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DCO
Operations

Smart Processing in the Operations Department of Intesa Sanpaolo

Frankfurt am Main - March 8, 2018

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There are two families of Smart Processing technologies

Robotic Process Automation/ Smart Robot

Artificial Intelligence/ Cognitive Computing
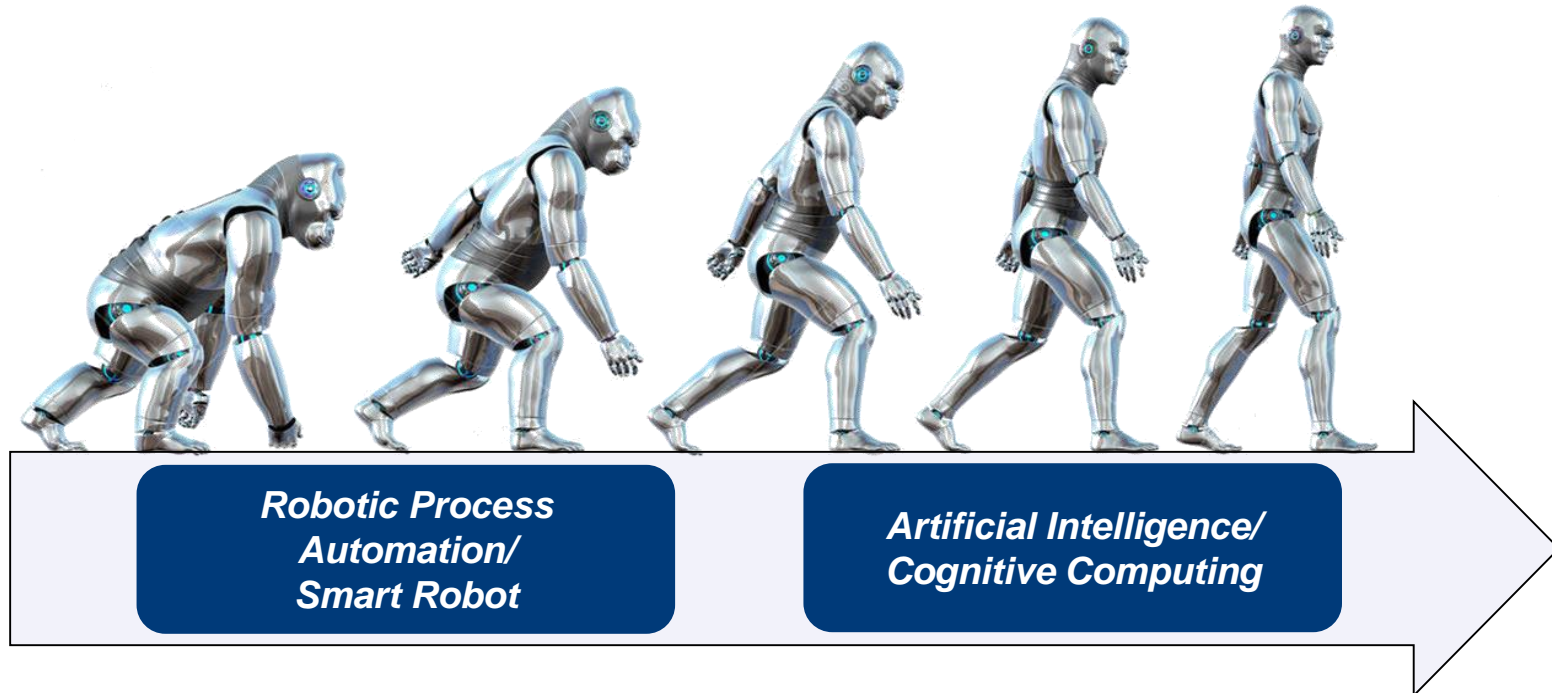
Main areas of application

- Automation of repetitive activities, in which the human judgment used is expressed through programmable algorithms

- Reproduction of human interactions referring to the most effective answers provided in the past in similar interactions

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DCO is looking for 3 strategic targets

Automation brings a lot of benefits...

Work speeding up

Possibility of operating 24 hours per day and every day

Flexibility in managing workloads

Error reduction

Constant performance over time

Reporting and process control

... That helps to achieve 3 strategic targets

Efficiency

Service Level

Operationals Risks

KPI examples

- Release of FTE
- Cost reduction

- SLA maintenance
- Customer satisfaction (internal and external)

- # mistakes / year
- Improved tracking of activities

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- For discussion only -

Transformation based on 3 main phases

Strategy

POC e Pilot Project

Roll-out and scale-up

1 **Strategy drawing**
- Identification of activities in scope
- Potential estimation
- Roadmap drawing

2 **Shortlist vendor definition**

3 **Project organization**

4 **Launch of the first pilot project and POC** to define target solutions

5 **Development of tools and framework** to ensure the matches between smart processing and BaU

6 **Drawing of a target organization model for smart processing management**

7 **Development of monitoring tools** (KPIs, target, log controls)

The automation perimeter was defined through a survey

Synthesize customer experience

22 questions - mainly closed questions to speed up the compilation

Activity general characteristics description to update and share a common baseline

Questions sequence organized following the logical steps to facilitate the analysis

Questions that investigate all the technologies under investigation: OCR, RPA, Cognitive

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The automation perimeter has been defined along 2 axes

Weighted score of automation

If the activity has both RPA and Cognitive application potential, the RPA potential wins because of the higher maturity of the technology

Less than 5 FTE

Medium Potential

High potential

There are no minimun requirements

No activity

XX Activity identification code

Macro contribution

- Null
- Low
- Medium
- High
- Total

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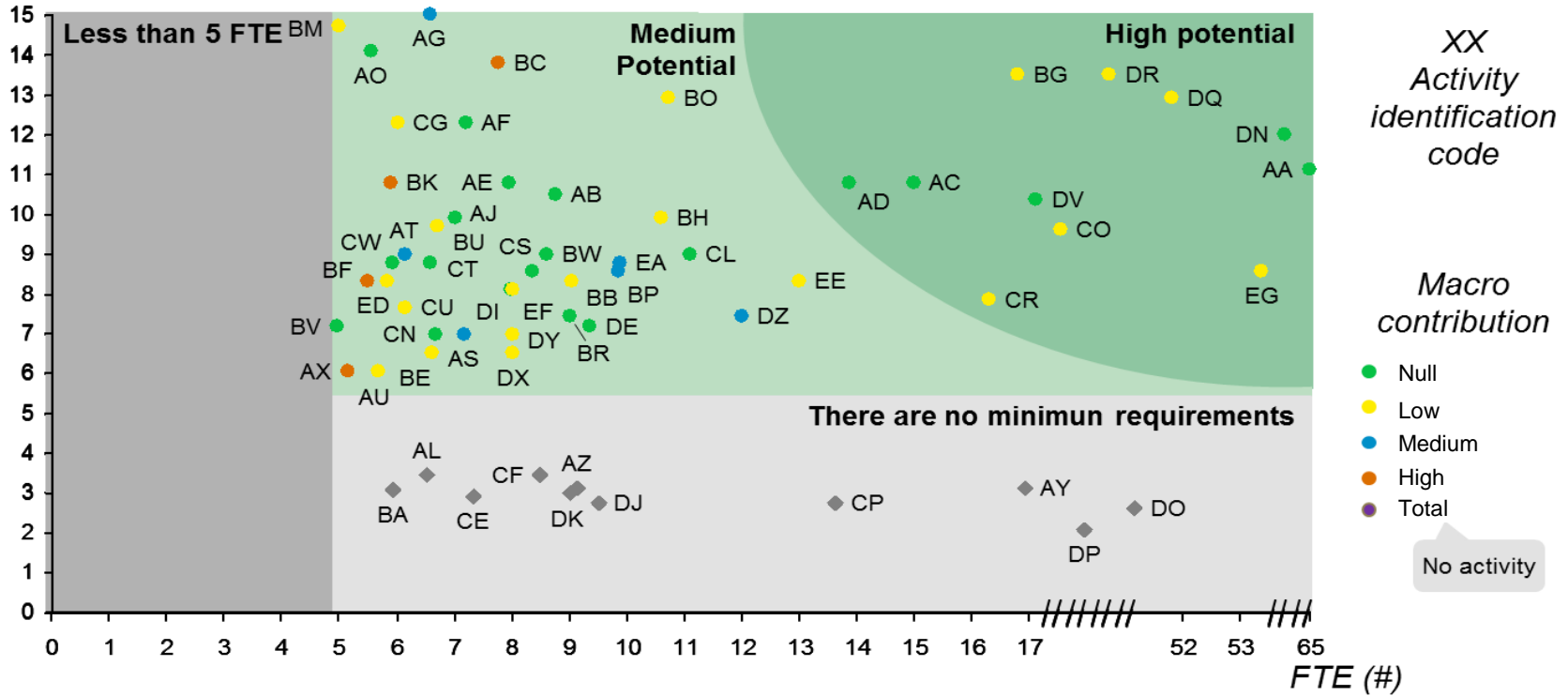
The activities to be automated were identified

FTEs distribuition of the DCO for automations potential, gen. 2017

Baseline FTEs on which to perform efficiencies

Analysis in progress

	Total DCO	Macro-activities already addressed with DF3D or other initiatives	Processes with low automation potential	**Perimeter identified for optimizations**	*Target RPA*	*Target AI*	Macro-activity with less than 5 FTEs
Macro-activities (#)	622	37	99	**486**	**50**	**21**	415
Efficiencies (FTE)				**15-25%**	**15-20%**	**20-25%**	

1 **2**

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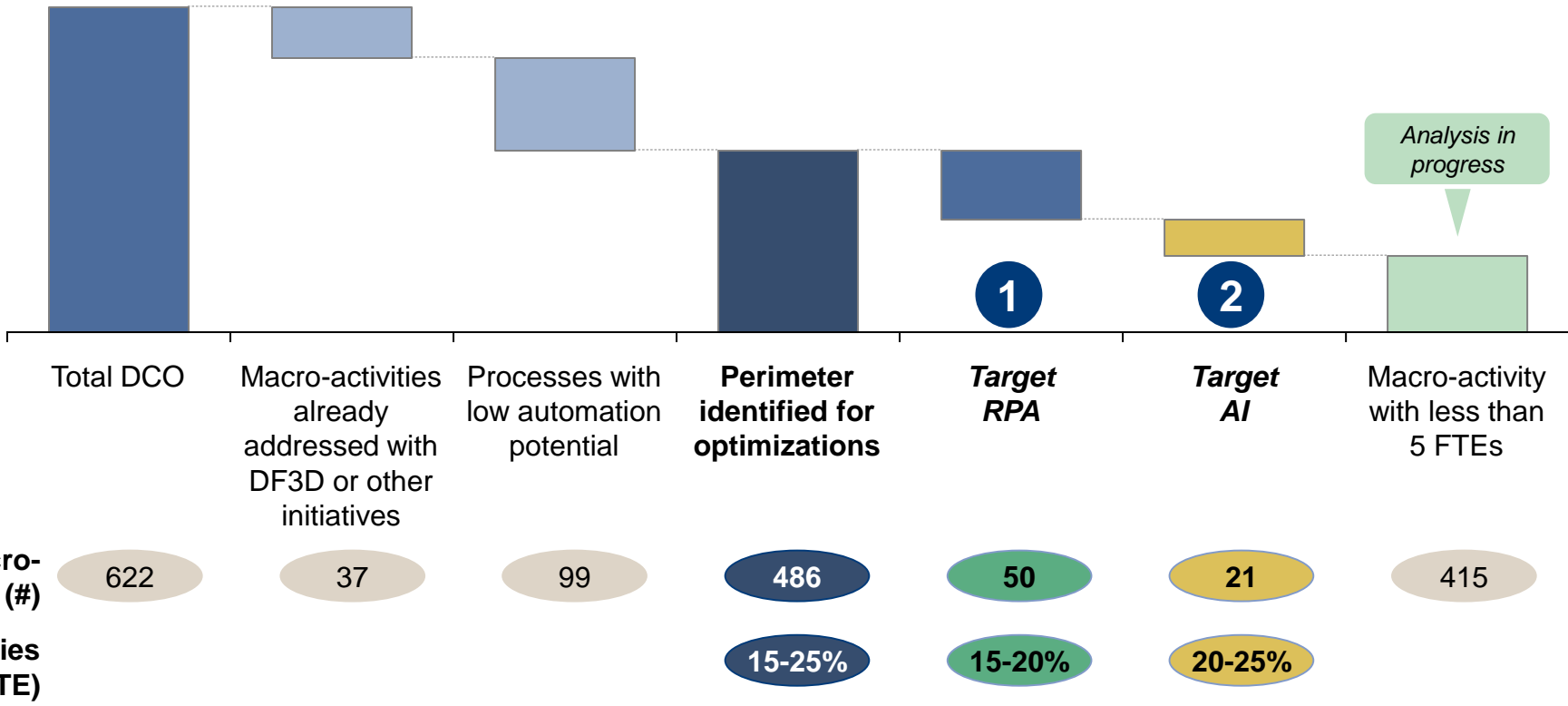
The results of the survey were validated through deep dive on the individual processes

Example process Middle Office Bank

	Reception requests	Investigation	Uploading	Practical closure
Average Time (min)	1	10	20	1
Average Time%	2%	**30%**	65%	3%
Main Activities	The operator receives an email with the request to work a practice, which may contain one or **more financial statements or tax models**	**The operator extracts the data of the subject and different systems:** Central risks, etc.	The operator **analyzes the tax models and / or financial statements to reorganize the information** contained in them	The operator **checks the report on the work done and saves the practice** by transferring all the systems to the online system
Opportunity	Necessary and short-lived activity	**Data already digital to be extracted from core systems**	Non-standard activities	Necessary and short-lived activity

Focus automation

- **Existing process analysis**
- **Drawing macro-process target**
- **KPIs/target definition**

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Robotics Pilot – automation of the "Judicial Investigations" process

Process "*Judicial Investigations"* | **Benefits**

Description

Touch-Time
Min.

Practical Analysis

Reception of request to work on and verification of completeness of input data (e.g. define subject)

Manual   RPA

Touch-Time (Min)

-32%

Manual   RPA

Data Extraction

Data extraction from 18 different systems

Prudentially estimated 25% of residual manual activity

Manual   RPA

FTEs

Request & Answer finaliza-tion

Response to specific requests by processing and **integrating** the extracted data

Manual   RPA

-32%

Manual   RPA
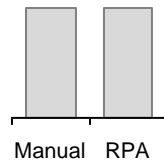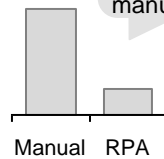
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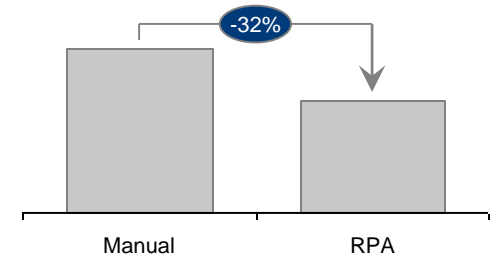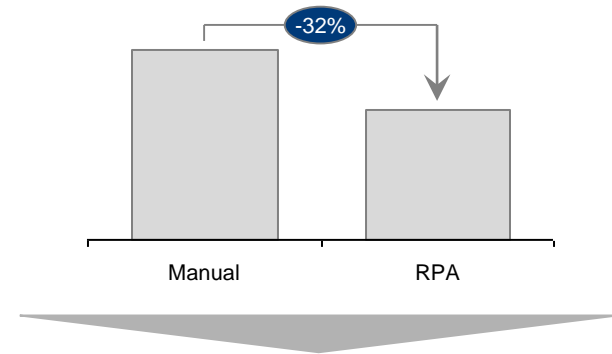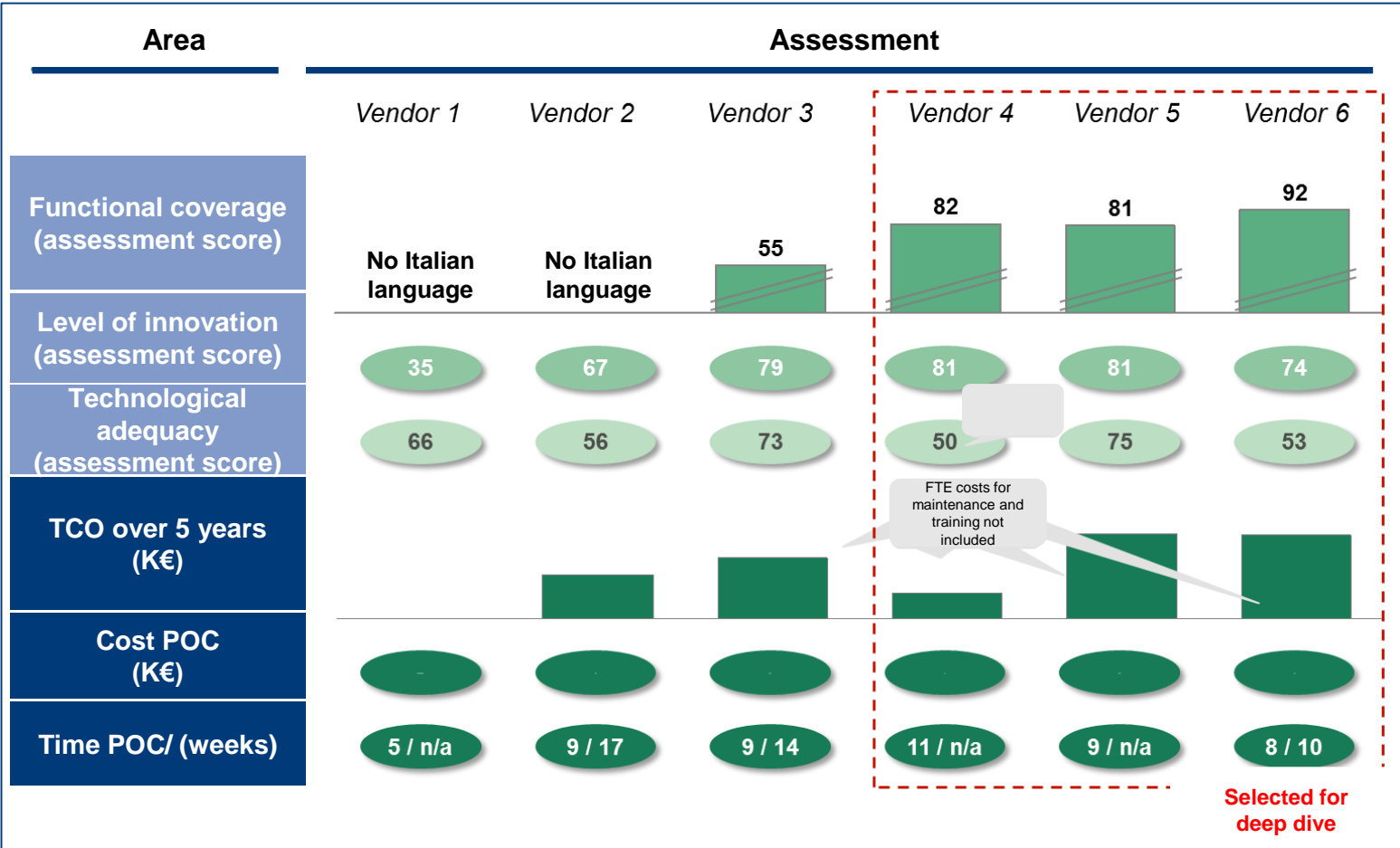
We have identified the technologies on which to perform the POC in terms of functional coverage, technical adequacy and costs

Area	Assessment					
	Vendor 1	Vendor 2	Vendor 3	Vendor 4	Vendor 5	Vendor 6
Functional coverage (assessment score)	No Italian language	No Italian language	55	82	81	92
Level of innovation (assessment score)	35	67	79	81	81	74
Technological adequacy (assessment score)	66	56	73	50	75	53
TCO over 5 years (K€)						
Cost POC (K€)						
Time POC/ (weeks)	5 / n/a	9 / 17	9 / 14	11 / n/a	9 / n/a	8 / 10

FTE costs for maintenance and training not included

Selected for deep dive

- **Market solution analysis**
- **Definition of short-listing requirements with the various business owners**
- **Selection of 2-3 instruments with which to launch the POC**

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AI POC –Automation of Operations Help Desk

Ticket classification

Architectural model

Categories | Automation

Categories		Automation
Answer with dispositive assistance	✗	Necessary knowledge of the product or modification of parameters in CBS
Procedure-based answer	✓	The request can be addressed through consultation with the procedure
FAQ-based answer	✓	It's possible to return the request to key-words
Other	✗	Necessary involvement of other structures such as "Legal"

Tickets

Bank Operator

Request → **Artificial Intelligence** ↔ **CBS**
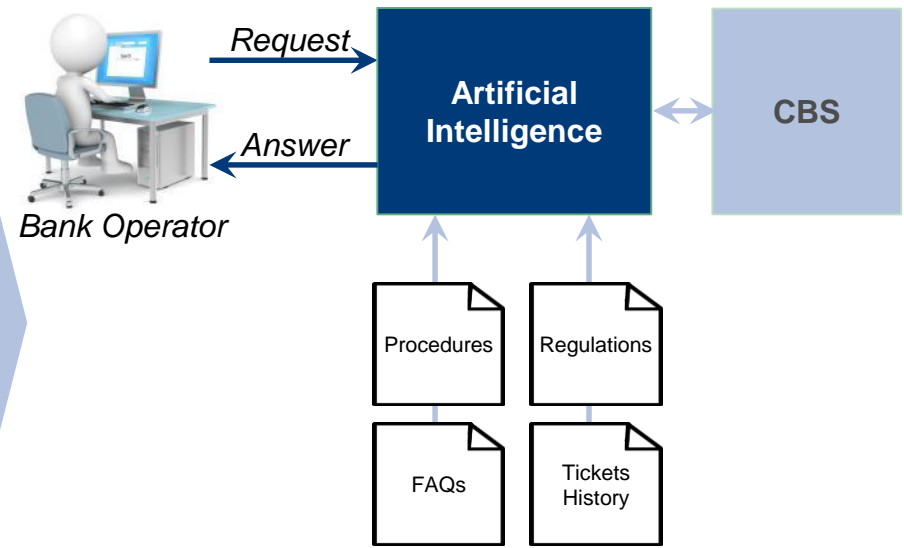
Answer ←

Procedures Regulations

FAQs Tickets History

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❑ *Our perspective on smart processing technologies*

❑ *Transformation of Operations Department (DCO)*

❑ *Next steps*

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Today we are studying the chance to a new wave of transformation based on a combination of technologies

Advanced RPA description

Reading images

- **OCR scans the image** and recognizes errors and page format in supervised / attended mode
- Native integration with some robotic tools

Data analysis (ML module)

- **"Evolved" modules of some RPA technologies** allow to analyze some fields and "recognize" the type of data available

Upload / action on system

- **Standard RPA module uploads data to the system** in supervised / attended mode (consistent with reclassification)

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