with staff augmented in a way that makes them work faster and better. Wayne Taylor

The report predicts that RPA will have a significant impact on labour markets, leading to a change in hiring strategy and the mix of staffing required by organisations. It also cites figures from Transparency Market Research estimating the nascent global IT robotic automation market will reach $US4.98 billion ($6.8 billion) by 2020, up from $US183.1 million in 2013.

Fifteen leading service providers such as IBM, HP and Cognizant have participated and been benchmarked on their RPA strategies in the report. There are more than 38 case studies of RPA engagements. This report will be released by ANZ in September.

NOT FOR CULLING STAFF

ANZ's general manager of group hubs Simen Munter told *The Australian Financial Review* the bank had been running pilot programs in all areas of the business, but work is most advanced in its finance department, HR, payments and mortgage processing.

Managing Director Mohit Sharma has compiled a landmark report on RPA, and says ANZ appears to be ahead of its big four banking rivals. Ben Rushton

He says RPA is not being used as a method of culling staff, and that in the 40 processes currently conducted by robot software, workers had generally been moved on to higher-value and more rewarding tasks.

"It is a bit like *Iron Man,* where we augment our people so that one person can do a lot more because they only need to intervene in processes when an exception occurs," Munter says.

"Clearly you need less effort to do the same work, but at the same time you are not necessarily doing the same work any more … We are not looking at less people, but if I look at the hubs then the pace of recruitment has dropped off very significantly."

He says that in one area of payments, ANZ has been able to reduce the number of human staff to two from 40. Most of the workers' time had been spent fixing errors that arose daily, however the errors were

nearly always the same and once the robotic systems had learned how to react, the humans could be redeployed.

Figure 4 – Functional areas where RPA can deliver benefits today

KEY PROCESSES	Human Resources	Finance & Accounting	Customer Services
	Payroll Administration	Invoice Processing	Query Management
	Benefits Enrolment	Accounts Receivable (OTC)	Billing Support
	Employee Data Management	Order Management	Complaint Management
	Claims Management	Procurement/Sourcing	Order Processing
	Application Tracking	Accounts Payable (PTC)	Subscription Management
	On Boarding/Off Boarding	Records to Report (RTR)	Helpdesk Management
	Routine Query Management	Billing Management	Sales support

REPETITIVE, RULE-BASED, LOW SKILL TASKS

Source: Mindfields

"Mindfields' report into RPA showed various roles that were already being well-performed by robots."

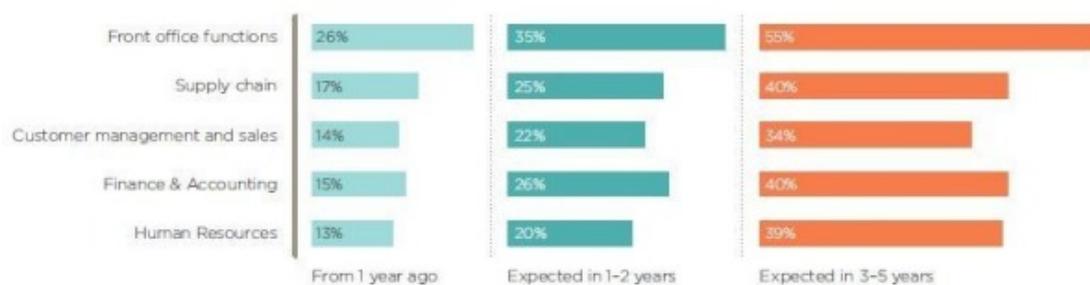# MONOTONOUS, TIME-CONSUMING TASKS THE FOCUS

While it is expected that the levels of artificial intelligence in RPA systems will improve to allow it to conduct more sophisticated and analytical work in future, it is mainly focused on monotonous and time-consuming procedural tasks at present.

RPA is essentially a software robot or application that can be configured to perform tasks normally performed by a human, using rule-based processes. It sits on top of existing technology systems and consistently repeats tasks it has learned to perform.

Some of the tasks taken on by robots includes payroll administration, invoice processing, complaint management, helpdesk support, claims management and procurement work.

Figure 7 – Estimated cost savings that can be achieved through RPA – Key processes and verticals

Key Horizontal Processes

	From 1 year ago	Expected in 1-2 years	Expected in 3-5 years
Front office functions	26%	35%	55%
Supply chain	17%	25%	40%
Customer management and sales	14%	22%	34%
Finance & Accounting	15%	26%	40%
Human Resources	13%	20%	39%

Source: Cognizant , Mindfields analysis

Mindfields' report into RPA also showed the progress being made by companies deploying it."

It is a new area in the business tech space and relatively small tech companies are winning contracts with big companies eager to tap into the space. ANZ is primarily working with growing US players OpenSpan and Automation Anywhere, but many of the biggest Indian and US outsourcing vendors are scrambling to incorporate RPA into their offerings.

Because the software sits on top of existing systems, it does not require the major integration work often associated with tech improvements at banks and large institutions.

Munter says ANZ has four main aims with robotics; to improve work for staff, to add shareholder value, to improve customer service and increase the control it has over its systems and processes.

IMPROVING, NOT REPLACING JOBS

"I think if people's jobs are to do things that robots can do, then that is not a good place to be. It is a challenge for us to ensure we actually move people into roles and enhance the roles so that they adapt," he said.

"There are likely to be significant changes in many professional roles as we go along. But then again, when I was doing my degree there used to be a role called bookkeeper. Those don't exist any more, but there has never been more people employed in accounting as today, the roles are just different."

Mindfields managing director Mohit Sharma says ANZ appears to be ahead of its big four banking rivals in the move towards adopting RPA, and is advantaged in this regard by the fact it runs its own offshore operations, rather than relying on service providers.

Other organisations making strides globally include Mastercard, Visa, US retailer Target, Dell, MetLife, the UK National Health Service, Intel, T-Mobile, Lloyds Banking Group, Deutsche Bank and Merrill Lynch.

Sharma says while it is natural to fear the rise of machines and assume mass unemployment as a result, history has proven this does not happen. He says the initial appeal of RPA would be to compliment and improve the quality of employees' work lives.

"It aims to assist employees to move up the value chain from monotonous, routine and repetitive jobs … RPA is converting normal humans into super humans as they can now do [a higher] volume of jobs with lower cost and almost no errors," he says.

"The world population has increased by 30 per cent since 1990 but the average global unemployment rate has never crossed 10 per cent. The emergence of machines in the form of computers, the internet and now artificial intelligence has shown that the new roles emerging are always greater in number than roles displaced."

Read more: http://www.afr.com/technology/rise-of-the-machines-as-anz-brings-in-robot-workers-to-do-the-boring-jobs-20150820-gj3fp6#ixzz3jntbJkQ4

Submitted by Roger Buhlert, Cardinia Shire Council