FROST & SULLIVAN

KANNAL OUTSOURCING

Robotic Process Automation - Revolutionising Back Office Operations

Frost & Sullivan Case Study Series

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GLOBAL BUSINESS SERVICES

Globally, organisations that are optimizing their internal processes recognize the value of shared services or outsourcing models to achieve operational excellence and consistent user experience. By outsourcing non-core activities, companies now have the opportunity to focus more on value-added aspects of their business such as R&D, innovation and branding, while relying on experts in the field to manage the non-core areas. Based on Frost & Sullivan estimates, the global shared services and outsourcing (now known as Global Business Services) market is expected to grow at a CAGR of 6.5% to reach US$625 billion by 2017.

Malaysia is emerging as a prominent player in the area of Global Business Services (GBS). Backed by strong government support, the booming sector has significant advantages to drive the industry further by attracting investments, and evolving to become a regional hub. This will help global companies consolidate their non-core operations and rationalise costs.

Through MDeC's Multimedia Super Corridor (MSC) Malaysia, the government has supported the growth of the sector. The table below provides a snapshot of MSC Malaysia's GBS sector.

REVENUE	REVENUE GROWTH	NO. OF COMPANIES	JOBS CREATED
RM13.9 BILLION (as end of 2014)	**36%** revenue growth in the year 2014 over 2013	**343 MSC GBS** companies (as on 2014)	**76,989** value-add jobs created by MSC GBS companies (as on 2014)

MALAYSIA: UNIQUELY POSITIONED

Malaysia possesses some essential characteristics that make it unique and strategically relevant to become an important GBS hub to organisations aiming to incorporate GBS as a part of their business costs rationalisation.

Positive Business Environment	Government Support (EPP)
Location Advantage	Political Stability
Excellent Physical Infrastructure and Utilities	IP Protection
Multilingual Competencies	Attractive Tax Rates
High-Speed Broadband	Talent Pool

RANKS

18TH
Ease of Doing Business (2015)
- World Bank

3RD
Global Services Location Index
(2004 - 2015) 11 years in a row
- AT Kearney

6TH
Global Competitiveness Index
(2014) (6 in APAC/20 in the world)
- World Economic Forum

WHAT IS RPA?

RPA is essentially a software application that is designed to automate manual human actions taken to complete a computer-based task. It automates rules-based and repetitive human intensive business processes. In today's highly complex business environments, there are many boring, complex, demanding and repetitive computer-based tasks that are carried out by a human to complete a process. This could be in the areas of sales and invoice processing, inventory management, customer relationship management, claims processing, human resource administration and even report generation.

For example, you may be having an army of people to key-in orders and suppliers' invoices into an accounts-payable database and thereafter processing them for payment. Imagine these business processes being automatically completed for you by your computer - around-the-clock and error-free - leaving you the time to focus on more strategic tasks that perhaps require judgment and personal interaction.

HOW RPA CAN IMPACT YOUR BUSINESS

The benefits of automation in the manufacturing sector are undoubted – transforming the industry with not only enhanced cost-effectiveness, staff productivity, and operational efficiency, but also improved data quality and controls environment. Likewise, RPA is fast-becoming a catalyst for change achieving significant advantages such labour cost reductions in IT and business process environments, and near-zero error rates in repetitive tasks. RPA provides a range of cost-efficient benefits that encompass:

LOWER COST	A robotic software can result in 20% to 50% cost reductions. It is able to perform faster than a human worker, producing more output in lesser time, which means lower expenditure and higher revenue.
HIGHER EFFICIENCY	RPA is able to run 24/7 – a feature unmatched by human capabilities. A single robotic software can replace two to five full-time staff, executing the same capacity of work in less time.
ADVANCED ANALYTICS	A company can predict future outcomes and optimise its processes as process automation makes gathering and organising data easier. The analysis can identify areas of enhancement and the improved processes, in turn, creating more targeted data that enables further development of operations and higher levels of competence.
GREATER PERFORMANCE AND QUALITY	The potential to virtually eliminate human processing errors, and improving the quality of information is a compelling feature of RPA. Robotics software can execute the same tasks using the same method every time without fault or fraudulence, optimising capabilities to help improve organisational capacity.

RPA is driving profound changes in back-end operations that currently employ resources to process information into various applications. However, RPA is only beneficial in areas that involve repetitive tasks. Hence, companies are implementing hybrid working models where RPA-replaced individuals can be redeployed into other value-added activities within the organisation.

# KANNAL'S RPA SOLUTION ENHANCING SPEED AND EFFICIENCY

Kannal's solution incorporates the **Human Action Automation Framework (HAAF)** RPA platform that enables non-intrusive connectivity to existing legacy applications and executes actions that are configured and defined for various tasks. The technology has a service-centric user interface that is able to configure the process flow from legacy systems, customising and collating information from different systems to present it on a single screen.

Delivering real business value for organisations, the cost-efficient solution offers capabilities that are:

SCALABLE	Scalable and blends effortlessly into legacy business operations across industry verticals.
NON-INTRUSIVE	Provides customisation and configuration in a single view of information, hence modification of the legacy applications is not required.
SIMPLE	The tool does not require costly enterprise application integration (EAI) tools or process improvement products.
INDEPENDENT	Business processes can be made to run end-to-end entirely unattended and human resources are freed up for other productive work.
INTEGRATED	Administered and controlled centrally.
SECURE	An Identity Management and Automatic Sign On ensure security and convenience.
SEAMLESS	In virtual desktop environments such as Citrix, there is no need to deploy software agents to integrate and interoperate applications.[1]

[1] Source: Institute for Robotic Process Automation

Figure 1: Human Action Automation Framework (HAAF) – Triangle of Productivity
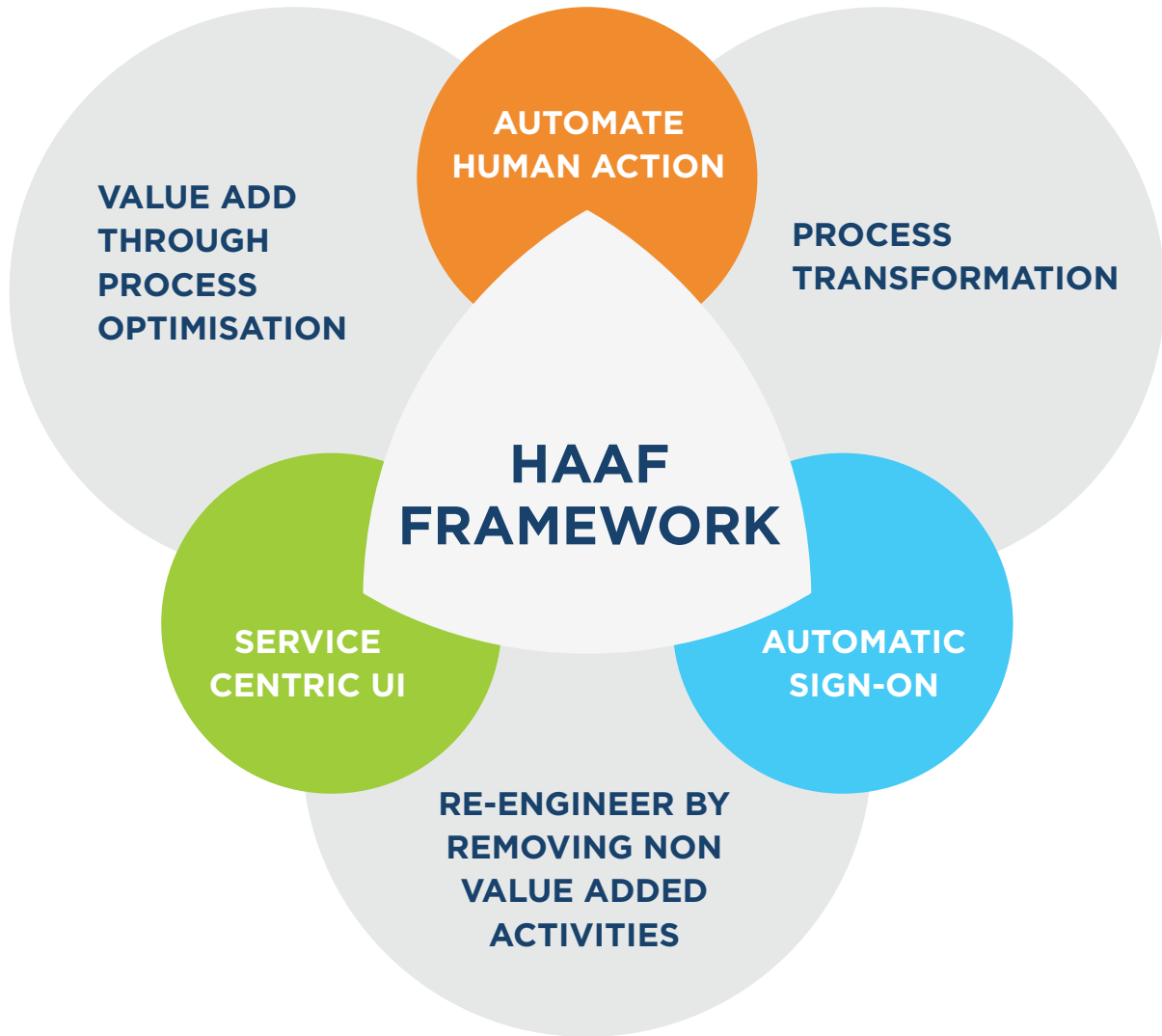
Source: Kannal Outsourcing

CLIENT SUCCESS STORY

Client - An American based medical technology company

The client is an American medical technology company that serves healthcare institutions, life science researchers, clinical laboratories and the public.

PROBLEM FACED/ BACKGROUND	The client's APAC Shared Service Centre has a Purchase Order (PO) processing team that receives POs from customers in PDF or spreadsheet formats which referred to as 'input documents'. These input documents comprise of order requirements and delivery specifications in the issuing customer format. The team needed to process the input documents and create the orders in its internal ERP system as a purchase/sales order within a strict SLA. **ISSUES FACED** ○ The POs received were spread across different countries and time zones, with each country having their own distinctive formats. ○ Staff had to be knowledgeable about different customer formats, languages and diverse workflows comprising critical data such as PO number, PO date, Material code, Shipping code, Delivery date, Quantity and Planner schedules. The PO process involved a substantial amount of non-value-added tasks performed by staff such as manually extracting data, copy-pasting and accessing multiple applications to complete a task, contributing to numerous human errors, rework and staff fatigue. The client recognised that overemphasis on mundane, repetitive tasks was detrimental to its business and customers.
CLIENT CONSIDERATIONS	The client wanted a solution that could process incoming documents without human intervention, identify data based on various business rules and process flows and simulate human actions to enter data in ERP systems in an efficient, timely and error-free manner.
SOLUTION PROVIDED	○ An unattended robotics solution to address the end-to-end PO process on a 24/7 basis. ○ The solution is designed to process all the input documents and run the business rules to extract data from the targeted input documents. ○ Once extracted, the relevant data is auto-populated/entered into the ERP system via Kannal's robotics automation workflow.
KEY BUSINESS BENEFITS	○ Significantly shortened turnaround time regardless of the time zone. ○ Achieved zero errors, increasing business data entry quality. ○ Reduced human dependency and eliminated repetitive jobs. ○ Provided 24-hour unattended execution capability. ○ Lowered FTE costs in the tasks involved.

CLIENT QUOTE/ TESTIMONIAL	*"Their technology consultants formulated a Robotic Process Automation (RPA) solution for our Regional Shared Services Purchase Order process. This particular engagement consisted of 2 days of user requirement gathering sessions, 5 days of process automation development and 3 days of user acceptance testing. The outcome provided us with great confidence on the RPA technology. Our global leaders were very impressed with the outcome, especially within the short period of time".* **Director, Asia Pacific Shared Service Center**

FROST & SULLIVAN COMMENTARY

"For the past eight years, Kannal has grown to become a prime player in Malaysia's SSO industry and continues to provide innovative BPO, KPO, ITO and HRO services to its clients. With a focus on delivering compelling value to its customers, Kannal has added RPA capability as a part of its solution portfolio to address critical business concerns such as efficiency, speed, accuracy, and cost-effectiveness leveraging the disruptive potential of automation to drive growth in the SSO sector."

Kannal is a fast growing regional outsourcing service provider in the areas of business & knowledge processes, human capital and IT Services. Our four[4] pillars of service provisions are Business Process Outsourcing (BPO), Human Resource Outsourcing (HRO) and Knowledge Process Outsourcing (KPO) and Information Technology Outsourcing (ITO). We have a team that combines knowledge and experience in the field of shared services and outsourcing. Designing from concept to process, and later to operations, we have developed best practices to manage expectations of service level standards of the business and industry. Our infrastructure and technology are uniquely designed to accommodate companies of any size and combines flexible workspace options with state-of-the-art technology and services to house more than 500 executives.

Since commencing operations in 2007, Kannal Outsourcing has grown in terms of size and service provisions through alliances and partnerships, and the acquisition of and investment in niche products and services in the current market which further add value to our services.

COMPANY FACTSHEET:

COMPANY NAME	Kannal Outsourcing
CORE BUSINESS	Outsourcing Service provider
MAJOR SUB-SECTOR FOCUS	BPO, HRO, ITO, KPO and RPA
MAJOR CLIENTS	Measat Broadcast Network Systems Sdn Bhd , AmBank Berhad, Singapore Telecommunications Limited, SingTel Mobile Singapore Pte Ltd
COMPANY PRESENCE	Malaysia, Singapore & Thailand
NUMBER OF EMPLOYEES	About 600 employees

COMPANY CONTACT DETAILS

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Bogota	Istanbul	Mumbai	Seoul	Tokyo
Buenos Aires	Jakarta	Moscow	Shanghai	Toronto
Cape Town	Kolkata	New Delhi	Shenzhen	Warsaw
Chennai	Kuala Lumpur	Oxford	Silicon Valley	Washington D.C.

ABOUT FROST & SULLIVAN

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

Contact us: Start the discussion

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ABOUT MDeC

The Multimedia Development Corporation (MDeC)) was incorporated in 1996 to strategically advise the Malaysian Goverment on legislation, policies and standards for ICT and multimedia operations as well as to oversee the development of the Malaysian Multimedia Super Corridor (now MSC Malaysia). MSC Malaysia became the platform to nurture the growth of Malaysian Small and Medium Enterprises (SMEs) in the IT industry whilst attracting participation from global ICT companies to invest and develop cutting-edge digital and creative solutions in Malaysia.

in 2011, 15 years after the introduction and successful implementation f MSC Malaysia, Multimedia Development Corporation (MDeC)'s mandate was broadened by Prime Minister to include driving Malaysia;s transition towards a developed digital economy by 2020 through DIgital Malaysia. Following this, in 2012, Digital Malaysia was official unveiled as the national transformation programme to achieve this aim.

Founded on three strategic thrusts, Digital Malaysia is a natural progression to harness the building blocks already laid by MSC Malaysia. It will drive wealth creation, stimulate efficiently and enhance quality-of-life by harnessing and building upon Malaysia's varied ICT initiatives, resulting in a nation that connects and empowers goverment, business and citisens through a vibrant and demand-focused digital ecosystem.

MULTIMEDIA DEVELOPMENT CORPORATION (MDEC) SDN. BHD (389356-D)

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