

RPA and the Utilities Sector: Value, Vendors and Services



Technology

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1. What is RPA and why does it matter?

Robotic Process Automation—RPA—is a set of technologies that enable a software bot to act in a similar way to a human employee who has access to multiple systems and processes, and can replicate the process of copying data from one applications to another, for example. By doing so, this robotic ‘employee’ can perform the same tasks that a human can, as long as they are well-defined and do not have many exceptions, but can perform those tasks more efficiently. RPA systems also have the advantages of running continuously without the need for breaks, and they can be updated and changed quickly if workflows need to be changed.

A further advantage is that scaling up the process is very simple and requires very little additional cost. As opposed to employees, RPA bots also tend to maintain a complete audit trail, and to comply fully with policies. RPA systems can also collect large amounts of data on the processes they implement, and this data can later be used to gain insights into operations and business functions and improve them.

Naturally, this efficiency is achieved at the expense of flexibility, and the ability to deal with exceptions. Consequently, RPA can only be applied effectively to repeatable and easy to define workflows that have relatively few exceptions and require few judgement calls. The suitability of RPA is highest for repetitive, high-volume tasks, and they tend to be more appropriate when the underlying data is structured. This suggests that many of the processes that are often outsourced can instead be addressed by implementing RPA, and the BPO sector is increasing seeing this technology as a threat to the long-term viability of its business.

However, while RPA is certainly a very promising technology, shifting from outsourcing to BPO is not as straightforward as vendors suggest. Technology expertise is clearly important in using RPA to automate a process effectively, but it is not sufficient. Success also requires a very good understanding of the process, and the potential exceptions, steps to take when those exceptions occur, and necessitates significant expertise in the target industry, and support for the process of transition. A transition to RPA for repeatable processes also creates an opportunity for services enabling that transition, especially for service providers with expertise in a given sector.

2. Why is RPA a good match for utilities?

Utilities tend to be asset-heavy organizations dealing with significant complexity in terms of maintaining their aging infrastructure, sustaining high levels of reliability, and keeping customers happy. Additionally, they are facing significant challenges in terms of many key staff (with significant knowledge of arcane systems and processes) nearing retirement and in all likelihood taking their knowledge with them. The industry has also been going through significant change with the introduction of new technologies—solar PV, electric vehicles, and smart meters—to name a few. This transition has required the introduction of many new processes to the sector, and create new interactions with customers, maintenance staff, and partners.

Utilities have limited resources, but they are under significant pressures to do more with existing infrastructure, since upgrades are more expensive, and require complex approval procedures. This means that utilities are seeking transformational change in the ways they manage their business, to become more flexible, responsive, and efficient at using their resources.

While BPO may seem tempting for an industry like utilities, they also face a challenge of being heavily regulated and having very vertical-specific needs in many areas. This has meant that the industry's adoption of BPO and outsourcing has been mainly around peripheral functions like HR, and has lagged behind other industries. RPA has the potential to change that, since it can be owned and controlled internally (after an initial period of design and specification), and therefore does not have the same risk associated with moving functions outside the organization. Additionally, RPA can be adapted to the vertical-specific needs of utilities more quickly, and can be devised so that each implementation is unique and matches the needs of each utility and its regulatory environment and infrastructure more closely, without the need for training new staff.

3. Implementing RPA

A number of software vendors provide the basic tools to implement RPA, these include:

- Automation Anywhere
- BlackLine
- Blue prism
- Contextor
- Datamatics (which provides both software and implementation services)
- Infosys (which also owns EdgeVerve)
- Kofax,
- Kryon systems
- NICE
- Pegasystems
- Redwood
- Softomotive
- UiPath
- WorkFusion

This market continues to see an influx of start-ups, BPO providers and established enterprise applications vendors that are attracted by the opportunity and the clear business case for the technology.

While the vendors discussed above have an important role to play, software is only one component of implementing a successful RPA strategy, and enterprises often couple the software with many additional services such as consultancy and integration from service providers. Outsourcing and services companies have taken an interest in this market more recently. The most significant deals include the collaboration between IBM and Automation Anywhere, and TCS's partnership with Softomotive (both announced in the second half of 2017). Blueprism had also announced a partnership earlier in the year with Accenture, which emphasized Accenture's vertical industry expertise.

It is worth noting that not many of the vendors and service providers have utility-specific strategies, with the exception of Infosys and to a lesser extent, UiPath, Thoughtonomy and RobonomicsAI. Some of the vendors do have an emphasis on other sectors, particularly financial services and telecommunications. Given utilities' reluctant, historically, to outsource business functions and general risk aversion when it comes to new technology adoption, it is not surprising that many vendors are not targeting them directly yet.

4. Infosys seeks to target this opportunity with complementary strategies

Infosys seems to be ahead of the curve in terms of providing a combined offering of product and services that guide and support enterprises in their RPA adoption. The company offers a layer of service and support that spans multiple levels of automation and AI solutions, and multiple software platforms—most notably Pega, Blueprism, Automation Anywhere and UiPath. Additionally, Infosys offers its own suite of products including its artificial intelligence platform – Infosys Nia, announced in April 2017. Infosys has combined a number of solutions into the Nia offering, combined with management services. These include analytics, machine learning, knowledge management, and cognitive automation capabilities of the Mana product; RPA capabilities from AssistEdge; high-performance machine learning from Skytree; and optical character recognition and natural language processing.

This approach allows the company to offer its customers the gamut of automation solutions, from highly structured tasks, to less-structured knowledge based automation. It also allows it to offer customers the choice of its own products, or its expertise in supporting automation using one of the other leading automation platforms, if the client prefers that, or if that is more appropriate for a given use case. While platform capabilities are an important part of the offering, the ability to understand processes and design automated workflows in a way that serves business needs is at least as important, and Infosys stands to benefit from its capabilities in that area. The ability to understand a client's business and processes in depth will become even more important as automation extends into cognitive tasks across the enterprise, and this is something Infosys has signalled the intention to invest in heavily. Infosys RPA strategy delves into business operations for broader benefits, much beyond the usual IT operations that most companies tend to focus on while starting automation journey

Returning to a utilities industry perspective, Infosys is a very good choice for a utility seeking to explore how automation can help it. Infosys has established knowledge and expertise in the sector and has many utility contracts across many of the sector's functions—generation, transmission, distribution, system operation, and customer interactions and billing. This existing understanding of the industry will serve it well if it is required to support automation initiatives and will make utilities more likely to trust it as a partner. Infosys is also one of a handful of RPA vendors who are specifically targeting utilities in their RPA strategy, having supported a number of companies in the sector in automating processes. Infosys has implemented automation solutions for utility clients targeting a mix of vertical-specific and enterprise functions, including corporate shared services, billing, IT operations, customer service, supply, and transmission/distribution network operations.

4.1. Contact the author

Alaa Owaineh,

Lead Analyst, Energy & Utilities

Alaa.Owaineh@globaldata.com

Alaa is a lead analyst at GlobalData, covering the role of IT in the utilities industry and its transition to smarter systems. Prior to joining the company, Alaa undertook an industrial PhD at the University of Surrey in collaboration with E.On, during which he investigated the process of innovation in smart grids and the role IT plays in it, as well as the role IT can play in enhancing low-voltage electricity networks. Alaa has extensive experience working as an analyst, most recently at Ovum, where he covered IT in utilities, but also at BBC Media action, investigating the role of IT and communications in international development, as well as at Datamonitor, covering a number of horizontal IT markets.

He holds an MSc in Business Strategy and the Environment at Birkbeck, University of London, a BSc in Computer Science, from Birzeit University, and a Certificate in Statistics from Birkbeck.

Contact Us



info@globaldata.com



www.globaldata.com



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