

A Conversation with Simen Munter and Pankajam Sridevi, ANZ Global Hubs Leadership

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I recently visited ANZ in Bengaluru, along with some of my colleagues, to learn about how ANZ has rapidly adopted a Robotics Process Automation (RPA) program. Unlike many organizations we meet, ANZ spent limited time on planning for automation and instead jumped into implementing it as rapidly as possible by developing organizational understanding and knowledge. Simen is based in Melbourne and joined us via video conference. Since joining ANZ in 2012, he has lead ANZ's shared services in Global Hubs across four countries. He has 22 years of prior banking experience with HSBC. Pankajam leads the ANZ Bengaluru Hub and moved into her role in 2013 after seven years in institutional operations at ANZ. Prior to joining ANZ in 2007, Pankajam was with Wipro in their BPO business.

ERIC: What led you to pursue an RPA program for ANZ?

PANKAJAM: As Simen and I began to work together last year, one aspect that we discussed was our lack of agility in managing the variability of volumes in the operational processes. There are many times when we have to hire new staff to deal with a seasonal trend. This requires us to launch a recruiting process three to four months in advance, bring them onboard a month or so early, train them, utilize them during the surge in work, and then scale back. This drains the senior management's time, while also adding to the cost. We started thinking about ways to minimize these types of situations and quickly realized that RPA had to be part of the answer.

We also realized that automation could provide two additional benefits. It reduces operational risk from things such as user error during data entry. Since this is a worry for any financial institution, improvements are very helpful. Second, it provides improved employability to our people – they learn new skills while also improving the quality of their work. We would rather pay them for applying their judgment and management skills than for mainly doing monotonous, transactional work. To cite an example, instead of simply worrying about trying to accurately process a change in address

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request, we are now thinking about what the change in address tells us – is there an opportunity to sell a new product? Does this suggest a change in risk profile of our client?

SIMEN: ANZ, as a company, believes strongly in the power of technology. We are doing a lot on the digital side and tend to have technology-oriented customers. As an international bank operating in 33 countries and with multiple products, we have to make technology work for us to manage costs and complexity. With 10,000 people in our four Asian delivery hubs, there is a lot of opportunity to improve how we work.

ERIC: Had ANZ tried automation before?

SIMEN: We have had automation as part of the core strategy for years and the rise of RPA has created exciting opportunities to extend our reach further to the areas which were earlier too hard – and previously proved less successful. The one thing that we did differently with RPA is that we developed grass roots support and pull from our entire team for the use of RPA. We are still using some of the previous automations, but are planning to grow with the automation technology we adopted in February 2015.

ERIC: How did you get started this time?

SIMEN: We evaluated technology vendors for RPA and selected Automation Anywhere to partner with us in this journey. The technology of Automation Anywhere was easy to use and could be learned and deployed by the operations team, not necessarily a technology team.

After an initial effort focused on a very complex process, we focused on trying to automate simple things and do them quickly. The temptation is to automate everything – both the standard process as well as the exceptions; in effect, the entire process. What we learned is that by starting with the standard process transactions and not trying to automate that entire process, we could generate significant impact much more quickly.

This helps in two ways. First, the ROI is much faster and helps justify more automation efforts. Second, the team learns faster after making it work and can then apply its knowledge and excitement more rapidly to other areas. We are transforming people to help them think differently. The speed of impact helps accelerate this transformation of how people think.

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PANKAJAM: We decided to jump in with both feet first and committed ourselves to funding the technology. The technology we selected helped us to pilot automation in many processes and spread the confidence and belief in our teams. We also asked Automation Anywhere to provide us with on-site consulting support to help accelerate our learning. They trained one group and then moved to another group as the first one gained momentum. We also confirmed that the technology could be deployed with ease and could be used by operations with minimum hassle.

ERIC: What are the results? How have they compared to what you expected?

PANKAJAM: In the first six months, we have already deployed about 100 robots and will deploy another 100 within the next quarter. Cost savings are often 40% or more and there is a substantial reduction in the end-to-end delivery time for the customer.

For next year, we are planning to add 900 more robots across all hubs and eventually add even more. The technology has been adopted in all four of our delivery centers across Asia and Pacific. In the coming years, we expect automation to allow us to keep headcount flat while continuing to take on more and increasingly complex work.

We have applied automation in a range of areas across our institutional and retail banking businesses, including processes such as transaction investigations, tracing funds, recalling funds, audit certificates, and funds disbursements for construction loan mortgages. Our team has been able to decrease the level of human involvement significantly, while also decreasing the time required to execute these processes. In addition to improving the quality of the work, the benefits of increased speed and greater accuracy are improving customer satisfaction.

In order to achieve rapid benefits, we have avoided extensive process reengineering while deploying automations. While we fix broken processes, we also automate a suboptimal process quickly versus taking longer to create a perfect process to be automated. We don't care if the robot has to work longer hours!

So we are very pleased by the results to date and are expecting even greater things moving forward. In fact, as the business has learned more about our program, we have expanded it to take on more countries and also helped the countries to deploy automation in their own operations.

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“ We let operating groups decide where to apply automation. – Pankajam Sridevi

ERIC: In comparison to what we see with other organizations, that is a very rapid adoption of automation. Why was ANZ able to scale-up so quickly?

SIMEN: You can have a vision, but you can't push that to the floor. If you prove it to the floor, you can create pull. We provided top-down empowerment, not a top-down mandate. As the saying goes, “seeing is believing.” This was the philosophy that guided our approach.

PANKAJAM: From our previous operations experience, we realized that legacy systems often have the effect of essentially disempowering the organization – they are not flexible and changing them typically requires significant time and resources. Automation helps overcome this and reempowers the operations teams to think about how to make positive changes.

In order to create broad organizational support and understanding, we developed a two team structure – both are supported centrally, but they are not centralized teams. Team A was the first team and intended to be the power users and experts available to the broader organization. This team is now 40 people and will stay at this size. Team B was created to provide a second level of expertise that permeates more broadly across the organization. We envision this group being approximately 200-300 people. Across both Team A and Team B, we have now trained about 200 people and will be training more. We are contemplating developing a third team which would be even broader and able to do basic automations. Our aspiration is that this team might be 500 or even 2,000 people strong.

We also gave senior operations leadership the opportunity to get involved from the beginning. Some of these individuals had deep experience on the business side and were newer to operations. As these individuals have become familiar with deploying automations, they have brought credibility and insight, which has helped us educate the broader organization on the power of what we can achieve.

Since we were not going to run the effort centrally and instead enable it centrally, we let the operating groups decide where to apply automation. We found that the operations groups have been very good at deciding which processes to prioritize for automation. They know the operations in detail and they understand the pain points – where the work is repetitive, the business would benefit from faster turn-around times, or the process tends to suffer from inconsistencies or errors.

“ In a meeting someone casually mentioned that they achieved 'only 40%' savings. Only 40%? So tell me how many other initiatives have you ever done which had more than an 8-10% improvement? – Pankajam Sridevi

ERIC: How did you fund the investment in automation technology?

SIMEN: We wanted to ensure quick impact and also broad adoption, so we decided to fund the cost of the automation technology from our overall annual operations budget for the global hubs, but not allocate this cost across the organization. This required us to ensure a payback in year one, which results in our focusing on fast ROI and broad adoption.

With this approach, we felt we could more easily encourage the organization to begin experimenting with automation and use it as a way to meet their normal annual productivity improvement targets. We wanted it to be viewed as a free resource that different teams could use to meet their targets.

ERIC: How are the employees responding?

PANKAJAM: Very positively – it is one of the most fulfilling things I have been associated with in my career. The opportunity to improve the quality of work is very important to me and automation is enabling us to do that.

My passion comes through so easily, but I know it is not just the team telling me what they believe I want to hear. I overhear conversations about automation on the elevators amongst people who do not recognize me. There is a feeling of a “swell” which is taking place across the organization.

ERIC: Based upon what you have learned thus far, what would be your advice to other organizations embarking on an automation program?

PANKAJAM: One mistake we made was taking on a complex audit process and trying to automate it 100%. We were eventually successful, but it took a lot of time and we would have approached it differently had we known what we know now. Getting quick wins is critical for achieving ROI as well as increasing organizational support.

The best path to making this happen is to focus on standard processes and not try to automate all your activities. As you gain experience, more and more ideas come about and the potential uses of automation multiply. But you have to get started quickly and get as many people as possible involved and get them to think differently.

We would also advise organizations to ensure that their technology groups are included. They play a vital role in helping ensuring the operations organization can create more impact through how they use automation technology.

ERIC: Do you plan to go back to the non-standard processes and apply automation in the future?

SIMEN: Our plan is to use machine learning and operational analytics to deal with exceptions and move more and more transactions into the standard process. We are also looking at high volume processes and automating the standard processes, which will account for 70-80% percent of the total processing.

ERIC: What changes have you made to how the organization operates to align with the automation program?

PANKAJAM: We are changing our planning process to include automation. All of our plans for 2016 include plans for FTEs and AFTEs – or “automated FTEs.” This is a simple metric, but very effective in getting teams to think about what they can accomplish using a range of resources.

Similarly, from an IT standpoint, we treat a robot as if it were an employee. Just as different types of employees have different access rights, our policies for automated FTEs are different but the same basic concepts apply.

In some areas we are reorganizing. As an example, for some transactions that vary by country, we previously had three country teams – one for each. We have now created a single team which supports all three countries because they can create more value working across the larger set of transactions and don't have to be experts in each transaction variation.

We are also deploying a control room that will allow us to monitor the robots across centers and countries to schedule and distribute work. It will also allow us to load balance across geographies.

ERIC: Where do you see this headed next for ANZ?

PANKAJAM: Beyond continuing to scale what we have already started, we are also working with Automation Anywhere to deploy “meta-bots”, which can allow a broader portion of the organization to develop basic automations. In effect, the meta-bot concept will allow someone to build an automation using a library of automation modules and not require the same level of technical understanding.

SIMEN: We are also starting to think about how to apply machine learning into our operations. This is early, but we believe that it will be powerful in certain areas. I compare this to how we are allowing technology to take a greater and greater role in driving automobiles. First, there was cruise control and then adaptive cruise control, then lane assist, and then self-parking. Self-driving cars now seem like an almost certainty. I see this same basic trend playing out in operations as technologies mature.

ERIC: Thanks for sharing your experiences with automation – I look forward to hearing more about how the journey continues to evolve.

In addition to Simen and Pankajam, we would like to thank their team members who were instrumental in explaining and demonstrating ANZ's automation program. These members include Venky SV, Head of Institutional Banking for Offshore Hubs; Hema Chandrasekhar, Head of Business Excellence; Prasad Panchagnula, Head of Retail Operations; Sumeet Pathak, Program Manager for Automation; Viji Varghese, Head of Payments & Cash Operations; Vineet Sharma, Manager Retail Operations; and Priya Magavi, Senior Operations Manager for Wholesale Lending Operations.

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