USING DIGITAL INTELLIGENCE TO IDENTIFY TRANSFORMATION OPPORTUNITIES

Discover how digital intelligence helps organizations achieve data-driven insights on their business, resulting in reduced transaction costs, improved customer experience and sustained competitive advantages

Introduction

Digital transformation is revolutionizing entire industries and rapidly changing customer expectations. However, many organizations are underlined to maximize the value of digital transformation. The reasons are often rooted in a lack of visibility and a true understanding of business processes, particularly in the way that people, content and processes interact.

Despite increased spend to achieve operational resilience, a McKinsey study found that digital transformation projects have not moved "beyond the piloting phase and haven't grown significantly since 2018". While robotic process automation (RPA) continues to be the impetus behind digital transformation initiatives, the same study reports that "there has been a consistent undercurrent of reports intimating that companies frequently get stuck after deploying just a few bots, with up to 50 per cent of RPA deployments initially failing". One reason pointed out by a Forbes article is that RPA is not a silver bullet when it comes to digital transformation. RPA's "robotic" nature means that it is geared toward well-defined data formats, steps and outcomes. Throw in unstructured data or process variation and RPA struggles at best or breaks at worst". Organizations can unlock business process visibility through a focus on internal data, however, a 2019 survey by NewVantage suggests that brands are struggling to achieve the transition into a truly data-driven organization, with 72 per cent of surveyed C-level technology and business executives reporting that they have yet to forge a data culture.

To achieve successful digital transformation outcomes there is a critical need to gain insight into how existing processes behave and make data-driven decisions that surface automation opportunities. Visibility to how processes are currently working and the content that fuels them empowers organizations to realize business value on customer experience, competitive advantage, visibility and compliance.

Contents

Digital intelligence offers a solution for organizations attempting to move toward a data-driven business model. Digital intelligence solution provider ABBYY defines it as an integrated suite of technologies that brings together content and process understanding technologies to achieve complete knowledge of how businesses operate. According to ABBYY, the transition to digital intelligence requires that an organization implements initiatives to facilitate visibility to process behavior, thereby providing meaningful insight into critical business execution to identify the right business processes to automate and improve.

This report will evaluate what makes digital intelligence and how it can be best implemented to ensure success. It offers insights into what it looks like in action and outlines use cases to show the benefits it can bring to organizations in various industries.

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Digital intelligence in action

Enabling full visibility

Digital intelligence can help organizations gain critical insight into their operations to enable business transformation.

Enterprises of all sizes throughout various industries have embarked on their digital transformation journey, aiming to optimize cost, scale operations and most importantly, deliver faster, better and more meaningful service to their customers.

As Ryan Raiker, director of digital marketing at ABBYY, notes: "Implementing digital intelligence can offer businesses a competitive advantage by facilitating enhanced customer experience, competitive visibility and regulatory and process compliance."

To measure the success of digital intelligence, organizations can apply scores out of five to up to 18 individual management practices all contained within four business dimensions, adding up to a total digital quotient score, scored out of 100 points:

> **STRATEGY:**
Assesses a company's digital strategy and its relation to customer needs and overall corporate strategy.

> **CULTURE:**
Assesses an organization's ability to adapt, measuring components such as speed, agility and risk aversion.

> **ORGANIZATION:**
Evaluates the clarity of digital roles and responsibilities, assessing the presence of digital talent and leadership skills.

> **CAPABILITIES:**
Assesses integrated processes across customer touchpoints, data-driven decision-making, IT architecture, automation, content creation and personalization.

Organizations need to understand how advanced their digital intelligence capabilities are. In order to progress, however, they will need to understand the individual components of the methodology: process and content intelligence.

Process intelligence

An intricate understanding of how processes are functioning is critical for organizations to ensure that they are operating as efficiently as possible. Process intelligence (PI) represents a focus on data collected to provide insight into the individual steps involved within processes, how they are functioning or being carried out in reality and the impact they have on overall business results.

Raiker explains: "Process intelligence provides end-to-end visibility into processes and how they are performing,

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to identify challenges, improve efficiencies and enhance the customer experience."

Operating under a model that facilitates collecting and analyzing such data can have a range of benefits for organizations.

One of the primary benefits of process intelligence is that it enables organizations to implement task mining initiatives. Task mining captures and analyzes data on how employees interact with internal systems and what steps are taken when completing tasks, offering enhanced visibility on how processes are functioning. By using task mining, organizations can easily identify bottlenecks in critical processes, revealing opportunities for digitization and automation and highlighting specific processes in need of enhancement. This increased visibility over processes also offers a chance to recognize and reward productive employees, eliminate duplicate work and identify non-critical or extraneous tasks that could be removed. It can also enable organizations to identify the processes or steps that are incurring unnecessary costs in an objective way, providing in turn 'peace of mind' when cost-reduction strategies are made.

Andrew Pery, process intelligence lead at ABBYY, explains: "Task mining enables organizations to see where repetitive and inefficient tasks are slowing down their processes and allocate resources in the right places to resolve them, thereby reducing process friction, improving customer service and accelerating digital transformation."

Some organizations have already begun to feel the benefits of digital intelligence for enhancing specific processes, including Justin Scott, senior business informatics officer, at the US Food and Drug Administration.

"Going forward, we plan to use ABBYY to process newly received health reports and utilize the data in our downstream enterprise workflow and visualization software," notes Scott. "ABBYY has brought us into the 21st century."

A focus on process intelligence can offer improved organizational agility for businesses. Real-time data allows constant visibility over how processes are performing and speedy identification of potential process or regulatory compliance risks, which enables a quick response if any issue arises.

Content intelligence

The other element making up digital intelligence, content intelligence (CI), refers to the real-time collection and analysis of data that describes how internal organizational content, such as process documentation, is distributed and engaged with. Enterprises continue to face rising challenges when it comes to quickly and accurately process content such as documents, forms, images and email communications. Employees are continuously dedicated to performing these error-prone content processing tasks which have a significant impact on operations and customer experience. Coupled with the fact that some organizations may be relying on

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How digital intelligence technologies and best practices help identify opportunities for successful digital transformation initiatives

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unstructured content that does not have standardized field locations for data input, this suggests a need for more efficient content production and distribution.

Content intelligence allows organizations to draw actionable insights from content data and facilitates the development of new, enhanced content strategies. The visibility offered by the data will help inform teams of the most successful processes or strategies, which will allow improved identification of opportunities for optimization and enable targeted process improvement. The data can also be analyzed and monitored to prove ROI of automation projects.

ABBYY's Raiker notes: "Content Intellligence enables digital workers to learn how to turn unstructured content into structured, actionable information, deriving more value out of content-centric processes."

It is likely that most organizations are already collecting data around the content they produce and distribute, as the vast majority of process execution today is tracked and recorded through internal IT systems. They may not, however, be leveraging it correctly to achieve the maximum benefit.

ABBYY's Pery explains: "When properly ingested, merged and analyzed, this wealth of data can be
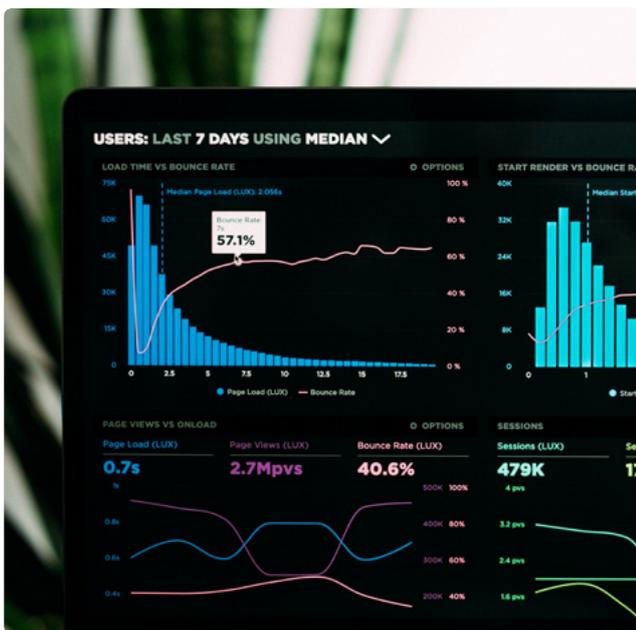
used to discover patterns and insights that illuminate paths to better customer experiences and new operational efficiencies."

In-depth analysis of this wealth of data may sound like a daunting task, but organizations now have the opportunity to leverage new tools that apply artificial intelligence and machine learning. These technologies can analyze data at unprecedented rates and predict and forecast the outcome of processes. This will facilitate 'future-proof' content strategies that are statistically more likely to hit the mark.

Deutsche Post DHL have achieved significant impact from the implementation of a content intelligence strategy to achieve a fully automated incoming payment process, resulting in a 70 per cent efficiency increase, according to Stefan Wenzel, vice president, center of digitization at Deutsche Post DHL.

"We were looking at about 10 per cent of incoming payments that we couldn't properly allocate, which was very labour intensive," explains Wenzel. "With ABBYY we created an internal center of excellence and since 2017 we have completed more than 100 initiatives."

Content intelligence provides organizations the opportunity to use the real-time data collected on content-based processes to break them down into individual tasks. Aside from facilitating the identification of bottlenecks as with process intelligence, it allows organizations to focus on the future of work and prepare for automation of content-based processes. For the first time, companies can automate these and extract meaningful information to make intelligent business decisions regarding content. Shifting some of the work onto machines reduces the workload for human employees.

ABBY's Pery remarks: "We must reimagine the way work gets done, across multiple people, machines and interactions. Breaking work down into tasks is the most sustainable way to segue into a sustainable, hybrid human and machine workforce."

How digital intelligence can transform industries

This report has analyzed the key benefits organizations can reap from a focus on digital intelligence. There are several industries that can benefit from digital intelligence and the application of a focused, tailored platform to facilitate it, as Michele Sease, finance manager at Fender Musical Instruments Corporation can attest.

"We were looking for a solution that allowed us to not only reduce the time needed to process vendor invoices but one that improved our payment flow," she explains. "Luckily, ABBYY's unique platform has an amazing ability to learn and pick out the right data from our invoices and the efficiency has allowed our team to work on other projects to keep accounts payable as current as the needs of our business change."

Some of the key industries that are ripe for the implementation of digital intelligence include insurance, financial services, and supply chains:

Insurance

In today's digital environment, many insurers are motivated to transition into truly digital enterprises, says ABBYY's Pery. With $470bn being lost globally through customer churn every year, the need exists for process discovery and optimization to increase visibility over customer journeys and systems of record. This will help remove labor-intensive and error-prone processes from customer-facing interactions.

However, organizational and operational inefficiencies and a lack of visibility to departmental data in disparate systems of record have harshly impacted the bottom line for many of these organizations.

While ABBYY reports that 61 percent of global insurers are still in the early stages of digital transformation, task mining could offer enhanced visibility over these operational inefficiencies, which could help insurers see profit margins increase significantly.

## Banking and financial services

Within banking and financial services, critical processes often grow in complexity over time and contain numerous manual tasks, bottlenecks and repeated data entry. The Covid-19 pandemic has amplified a shift toward paperless processes through the application of more advanced machine vision and document understanding technologies, driven by the need to minimize friction in customer on-boarding and to mitigate compliance risks.

In an environment of declining margins and increased customer expectations, such process flaws can be challenging to both the customer experience and the bottom line.

The lack of visibility into how processes are functioning can be detrimental to supporting risk and regulatory compliance priorities for two increasingly important and highly complex document intensive processes: know your customers, which helps to verify the identity of customers; and anti-money laundering compliance checks to assess investor risk tolerance and the legitimacy of the business relationship.

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Real-time analysis of process data through digital intelligence methodologies could give financial organizations the tools they need to effectively identify and resolve problematic processes and regulatory compliance issues and improve operational efficiency.
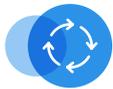
Procurement and supply chain management

In March 2020, 75 percent of organizations reported that they were experiencing supply chain disruptions due to the pandemic. In order to maintain business continuity in future crises, companies will need to optimize supply chain efficiency and improve the purchasing and sourcing process.

Through digital intelligence, organizations can discover, analyze and monitor how their procurement process works in practice via the real-time analysis of data.

This facilitates the identification of pain points in the supply chain so that organizations can uncover where disruptions arise from and root them out.

Today, supply chains are complex, consisting of an intricate network of input products sourced from diverse

suppliers globally, representing $10tn dollars annually in intermediate goods. Transportation constitutes as much as 50 per cent of logistics spending. A significant component relates to documentation processes that span certificates of origin, certificate of insurance, packing lists, dangerous goods forms, bills of lading and customs clearing documentation. Inefficiencies and errors associated with documentation can be time consuming, labor-intensive and costly. Demurrage charges may be incurred when shipments are not taken delivery due to inaccurate or incomplete documentation. Process intelligence enables supply chain professionals to:

> Visualize the flow of document processes through supply chain process stages and see the delays, bottlenecks and outliers;

> Rapidly reveal how supply chain document flow is executed, including even the most ad-hoc, variable workflows;

> Simply and quickly pinpoint the root cause of non-compliant, unusual or high-cost supply chain documentation processes;

> Automatically generate a foundation for data-driven decisions with quantifiable process metrics, including cost, duration and volume;

> Understand exactly how supply chain documentation processes affect compliance and service delivery;

> Identify and automate manual processes, delivering faster time to value.

Pery notes: "Companies have an opportunity to uncover delays that cost time and money, and discover the most efficient process paths for positive business outcomes. Such insights derived from analyzing and remediating the flow of supply chain documentation enables supply chain professionals to make data-driven decisions."

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This report has looked into the concept of digital intelligence and what it means for businesses today. Organizations now have an opportunity to remain competitive in a challenging environment by unlocking full visibility over processes through both process and content intelligence. By combining these to enable a digital intelligence approach, brands can enhance key business results such as optimization of cost and scaling of operations. Organizations that do so may begin to see the effects on the bottom line and begin to erase some of the traditional challenges that arise from a lack of visibility.

Through analysis of the various benefits that a focus on digital intelligence can offer, several use cases have been identified, highlighting specific industries, such as insurance, banking and procurement, which could benefit greatly from the application of digital intelligence methodologies.

THREE KEY TAKEAWAYS

> A data-driven approach can provide organizations with real-time visibility over their processes to identify opportunities for improvement and automation.

> A focus on process and content intelligence can offer a range of benefits, including enabling task mining initiatives, reducing cost and enhancing content strategies.

> Many industries, including insurance, healthcare, banking and supply chains are primed for a transition to a digital intelligence approach.

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