

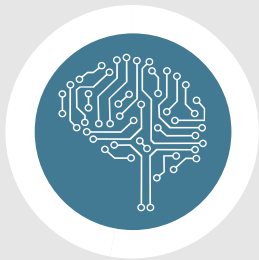
Today's State of Work: At the Breaking Point



The volume of work is accelerating dramatically.

By 2020, 86% of companies will need intelligent automation to keep up, as revealed by a global survey of more than 1,850 business leaders.

Intelligent automation has the potential to free up skilled employees for high-value work – increasing productivity, innovation and economic growth



Introduction

The modern workplace is creating unprecedented demands on employees. Heightened competition, globalization, accelerating technological change, tightening regulatory requirements and a myriad of other factors have transformed the nature of work in recent years, driving an overwhelming need for agility and speed.

At the same time, intelligent automation is set to make massive inroads into our personal and professional lives. We're already seeing the impact in consumer markets, from cars that park themselves to smart home technology such as Nest and Alexa. However, the biggest impact of intelligent automation is likely to be in the workplace – fundamentally changing the way we get work done.

By automating routine tasks, intelligent automation has the potential to free up skilled employees for high-value work – increasing productivity, innovation and economic growth. It will also let businesses cope with the ongoing explosion of data, which will only increase as our world becomes hyperconnected through the Internet of Things.

We wanted to know how intelligent automation will impact the workplace, and how quickly it will be adopted:

- Given the rapidly evolving and accelerating workplace environment, are we approaching a breaking point where today's manual work processes just won't keep up?
- When will intelligent automation become a critical necessity, not a choice? Do we have decades or only a few years?
- What financial benefits will intelligent automation deliver, and what automation benefits are we already seeing today?
- How far are we along in our automation journey? Are enterprises ahead of the curve, or do they need to dramatically accelerate their intelligent automation plans?
- Will intelligent automation create jobs, as other technological revolutions have done in the past? Or, will employees' fears of job losses become a reality?
- How will intelligent automation affect the workplace experience? Will automating mundane work empower employees, unleashing creativity and increasing job satisfaction? And, what skills will be needed to thrive in the new automated workplace?

To find out, we talked to more than 1,850 business leaders around the globe. What they said shines a light on the workplace of the future. And the future is already here.

Methodology

ServiceNow commissioned Lawless Research to design and conduct a study about the state of work in companies with 500 or more employees. The 10-minute online survey was fielded between March 20 and April 7, 2017, in Australia, France, Germany, Mexico, Singapore, the U.K. and the U.S.

A total of 1,874 executives (who are responsible for managing all or part of the company) completed the survey. Survey Sampling International provided respondents from their B2B panel. Tests of significance were conducted at the .01 level (99% probability that the difference is real, not by chance).

Companies will hit their breaking point and need greater automation to get work done

Survey Highlights

1) Companies are approaching a breaking point and urgently need intelligent automation

- By 2018, about half of companies (46%) say they will need greater automation to handle the volume of tasks being generated. By 2020, nearly 9 out of 10 companies (86%) will hit that breaking point.

2) More automation delivers financial growth and promises greater productivity

- Highly automated companies are 6 times more likely to experience revenue growth of more than 15% versus companies with low automation.

3) Fewer than half of business processes are automated; HR and Customer Service are the worst

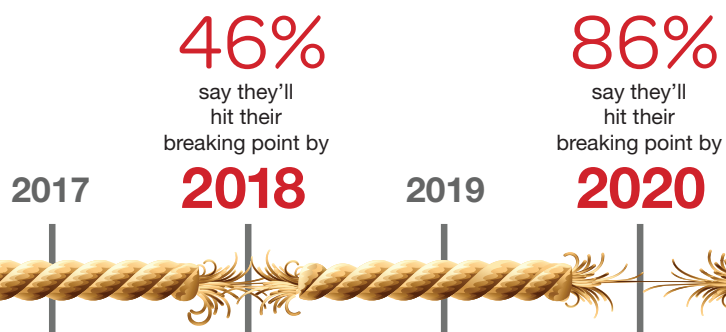
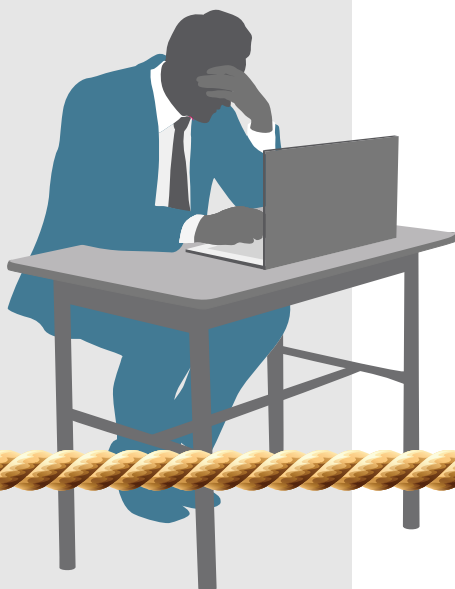
- IT support is the best at business process efficiency, while Human Resources (HR) is the worst. HR was named the department “most in need of a reboot.”
- Specifically, only 37% of HR delivery of employee services are automated and 33% of resolving customer issues are, compared to IT services at 53% automated, leaving room for improvement across the board.

4) Executives believe automation can create jobs despite employees’ fears of job losses

- 79% of execs believe automation could lead to job creation.
- 87% of execs say employees are worried that automation will eliminate jobs.
- The top three obstacles to automation adoption include committing the resources (budget and personnel) required, employees’ resistance to change and concerns about eliminating jobs.

5) Adding machines frees up employees to do the work they want to do – spurring creativity

- Nearly half (48%) say that work levels have increased by 20% or more in the last year.
- 91% of executives say their skilled employees spend too much time on admin tasks.
- 93% believe that reducing mundane tasks unleashes employee creativity.
- 82% find it difficult to hire people with skills needed to grow their business.
- 94% say automation will increase demand for soft skills such as collaboration, creative problem solving and communication.



There is a limit to how much work employees can deliver – particularly when this work is done manually.



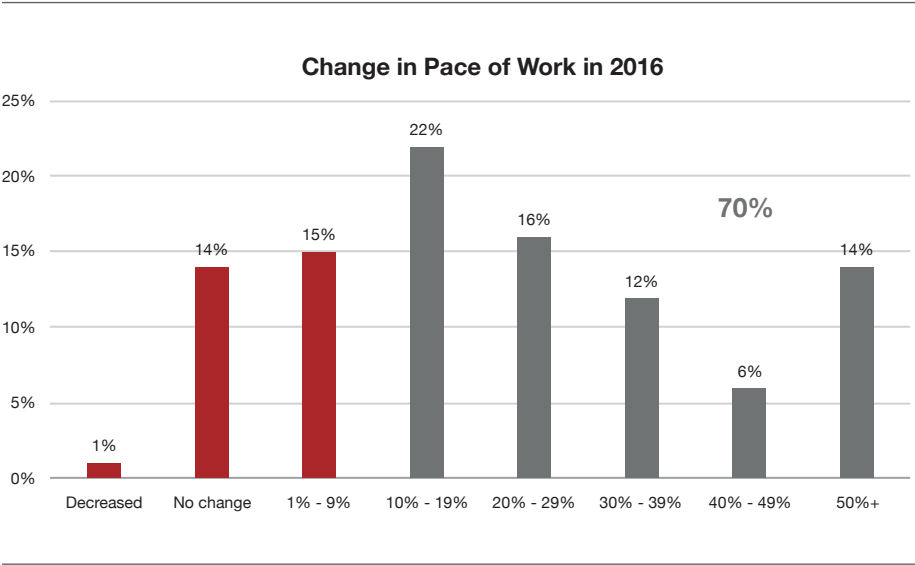
The Volume of Work Is Increasing Dramatically

First, we asked executives about the pace of work in their company. Is it increasing or decreasing – and by how much? And, what is driving that change?

- 70% said that the pace of work grew by at least 10% in 2016 – and nearly half said that it **grew by 20% or more**.
- **Only 15%** said that the pace of work had decreased or stayed the same – a compelling indicator that accelerating work demands are an almost universal phenomenon.
- Nearly 80% said that **data from mobile devices and the Internet of Things** was accelerating the pace of work.

Clearly, this increasing pace of work is not sustainable without fundamental change. There is a limit to how much work employees can deliver – particularly when this work is done manually. And, as our world becomes more connected through the Internet of Things, this pace will accelerate even further. Enterprises only have two potential choices – add more employees to cope, or aggressively automate their business processes to increase productivity.

We asked respondents about these two approaches.



Executives spend 16 hours per week on manual administration tasks – that’s 2 full days!



9 out of 10 skilled employees spend too much time on manual tasks

Hiring More Workers Won’t Bridge the Gap

First, we wanted to know whether enterprises can simply hire – adding more employees to keep up with increasing workloads. Is this a sustainable strategy? Can companies find the skills they need to grow? And, how well do they utilize the skilled resources they hire?

The answers were illuminating – and concerning:

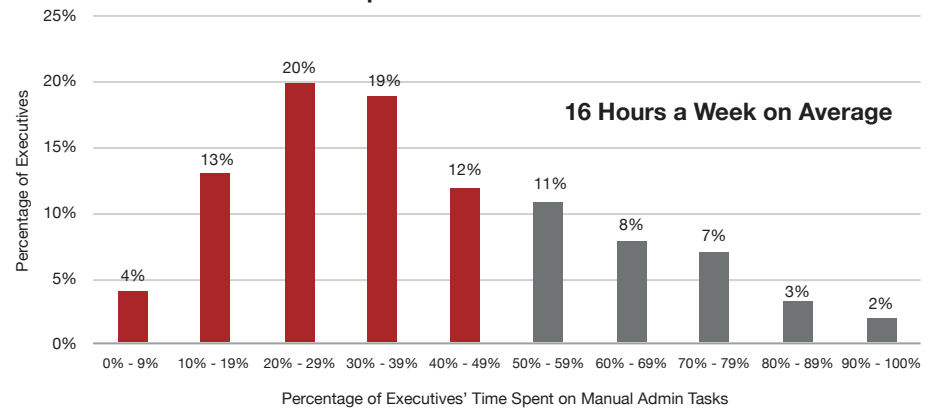
- 82% said that it was **increasingly difficult to hire people** with the skills needed to grow their business.
- 91% agree that skilled employees spend **too much time on administrative tasks**.
- Even executives waste huge amounts of time, with respondents saying they spend an average of **16 hours a week** on manual administrative work.

In other words, enterprises are already struggling to find the people they need. Worse still, these skills are being wasted on low-value activities – exactly the types of tasks that can be automated. And the hiring issue is only likely to get worse. Skills shortages have no immediate solution – refocusing our education system can deliver in-demand skills, but these skills take many years to enter the workforce.

Even if enterprises could hire more people, this would still leave us with a major problem – productivity. Productivity in advanced economies is stagnating – for example, US productivity growth has been below 1% since 2011. That’s less than half of historical levels – which have averaged 2.1% since 1947. Adding new workers doesn’t increase productivity – it just spreads the existing workload.

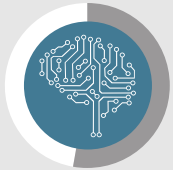
When this productivity shortfall is combined with demographic factors such as slowing population growth and increasing life expectancies, we face a grim economic future unless we increase productivity. A recent [McKinsey report](#) made this point, saying that *“The size of the workforce over the next 50 years is too small to maintain current per capita GDP growth without accelerating productivity growth.”*

Time Executives Spend on Manual Administrative Tasks

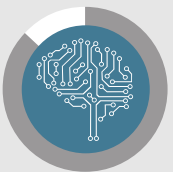


Intelligent Automation

is software such as artificial intelligence or machine learning that streamlines decision-making



54%
use intelligent automation today



87%
intend to use intelligent automation

Why use it? Gain smarter, faster, more efficient processes

By 2020, Intelligent Automation Will Be a Critical Necessity

Since increased hiring isn't a viable option, the only choice is to automate. However, given that the pace of work is increasing so quickly, enterprises face a looming crisis. The question is this – how long do enterprises have to respond? Specifically, when will they need more automation to keep up with the pace of work? How long will it be until they hit the breaking point?

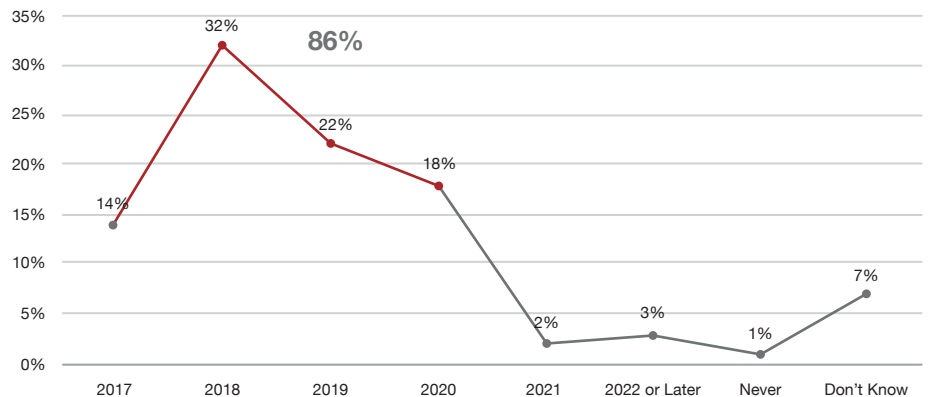
According to the business leaders we surveyed, the crisis is already here.

- 86% of executives said that they would need **greater automation by 2020** – and nearly half (46%) said that the breaking point was coming by 2018.
- 94% of executives agreed that **intelligent automation** – combining automation with artificial intelligence – would increase productivity.

In other words, we're at the brink of the precipice. We don't have decades – only a few years at best. Automation must be at the top of every enterprise agenda. Companies with low automation levels must identify and automate high-impact business processes – and those with higher automation levels need to aggressively pursue intelligent automation.

Fortunately, there is light at the end of the tunnel. Enterprises are already starting to respond to the work crisis – and intelligent automation is leading the way. According to our respondents, **54% of companies already use intelligent automation in at least one business process, and 87% plan to investigate or use intelligent automation in 2017.**

Hitting the Automation Breaking Point



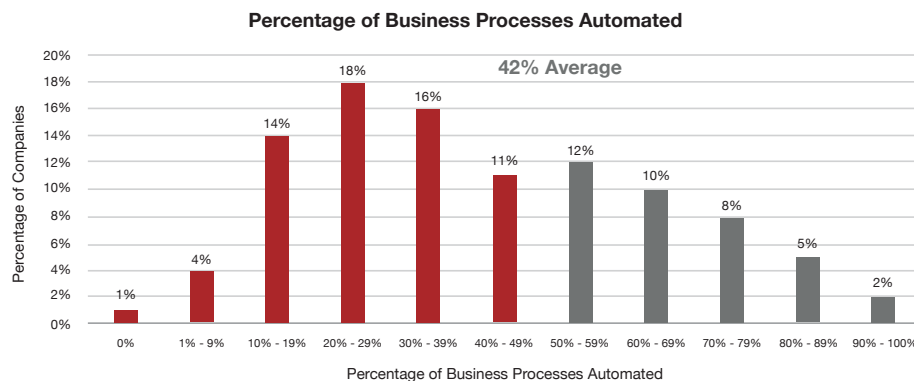
When asked, executives said that HR was the department most in need of a reboot.



We Still Have a Huge Automation Gap

However, despite the compelling need for automation, most enterprises are only at the start of their automation journey. When we asked about automation levels, we found that:

- Only 42% of business processes are automated on average.
- Only 1 in 3 businesses (37%) have automated 50% or more of their business processes.



The level of automation also varies widely depending on the type of business process. For example, **IT services are the most automated at 53%**, whereas **HR services only stand at 37%**. **Resolving customer issues is another laggard at 33%** – which is highly concerning given the obvious impact of customer service on customer satisfaction, brand reputation and repeat revenues.

And the level of automation clearly affects the efficiency of these business processes, with more automated processes being faster and easier to use:

- Respondents said that IT support – the most automated process – was also the most efficient.
- HR services – such as employee relocations – were named as the least efficient. In fact, when asked, executives said that **HR was the department most in need of a reboot.**

There is still clearly huge room for improvement across the board. Even those companies that have automated processes need to do more – for example, while 53% said that IT services are automated, only 20% of respondents said these services are highly automated. At the other end of the spectrum, only 11% said that HR services are highly automated, and the same is true of resolving customer issues.

Revenue growth levels increase dramatically as business process automation increases.

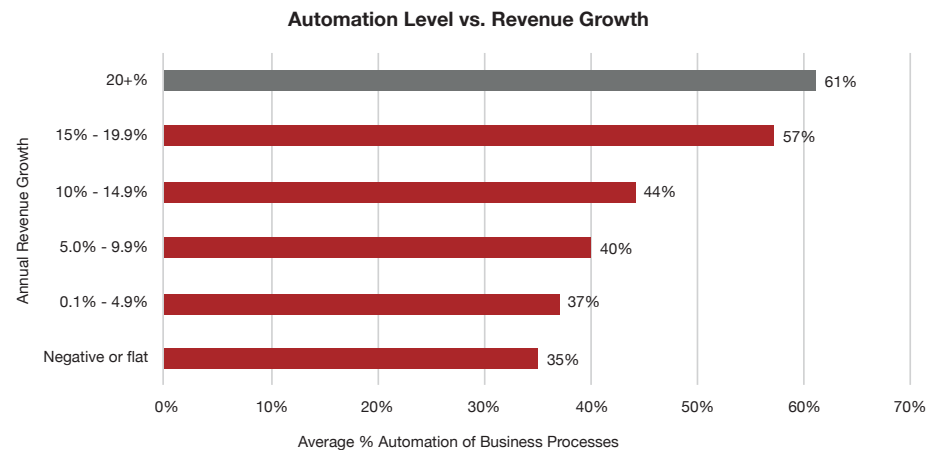


Automation Delivers Significant Financial Benefits

Will automation deliver the benefits that enterprises expect? Can it actually help companies to keep up with the pace of work, driving financial growth and increasing productivity?

To answer this question, we looked at the financial impact of automation today. Specifically, we asked executives about their company's revenues. What we found showed the compelling financial benefits of automation:

- Revenue growth levels increase dramatically as business process automation increases.
- Companies with more than 20% revenue growth are 61% automated on average.
- Companies with flat or negative growth are only 35% automated.



Executives also highlighted some of the potential reasons for this enhanced financial performance. When asked about the benefits of automation:

- **84% said that work is completed more quickly.**
- **81% said that it reduced costs.**
- **78% said that it increased customer satisfaction.**
- **74% said that it increased the time available for strategic initiatives.**

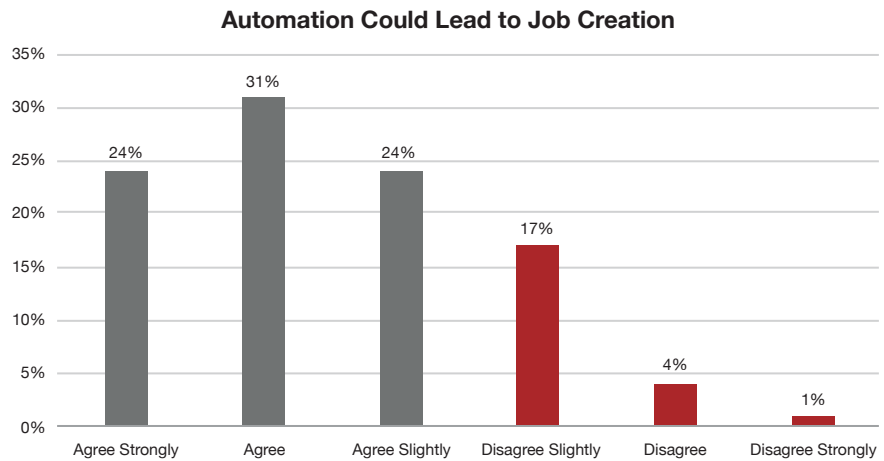
When we asked business leaders, 79% said that automation could actually lead to job creation.



Automation Leads to Job Creation

The positive economic impact of automation is clear. However, many employees are seriously concerned about losing their jobs to machines. Our survey results confirm this, with 87% of respondents saying that employees are worried that automation will eliminate their jobs.

However, the reality appears to be far different. When we asked business leaders, **79% said that automation could actually lead to job creation.**



While this may seem counterintuitive, there is strong historical evidence that technological advances actually increase employment. This goes back as far as the Industrial Revolution, and, more recently, computerization has led to new, well-paying careers in areas that didn't exist before. Even labor replacements such as automated teller machines have been associated with increased employment – the number of bank tellers actually [rose by 10%](#) between 1980 and 2010 as banks refocused on loans, investments, and other relationship-based services.

IT is one example of how automation can lead to new types of jobs. When IT isn't automated, IT staff spend enormous amounts of time answering support calls and fixing network issues. Automation eliminates a large portion of this work. At the same time, it frees up time for strategic initiatives that contribute directly to business growth. IT staff now become analysts and consultants, working with business stakeholders to identify and deliver innovative business solutions.

Similarly, HR staff have more time to work on high-value activities – such as high-touch employee services, career development, and organizational design – rather than spending time dealing with routine cases. Other examples can be found across customer service, finance, marketing, and a broad range of other business functions.

However, our survey showed that enterprises face challenges when trying to convince employees about automation. Executives identified the following as the top three barriers to introducing automation:

- **Committing the resources required (65%).**
- **Employees' resistance to change (64%).**
- **Concerns about eliminating jobs (60%).**

Automation dramatically increases the importance of strong workplace relationships.



“Although the tendency is to think that automation of processes leads to job loss, what actually happens is that as technology improves, employees are freed from routine tasks and therefore paid better.”

– Director, 968-employee Business Services Company

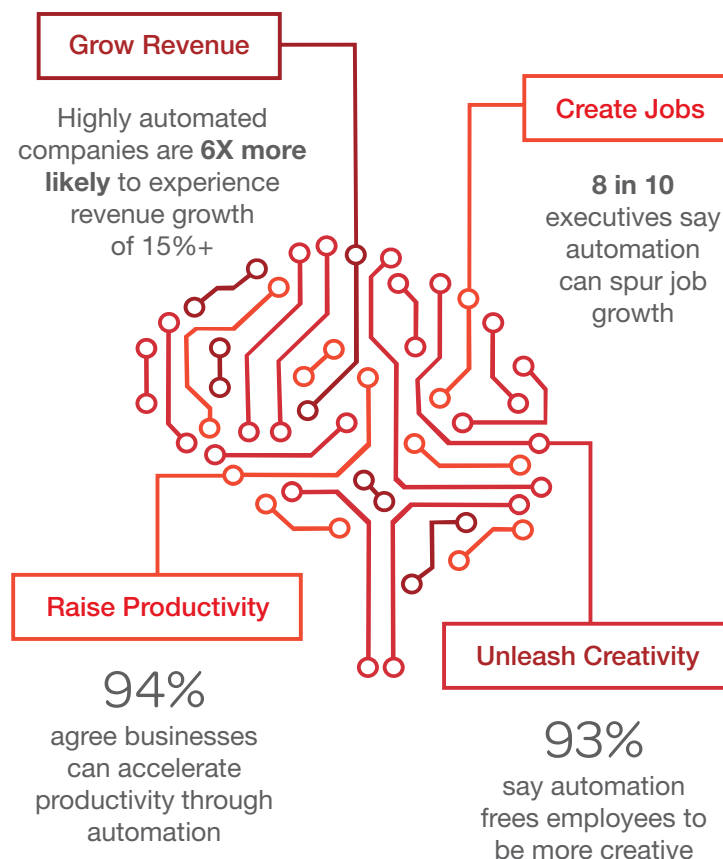
Automation Humanizes and Improves Work

While automation positively impacts the top and bottom line, it can also dramatically enhance the workplace experience. As mentioned earlier, **91% of executives say that skilled employees spend too much time on administrative tasks.** This means that employee skills are significantly underutilized, since their time drains away on mundane activities. This can lead to significant employee dissatisfaction – as confirmed in our earlier [2015 State of Work](#) survey, which reported high frustration levels due to time-consuming administrative activities.

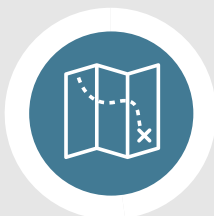
Automation frees employees from the drudgery of low-value manual work, giving them the opportunity to reach their full potential and advance their careers. The business leaders we surveyed strongly believe this, with **93% saying that reducing mundane tasks unleashes employee creativity.** This clearly has enormous benefits – both for enterprises and for individual employees.

As automation changes the nature of work, it will also humanize it – dramatically increasing the importance of strong workplace relationships. Instead of spending time filling out forms, sending emails and updating spreadsheets, employees will spend time building high-performance teams that deliver high-impact results. Again, executives agree strongly with this, with **94% saying that automation will increase demand for soft skills** such as collaboration, creative problem-solving and communications.

Intelligent Automation Revitalizes Work



Avoid hitting the breaking point by taking decisive steps today.



Recommendations from ServiceNow

Time is short. The vast majority of enterprises will reach the automation breaking point by 2020. Fortunately, the technology needed to automate business processes exist today – and rapid advances in intelligent automation will continue to drive momentum. However, to benefit from this technology, enterprises need to **take decisive steps today**. To avoid hitting the breaking point, ServiceNow recommends that executives take the following actions:

- 1. Identify the business processes that need improving.** By 2018, about half of companies (46%) say they will need greater automation to handle the volume of tasks being generated. By 2020, nearly 9 out of 10 companies (86%) will hit that breaking point. Make a catalog of critical business services in areas such as HR, customer service, IT and other departments. Focus on those services that are most commonly used, as automating these services will deliver the greatest business benefits. Understand how well these services are performing by talking to both service users and service providers. Capture the key pain points, examining areas such as service usability, accuracy, efficiency, workloads and delivery times. Estimate the benefits of automating these processes, creating a prioritized roadmap.
- 2. Map these critical business services, and automate them using intelligent automation.** Identify the key steps in each business service, highlighting process bottlenecks and areas that can be easily automated. Create a map of the ideal end-state process, simplifying the process wherever possible. Investigate whether the existing process can be modified to deliver the desired result, recognizing that it is easier to redesign some processes from scratch. Then, automate these services using intelligent automation, combining machine intelligence and human skills to create an optimal solution.
- 3. Work with teams to address concerns and provide reassurance:** Successful automation requires employee buy-in and support. Employees are resistant to change, and often fear for their jobs. Actively listen to their concerns, and make sure that these are properly addressed. Ensure that they understand the benefits of automation, both from a business and personal perspective. Where appropriate, incorporate their feedback into the automation roadmap – this will improve outcomes and create a sense of ownership among employees. Wherever possible, reassure employees about job losses and create a plan to redeploy impacted employees into higher-value roles.
- 4. Follow best practices for change management:** When executing an automation roadmap, adopt a formalized organizational change management framework. While a well-structured, measurable program plan is essential, keep in mind that organizational change is more than simply executing a set of implementation activities. Executive support is critical – not just passive support, but active participation to empower employees and knock down barriers. Establish clear ownership and ensure that every layer in the organization is engaged, including creating rewards and incentives to drive the right behaviors. Communicate frequently and broadly, recognizing that change is a business, cultural and personal journey.
- 5. Develop and evolve skills to help teams thrive in an automated environment:** Because many employees are consumed today with mundane, manual work, they often don't have the skills needed to prosper in an automated workplace. Focus on developing soft skills, such as teamwork, creative problem solving and communications. However, recognize that teams may have different needs. For example, HR professionals may already have extensive soft skills, but need help understanding and interacting effectively with automation technology. On the other hand, IT staff may adapt easily to automated systems, but need to develop business, process and relationship skills.

The time to act is now. By 2020, the vast majority of businesses will need increased automation just to keep up. It's not a choice – it's a necessity. And we only have three years to get there.



Conclusion

Today, businesses need to work at lightspeed. With the pace of work increasing dramatically every year, productivity and agility are mission-critical. There is no longer any room to waste skilled resources on mundane, low-value activities. Every second is critical. Creativity and teamwork are the new currency, and that demands unswerving focus and commitment – unchained from the shackles of routine, manual tasks.

Intelligent automation unlocks this brighter future. By working hand in hand with machines, employees can free their time for what matters – driving better business outcomes, unleashing radical innovation, increasing customer satisfaction, and enhancing service quality. The benefits are clear – accelerating productivity, increased revenue growth, lower costs and – yes – job creation.

Automation also humanizes the work experience. It allows employees to reach their full potential, replacing mind-numbing manual work with rewarding jobs that contribute directly to organizational objectives. In this new, dynamic environment, employees have the opportunity to develop soft skills, giving them the tools they need to thrive and grow their careers in a socially-connected workplace.

The time to act is now. By 2020, the vast majority of businesses will need increased automation just to keep up. It's not a choice – it's a necessity. And we only have three years to get there. While many companies have already started to use intelligent automation, we still face a huge automation gap. Unless businesses dramatically accelerate their automation roadmaps, they face a potential workplace meltdown.

To avoid this breaking point, enterprises need to automate rapidly. The recommendations in this report provide a pragmatic way of doing this, laying the groundwork for successful business process automation and organizational change. By prioritizing automation targets, creating employee buy-in, following best practice change management processes and developing needed employee skills, companies can rise to the challenge and reap the full benefits of intelligent automation.