RPA in Europe

Enterprise plans, budgets and organizational impact

16 May 2018

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Background and Key Findings

Background

ISG surveyed more than 500 European business leaders to assess their adoption of robotic process automation (RPA) technology and services. The research focused on the number of processes automated, ownership of RPA funding, the use of external experts for both strategy and run services and the potential inhibitors for further growth of RPA.

RPA is in early stages today but will be mainstream tomorrow.

By 2020, the percentage of European companies using RPA to automate ten or more business processes will double, while fewer than 10 percent of companies will not yet have started their RPA journey.

RPA budgets are healthy and growing.

RPA budgets increased on average by nine percent year-over-year. Of those that increased, 25 percent saw a double-digit increase. Third parties, such as consultants and service providers, make up more than half of this budget.

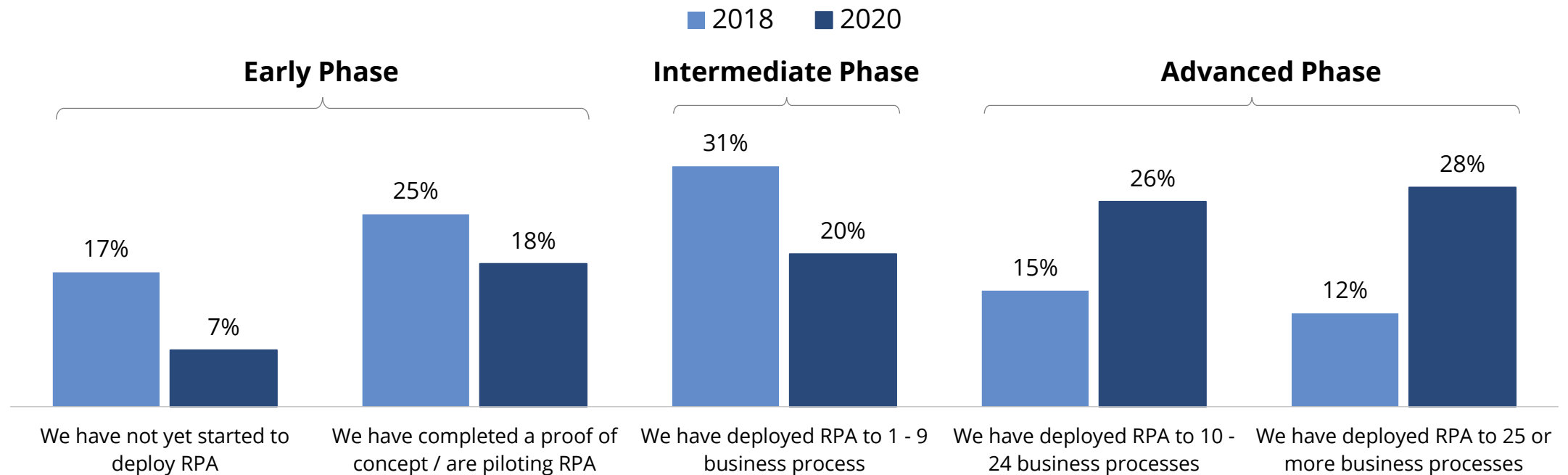### Organizational challenges pose bigger obstacles than technical ones.

Security remains a top concern. However, enterprises are likely to overcome this as successful RPA use cases proliferate. Longer-term challenges, such as organizational resistance to change and lack of executive support, will create barriers to broader adoption.

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Q: Describe the current state of your company's adoption of RPA today and how you believe it will change by 2020.

Most European businesses are still early in their RPA adoption journey – but that is set to change.

Based on the number of processes automated, the data show three primary phases of RPA adoption: early, intermediate and advanced. Today, nearly three-quarters of European companies are in the early to intermediate phases. But this is set to change. By 2020, nearly three-quarters of European businesses will be in intermediate to advanced phases of their RPA journey.

Legend: ■ 2018 ■ 2020

Early Phase

- We have not yet started to deploy RPA — 2018: 17%, 2020: 7%
- We have completed a proof of concept / are piloting RPA — 2018: 25%, 2020: 18%

Intermediate Phase

- We have deployed RPA to 1 - 9 business process — 2018: 31%, 2020: 20%

Advanced Phase

- We have deployed RPA to 10 - 24 business processes — 2018: 15%, 2020: 26%
- We have deployed RPA to 25 or more business processes — 2018: 12%, 2020: 28%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

Three-quarters of European companies increased RPA budgets from 2017 to 2018.

European RPA budgets are healthy and growing. This research indicates that budgets increased an average of 9 percent year-over-year. For those companies that had budget increases, 50 percent saw single digit increases, while 25 percent increased 11 to 20 percent. And in terms of software versus services, we see a fairly even split between both, applying to all regions we studied.
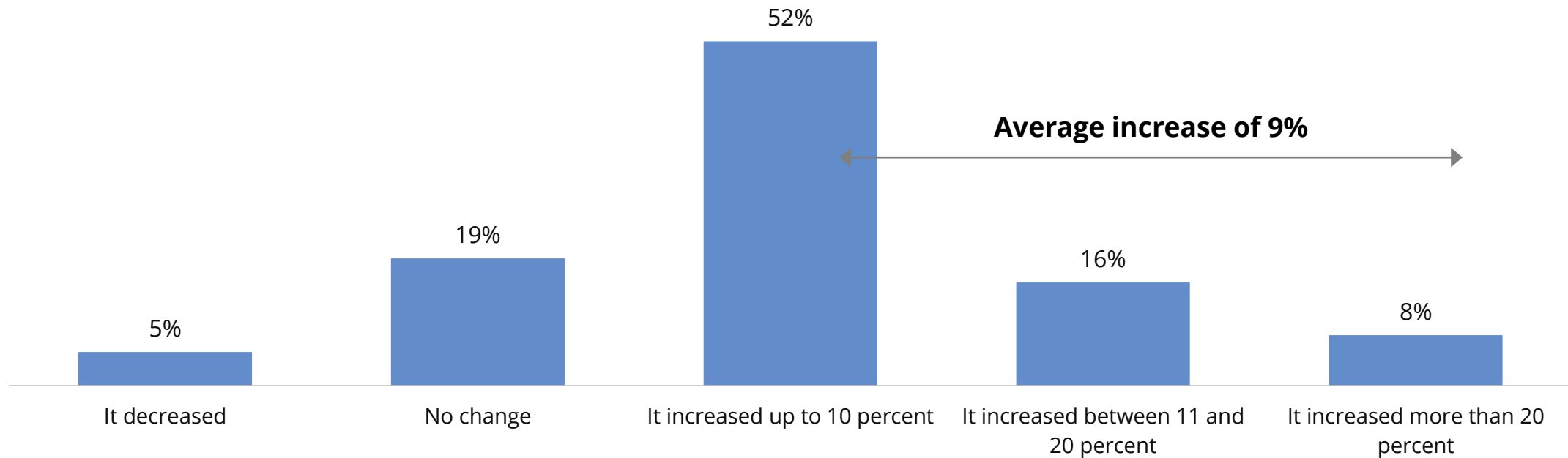
Average increase of 9%

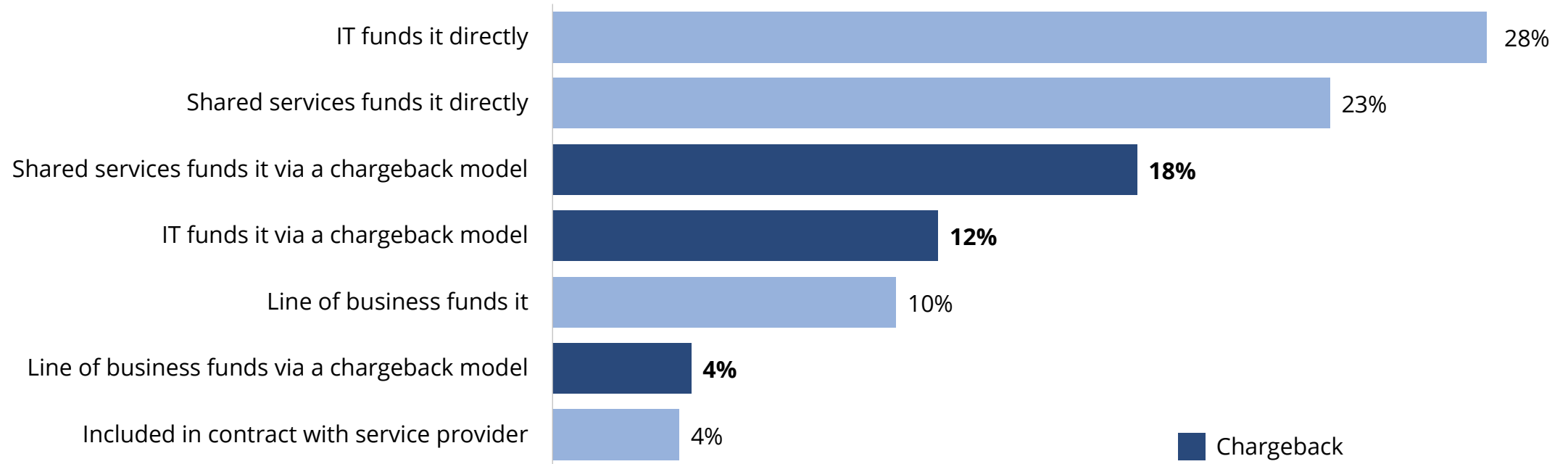| It decreased	No change	It increased up to 10 percent	It increased between 11 and 20 percent	It increased more than 20 percent
5%	19%	52%	16%	8%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Budget: Who's Paying?

Q: Which function is primarily responsible for funding RPA software and services?

Over one-third of European companies use a chargeback model for RPA software and services.

IT, shared services and lines of business directly fund RPA software and services more than 60 percent of the time, indicating expectation of fast ROI. Nearly one-third use a chargeback model, which may indicate a delineation between the budget owner and the final decision-maker. For example, IT may own the budget for the software, but a line-of-business leader may make the decisions on vendors and license quantities.

Category	Value
IT funds it directly	28%
Shared services funds it directly	23%
Shared services funds it via a chargeback model	**18%**
IT funds it via a chargeback model	**12%**
Line of business funds it	10%
Line of business funds via a chargeback model	**4%**
Included in contract with service provider	4%

■ Chargeback

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

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RPA Buying Decisions: Who's Responsible?

Q: Please indicate the level of responsibility each of the following roles has in the RPA software and services buying process.

The CIO, CFO and Automation Program Manager are overwhelmingly responsible or accountable for RPA buying decisions.

The CIO is responsible or accountable for the RPA buying decision 80 percent of the time. The CFO has significant buying responsibility as well, which aligns with what we see in the market: F&A organizations often drive RPA into the organization.
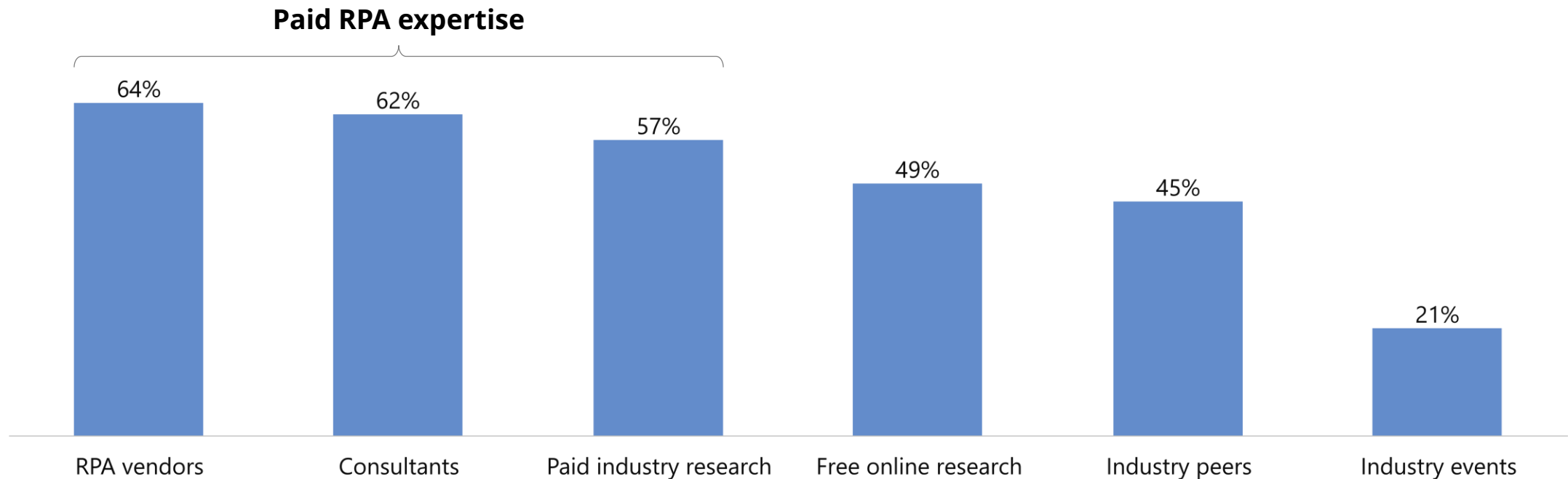
Legend: ■ Responsible ■ Accountable ■ Consulted ■ Informed

Role	Responsible	Accountable	Consulted	Informed
CIO / Central Head of IT	55%	26%	14%	4%
CFO / Central Head of Finance	41%	30%	20%	8%
Automation Program Manager / Head of Automation CoE	34%	31%	20%	11%
Line of business functional leader	28%	26%	27%	15%
Head of procurement	26%	25%	31%	15%
Shared services leader	25%	32%	28%	11%
Line of business IT leader	25%	23%	29%	18%
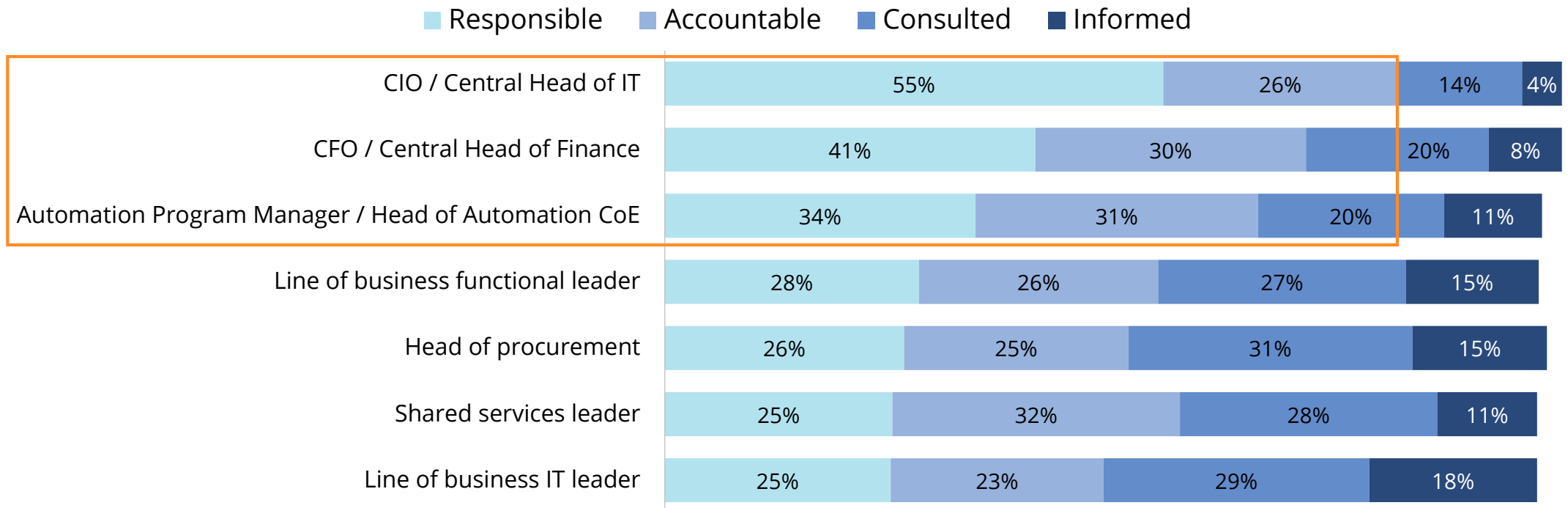
Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549. Remaining percentages – not selected.

RPA Buying Decisions: Who's Influencing?

Q: Please select the top three areas that most influence the RPA products you buy and from whom you buy them.

European RPA buyers are willing to pay for RPA expertise.

Consultants, industry analysts and the RPA vendors are important to European buyers. Vendors wield a significant amount of early influence, although this tends to wane over time as the technology matures. Enterprises can reach defensible RPA buying decisions in a fast-moving market by combining inputs from multiple trusted sources. From a regional perspective, German companies favor free online research, while those in the UK view their industry peers as more important.

Paid RPA expertise

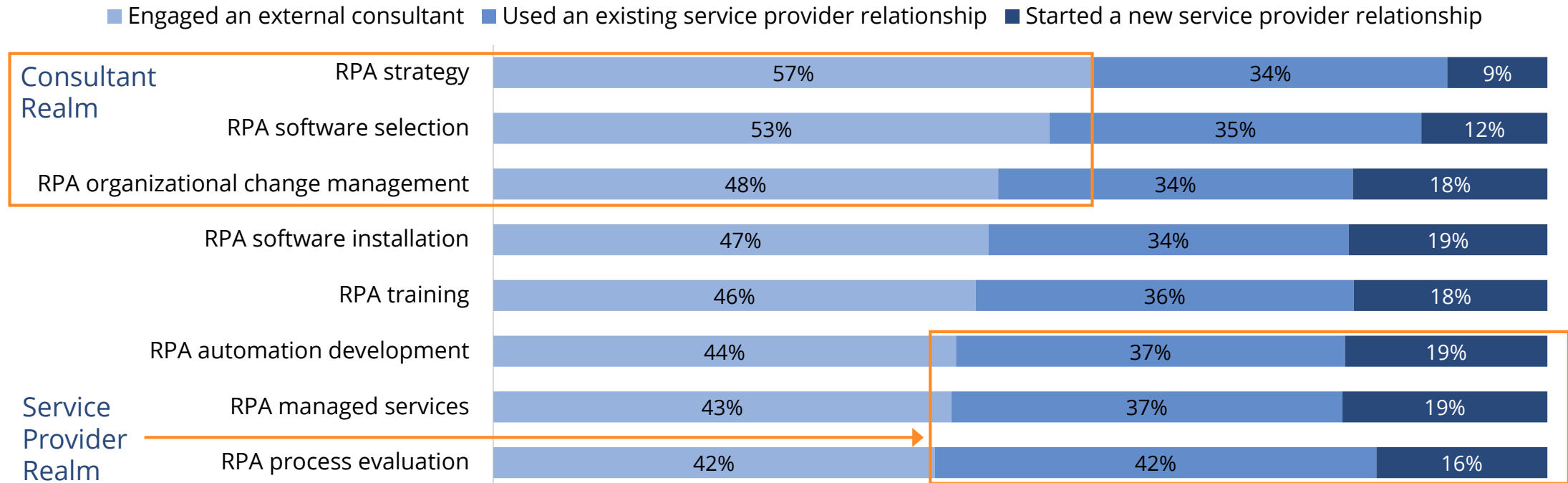| RPA vendors	Consultants	Paid industry research	Free online research	Industry peers	Industry events
64%	62%	57%	49%	45%	21%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

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RPA Ecosystem: What Role Do Third Parties Play?

Q: For each of the following functions, please indicate how you have performed the work.

European companies prefer consultants for RPA strategy and change and service providers for build and run

While one-third of European companies choose to handle some or all of their RPA transformation in-house, consultants and service providers are a critical part of the RPA ecosystem, with consultants playing a strategy role and providers playing a managed services role. It's also good news for incumbent providers: European companies use existing relationships almost twice as often as they do new ones.
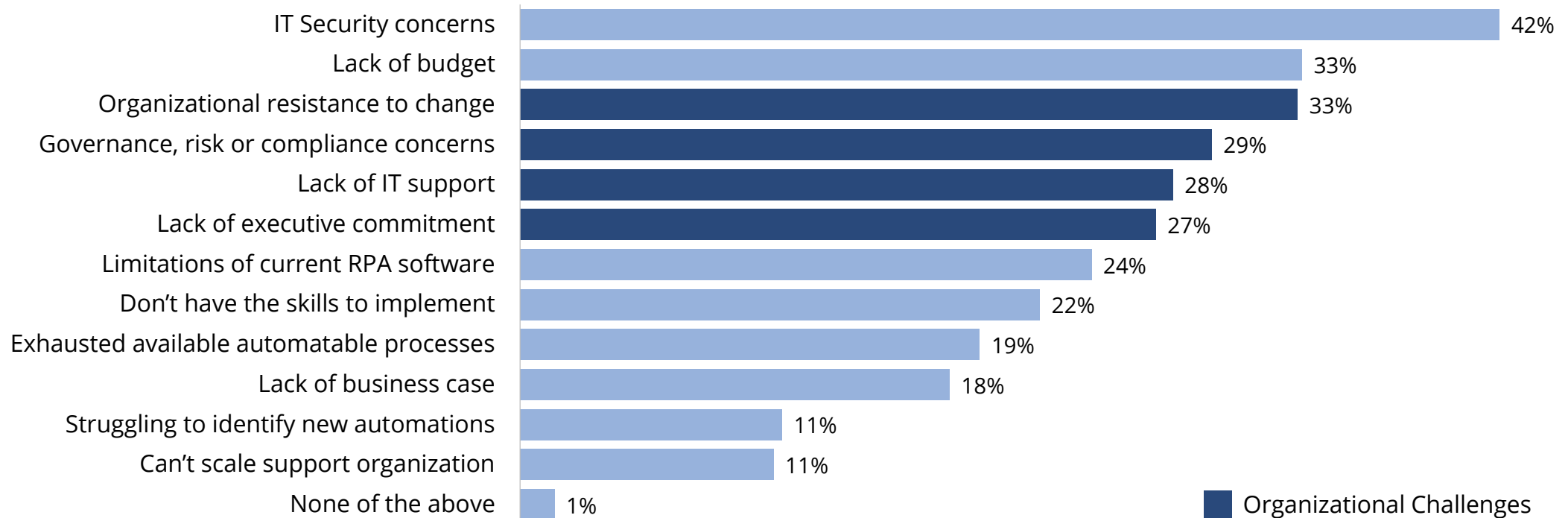
Legend:
- Engaged an external consultant
- Used an existing service provider relationship
- Started a new service provider relationship

Consultant Realm

Function	Engaged an external consultant	Used an existing service provider relationship	Started a new service provider relationship
RPA strategy	57%	34%	9%
RPA software selection	53%	35%	12%
RPA organizational change management	48%	34%	18%
RPA software installation	47%	34%	19%
RPA training	46%	36%	18%
RPA automation development	44%	37%	19%
RPA managed services	43%	37%	19%
RPA process evaluation	42%	42%	16%

Service Provider Realm

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

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RPA Growth: What Are the Obstacles?

Q: What are the top three inhibitors to growing RPA at your company?

Organizational challenges pose the most significant long-term barrier to RPA adoption.

As is the case with all technology deployments, security is a top concern. Other pressing concerns are organizational: resistance to change, lack of executive support from the executive team and governance, risk and compliance concerns. As enterprises realize double-digit improvements in productivity, speed and quality from RPA, these barriers will eventually deflate, creating a steep hill for late adopters to climb to remain competitive.
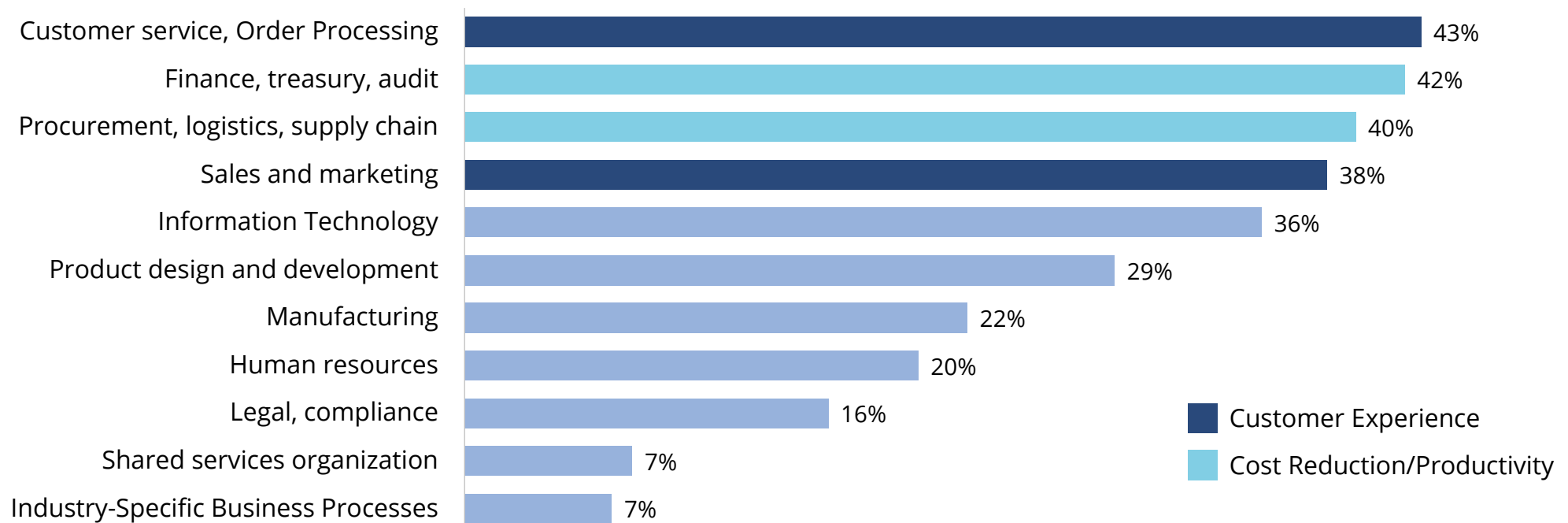
Inhibitor	Percentage
IT Security concerns	42%
Lack of budget	33%
Organizational resistance to change	33%
Governance, risk or compliance concerns	29%
Lack of IT support	28%
Lack of executive commitment	27%
Limitations of current RPA software	24%
Don't have the skills to implement	22%
Exhausted available automatable processes	19%
Lack of business case	18%
Struggling to identify new automations	11%
Can't scale support organization	11%
None of the above	1%

■ Organizational Challenges

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Growth: What Function Will Be Most Affected?

Q: Please indicate the top three functional areas in your company you believe RPA will impact the most over the next 24 months.

Customer engagement and controlling functions will be most affected by RPA.

We see this as a continuation of a multi-year trend we have seen in our research and with our clients: cost reduction, productivity and improving customer experience are top priorities for automation buyers. Therefore, it's no surprise that controlling functions like finance and customer-facing functions like marketing top the list of areas most affected by RPA over the next 24 months.

Function	Percentage
Customer service, Order Processing	43%
Finance, treasury, audit	42%
Procurement, logistics, supply chain	40%
Sales and marketing	38%
Information Technology	36%
Product design and development	29%
Manufacturing	22%
Human resources	20%
Legal, compliance	16%
Shared services organization	7%
Industry-Specific Business Processes	7%

Legend:
- Customer Experience
- Cost Reduction/Productivity

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

Research Demographics

Regions

United Kingdom: 37%

DACH: 45%

Other Europe: 8%

France: 10%

Titles

C-Level: 39%

EVP, SVP: 11%

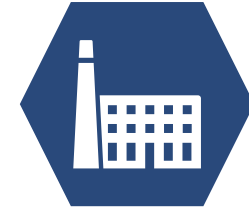GM, VP: 8%

Director: 16%

Manager: 26%

Company Size

1,000 – 15,000: 62%

15,000 – 60,000: 24%

60,000 – 100,000: 6%

100,000 +: 8%

Functions

All non-IT enterprise operations functions were in the survey sample. Finance, procurement and marketing each represent more than 10% of the sample.

Industries

Nearly every major industry is represented in this study. Banking, manufacturing, retail and business services each represent more than 10% of the sample.

Appendix

REGIONAL ANALYSIS

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RPA Adoption Today vs. 2020

Q: Describe the current state of your company's adoption of RPA and how you believe it will change by 2020.

		Total	France	Germany	Other Europe	United Kingdom
2018	We have not yet started to deploy RPA	17%	13%	17%	17%	19%
	We have completed a proof of concept/are piloting RPA	25%	33%	21%	22%	27%
	We have deployed RPA to 1 - 9 business process	31%	31%	31%	33%	30%
	We have deployed RPA to 10 - 24 business processes	15%	13%	15%	18%	14%
	We have deployed RPA to 25 or more business processes	12%	9%	17%	11%	9%
2020	We have not yet started to deploy RPA	7%	11%	6%	3%	9%
	We have completed a proof of concept/are piloting RPA	18%	17%	17%	19%	20%
	We have deployed RPA to 1 - 9 business process	20%	22%	18%	15%	23%
	We have deployed RPA to 10 - 24 business processes	26%	28%	26%	31%	24%
	We have deployed RPA to 25 or more business processes	28%	22%	34%	33%	22%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Budget Change

Q: What is your 2018 RPA budget for software and services (in Euros)?

	Total	France	Germany	Other Europe	United Kingdom
It decreased	5%	4%	6%	6%	4%
No change	19%	13%	19%	19%	22%
It increased up to 10%	52%	48%	54%	48%	53%
It increased 11 - 20%	16%	30%	14%	17%	13%
It increased more than 20%	8%	6%	8%	9%	7%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Budget: Who's Paying?

Q: Which function is primarily responsible for funding RPA software and services?

	Total	France	Germany	Other Europe	United Kingdom
IT funds it directly	28%	24%	31%	28%	26%
Shared services funds it directly	23%	46%	16%	23%	25%
Shared services funds it via a chargeback model	18%	11%	17%	19%	20%
IT funds it via a chargeback model	12%	6%	16%	8%	11%
Line of business funds it	10%	9%	12%	13%	8%
Line of business funds via a chargeback model	4%	2%	4%	3%	5%
Included in contract with service provider	4%	2%	5%	5%	2%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Buying Decisions: Who's Influencing?

Q: Please select the top three areas that most influence the RPA products you buy and from whom you buy them.

	Total	France	Germany	Other Europe	United Kingdom
RPA vendors	64%	69%	63%	66%	63%
Consultants	62%	70%	64%	66%	56%
Paid industry research	57%	63%	56%	53%	58%
Free online research	49%	44%	57%	39%	46%
Industry peers	45%	37%	38%	45%	54%
Industry events	21%	17%	20%	27%	19%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Growth: What Are the Obstacles?

What are the top three inhibitors to growing RPA at your company?

	Total	France	Germany	Other Europe	United Kingdom
IT Security concerns	42%	39%	43%	46%	38%
Lack of budget	33%	33%	27%	34%	39%
Organizational resistance to change	33%	35%	33%	38%	30%
Governance, risk or compliance concerns	29%	24%	35%	28%	25%
Lack of IT support	28%	24%	30%	28%	26%
Lack of executive commitment	27%	26%	30%	19%	28%
Limitations of current RPA software	24%	22%	23%	29%	23%
Don't have the skills to implement	22%	15%	28%	17%	20%
Exhausted available automatable processes	19%	26%	18%	21%	19%
Lack of business case	18%	31%	9%	17%	25%
Struggling to identify new automations	11%	11%	9%	13%	12%
Can't scale support organization	11%	13%	14%	8%	8%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

RPA Growth: What Function Will Be Most Impacted?

Please indicate the top three functional areas in your company you believe RPA will impact the most over the next 24 months.

	Total	France	Germany	Other Europe	United Kingdom
Customer service and Order Processing	43%	50%	42%	32%	46%
Finance, treasury, and audit	42%	50%	39%	42%	42%
Procurement, logistics, and supply chain	40%	48%	44%	38%	34%
Sales and marketing	38%	35%	39%	44%	36%
Information Technology	36%	35%	39%	32%	34%
Product design and development	29%	24%	27%	33%	31%
Manufacturing	22%	20%	18%	38%	20%
Human resources	20%	13%	22%	19%	21%
Legal and compliance	16%	9%	16%	16%	19%
Shared services organization	7%	6%	9%	4%	8%
Industry - Specific Business Processes	7%	9%	6%	3%	8%

Source: ISG Research 2018 Q1 EMEA RPA Study, n = 549

About Automation Anywhere

Automation Anywhere is the world's largest software provider of robotic process automation, the platform on which more organizations build world-class Intelligent Digital Workforces. Automation Anywhere's enterprise-grade platform uses software bots that work side by side with people to do much of the repetitive work in many industries. It is the only true Intelligent Digital Workforce platform because it combines sophisticated RPA, cognitive and embedded analytic technologies. Over 1,000 of the world's largest enterprises use this AI-enabled solution to manage and scale business processes faster, with near-zero error rates, while dramatically reducing operational costs. Knowing that people who have more time to create, think and discover build great companies, Automation Anywhere has provided automation technology to leading financial services, insurance, healthcare, technology, manufacturing, telecom and logistics companies across more than 90 countries for 14 years. For additional information, visit www.automationanywhere.com.

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