WHITEPAPER

Achieving the Zero Back Office Vision through Artificial Intelligence

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Applying AI to Accelerate Automation of Paper-Based Processes

In a recent Forrester Research survey of financial services firms globally, three top business priorities emerged from the findings: improving the customer experience, growing revenue and complying with regulations.[1] To achieve those ends, banks and insurers are counting on unprecedented investments in back-office automation – what is being called the "Zero Back Office" initiative.

Zero Back Office (ZBO) does not mean literally eliminating back offices entirely – all those processing functions still need to be performed. Rather, it refers to identifying opportunities to maximize automation and eliminate manual processing wherever possible.

It's a tall order to say the least. Notwithstanding the past decade's strides in operational technology, back offices are still filled with people – thousands, in some cases – performing manual data entry tasks. They may be underwriting insurance policies, processing claims, reviewing credit applications, on-boarding new customers – any of a number of activities that are very much core to the institution's business.

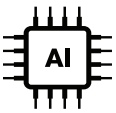
So why do all these routine and repetitive tasks require so many people? In a word, paper. In spite of the proliferation of customer-facing digital self-service tools, an inordinate amount of customer interaction – account set-up, loan applications, insurance claims and the like – still takes place using paper forms filled out by hand. All the customer data captured on paper must be transposed into electronic systems to be properly documented, processed, analyzed and aggregated. The high volume of paper and the resulting manual processes are arguably the largest impediment to the Zero Back Office concept.

How paper clogs the works

The impact of paper on operational costs and efficiency is enormous. For starters, manual entry of paper data is fraught with the risk of errors and surprising levels of inaccuracy. High "not in good order" (NIGO) rates lead to lengthy and inefficient manual exception-handling workflow. It slows everything down, resulting in a negative customer experience as they wait weeks for policy approval or their claims to be paid. Manual processing is also not sufficiently scalable to handle peak seasonal volumes – for example, during open enrollment periods or year-end surges in usage of health savings or flexible spending accounts.

Moreover, the prevalence of paper and human intervention masks operational weaknesses and makes it virtually impossible to accurately map and track workflows. This has stymied firms' efforts to automate when they discover that the "true" workflow includes a lot of ad hoc manual handoffs and workarounds.

Then there's the issue of security: paper forms often contain sensitive, confidential customer information that is exposed to many sets of eyes, raising the risk of a breach.



The goal of zero back office will remain elusive until the paper problem is solved. Enter artificial intelligence.

Older solutions fall short

To gain control over the deluge of paper in the back office, operations teams have often relied on optical character recognition (OCR) to translate data from paper to digital form. Conventional OCR, however, is highly rigid and inflexible. It might be effective with clean, high-resolution, machine-printed text, but breaks down when any handwriting or low resolution documents are involved.

Initiatives to digitize routine manual processes often include robotic process automation (RPA), in which software "bots" take over highly repetitive, easy-to-learn workflows and tasks. (Forrester describes RPA as a "lightweight" and "transitional" step toward full digital transformation.[2]) However, RPA cannot account for the unseen, ad hoc manual steps that human teams inevitably employ to work around operational flaws and workflow gaps. RPA relies entirely on digital inputs, and when these flaws are exposed, it sends the initiative back to square one.

Paper is not going away. It continues to stubbornly defy automation. The goal of zero back office will remain elusive until the paper problem is solved. And that is where artificial intelligence makes its entrance.

AI drives Zero Back Office

Increasingly, financial institutions are leveraging AI to advance their ZBO initiatives. As the Forrester study points out,

"Technology teams in leading banks have pursued their ZBO goal with additional technologies that make their back office more intelligent: They complement RPA with machine learning, deep learning, and analytics."[3]

The conversion of paper-based to electronic data is a prime use case for AI in back-office automation. Evolving from traditional OCR, today's most advanced AI-powered document automation technology is capable of much more than simply "reading" handwritten, paper documents. It applies business rules and logic to decipher them, correct errors, fill in blanks, standardize data and feed it directly into automated workflows. And it does so at rates as much as 1,000 times faster than human capacity and with 95% or greater accuracy .

Advanced, AI-powered document automation technology extracts data and feeds it directly into automated workflows 1,000 times faster than humans with 95% or greater accuracy.

When deployed in the cloud, AI-powered document automation brings the added advantage of scalability to enable the processing of thousands of pages in minutes, and to adjust rapidly to varying seasonal volume demands. And with fewer people involved in the process, customer data is easier to secure.

The final link in the ZBO chain is an intelligent Business Process Management component. When converting manual workflows to automated ones you need a highly flexible solution that can account for rapid tweaking and testing as you correct these workflows while also remaining flexible long into the workflow's life cycle to allow for continual changes and improvements. Above all, the BPM solution needs to be intelligent so it can make the most of incoming high-quality data using operational analytics to monitor customer transactions, minimize risk and rapidly make decisions – and changes – to support faster response times and foster more positive customer experiences.

AI-powered document automation accelerates transformation

AI-powered document automation technology is proven to accelerate processing and reduce manual document handling dramatically, whether delivered via hard copy, low-resolution scans or fax. By speeding the ingestion, conversion and transformation of data from paper documents into automated systems, it eliminates a major obstacle in the transformation to a zero back office model. For banks, insurers and other financial services providers with ZBO ambitions, it simply makes sense to start at the point where paper enters the back-office workflows.

About SS&C Vidado

For over a decade, SS&C Vidado has leveraged artificial intelligence to help leading insurance, financial services, healthcare and pharmaceutical companies automate paper-based processes and maximize straight-through processing on their most critical workflows. Vidado is a SaaS cloud solution designed to scale to the needs of business while requiring no hardware, no ongoing maintenance, and no machine-learning expertise. When used in conjunction with SS&C's AWD platform (Automation, Workforce optimization and Digital transformation), Vidado helps turn high-touch, manual processes into low-touch or even no-touch automated solutions, while optimizing workforce efficiency and strengthening customer service. Learn more at vidado.ai.

About SS&C AWD

AWD®, SS&C's low-code intelligent automation platform is purpose-built for the banking, financial services and insurance industries. AWD has a rich history in helping hundreds of organizations in high-risk, regulated industries by combining digital innovation with operational risk management to process customer transactions more quickly and accurately at a lower cost. Learn more at ssctech.com/awd.

Sources

[1, 2, 3] "Develop A Broad Vision For Zero Back Office At Your Bank to Reap Its Full Benefits," Jost Hoppermann, Forrester, November 7, 2019

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