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**Insight  
Report**



# Overcoming the IT Barrier

Tackling the underlying cause of Transformation  
Stalemate and Person-o-Matic processing

# Introduction

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## What is the IT Barrier?

**The IT Barrier is a constraint that all organisations face. You can't just click your fingers and make software do what you want.**

Technology requires configuration and change – and this in turn requires skilled resource making careful alterations to how one or more applications handle the data to deliver the required function.

The IT barrier is the combination of cost and risk associated with introducing new software or changing the function of existing software.

It creates challenges for any organisation that is looking to automate processes or create new, improved processes.



The IT barrier is the reason that Person-o-Matic processes exist. If a job needs doing and technology can't easily / quickly be made to do it, it gets done manually.

The IT barrier is closely related to Transformation Stalemate and an underlying reason for its existence. The cost, delivery time and cost of post-implementation change lead to perceived risk outweighing perceived benefits.

The cost of Person-o-Matic processing plus missed opportunities for improved products and services are the cost of doing nothing - Productivity Lock.

# Why does the IT Barrier exist?

**Ultimately IT has to ensure that the business runs on a stable and 'performant' platform – i.e. its available, it delivers fast and it doesn't break.**

Stability and performance of existing functionality is the primary concern when making changes to the infrastructure to extend functionality. This requires skilled resource:

- To Design: Business analysts and system architects who can define requirements and specify function
- To Develop: Developers who can either code directly inside an application or use API-based tools to integrate existing applications to create new function
- To Ensure Stability: Testers to ensure that the developers' work has correctly delivered the specified function without creating a negative impact on stability and performance

Skilled resource costs money. It's not unusual for the change element of the cost of ownership of a software application (the implementation, support and change costs) to cost as much – or in some cases multiples – of the licence for the software itself.

The process takes time. Time and scarcity of skilled resource creates a trade-off – careful governance is required to ensure that budget is devoted to those changes that deliver the most important returns.

This governance creates a 'queue'. A list of opportunities to improve performance and extend functionality – graded according to the value of benefits they deliver.

The queue (referred to by many as the 'change stack') means that a request for change takes time to deliver.

The change might be simple – but if the resource isn't available, it has to wait its turn before it's the most valuable use of the scarce change resources available.

The conclusion being, the bigger the need for change, the higher the IT barrier for small changes.

A simple rule of thumb suggests that:

- The older the existing system, the more changes are required – therefore the longer the queue
- The faster an organisation's market is changing, the more requests for change exist

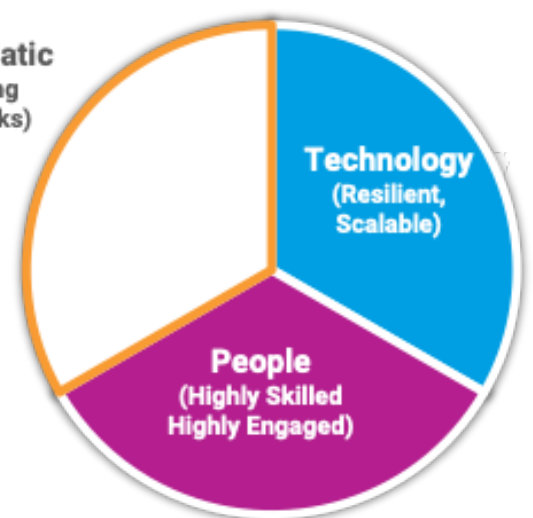
# What Problems does the IT Barrier create?

**In an organisation where getting things done is a choice between people doing it and the IT platform doing it, if it needs doing now and the IT platform can't do it for 3, 6, 12 months then it gets done manually (Person-o-Matically).**

The IT Barrier creates a 2-part model where only one part (people) can change fast. A model where if it's not viable or economic for people to do it, it doesn't get done until the technology can.

This creates cost and missed opportunity.

**Person-o-Matic**  
(People doing repetitive tasks)



## Manual or 'Person-o-Matic' processing costs

Person-o-Matic processes – where people do repetitive, rule-based tasks that would be better executed by technology – exist in pretty much every business. [McKinsey analysis](#) concludes that 1 in 3 working hours in a modern economy are spent carrying out Person-o-Matic processes.

In some business functions, the proportion of Person-o-Matic activity is much greater. [EY's analysis](#) was able to break down the amount of work that could / should be automated by business function.

Applicability of Automation by Business Function (%):

- Finance – 80%
- Administration – 79%
- Customer Service – 75%
- Facilities Management – 74%
- Sales – 74%
- Operations – 69%
- Human Resources – 29%
- IT – 27%
- Marketing – 24%

Our own OPTSM analysis used the McKinsey findings alongside Office for National Statistics and average salary data to derive the manpower cost to the typical business.

**We calculated that the manpower cost of Person-o-Matic processing was 7.8% of annual turnover to the typical UK business.**

## The cost of Missed Opportunity

New products, new services and new ways of working require technology change.

The existence of the IT Barrier - the cost, time and risk of making changes to the resilient, secure IT Platform stops many organisations in their tracks.

This sub-optimal equilibrium, where perceived cost / risk exceed perceived benefits, is Transformation Stalemate.

It is particularly prevalent in mid-sized firms. They have the legacy systems and established, embedded process in the same way as big firms, but they don't have the same resources and economies of scale to enable them to remove the resource constraints. Start-ups and digital natives have the benefit of a near blank sheet – their change queue is shorter.

Transformation Stalemate leads to poor performance. 'Digital Laggards' tend to fall behind the performance of their competitors who take the plunge.

**EY's survey of C-Suite and Business Leaders in 2020 found that those organisations who were breaking free of stalemate were:**

- **50% more likely to unlock annual EBITDA increases of greater than 15%**
- **45% more likely to unlock annual revenue growth of greater than 10%**

# The significance of the IT Barrier in 2021

**2020 started with concerns about the impact of Brexit on the economy and the was quickly eclipsed by the COVID-19 pandemic.**

The impact of COVID-19 has significantly disrupted working practices and accelerated changes in consumer behaviour.

The change in working environment and market conditions affect everybody – making it imperative for businesses to adapt and act fast.

Firms are having to pivot – to create ways of servicing customers digitally that didn't previously exist.

The digital environment creates new expectations for more immediate experience.

A tougher economic climate is forcing firms to re-examine their cost base. Automating manual processes to deliver savings or release capacity for higher value activities becomes essential.

What were previously 'nice-to-have' digital capabilities are now a 'must-have'. McKinsey & Co's analysis shows that the share of customer interactions that are digital has grown by 60% during 2020. Their analysis concludes that the crisis has accelerated the adoption of digital by 3 years.

The IT Barrier constrains firms' ability to adapt and act quickly. It places mid-size firms at a disadvantage: they have the legacy systems and established, embedded process in the same way as big firms, but they don't have the same resources and economies of scale to enable them to remove the resource constraints. Start-ups and digital natives have the benefit of a near blank sheet – making the pivots easier.

# What can be done about the IT Barrier?

Excitement (and hype) surrounding Robotic Process Automation has been significant in recent years.

(RPA) is the fastest growing segment of the enterprise software market according to Gartner.

Spend on the technology increased by over 60% in both 2018 and 2019. That's a rate of growth of more than 5x that of the overall technology sector.

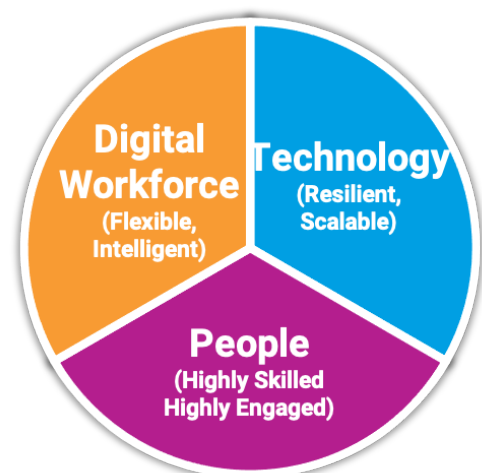
The excitement surrounding RPA is due to its ability to help organisations overcome the IT Barrier.

It is enabling firms to build better customer journeys and bridge gaps between applications without having to wait for expensive, skilled IT development resource to become available.

RPA is accelerating change as firms are not only able to implement / improve processes faster – they're creating positive momentum and engaging people in devising new and better ways of working.

It is technology that has been developed with the 'Person-o-matic' challenge in mind. Software robots that can execute manual, repetitive tasks in the same way as humans - with no change to existing systems. Faster, with greater accuracy and 24/7.

RPA creates a new possibility by breaking the 2-part model that exists due to the IT Barrier. It creates a Third part - a flexible, scalable and intelligent digital workforce.



RPA enables a model where technology is augmenting the humans (as opposed to humans augmenting technology).

In this 3-part model, the IT team can focus on providing secure, stable and performant software platforms.

The Digital Workforce of software robots can pick up the repetitive, rule-based tasks.

Software Robots can provide the links between applications that mean make it possible to create new digital journeys.

They can be the interim step before a more permanent development to a software application.

RPA breaks the IT Barrier because it can be deployed quickly and is readily customised. It releases Transformation Stalemate because it creates rapid positive momentum by allowing for iterative small changes – perfect for involving front-line teams in making change happen.

## The RPA Difference

### Traditional Software Automation / Integration (in the application)

- Invasive – to a greater or lesser degree
  - Changing the code base to extend / change functionality “open-heart surgery”
  - Using APIs to integrate applications “keyhole surgery”
- To create a traditional automation system, the developer has to know the target system inside out
- Traditional automation has various limitations such as restrictions in application customization due to the lack of software source code and limitation of APIs
- The traditional approach is:
  - Diagnose
  - Design / Specify
  - Develop
  - Test
  - Launch
- Once built - it just runs. But maintenance / change can be complex

### RPA based Automation / Integration (in the user interface)

- Works at the User-interface level. Above the platform.
  - All the ‘bot’ requires is a username and login
- The ‘bot’ follows the same steps as a human user - only need to understand the process
- No reliance on code or access to system back-end
- ‘No-code’ development - fast to implement
- Technology agnostic - therefore complex workflows can be created across multiple systems
- Rapidly customised - changes can be incorporated in minutes



# How a Fresh Approach is tackling the IT Barrier

**The excitement surrounding RPA is justified, but its adoption has been largely limited to large corporates - the banks, utilities, major retailers.**

The investment in software, infrastructure, business analysts, project managers, etc can put the opportunity out of reach of the mid-sized firm.

What if that flexible and scalable digital workforce could be deployed 'on demand'?

What if that deployment involved no up-front cost and could be accessed by organisations of any size?

The Fresh Approach to Robotic Process Automation provides exactly that capability. The ability to deploy automation with no up-front investment in a 'pay for the work the robot does' model.

The Fresh Approach makes RPA available 'As a Service'. With no up-front cost and a fixed monthly fee that includes maintenance, change and support.

The RPA-as-a-Service approach allows a firm to identify the opportunity, calculate the benefit of automation and deploy in days and weeks.

With minimal disruption to users and existing processes, benefits can be realised immediately.

Creating a flexible and scalable digital workforce alongside existing human operations builds knowledge of capability and involves operational staff in identifying and realising opportunities. This creates its own change momentum.

The Fresh Approach makes it possible to tackle the cost of Person-o-Matic processes, break free of the IT Barrier and release Transformation Stalemate.

**The robots aren't just coming. They are here to make our work better!**

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# About OPTSM

OPTSM is a 'real world' consultancy.

We understand that in the real world you don't just need smart solutions, you need results. In the real world you don't need advice or recommendations - you need action. Ideally today.

We help you tackle challenges around:

- Productivity - getting the job done faster, better and more efficiently
- Sales - attracting and engaging profitable clients more effectively
- Growth - making the right decisions about route-to-market, innovation and strategy

**Our Fresh Approach to Robotic Process Automation enables you to tackle 'Person-o-Matic' processing and unlock flexibility, agility and productivity.**



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