

A Forrester Consulting  
Thought Leadership Spotlight  
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# On The Path To Digital Process Automation: A Spotlight On Financial Services

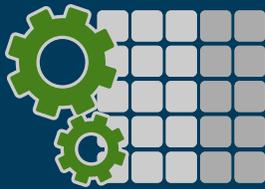
Industry Results From The November 2017  
Thought Leadership Paper, “Process Excellence In  
The Digital Age Of The Customer”



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## Introduction

The age of digital transformation is firmly here, and with it comes a seismic shift in how businesses must operate if they intend to stay relevant and profitable. Though the role of process in digital transformation is often over-hyped, in truth, it remains a critical element in the fight to win, serve, and retain customers. In this digital age, businesses must holistically reframe their investment in process automation. In short, a compelling vision for process excellence must underpin this digital transformation, thereby transforming customer-facing processes and digitizing operational processes.

The change is so profound that Forrester has renamed the category from business process management (BPM) to digital process automation (DPA). This shift, while continuing to drive down costs and drive up employee productivity, makes customer experience and digital transformation the primary success factors. This represents a powerful and necessary change of focus.

In July 2017, IBM commissioned Forrester Consulting to evaluate how financial services firms are transitioning from BPM to DPA. Forrester conducted an online survey with 155 global digital transformation decision makers to explore this topic.

### KEY FINDINGS

- › The necessity of digital transformation has caused financial services firms to shift the focus of their process improvement efforts from traditional cost saving measures to focusing solely on the customer.
- › Seventy-six percent of financial services firms are in the process of implementing DPA. Far fewer are sticking to traditional BPM, and even less believe they have already achieved an optimal level of automation.
- › This shift in focus to the customer can be seen in every aspect of DPA, from the business initiatives prioritized and the KPIs tracked, to the tools employed and immediate gains experienced.
- › Though they continue to benefit from and measure cost savings and operational efficiencies that were the hallmark of BPM success, financial services firms expect customer measures to make up the biggest benefits moving forward. DPA practitioners are confident that their efforts will lead to better CX, customer acquisition and retention, and loyalty.

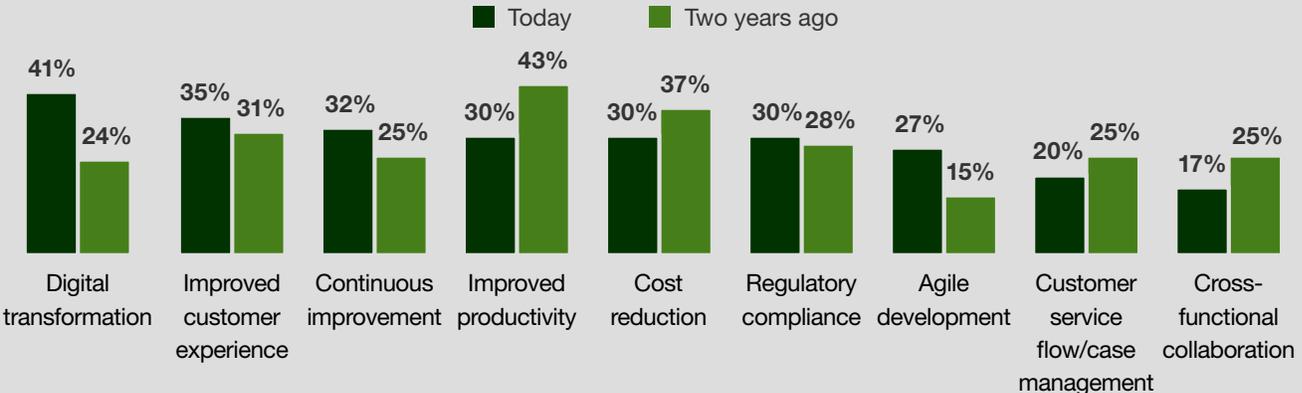
# Digital Transformation Alters Businesses Forcing A Drastic Shift To Process Management

Whereas savings and productivity measures were the focus of process improvement efforts traditionally, the digital transformation imperative forces firms to shift their focus towards improving customer and digital experiences. This shift to new digital business models is particularly pertinent for financial services companies which are not only impacted by the change but can also help their own customers enable the shift towards digital business. It's therefore critical that these organizations focus on both transforming customer-facing processes and digitizing operational processes in order to enable excellent process management in this brave new digital world. Our study found that:

- Digital transformation impacts both employee and customer processes.** As a result of digital transformation happening inside of organizations, employees, internally, have experienced eased collaboration (45%) and more transparency into internal processes and information (43%). But it's not just internal operations that have changed. Digital transformation also enables greater efficiency and transparency for customers through process automation (42%) and the easy availability of real-time customer data (41%).
- Process improvement efforts have a new laser focus on digital transformation.** The difference is staggering. While just two years ago process improvement efforts were largely focused on productivity and cost measures, now the focus is firmly on digital transformation. In fact, 41% of financial services firms say it's their primary focus when it comes to process improvement, compared to just 24% two years ago. Customer experience has also risen in importance, second only to digital transformation. Today, 35% of respondents note that improving CX is the ultimate goal of their process improvement efforts (see Figure 1).

Figure 1

“What was the primary focus of your process improvement efforts two years ago? What is the primary focus of your process improvement efforts today?”



Base: 155 global digital transformation decision makers at financial services firms  
 Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, July 2017

## FINANCIAL SERVICES FIRMS ARE WELL ON THEIR WAY TO DPA

This shift in focus has in turn necessitated that firms move away from simple process management and towards automation. Traditionally, business process management (BPM) has focused mainly on back-office process optimization to reduce costs. Digital process automation (DPA) utilizes these same underlying technologies, skills, and investments that supported BPM, but shifts the focus towards customers, digital experiences, operations, ecosystems, and innovation. To support this shift, technology must support all the existing functional requirements of BPM while enabling rapid application development with far greater business stakeholder participation, consumer-level user experiences, and rapid innovation that customers demand.

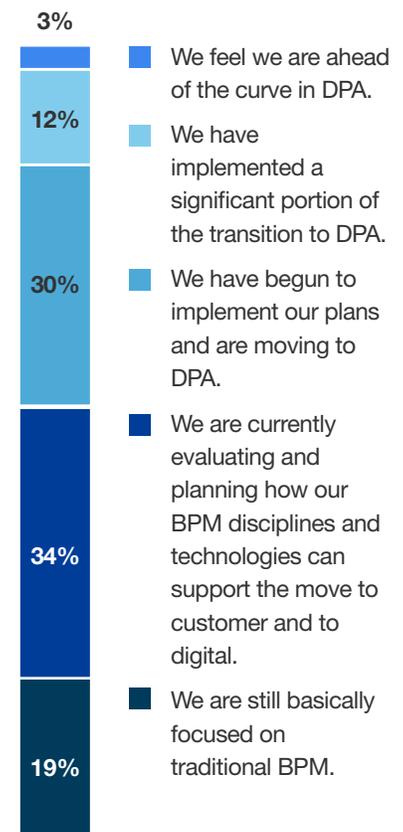
Though most financial services firms are still planning and beginning implementation, the move towards DPA is clear. Only 19% of these respondents are still focused on traditional BPM, while on the other end of the spectrum, a mere 3% say they are ahead of the curve in DPA (see Figure 2). For most firms, there is still plenty of work to be done.

For those making this shift:

- › **Technology support for process improvement is largely basic, but firms are working to advance.** Current process management and automation efforts are supported mainly by basic back-end integration (57%), collaboration tools (46%), and cloud-based architecture (45%). However, robust, real-time analytics — critical for continuous improvement — are deployed by 45% of these firms. And still more advanced and specialized capabilities, like a common content repository across all financial and operational systems or deep integration with robotic process automation, are utilized by a still smaller, but not insignificant cohort (approximately one-third of firms).
- › **Strategy is centrally developed, but execution is still siloed.** For more than half of financial services firms, the process ecosystem is organized by function with a centrally-developed strategy (51%). Though nearly a third of firms are ahead of their competitors, maintaining a unified platform managed at the corporate level (32%).
- › **KPIs and experienced benefits straddle the line between past and future.** Cost savings may no longer be the primary focus of DPA, but they're certainly not unimportant. In fact, 52% of firms say they measure the value of their DPA efforts via cost reduction metrics. From that, 57% can gauge that their customers are experiencing improved efficiencies and reduced costs. And yet, given firms' new focus on the customer, CX scores (43%) and operational customer satisfaction scores (41%) are also critical key performance indicators. From them, 52% see quick and frictionless customer experiences. Vendors also see customer benefits: 47% of organizations say their vendors experience improved customer satisfaction.

Figure 2

“Based on the definition given for BPM and DPA, how would you characterize your company’s movement from BPM to DPA?”



Base: 155 global digital transformation decision makers at financial services firms  
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, July 2017

# Despite Challenges, Firms See Returns As They Continue To Automate

Of course, this change is not without challenges. More than a third of financial services firms report the integration with legacy systems as a struggle. And the tension between their unified strategy and functional execution also poses problems: 30% of firms say this is a top challenge. Still, firms persist in their process improvement efforts.

## FIRMS PRIORITIZE CUSTOMERS IN BOTH BUSINESS INITIATIVES AND TOOLS

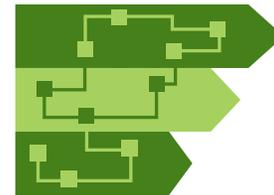
The study found:

- › **DPA efforts reflect new customer and digital priorities.** Firms prioritize creating best in class, multichannel customer experiences above all else: 64% of respondents are currently implementing or expanding this initiative, while an additional 23% plan to implement these experiences within the next 12 months. They've also focused on linking process efforts to critical business initiatives and leveraging a process platform to build more digital transformation-driving applications.
- › **Easy integration and customer-facing apps are critical to DPA solutions.** In order to be successful, firms need the right tools with the right capabilities. For 37% of process professionals, integration with existing data sources is most useful in a DPA tool; very close behind is mobile interfaces/apps for customers (34%).

## FIRMS SEE THE BUSINESS BENEFITS OF DPA

In order to be worth all this time, effort, and expense automation must yield results. Our survey showed that firms see benefits now and expect more to come as DPA progresses.

- › **Early success is seen in cost savings and improved CX.** Though the goals of process automation are no longer strictly cost reduction, it's still a clear benefit of these efforts. Forty-six percent of respondents note it is the biggest impact of DPA today. And yet, the shift to customer focus is also paying dividends as 41% see improved CX from their efforts as well.
- › **A larger, more loyal customer base is expected within two years.** As firms move further into DPA implementation, they only expect the benefits to increase. The cost reductions and better customer experiences will grow, leading also to improved customer acquisition, retention, and loyalty. Not surprisingly, these customer gains bring about financial gains: Respondents expect an increase in profitability as well as revenue within 18 to 24 months (see Figure 3).



Cultivating cross-channel CX and connecting process improvement to business initiatives enable firms to evolve their automation efforts.



**Figure 3**

**“Where have you seen the biggest business impact in your organization from current process automation efforts?”**

**“What do you expect the business impact of process automation will be in 18 to 24 months?”**



Firms experience benefits for their customers, employees, and bottom line both now and in the future.

Base: 155 global digital transformation decision makers at financial services firms  
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, July 2017



# Key Recommendations

The digital shift has been transformative for financial services firms. Forrester's in-depth survey of organizations currently undertaking a shift from traditional BPM to a more customer-focused DPA yielded several important recommendations:



**Approach digital transformation strategically.** Unlike technology-led initiatives, where success can often be measured in cost reduction, broad strategies like digital transformation cross technology and organizational boundaries. Drive these initiatives with an eye toward business, and particularly customer-focused outcomes. Only when these outcomes are established should you begin to look for technology solutions.



**Establish appropriate business success metrics.** Be prepared to measure new outcomes in new ways. Focus on metrics that measure the ability to win, serve, and retain customers. Customer satisfaction, customer journey metrics, Net Promoter Scores, and of course revenue generation are all potential success factors to measure.<sup>1</sup>



**Measure cost reduction too.** While primary drivers shift toward digital transformation and customer experience, that in no way precludes cost reduction. In fact, the two will go hand in hand as efficiencies that drive down cost often result in faster and more transparent experiences for customers.



**Be prepared to automate a lot of processes.** One of the key challenges to digital transformation is automating a long tail of manual processes. They are often difficult to find and require a deep partnership with the business. To meet this demand, embrace rapid development low-code tools that allow for deeper participation from business users.



**Don't make technology assumptions.** Do you leverage DPA technologies to drive these initiatives? Robotic process automation? Low-code development? The answer to all of these and many other technologies may well be yes. Don't assume any single technology solution will meet the needs of your digitally transformed organization. It will be a lot of different technologies applied at the right time.

## Appendix A: Methodology

In this study, Forrester surveyed 155 digital transformation decision makers in the US, Canada, UK, Germany, India, Australia, and New Zealand at financial services organizations to explore digital process automation. Survey participants included managers, directors, VPs, and C-level executives. Questions provided to the participants asked about process efficiency and digital transformation strategies. Respondents were offered an incentive as a thank you for time spent on the survey. The study began in June 2017 and was completed in July 2017.

## Appendix B: Endnotes

<sup>1</sup> Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix, Inc., and Fred Reichheld.

### ABOUT FORRESTER CONSULTING

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