

Is China ready for intelligent automation?

Robotic Process Automation (RPA) is fast becoming a critical tool for organisations looking to improve services, enhance efficiency and reduce costs. RPA involves the use of software to automate repetitive rule-based tasks that require little technical know-how. More commonly used in accounting and finance processes till date, RPA has potential applications for a company's supply chain, IT, HR and even legal functions.

PwC estimates that 45% of work activities can be automated, and this automation would save \$2 trillion in global workforce costs¹. The adoption of RPA has been clearly instrumental in contributing to such cost savings globally, thanks to a host of automation tools ranging from image and text recognition software, invoice management system, to full-blown deployment of software robots throughout the business process.

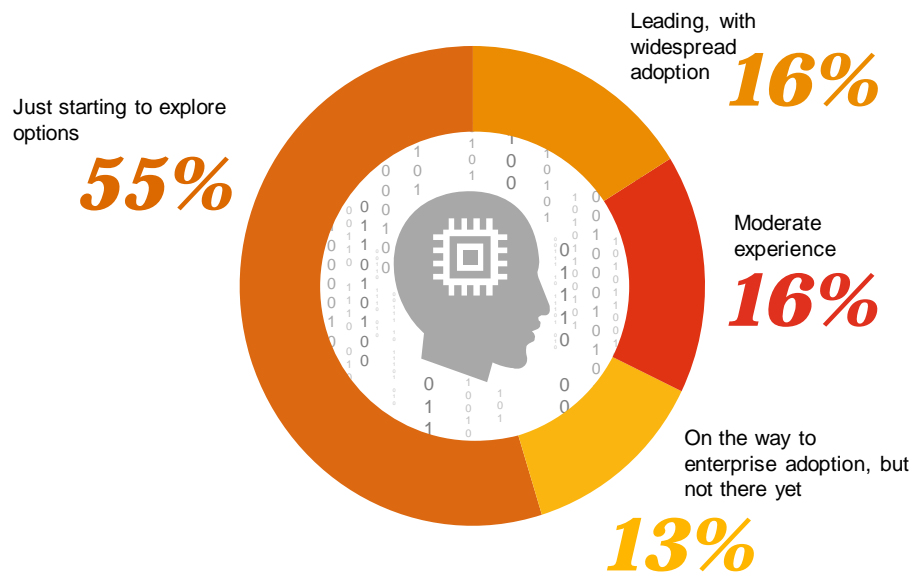
The global RPA market size is expected to reach US \$5 billion by 2024 growing at a CAGR of 61.3%. In Asia Pacific, the RPA market size is estimated to reach US \$817 million by 2021 and is projected to grow around 181% during this period.²

PwC conducted a pulse survey among senior business leaders on the adoption of RPA at the Mobile World Congress Shanghai, one of the largest mobile industry events in Asia, held from 27 to 29 June, 2018. The questions that are likely to be top of mind when enterprises are exploring different digital labour options were asked. Trends uncovered were as follows:

Is the business community ready to adopt digital labour?

The majority of executives (55%) that took part in the survey were just starting to explore their options with regards to digital labour and only 16% were "leading, with widespread adoption". The remainder were at varying stages in the life cycle including 13% who were "on the way to enterprise adoption, but not there yet" and another 16% who have moderate experience with RPA. As most survey respondents were in the early stages of adoption, 68% did not currently count RPA as part of their innovation strategy.

How would you characterise your company's current stage of digital labour/RPA implementation?

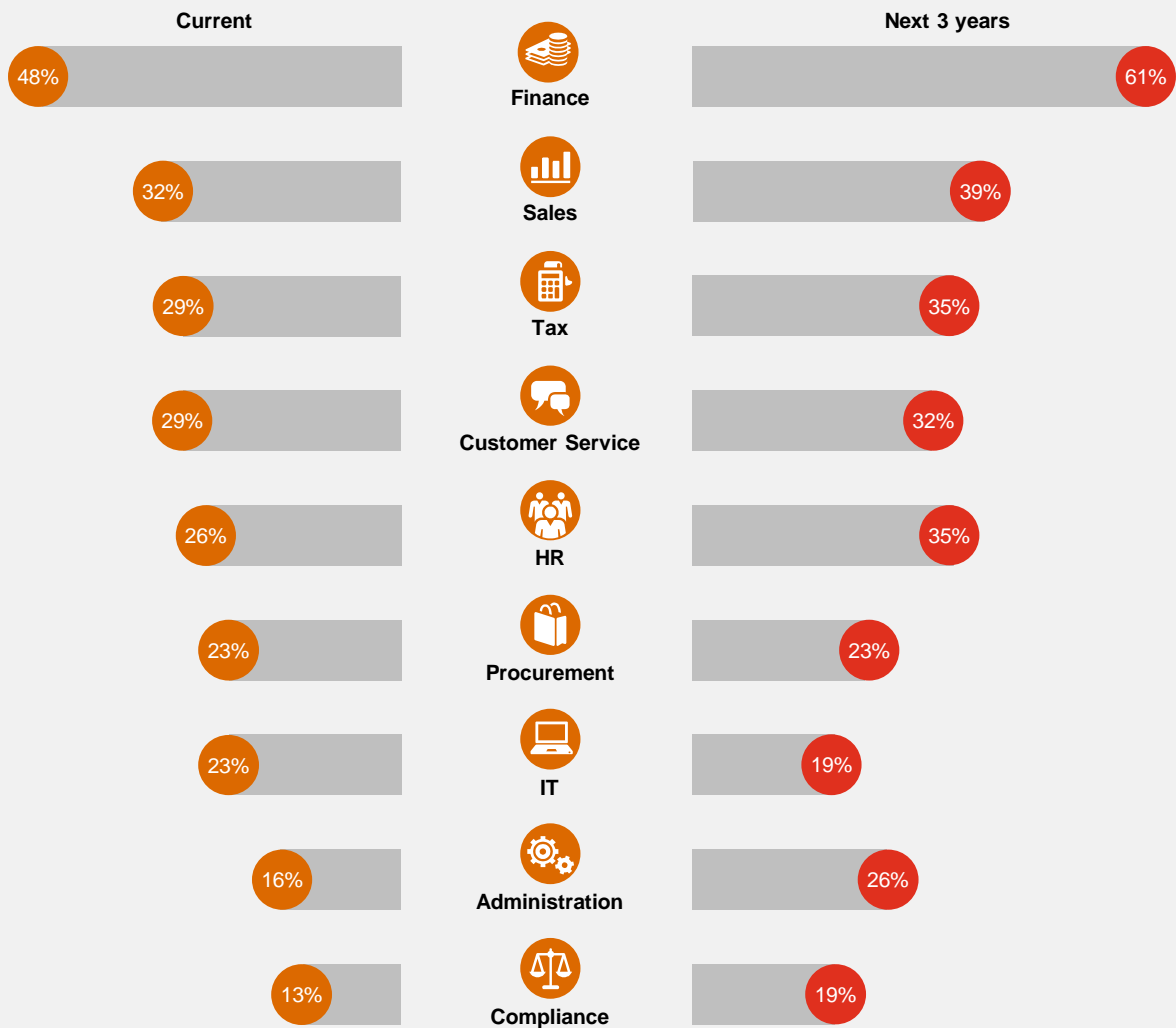


In which areas are companies currently implementing RPA? How about in three years?

Senior business leaders that reported using RPA to support their daily work were most likely to be applying the systems in the areas of finance (48%), sales (32%), tax (29%) and customer service (29%). Finance functions that are transactional such as account opening, claims processing, and foreign exchange payments are strong candidates for RPA implementation given their recurring and data intensive nature. There's still room for improvement in adopting digital labour in compliance (13%) and administration (16%), possibly due to the complexity and discretionary nature of work in these areas.

In the next three years, the data paints a similar picture. Three-fifths (61%) of company executives plan to adopt RPA in their finance function over this time period. The other popular areas where executives expect to implement digital labour include sales, tax, HR, and customer service. 19% of executives expect to adopt RPA for their compliance and IT business needs. Less than 5% expect to implement RPA in strategic innovation, perhaps as it is more likely to be characterised by more distinct, intensive one-off projects.

In which areas has your company already implemented RPA to support daily work? Where would you most like to adopt RPA in the next 3 years?



What are the benefits of RPA adoption?

The benefits of RPA are widespread. Aside from improving quality by increasing the accuracy of tasks, providing an audit trail and enabling time and cost savings, RPA allows for the upskilling of employees in the organisation. By replacing a physical worker with a “software robot”, personnel are free to focus on more cognitive-demanding responsibilities.

The greatest benefits that senior business leaders surveyed by PwC expected to see from their RPA implementation was time savings (68%) and an increase in work quality due to error-free work (65%). 45% also expected to be able to redeploy their workers for more complex tasks, while one in three (32%) predicted that an RPA solution would relieve employee frustrations.

How should you navigate RPA implementation challenges?

The fact that RPA implementation will impact business processes is inevitable. It is crucial to manage this transition and ensure the right governance and controls are in place to mitigate any issues.

When asked about their initial concerns with employing RPA, the executives surveyed were most worried about the cost of the software implementation (55%) and the product maturity (42%). They were far more comfortable about getting management buy-in and managing the impact of the disruption as these concerns ranked further down the list (mentioned by 19% and 26% of respondents respectively). The challenge then is finding the right tools at the right price, to suit their needs, rather than getting stakeholder buy-in.

Companies also face challenges with keeping a consistent approach to their implementation and operating models for digital labour. Among the executives surveyed, 42% faced challenges in terms of selecting tools, securing consistent

resources and securing consistent funding. These obstacles were seen as more challenging than gaining agreement on approach and scope across the organisation (35%), capturing return on investment (35%) and selecting vendors (32%).

This drives home the message that while the business case for RPA is sound, there is a greater need for consistency in implementation. It is important for company leadership to implement a strong change management and governance framework which can go a long way towards solving this problem. Engaging business units through training, testing and piloting the system as well as doing proof of concepts were key steps taken by businesses implementing RPA, for example, in a report published by PwC in July.³

Digital transformation involves focusing equally on the impact on existing technology, people and the organisation as a whole. It is apparent that choosing the right RPA tools for the task and managing the operating models around their implementation are critical.

Which have been the most challenging issues your company has faced with keeping a consistent approach to implementation and operating models for digital labour/RPA?



Selecting tools
42%



Securing consistent resources
42%



Securing consistent funding
42%



Gaining agreement on approach and scope across organisation
35%



Capturing ROI
35%



Selecting vendors
32%

In terms of key takeaways, PwC's pulse survey found that:

- Senior business leaders are more inclined to implement RPA in finance, sales and tax functions. There is also greater potential to consider RPA in compliance and IT.
- Enhancing quality of work and savings in time are the main advantages of RPA.
- Software implementation costs and product maturity are top of mind for executives in terms of concerns when they first implement an RPA system.
- The primary challenge is finding the right tools at the right price, to suit business needs, rather than getting stakeholder buy-in.
- Corporate leadership needs to implement a strong change management and governance framework for RPA to work in the long run.

PwC has the strategic expertise to guide you through the process of restructuring your digital labour, enabling organisational change, and engaging with your stakeholders to deliver better outcomes.

Notes:

1. Robotic process automation: A primer for internal audit professionals, <https://www.pwc.com/us/en/risk-assurance/publications/assets/pwc-robotics-process-automation-a-primer-for-internal-audit-professionals-october-2017.pdf>
2. TechNavio.com Global Artificial Intelligence Market 2017-2021 (2017), <https://www.technavio.com>
3. Adoption of RPA in Asia - Is it myth or reality? <https://www.pwccn.com/en/consulting/publications/adoption-of-rpa-in-asia.pdf>

Interested in learning more about RPA implementation? Contact us.



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