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HOW CAN MIDSIZED COMPANIES BENEFIT FROM DIGITAL TRANSFORMATION?

How Can Midsized Companies Benefit from Digital Transformation?

Digital Transformation is a big topic. When it comes to midsized companies and small businesses the first thing to keep in mind is that it can be just as important for them as it is for larger enterprises and the Fortune 1000. Large companies have had a leg up on SMB organizations when it comes to leveraging digital transformation, but it does not have to be that way. Increasingly, companies like Valenta are available to serve SMBs and provide consulting, managed services, business software deployment, and staff augmentation to support digital transformation initiatives.

The 21st Century is also an Information Economy century. All companies whether they want to be or not are part of this economy. Whether they are managing massive amounts of data, or facing competitors who leverage digital tools, a company's digital maturity is of critical importance. Being able to leverage digital transformation to be more efficient and cost effective is paramount.

The answer to the question of "how" midsized companies and small businesses can benefit from digital transformation is simple ... by leveraging it they can stay competitive and stay relevant. In the remainder of this white paper we will cover, what is digital transformation, why do SMBs need it, when should SMBs rollout digital transformation, and how should they do it.

What is Digital Transformation?

Digital Transformation can mean a lot of things to many different people. It is a buzzword that is thrown around a lot. It is a wide open term and encompasses a broad range of solutions. It is also evolving over time as technology and business needs change. At its core digital transformation means to take digital solutions and technologies to transform, change and improve a business.

Today, digital transformation is synonymous with automation. The technologies which drive automation are RPA or robotic process automation and conversational AI. When businesses combine RPA and conversational AI, IPA or Intelligent Process Automation solutions result. IPA also frequently leverages ML or machine learning. Leading edge conversational AI technologies leverage ML natively so they can evolve and improve. Let's take a closer look at RPA and Conversational AI.

The **RPA** acronym stands for Robotic Process Automation. When we use the word robotic, we are speaking about a software instance capable of doing complex tasks by acting like a human and screen scraping or reading a computer screen, copying, and pasting information, and moving and clicking a mouse, just like a human would. When we think of process in RPA, we are thinking of a sequence of steps that are part of a meaningful work function or activity that again a human would ordinarily be doing. Finally, when we speak of automation, we are speaking about processes getting done automatically and without human intervention or oversight.

RPA benefits are numerous. RPA can help insure consistent and error free work output. Industry studies find that most RPA deployments leads to work being done 20 times faster than if it was done by humans. The speed, efficiency and accuracy that comes with using RPA helps drive down business costs. This same speed efficiency and accuracy also helps improve the customer experience and can help improve business revenue as a result. Another additional benefit of RPA is worker satisfaction. Workers in organizations that deploy RPA are not only more productive, but they also get to focus on higher value work. They can prioritize work where strategic thinking and customer interaction is required and predominant.

Conversational AI is a tool to enable machines, or more appropriately software applications, to interact with humans via language. That language can be the spoken or written word. Conversational AI must be able to work over any channel like a phone, chat, IM, email, social, etc. Language differentiates humans from all other life on the planet. Conversational AI is what allows us to use language to communicate with our machines or software applications and to automate and bring scale to the process of language recognition. Prior to Conversational AI all communication was human to human, either in speech or the written word. Now it can be human to machine and machine to human.

Conversational AI can help businesses dynamically scale customer engagement processes through automation. This can lead to enhanced user and employee experiences. Conversational AI can reduce costs to serve customers and clients and maximize task processing efficiency. It can also optimize resource allocation and augment and not replace human workers. Human-in-the-loop Conversational AI scenarios allow bots and humans to seamlessly work together. This allows the staff member to assign lower value tasks to a bot, while they manage higher value tasks. Conversational AI can be leveraged to provide a digital virtual assistant or as a digital worker. Every department in a 21st century business can benefit from Conversational AI, ... especially if there is a B2C and heavy customer interaction aspect to them. Departments like Finance & Accounting, Sales and Marketing, Human Resources, IT and Operations can all use Conversational AI.

It should be noted that although RPA, CAI, ML, and all that goes into automation is commonly what is thought of as digital transformation, there are additional ways to optimize business processes with software and technology. If a business has never implemented a CRM or ERP platform deploying one can be a game changer. Some businesses may have a CRM, but they have not expanded its use outside of sales, marketing, or customer support. Database management, business analytics, project management, workflow management, IVR, e-commerce and a host of other software and business tools can help transform and optimize a business but are not commonly thought of as digital transformation. Anything a business does to transform, improve itself, and compete more effectively is a step in the right direction.

Why do Midsized Companies need Digital Transformation?

In our opening section we answered the question of how SMB's can benefit from digital transformation by stating that they can stay competitive and stay relevant. The more nuanced answer is that digital transformation in the form of RPA and conversational AI can help them optimize their processes, streamline their business, cut costs, and respond to customers quicker and more intelligently. Automating processes ensures consistency and allows for the capture of dramatically more valuable business data. Automation is often the precursor to a variety of business intelligence efforts and providing the ability to companies to better understand their business, their customers, and spot trends, threats, and opportunities. We cover many of these topics and more in an article we published on our website entitled, "**Why should a business implement RPA**".

When it comes to conversational AI the reasons why businesses should leverage it are similar to those of RPA, ... however they take on an even more pronounced customer focus. In an article we published titled "**Why should a business implement Conversational AI**" we take a deeper dive on this. We highlight increased efficiency and reduced costs and spend time discussing how improving customer service and collecting better data can be achieved. So many customer and company interactions are routine, and rules based. Using RPA, they can be automated. Using conversational AI people can communicate directly with machines, or more appropriately business software. An IPA (RPA + CAI + ML) digital assistant can often answer 70-80% of the questions or requirements customers or clients calling or messaging a business may have. Call centers certainly are a place where Conversational AI is widely used. Currently the ratio of

bot versus human interaction on well-designed call centers is around 70% bot to 30% human but this will trend higher and closer to 90% bot and 10% human interaction in the years to come. People will welcome this transition when Conversational AI platforms are elegantly designed and provide quick and efficient processing of inquiries.

The answer to why an SMB or any business should pursue a path of digital transformation is all about optimizing, being more efficient, cutting costs, taking better care of customers, and increasing revenue. Every single project in the scope of digital transformation can be cost justified and have an ROI calculation done for it. Commonly projects for RPA or CAI are measured in FTE saved. FTE stands for full time equivalent, or human staff. Human staff comes with salary, benefits, taxes, and infrastructure costs associated with them. Comparing any project to FTE saved or more commonly redeployed is typically the "why" for any digital transformation project.

When should Midsized Companies rollout Digital Transformation?

If we wanted to be cute, we could say that the answer to the question of when a midsized company should roll out digital transformation is yesterday. What we believe at Valenta is that digital transformation is about the journey, the path that a business is on, and where a company is on that path. When a company should automate comes back to identifying the opportunity to be more efficient, save costs, and compete more effectively by digitally streamlining operations.

There are various levels of digital maturity for organizations. Also, different industries lend themselves to faster implementation of digital transformation. A recent article published in the Harvard Business Review covered these points and more. The article "**Democratizing Transformation**" by Harvard Professor Marco Iansiti and Microsoft CEO Satya Nadella published in May 2022 highlights the journey, the stages, and the payoff for pursuing digital transformation.

We saw a lot of truth to the "Stages of Digital Maturity" outlined in this HBR article. It maps well to many of our clients and companies we work with. HBR calls out the following stages and characteristics.

Traditional – Siloed business units, localized applications and decision making, siloed data, business unit based machine learning modules

Bridge – Centralized data science team, Agile development team, elastically scalable cloud based data platforms, APIs for sharing data internally

Hub – Real-time insights across business units, business ownership of apps, unified modular data platform, advanced automated machine learning modules

Platform – App-enabled mature capabilities and insights, distributed innovation and citizen developers, integrated foundation of software, data, and AI with consistent architecture and integrated APIs

Native – Democratized data-driven innovation combined with very deep AI expertise, Agile culture end to end solution ownership, customized self-maintained tools, and platform infrastructure, optimized and highlight automated machine leaning technology

Interestingly, HBR stated that no industries were predominantly in the Native stage yet. They categorized most as being in Bridge or Hub. The perspective of HBR is that of looking at Fortune 1000. In our experience most SMB's have either not started a digital journey yet or are in the Traditional stage with a few in the Bridge stage. But like we stated in the beginning, it is all about the journey.

When a business is thinking about automation, they should always determine an ROI and always think about what work can be streamlined or automated. This is planning for the journey. Processes that are a good fit for automation include tedious routine tasks and repetitive processes where the sequence of steps is always the same. Rule-based activities that are already formalized or can be easily mapped out can utilize RPA and automation. Processes that involve using structured data including digital documents, which are ubiquitous in all businesses, are additional good targets. The most painful and time-consuming tasks, in addition to the ones above, make up the best types of processes to apply RPA. RPA can even be used in one-time situations when employees need to perform a large amount of repetitive work in one shot. An example of this would be creating thousands of documents for an audit request. Work like this may take a human employee an entire workday (or multiple workdays), whilea developer can spend an hour on developing a bot, and a bot would complete the task in a few minutes.

Automation for SMBs can be applied across many different business verticals and can also be applied across many different sized organizations. Coming back to the types of SMBs that can realize the benefits of robotic process automation and conversational AI the following is a partial list of the types of companies we have seen and served: However, any business processing information is likely a fit.

☐ Accounting firms	☐ Supply and Logistics	☐ Healthcare companies
☐ Financial services companies	☐ Retail	☐ Utility companies
☐ Banking	☐ Consumer goods companies	☐ Energy companies
☐ Insurance	☐ Real Estate	☐ Oil & Gas firms
☐ Telecommunication providers	☐ Property Management	☐ Educational organizations
☐ Manufacturing	☐ Legal firms	☐ many more …
☐ Transportation	☐ Medical practices	

There are many processes and specific tasks that make good sense for businesses to automate and apply automation. Here is a list, far from inclusive, of some common ones we find with Valenta clients.

☐ Invoice processing	☐ Customer support call assistance	☐ Data updates and validation
☐ PO Processing	☐ Scheduling service calls	☐ Creating sales quotations
☐ Expense tracking	☐ Report creation and distribution	☐ Prospective customer follow-up messages
☐ Account reconciliation	☐ Appointment scheduling	☐ Social media management & messaging
☐ Payment processing	☐ Appointment or service confirmation	☐ Employee onboarding
☐ Daily P&L	☐ CRM entry & processes	☐ Employee offboarding
☐ Bank statement reconciliation	☐ Customer information updates	☐ Payroll automation
☐ IT backups	☐ Data entry in any department	☐ Benefits processing
☐ Data migration	☐ Data extraction in any department	☐ Retirement account enrollment
☐ Automatic software updates		☐ Many more …
☐ Automated server reboots		
☐ Customer support ticketing		
☐ Automated transactions		

When a business should automate depends. A business should always be on the lookout for automating and digitally transforming its business, and that is a continual process. Companies like Valenta can help with that and conduct assessments to identify the easiest tasks and processes to start with. We have a motto when it comes to automation work, and it is "think big and start small". We always tackle automation projects in bite size chunks and with tried and true methodology.

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How should Midsized Companies rollout Digital Transformation?

When it comes to the question of how midsized companies and small businesses should roll out digital transformation, at Valenta we believe the most important point is that they do not do it alone. Digital transformation projects have a high rate of failure when done solely internally. We have seen studies where this rate is as high as 90%. How to roll out digital transformation projects is different for SMBs compared to large enterprises who possess more scale. At Valenta we are here for SMBs and can help level the playing field... but more on this shortly.

Large enterprises and the Fortune 1000 can hire expensive staff to help them with their digital transformation projects. They can also hire very skilled but very expensive high end consulting firms like Deloitte or Accenture. Those two options are typically not available to SMBs. Large enterprises and the Fortune 1000 also approach implementing RPA and conversational AI differently than an SMB needs to. The Fortune 1000 typically pay for enterprise site license to leading software providers. These licenses are costly and prohibitive for SMBs. So, what is an SMB to do?

What works best for SMBs when it comes to digital transformation and RPA and conversational AI projects is to leverage either managed service providers, staff augmentation, or both. An MSP can provide bots as a service and set them up for specific processes. Often times this is all an SMB needs to get going and begin to automate their business. If there are many projects and considerable processes to automate an SMB can outsource its own Center of Excellence or COE for automation. At Valenta we provide both automation managed services and staff augmentation of personnel who can comprise a COE and team of automation specialist for an SMB. Let's take a closer look at both these topics.

DIGITAL TRANSFORMATION

MSP / Managed Service Providers

A managed service, according to Wikipedia, is loosely described as "outsourcing the responsibility for maintaining, and anticipating need for, a range of processes and functions to improve operations and reduce expenses." RPA MSP can play an important role in getting RPA in the hands of all types of business verticals and businesses of all sizes. MSPs historically enable SMBs to use more complex IT technologies. Cybersecurity is one example, but there are many others. RPA, AI, ML, Conversational AI, and IoT are all examples of new technologies where MSPS are there to help SMB clients. Automation as a service and RPA as a service makes tons of sense for SMBs. Some of these benefits include the following:

■ **Focus**

Maintaining a laser focus on a business's main reason for existing is a great reason to use RPA and to leverage RPA through an MSP. An MSP can off load all the heavy lifting of designing, implementing, and maintaining an RPA platform for SME / small and medium-sized enterprises.

■ **Scalability**

With the use of RPA, and without the burden of designing and maintaining an RPA platform, SMBs can scale rapidly. Because they are focused on their core business and not their tech stack, they can grow their business most efficiently.

■ **Innovation**

Partnering with RPA experts SME / small and medium-sized enterprises will know that they are always deploying the latest and leading-edge solutions in the area of RPA. They will not be distracted with staying up to date on the latest tools and trends and can rely on RPA MSPs to do this. SME's can therefore innovate technically and within their core business at a rapid pace.

■ **Cost reduction**

The desire to drive down expenses and the cost of doing business is one main reason to use RPA and an RPA MSP. RPA inherently is about cost reduction. Leveraging an MSP at an SMB level is the most cost-effective way these types of businesses can leverage the same tools as Fortune 1,000 and large enterprises. MSPs that cater to SMBs also do not bring with them the same cost and bloat of large consulting firms.

■ **Risk reduction**

Because of the flexible engagement models that an RPA MSP brings to the table, where everything is delivered aaS as a service and leveraging SaaS software as a service, SME / small and medium-sized enterprises minimize their risk. These types of engagements are typically month to month and can scale up and down as an SME's business scales.

COE / Centers of Excellence

A digital center of excellence is made up of RPA experts that will seek advisement from each department and each type of stakeholder in an organization. In this way a CoE will be able to find what projects need to be prioritized and can develop a list of RPA projects and automation improvements to rollout on a schedule and roadmap. A digital center of excellence is typically separate from other functional areas of a company and is solely dedicated to digital transformation. Other names for CoEs also include Competency Center or Capability Center. Whatever the name, the role of the team is to help companies explore new technology like RPA, new techniques to digitally transform, and to explore new digital best practices. By interacting with executives and workers in the organization a CoE will be able to identify all the short tail and long tail projects to tackle. The short tail projects have the impact for the greatest number of workers and the long tail projects have significantimpact for a few, or even individual workers.

Finding and prioritizing which projects have the most value and which should be attacked first can be a tricky process. Every member of an organization will have their own perspectives, biases and sometimes agendas. A CoE can also use Process Mining software tools to analyze the workflow, process flow and tasks within an organization. The benefit of Process Mining tools is that they have none of the bias or potential blind spots that an employee may have. A Process Mining tool will simply read data related to an organizations process, convert this data to a log file or files, and then analyze the logs to define, map and visualize the end-to-end process that may be an automation candidate. In this way, a CoE can look for even more ways to automate processes.

Business Analyst, Project Manager, RPA Developers, Solution Architects, and Infrastructure Engineers are the roles and staff that comprise a COE. The following are the skills they should possess to be a part of a COE.

- Business Analysts should ideally have 5+ years of experience. This resource is needed to prepare the project plan based on "as is" and the "to be" scenarios.

- Mid-Level RPA Developers should have at least 2-3 years of experience and have .NET experience.

- Senior RPA Developers should have 4-6+ years of experience and have .NET experience.

- Solution Architects need to have 6-8 years of experience and have .NET experience with additional prior experience in solutioning. These architects also manage code review and quality before deployment sign off.

- Infrastructure Engineers need to have 4-6 years of experience.

Leveraging managed services can make digital transformation economically viable for many SMB organizations. We have provided managed services to many midsized companies and small businesses. Typically, once businesses automate one process they start to automate more as time goes on. Some of our midsized companies have also come to us for staff augmentation of centers of excellence. These businesses tend to have massive amounts of data flowing through their businesses and have many processes to automate. As an MSP we bring our own COE to every managed service engagement. The main thing for SMBs to remember however is that they do not need to go it alone. They also need to keep in mind that costs do not have to be an impediment to launching a digital transformation strategy.

About Valenta

The importance of digital transformation is growing every year. The impact of digital transformation and digital transformation benefits are increasing every year as well. At Valenta we are actively involved in digital transformation projects around the world. We have relationships with many of the top vendors in the space and have staff trained and certified on their solutions. In the area of RPA, UiPath, Automation Anywhere, Blue Prism and Electoneek are just a few of the companies we are partnered with. In the area of Conversational AI, we have staff trained on solutions from Nuance, OneReach.ai and Yellow.ai. We will always select the best software tools for the job and for the budget of our clients.

Because we exclusively serve SMB clients, we are responsive to their needs. We have experience with many different industries and can tap into our global partner ranks to bring expertise in any domain for our client's projects. Most importantly at Valenta, we always take a flexible approach. A partner that understands your business will be able to provide a customized and flexible digital transformation solution. This understanding, customization, and flexibility is paramount for SMBs. Part of our process for understanding clients is to first understand their experience with automation. Frequently, the perception of what automation offers, is quite different from what it really does. Central to our process is that we always ensure there will be an ROI and tight project plan. In the event that there is not an ROI justification for an automation project we are fully capable of assisting clients in other ways through consulting or BPO staff augmentation. Our Managing Partners arelocatedincities across the US and Canada plus Australia, the EU, and the UK. Our Managing Partners work with other in country consultants, plus offshore consultants, application specialists, developers, and outsourced staff to provide services for our clients.

We would look forward to speaking to you and your business about digital transformation, RPA, conversational AI, ML, or any of the topics covered in this white paper. To contact us on these topics or any other, please reach out to us here:

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