

Intelligent Automation: Hyperautomation

**Strategic Guide to Hyperautomation:
Building the Intelligent Enterprise in
Wholesale, Distribution & Industrial
Industries Executive Summary**

DATASTREAM

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Hello, this is Tim Yates, founder of DataXstream,

For the last 25 years my organization and I have had the privilege and honor of serving some of the world biggest and most successful Wholesale, Distribution, and Industrial Supply companies. As technology drives opportunity forward at the speed of change, I've also asked my team to pivot and adapt to the growing needs of industrial industries through the adoption of Intelligent Automation and Hyperautomation technologies.

This whitepaper is a compilation of insights derived from research and our collective professional experience with ERP implementations and application development. It includes an introduction to the technologies available and the use cases they can be applied to, methodologies to help companies get started on their hyperautomation journey, and the critical success factors identified by hyperautomation experts.

With an emphasis on the advice of innovation experts and research firms such as Gartner and McKinsey, we hope you will find this resource helpful in providing a wholistic and accurate picture of 4th IR technologies and what Artificial Intelligence and Automation can do for your organization.

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I welcome you to reach out with any questions, concerns, or critiques you may have. And welcome you along our journey toward the intelligent enterprise.

Tim

Building Resilience in a Dynamic Market

The rate of change in today's industries is further dividing proactive from reactive organizations. As enterprise leaders project their strategies further into the future, it is critical to maintain a sense of agility through intentionally planning for change as disruptive technologies and government oversight continue to alter the landscape. Big data, machine learning, and other smart technologies have created a flood of new technologies global leaders are referencing as the 4th Industrial Revolution. Organizations that have adapted and evolved through digital transformation and the supply chain challenges of covid-19 are discovering a plethora of disruptive technologies ready to build upon their data and digital infrastructure. Through building for the future with AI, machine learning, and smart technology organizations are making strides toward becoming an intelligent enterprise.

The Potential of IA: From Challenge to Opportunity

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Intelligent Automation (IA), also referred to as Hyperautomation (Gartner) and Intelligent Process Automation (IEE) is used in reference to the use of multiple smart technologies to create an ecosystem of artificial intelligence (AI). Coined in 1936 by D.S. Harder, an engineer at Ford Motor Co., automation was referred to the automatic handling of automobile parts within production processes. Today, intelligent automation is used in reference to the automatic handling of digital assets within business processes. These digital assets can be documents, databases, applications, or any other piece of an organization's digital architecture. Intelligent Automation is the combination of many recent innovations to create a holistic and interdepartmental systems that conduct digital duties automatically.

Use Cases for Hyperautomation: Synergies in Action

In its nature as a mosaic of technologies, Intelligent Automation can be applied to a vast array of departments, industries, and business types. Although impossible to write out all the capacities and unique opportunities for application, the following are cost effective use cases gaining attraction in Distribution and Industrial industries.

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Purchase Order & RFQ Processing

Orders and requests for quotes can overwhelm customer service representatives with menial and tedious data entry tasks. Using text scrapers, optical character recognition (OCR), and text analysis Intelligent Automation tools can read and decipher documents and translate them into digital assets. Using AI to find the right materials, the Intelligent Automation technology can automatically generate an order, return a quote, or order new inventory to handle incoming requests. This allows customer service reps to respond to requests faster and can empower them with powerful insights to support their sales enablement programs.

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Product Recommendations

As companies like Amazon makes efforts to maximize profit through recommendations and custom deals, Wholesale and Distribution companies can also use the mass amounts of data available in their ERP systems to identify new opportunities. Through analyzing previous customer behavior, historical order data, and inventory trends companies can provide Customer Service Representatives (CSRs) with a holistic picture of their accounts, generate custom selling insights, and recommend the most relevant products to expand their accounts. As companies work on tight margins, it is essential that every customer relationship be managed to its fullest potential to provide the most value and, consequently, win the most business. Companies that pursue account optimization without accurate and relevant insights are running the risk of losing opportunities and putting their client relationships in jeopardy. Companies like Proton.ai have adopted the mission of helping Distributors transform their digital business through centralizing data, identifying opportunities, reducing sales operations costs, and gaining insight through deep reporting. Their powerful use of AI to generate product recommendations increase revenue per customer by 18%. In the terms of Intelligent Automation: Welcome to the World of Hyperautomation, their use of AI to generate recommendations is a prime example of a “thinking and learning” use case.

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Sourcing Strategies Execution Methodologies: Eating the Elephant

When planning an Intelligent Automation transformation initiative, the number of business and technical requirements and responsibilities can appear overwhelming. Therefore, we prepare two distinct teams for supporting an Intelligent Automation transformation. This model is recommended in the book *Intelligent Automation: Welcome to the World of Hyperautomation* which is considered a leading resource on IA transformation.

IA Leadership Committee

The first team is the IA Leadership Committee and is composed of C-level executives and the leaders of all departments involved. Considering any kind of strategic transformation requires significant top-down planning, it is essential to have a team comprised of members with the right level of authority and strategic vision. The IA Leadership Committee is responsible for establishing and enforcing:

1. Vision
2. Business Case
3. Roadmap

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The vision establishes the strategic goals and future strategy for the transformation. Successful organizations are 3.5 times more likely to adopt an enterprise-wide vision and strategy (McKinsey). The business case is an executive analysis of the potential costs and benefits of the initiative. This can be used to make the case to reluctant participants or critical stakeholders. Lastly, a high-level roadmap will provide the IA Center of Excellence with the milestones and achievements to aim for.

IA Center of Excellence (CoE)

The IA CoE is comprised of the management teams responsible for and impacted by the strategic transformation. But their authority extends beyond implementation to include establishing policies, principles, training programs and a framework to enforce the IA leadership committee's vision. Approximately 60% of the top performing organizations measured by McKinsey have some innovation CoE and 40% of all large organizations using IA have an established CoE. Becoming a standard practice for transformation management, a CoE is considered by resources like Gartner, McKinsey, and other innovation professionals to be a common practice. The IA CoE should be comprised of the organizations best talent to ensure successful growth and planning. However, the many technical skill sets required make it advantageous to seek additional 3rd party resources where more unique skill sets are needed such as data scientists, automation developers, data engineers, and machine learning specialists.

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Typical IA CoE Team

Although the needs of every organization are different there are specific roles and responsibilities that can be used as a foundation. This team is provided only as an example but provides valuable demonstration of the typical business and technical skill sets that will be needed to support a successful IA CoE.

The IA CoE team is described in further detail in our whitepaper *Tactical Guide to Hyperautomation: Building Intelligent Wholesale, Distribution, and Industrial Industries*. As you can see, the IA CoE is a compilation of technical and business skill sets coming together to create an intelligent enterprise. The IA CoE serves to identify and meet the needs of the organization and magnify the data of foundational ERP investments. Furthermore, organizations need to rush to hire data scientists and machine learning engineers, and AI engineers to become an intelligent enterprise. Alternatively, organizations can work with trusted 3rd parties that have experience with IA transformation and have developed specific tools and applications through IA technologies. By recruiting special teams, organizations can quickly get access to the most recently developed technologies without the need to fund, build, and maintain full IA innovation teams.

Critical Success Factors: Scaling with Style

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As with all transformational change, the disruption of transition can create risk. However, like all other types of transformation, there are critical success factors that are guaranteed to make a significant impact on the outcome of an Automation Transformation. Although these preparatory phases don't create immediate and obvious advantages, they provide a strategic landscape that can significantly impact ROI throughout the full automation transformation and even provide a starting place for future initiatives.

Identifying & Prioritizing Opportunities

With any new initiative, it is important to identify priorities so that time and resources can be properly invested. Throughout this preparatory phase, it is essential to work with technical experts within your organization who have the most familiarity with your digital infrastructure and departmental managers who see the day-to-day operations. These members are most often those put in the role of Program Manager, Business Analyst, and Process Architect. Using their expertise, a representation of the digital landscape, the business opportunities where IA can be applied, allows for leadership and management to analyze and align on automation initiatives that will create the most value. Questions to be addressed include:

- Is it technically feasible to automate this process?
- What are the quantitative and qualitative benefits to be gained from automating this process?
- Is this an enterprise-wide initiative or isolated to a single process?

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It is important to note, according to IA experts, companies are more likely to halt their innovation initiatives after the first pilot stage because they began with a low-impact opportunity that makes it difficult to demonstrate ROI and gain support.

Redesigning Processes

There is a continual debate about the efficiency of business automation and whether it is most beneficial to redesign or start-over when developing intelligent business processes. However, to be certain, organizations that review their current business processes to assess process excellence, control, and risk were much more aware of their current landscape and what opportunities it provided. As Bill Gates put it, “The first rule of any technology used in a business is that automation applied to an efficient operation will magnify efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.” This perfectly highlights the need for process evaluation to assess what systems can be automated to increase efficiency and which will not be worth the investment until redesigned.

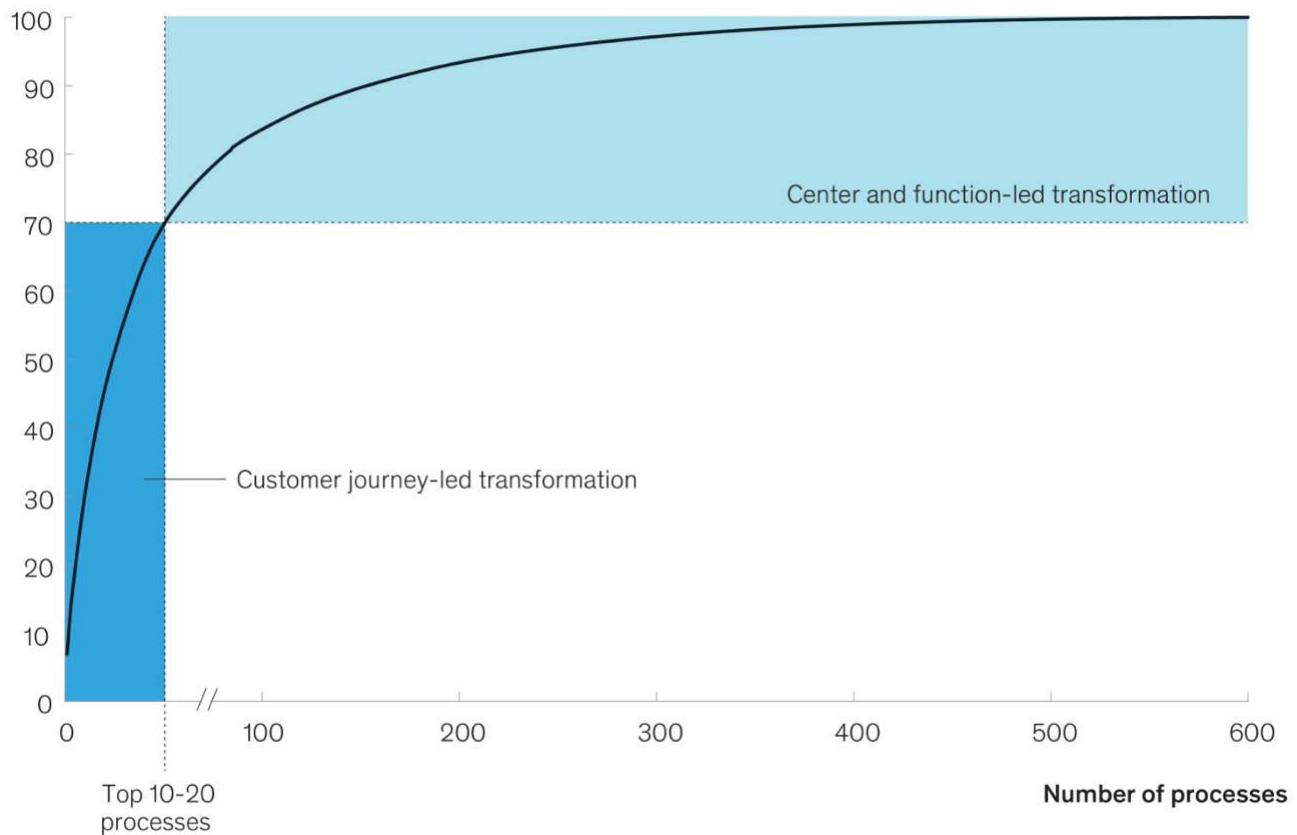
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When separating process redesign from process automation opportunities it is valuable to review what leading analysts, such as McKinsey, have recognized through their studies. In the article *A Recipe for Banking Operations Efficiency*, they determined that the top 10-20% among the hundreds or thousands of processes within a business account for the majority of potential gains. Additionally, these opportunities were most often customer facing and accounted for end-to-end processes that spanned multiple departments. “An example of an end-to-end process is an “order-to-cash” process (including tasks from placing the order for a product until the vendor is paid for it,) which involves sales, supply chain, and finance functions.” (Bornet-Barkin-Wirtz, 189).

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Typical distribution of effort across processes in banking

Approximate percentage of workforce



Source: McKinsey analysis

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As it is unrealistic to redesign every process, it makes sense that business leaders would use the resources at their disposal to properly vet and identify the highest value opportunities. As is evident from McKinsey's research, isolated and function lead automation initiatives only held about 30% of the potential gains while consisting of the majority of processes. This goes to show how critical process selection can be in creating value. Not every process can be automated and realistically, not every process should.

Vendor & Partner Selection

When organizing an intelligent automation initiative, it is important to consider what 3rd parties are available. While some tech and innovation companies invest in internal teams, industry leaders capitalize on the talent, capacity, and innovation of third parties. While most companies spend anywhere from 3 to 6 months on vendor selection and vetting, most automation advisors recommend a 1–2 week vetting phase. They emphasize that it is more important to get started sooner than delay the project in hopes of deal hunting or overanalyzing vendor pros and cons. Most digital transformation professionals recommend finding a vendor that is highly familiar with your ERP and getting started. This allows the project to build momentum and the organization to grow with the emergence of new disruptive companies. The biggest challenge for large organizations aiming to initiate a transformative change is often culture. Organizations that fail to gain the necessary initial support, funding, and cultural buy-in are the most at risk for never making it past the pilot phase.

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Anticipating IT Requirements

One of the primary critical success factors in support of automating digital duties is building a healthy digital foundation to automate upon. In addition, the IT and technical teams in your organization will need your support, funding, and trust to prepare the necessary infrastructure, software licenses, data rights, and other legal rights to systems involved in the process. Lastly, the difference between the need-to-haves and the nice-to-haves will be the difference between sprinting into automation and puttering out after the pilot phase. Defining that systems are critical, ready, and underprepared are fundamental to the success of your initiative.