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The Kofax 2020 Intelligent Automation
Benchmark Study

Part 1: Successful Automation Requires An Integrated Vendor Strategy

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Executive Summary

Automation technology has become increasingly essential to enable organizations across all industries to compete. No longer confined to basic use cases, automation now touches virtually every facet of operations. Scrambling to keep up with accelerating rates of change, many enterprises have cobbled together poorly integrated and siloed automation capabilities. How can firms execute on their automation ambitions while maintaining a high standard of quality and long-term agility?

In January 2020, Kofax commissioned Forrester Consulting to evaluate the emerging trends, strategies, and organizational lessons learned in the rapidly evolving automation market. Forrester conducted two online surveys — one with 450 automation and AI technology decision makers and the other with 450 individual contributors across business departments. This paper is the first of three seeking to outline these findings.

KEY FINDINGS

- › **Automation is everywhere.** Automation technology usage has skyrocketed in recent years without signs of slowing down. In the last two years alone, investment has nearly doubled. Decision makers estimate another 40% increase over the next two years across the entire enterprise — from the front office to the back office and everywhere in between.
- › **This rapid rise comes with considerable challenges.** In their haste to keep up with external pressures, many organizations are adopting several disparate and poorly integrated automation technologies. In fact, nearly half of respondents report their enterprises are taking an ad hoc approach to automation. And they're quickly realizing siloed approaches are leading to technical debt, delays in successful outcomes, and several unexpected challenges.
- › **Organizations are turning to integrated intelligent automation.** Buying habits are changing. Business leaders are prioritizing partners and vendors that provide a more holistic, integrated approach to automation. Survey data strongly suggests that forward-thinking IT decision makers understand that to achieve desired business outcomes, they must invest in integrated, complementary, and scalable automation technologies to reduce technical debt, improve long-term agility, and accelerate their digital transformation efforts.



Nearly half of respondents say their organizations are taking an ad hoc approach to automation.



Firms Begin To Automate Across The Enterprise

Organizations have adopted a variety of applications and point solutions to rapidly respond to evolving business needs. An unintended consequence of acting quickly to solve the problem at hand is the creation of automation silos. These silos weigh upon an organization's ability to achieve operational excellence, respond to growing customer experience demands, and capitalize on new business model opportunities. Survey results indicate that while automation efforts may have begun in the back office, executives are increasingly prioritizing automation use cases that have more significant impact on the customer experience and removing silos across the organization. Leaders are turning their attention to automation technologies such as digital process automation, process discovery, dynamic case management, rule/decision engines, artificial intelligence, and robotic process automation (RPA).

In surveying 450 automation decision makers, we found that:

- › **Automation's influence continues to expand.** In the past two years, automation technology budgets have seen steady growth rates and show no sign of slowing down. Growth has nearly doubled over the last 24 months and is projected to increase by over 40% in the next two years (see Figure 1).
- › **Automation is touching more parts of the enterprise than ever.** Automation is no longer confined to just one place or process; decision makers understand now more than ever that digital automation technologies can streamline and strengthen operations across functions from the back office to the front desk. However, there is still substantial room to expand their penetration. While the number of use cases for which organizations are utilizing automation is increasing, adoption rates for more mature use cases — like automation of back-office tasks, decisioning, and accounts payable (AP) — are still fairly low (see Figure 2).

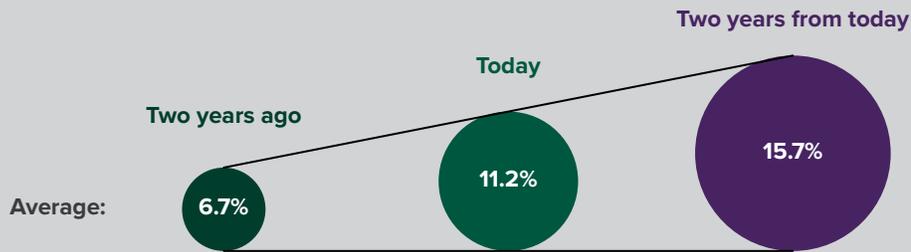
While the proliferation of automation delivers significant organizational benefit, scaling those use cases across the organization can also create considerable challenges. Bringing automation efforts together into one cohesive, organization-wide strategy is key to achieving value and ROI. However, simply cobbling together disparate technologies is not the answer. To be fully functional and deliver the outcomes needed to succeed in today's environment, businesses must integrate technologies intelligently.



Automation technology budgets have nearly doubled in the past two years and are projected to increase by over 40% in the next two years.

Figure 1

“Using your best estimate, what percentage of your organization’s overall IT budget was spent this year on automation technology? How much was spent two years ago? How much do you expect to be spent two years from now?”

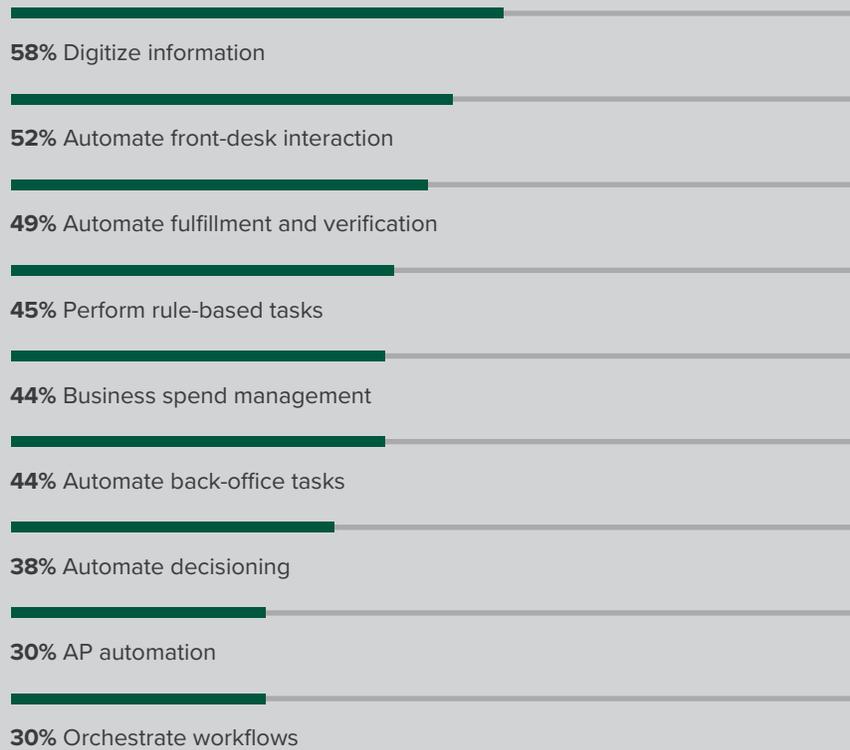


Base: 450 automation and AI decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Figure 2

“Which of the following use cases for automation are employed at your organization?”



Virtually all companies have implemented some degree of automation across front and back office functions.

Base: 450 automation and AI decision makers

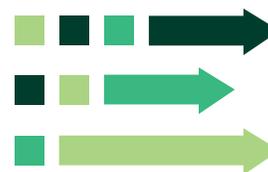
Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

High Technical Debt And Lack Of Agility Inhibit Success

Companies that want to create a competitive edge in the digital economy must prioritize converging automation technologies to fully realize positive outcomes. It takes a different approach, however, to achieve in practice. Many firms struggle with siloed automation that stifles, rather than encourages, success. To derive the most business value, firms must integrate technologies and use them in a complementary fashion.

Unfortunately, nearly half (45%) of respondents report their organizations approach their automation strategies in an ad hoc way, automating their many use cases via various solutions from a multitude of vendors (see Figure 3.) Even though these disparate technologies are often functionally complementary, firms typically use multiple or separate vendors, and the solutions often lack the depth of integration required to drive optimal business outcomes.

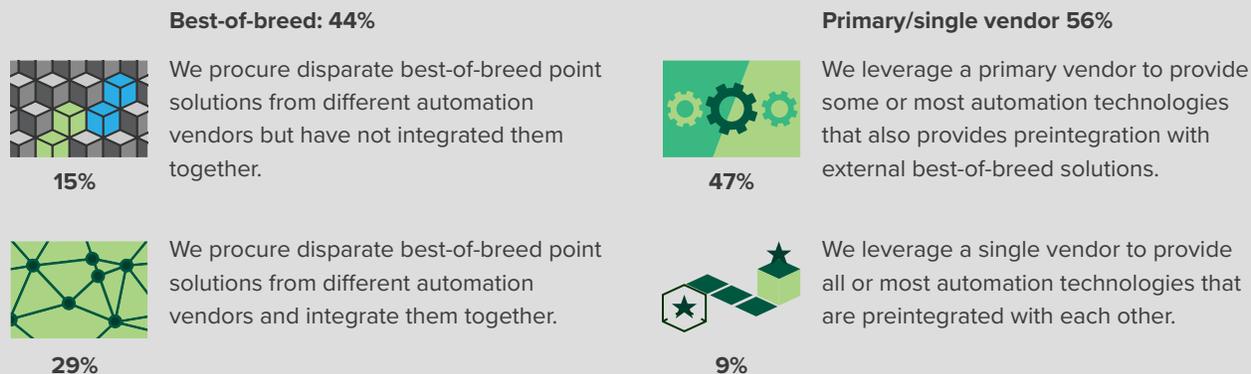
Multiple, poorly integrated technologies surfaced as the top challenge for organizations that have adopted automation in a piecemeal fashion — leaving them far behind their competitors. Forward-thinking organizations will take a different approach.



45% of respondents report their organizations approach their automation strategies in an ad hoc way.

Figure 3

“Which of the following best describes your organization’s approach to purchasing automation technologies?”



Base: 450 automation and AI decision makers
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

POOR INTEGRATION LEADS TO HIGH TECHNICAL DEBT AND LACK OF AGILITY

Nearly all decision makers surveyed (98%) report that adopting an unintegrated approach to automation resulted in unanticipated challenges. Two of the most significant challenges reported — high technical debt (46%) and delayed success (35%) — are in fact two sides of the same coin (see Figure 4). As firms attempt to respond to new opportunities, additional cost and technical challenges arise, delaying beneficial outcomes, which, in turn, increases technical debt. It’s a vicious cycle.

A lack of guidance for assembling the right set of automation technologies exacerbates this cycle. The deeper organizations get into their transformation initiatives, the more challenging it is to readjust their strategies. As a result, in hindsight, firms realize that they invested in a set of technologies that are challenging to maintain — leading to high technical debt. Looking forward — whether they’re implementing new business requirements or processes — firms must take a custom approach. The data indicates that this approach can be more expensive, difficult to maintain long-term, and ultimately one of the biggest challenges in achieving business outcomes.

Figure 4

“Which of the following challenges has your organization experienced as a result of using a piecemeal approach to automation as opposed to a single holistic platform?”



Base: 196 automation and AI decision makers at organizations using a piecemeal approach to automation
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

FIRMS MUST FOCUS ON MANAGING DIGITAL OPERATIONS AT SCALE

Organizations must focus on a holistic strategy to transform their business and to intelligently manage automation—essential to achieving intelligent automation at scale. Unfortunately, organizations often do not take a holistic approach. We found:

- › **Scaling automation requires digital workforce management.** Scale, or the ability to deploy and realize substantial benefits from automation across an organization, is not only a function of “building” automation solutions, but also the ability to effectively manage them. Digital workforce management (DWM) — the ability to centrally orchestrate, govern, measure, and optimize how work is performed, regardless of which resources perform that work (people and/or automation) — is critical to sustaining intelligent automation. DWM provides a common layer of governance across an increasingly diverse group of digital and human resources performing work. It delivers a common mechanism to maintain a well-governed strategy for defining data access, security, integration, privacy, and governance across all automation efforts.

In addition to building more robust intelligent automation solutions, digital workforce management can eliminate challenges and increase the likelihood of success. Data from this study suggests that business leaders are putting even greater importance on DWM because it can (see Figure 5):

- › **Break down silos.** One in five respondents ranks the ability to effectively orchestrate multiple automation technologies in harmony with their people as the most immediate need within their organization. This underscores the need for a common orchestration engine that manages queues and facilitates hand-offs between multiple technologies and people — critical to breaking down the silos that exist from utilizing previously disconnected automation technologies.
- › **Increase collaboration and ease unexpected disruptions.** More than one in three respondents rank continuity and change impact analysis as most important. This is often in response to the need to contend with emergency situations where a change to a system or application unexpectedly breaks several other automated processes that depend on it. Many have seen how important and powerful coordination is between IT and the center of excellence and, thus, want such collaboration to be enforced within processes, procedures, and even the technology that runs automated operations.

Figure 5

“Which of the following automation capabilities is the most immediate need for your organization?”



35% Mitigating disruption to automated processes due to changes in the underlying systems/applications that automation interacts with



28% Centralizing analytics that address productivity of the digital workforce and all automation technologies deployed, including its utilization within the enterprise



20% Ability to orchestrate multiple vendor solutions in a centralized manner



17% Identity governance credentialing as it relates to any operations performed by digital workers

Base: 450 automation and AI decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

An Integrated Vendor Platform Automation Approach Accelerates Digital Transformation Success

Buying habits are changing among tomorrow's automation leaders. They understand that the outcomes they want to achieve require complementary automation technologies that operate together. Indeed, decision makers are evolving past a basic understanding of automation and are now focused on how they can strategically implement and align with the right partners to further transform their business.

ENTER INTEGRATED INTELLIGENT AUTOMATION

Enterprise operations are complex; they aren't uniform, and many times they require working with unstructured data, business rules, and AI capabilities to accomplish end-to-end digital transformation. Leaders must regularly make complex decisions which require subsequent actions downstream. No single technology tool can do everything, and therefore, one process can understandably necessitate leveraging capabilities from several different technologies.

Challenges compound as organizations automate increasingly sophisticated processes. When firms bring more technologies, they require more integration to ensure that the technologies work together seamlessly and can be modeled and monitored across technology boundaries.

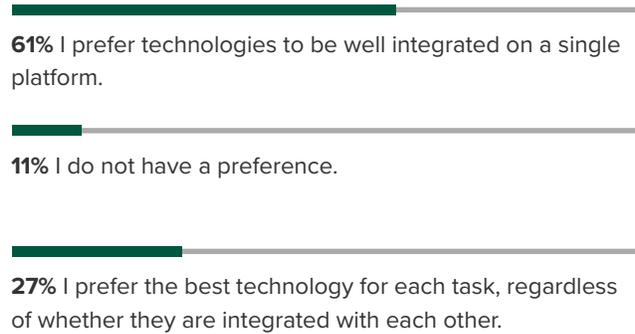
Integrated intelligent automation offerings eliminate the challenges that arise from a multivendor, fragmented approach. This is particularly relevant as almost 50% of decision makers surveyed plan to expand their automation efforts from a single team or department to scale across departments. In addition, integrated automation is crucial in digital workforce management: 61% of employees say they prefer a single technology platform because it provides them with greater efficiency (78%) and allows them to be more productive (65%) (see Figure 6).



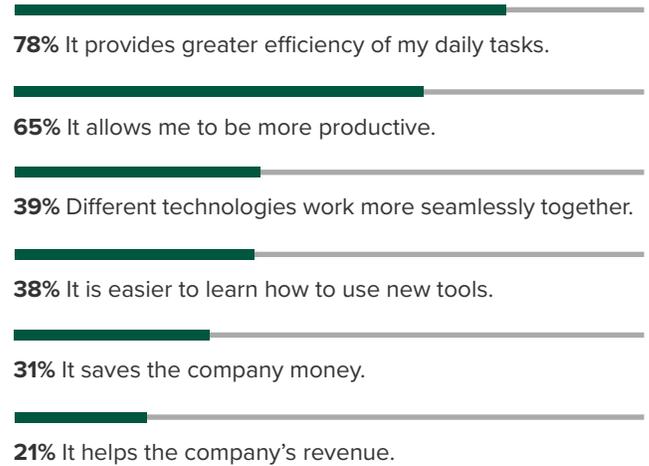
A strategy focused on a single vendor to provide an integrated solution lowers complexity and technical debt and drives agility.

Figure 6

“Which of the following do you generally prefer when it comes to multiple technologies serving a similar purpose?”



“Why do you prefer implementing a single technology platform?”*



Base: 450 enterprise individual contributors across business departments

*Base: 275 enterprise individual contributors across business departments who prefer implementing a single technology platform

Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

SINGLE-VENDOR AND INTEGRATED BEST-OF-BREED APPROACHES

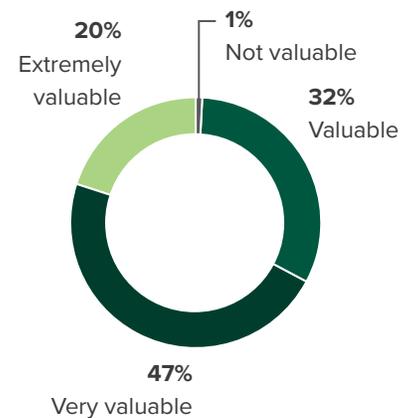
The simplest and most cost-effective approach to achieving business outcomes is to work with a single-vendor automation platform; 99% of decision makers believe there would be considerable value in working with a single automation vendor and automation platform (see Figure 7). This represents the ideal approach where the vendor provides a fully pre-integrated offering and ensures full and timely continuity through upgrades of all complementary technologies. Organizations also benefit from simplified licensing, reduced vendor management complexity, and often better pricing.

However, there are instances in which a single-vendor approach is not the best option. One example is when an organization has standardized on another vendor for one or more parts of its intelligent automation strategy. In these situations, enterprises should evaluate primary vendors on their ability to provide pre-integration with external best-of-breed complementary technologies. While a single-vendor approach is more desirable, this hybrid alternative will solve the integration challenge. In this scenario, the primary vendor removes much of the technical debt and loss of agility versus the organization having to bear that burden.

Decision makers who have invested in a single-vendor approach to automation report seeing a variety of benefits, including improved customer experience, higher employee productivity, and improved efficiency (see Figure 8). Note that a single-vendor approach for all parts of an intelligent automation portfolio may not always be possible from a strategic or architectural standards approach. However, a vendor that offers a combination of a robust portfolio and pre-integration with best-of-breed industry solutions, while not ideal, could be an alternative approach.

Figure 7

“How valuable do you believe it would be for your organization to work with a single vendor with a broad breadth of complementary automation technologies?”



Base: 450 automation and AI decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Importantly, the single-vendor intelligent automation approach illustrates both internally and externally facing benefits. For instance, managing the digital workforce is a crucial component to success with automation initiatives. Organizations that deploy multiple poorly integrated technologies are struggling greatly. Therefore, it is not surprising that 42% of respondents say that increasing employee productivity is one of the top benefits of using a single-vendor automation platform. And when employees are productive, customer satisfaction increases. Indeed, the data bears this out: 52% of respondents cite improved customer experience as the top benefit of leveraging a single-vendor platform.

As digital transformation becomes more pervasive, organizations discover that the line between customer and employee experience blurs; they are two sides of the same coin. Happier employees are more productive, which in turn creates a more supportive environment for customers. Companies suffering from inefficient and manual employee processes become exposed in a digital world. For example, in a customer onboarding scenario, employee-centric tasks like document classification/verification, fraud detection, know-your-customer (KYC) due diligence, and a host of other activities that were once hidden from the customer become exposed in a world where straight-through online processing is becoming the norm in customer expectations. A well-executed, single-vendor intelligent automation strategy is well-suited to streamline these inefficient and manual employee and customer processes.

Figure 8

“What benefits has your organization achieved by adopting a single-vendor automation platform as opposed to a piecemeal approach?”



Base: 254 automation and AI decision makers at organizations using a single-vendor approach to automation
Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Key Recommendations

Digital transformation initiatives are driving a critical need for automation, particularly process automation, at a scale not previously seen. Addressing automation at scale requires a different mindset and a more holistic technology strategy. It must include a focus on business outcomes and a technology strategy that supports meeting those outcomes with minimal technical debt and maximum agility.

Forrester's in-depth survey of 450 automation and AI decision makers yielded several important recommendations:



Define your business outcomes first. While the drive toward increased automation is a rational response to a world where digitization is a continual business objective, the goal should not be too narrowly defined (e.g., task automation). A broader goal or mindset will have a ripple effect on how teams organize, prioritize, and ultimately evaluate their automation needs to transform their businesses.



Agree on success metrics aligned with those outcomes. Once business outcomes are defined, the metrics should directly support those outcomes. Automating an onboarding process is a technology project. Driving straight-through customer onboarding for 80% of all new customers from a mobile device is a business outcome. When business outcomes are the measure of success, this leads naturally to discussions of the automation approach that will drive success.



Success at scale requires digital workforce management. Any automation plan requires organizations to understand the full automation journey, which includes the ability to manage, govern, scale, and optimize. DWM provides a common layer of governance across an increasingly diverse group of digital and human resources performing work.



Rationalize your intelligent automation strategy. Processes do not respect your organizational boundaries, legacy systems, or departmental technology decisions. Though it's difficult to objectively assess which automation technologies and strategies exist within your organization, it's a necessary task. Process continuity is critical across your organization — even for groups that don't traditionally align. Because as more automated processes come online, a digitized world requires increased cooperation and coordination of technology assets.



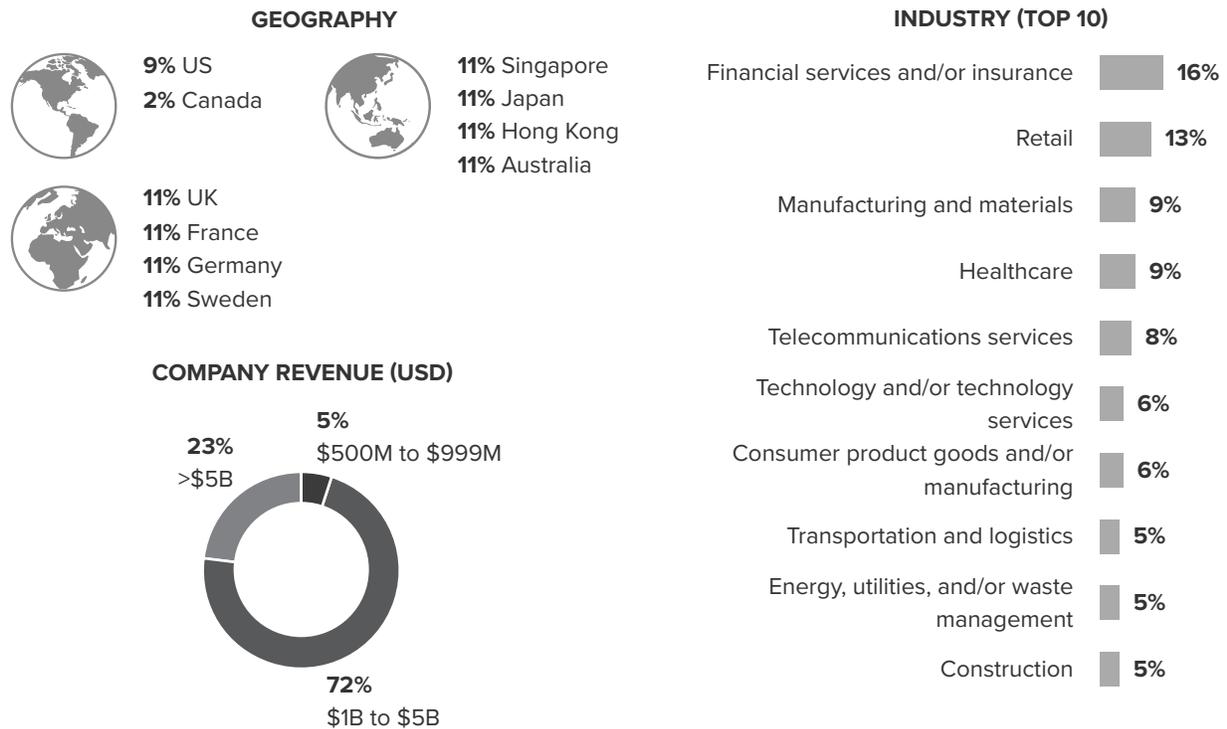
Choose a primary vendor that supports your intelligent automation requirements. The intelligent automation landscape is technically diverse; a single process can be startlingly complex. For instance, it could start with multichannel customer interactions. From there, it may require document intelligence to classify and route unstructured content, the application of rules and decisioning, new forms of artificial intelligence, and development of code through digital process automation and low-code. Moreover, process complexity increases over time. The integration of automation technologies, if left to the customer, creates technical debt and dramatically curtails agility in the future. Find a vendor that provides extensive automation functionality and pre-integrated partnerships — thereby removing that complexity and burden from you.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 450 IT automation and AI decision makers at global enterprises and 450 individual contributors across business departments at global enterprises to explore their use of automation, its current implementation, and the way it can affect employee experience and sense of purpose. Respondents were offered incentives as a thank you for time spent on the survey. The study was completed in January 2020.

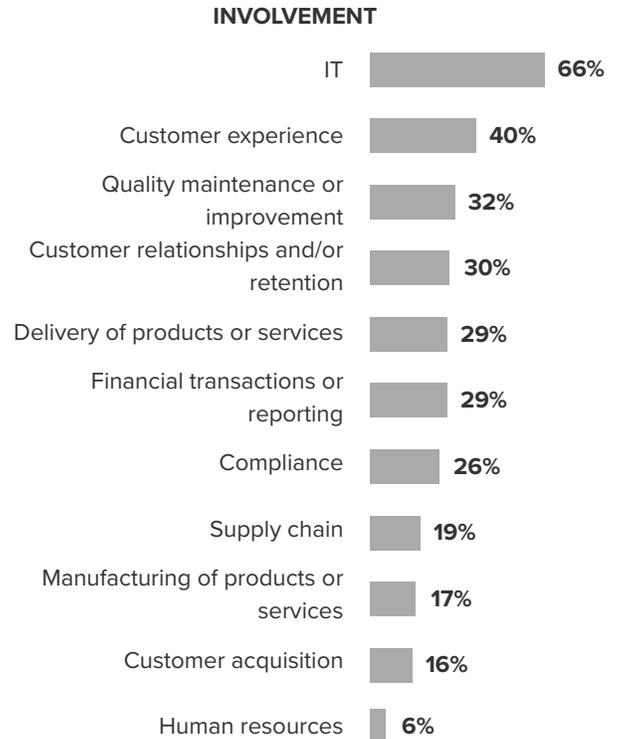
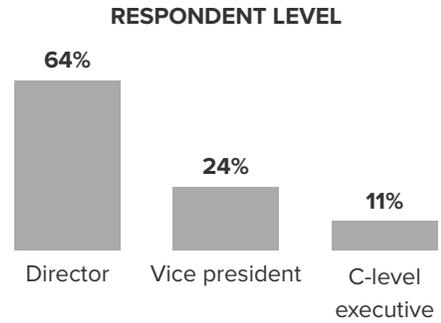
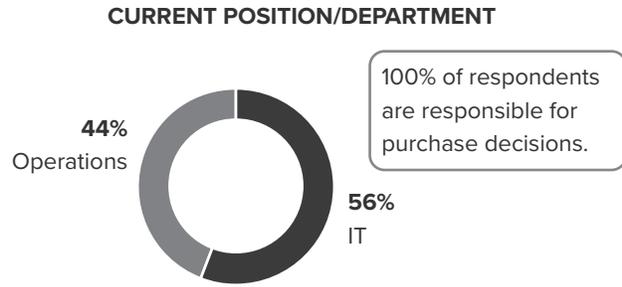
Appendix B: Demographics/Data

Firmographics: Decision Maker



Base: 450 automation and AI decision makers
 Note: Percentages may not total 100 because of rounding
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Respondent Demographics: Decision Maker

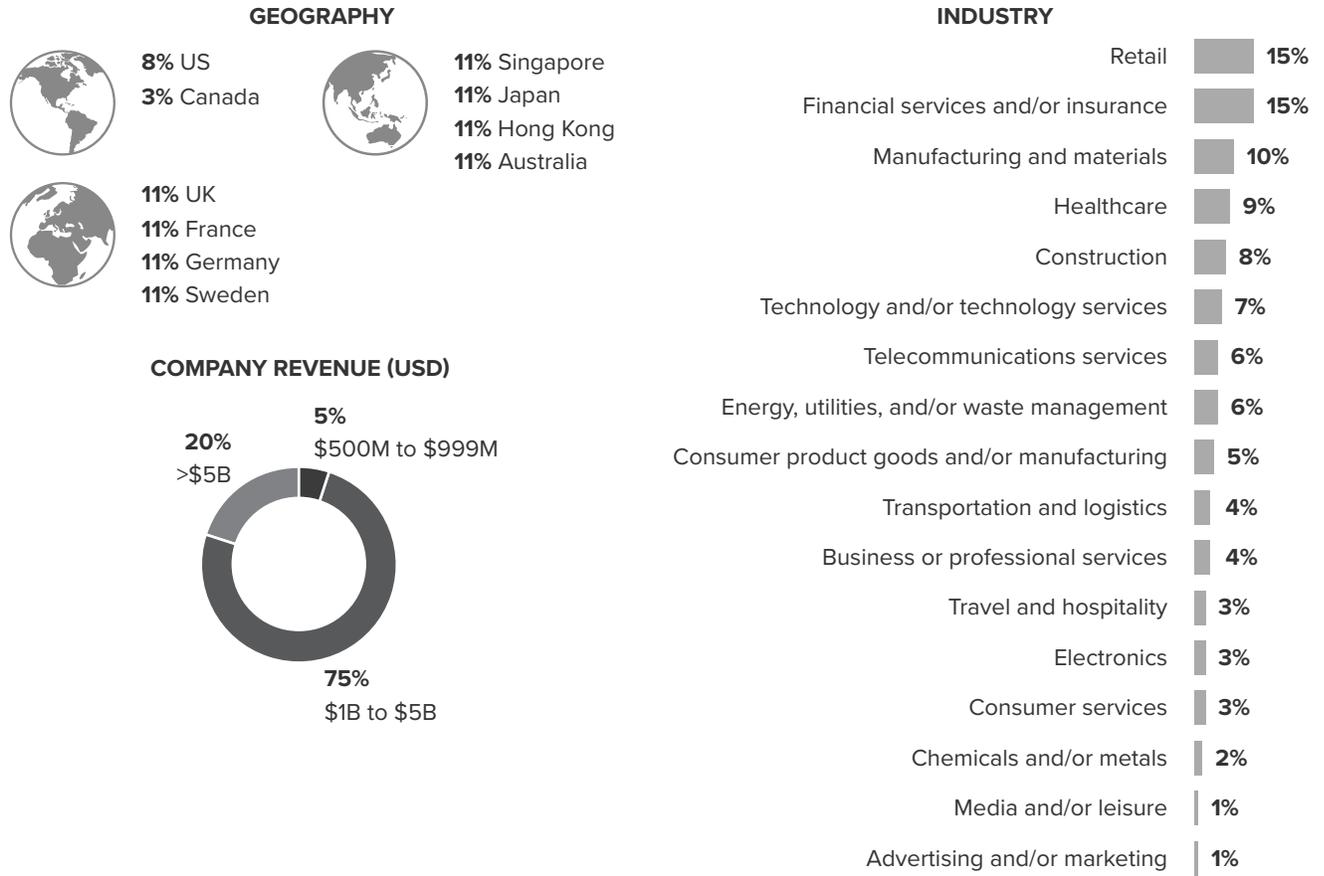


Base: 450 automation and AI decision makers

Note: Percentages may not total 100 because of rounding

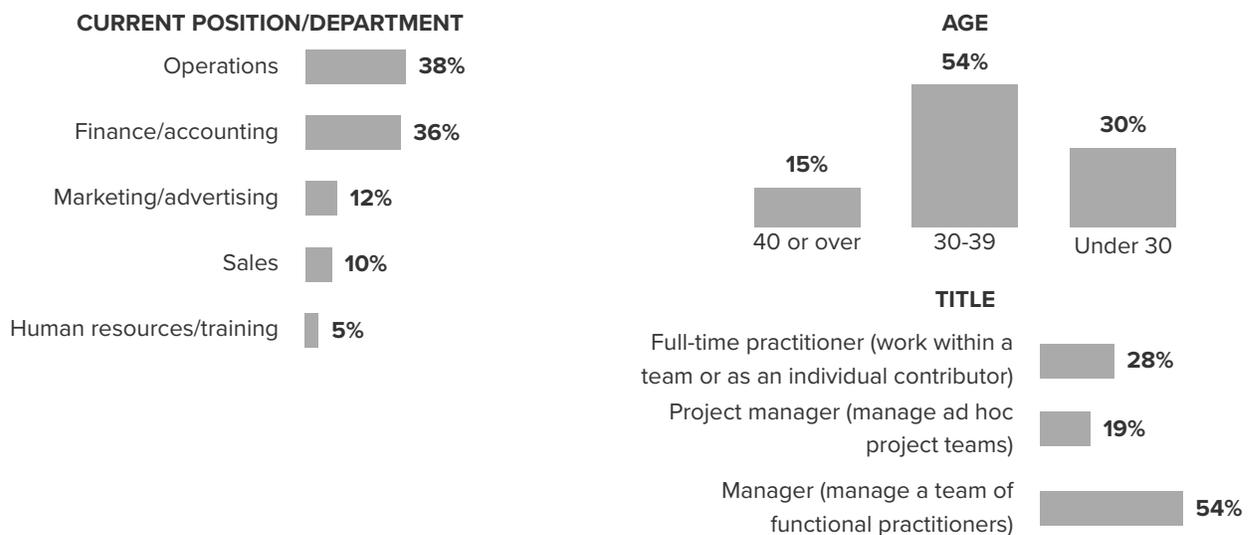
Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Firmographics: Employee



Base: 450 enterprise individual contributors across business departments
 Note: Percentages may not total 100 because of rounding
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020

Respondent Demographics: Employee



Base: 450 enterprise individual contributors across business departments
 Note: Percentages may not total 100 because of rounding
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kofax, January 2020