

Build Operate Transfer (BOT) Model - The Formula For Automation COEs To Scale In-House Capabilities

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An enterprise may have realized that there is a need for an **Automation COE**, maybe even built a few automations and defined some key objectives. But how can enterprises take this COE idea from inception to scale? Here is our take on one of the approaches that any enterprise can leverage to build the Automation COE with a third-party partner: the BOT model (Build Operate Transfer).

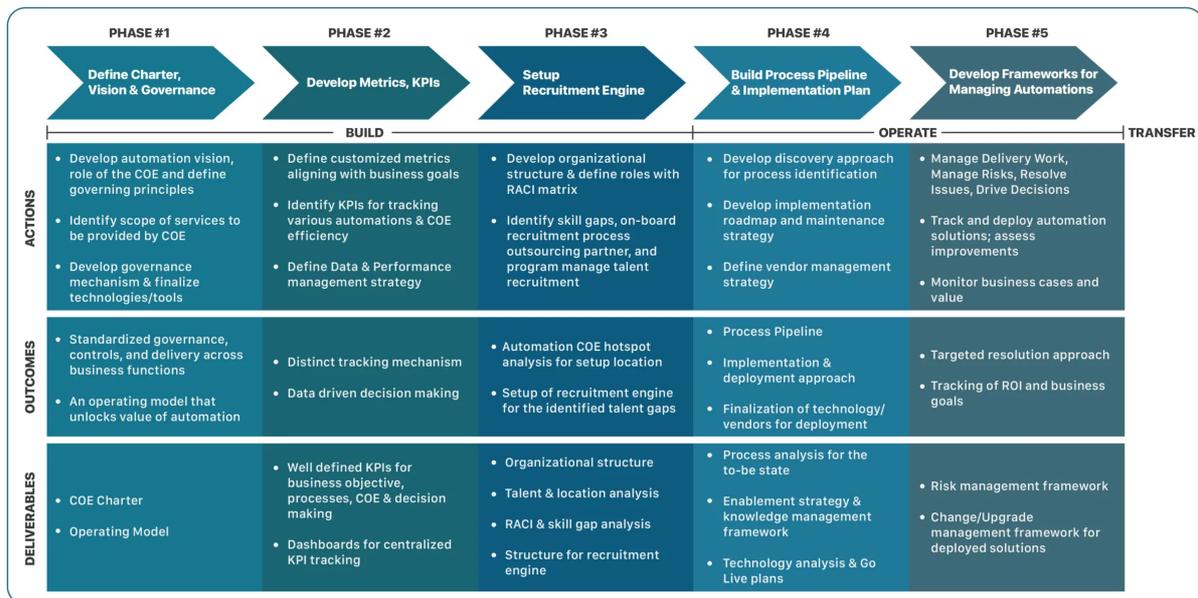
With the rapid technological advancements, lack of enough qualified resources, and high cost of resources, enterprises of all sizes flocked to whatever nearshore or offshore development centers they could find to fulfill their IT needs. Despite this monumental shift towards **offshore centers** in the past couple of years, there is still a lack of knowledge on their options for client engagement models. Most rely on dedicated delivery or staff augmentation models. These models may be a great fit for some, but for many, they are difficult to adopt due to strict enterprise regulations regarding data, intellectual property, and reliability challenges. In specific cases such as scaled Automation delivery or COE setup, there will be a need to develop in-house capabilities to maintain certain level of operational control. So how can an enterprise achieve this capability for setting up an Automation COE? One of the best ways is the BOT model.

Build Operate Transfer Model for an Automation COE

Traditionally, the BOT model was used to finance large infrastructure projects for public enterprise, where a private enterprise received a concession from the government to finance, build, and then operate the developed infrastructure for a fixed period to earn profit from the project. After the said period, the infrastructure’s ownership was transferred to the government for further use. Similarly, an enterprise can establish an Automation COE with another enterprise, typically with IT outsourcing partners such as consulting firms, and leverage their expertise in establishing the necessary governance and structure of the COE. The outsourcing partner sets up the enterprise’s onshore/offshore Automation COE team, brings it up to a fully operational level, and then transfers the team and knowledge base to the enterprise after a certain amount of time.

Here’s a look at the various phases of this model.

AUTOMATION COE BOT MODEL APPROACH



Source: Zinnov

Build Phase

In the **Build phase**, the outsourcing partner starts from scratch. First, they understand the business objectives which triggered an enterprise to consider Automation. This is a necessary step since without defining what is needed out of the Automation program, any enterprise will not be able to reap the benefits fully. Typically, this phase lasts for 2-3 months and includes the following activities:

- **Define Automation Charter:** As the enterprises may be new to the Automation landscape or still maturing in their journey, there will be a need to define the Automation vision for the enterprise, that is aligned to its strategic goals. With this, the scope of services for the COE will also be laid out to develop the governance structure and controls across the business units (BUs). Moreover, the enterprise may not be ready to leverage all the technologies across the Automation spectrum, so this exercise helps in the finalization of Automation tools and technologies too.
- **Develop KPIs:** To analyze the success of the program, there is a need to define the Key Performance Indicators aligned to what business goals will be achieved through the Automation initiative and COE efficiency. The tracking mechanism of these KPIs will also be established to facilitate decision-making and improvements.

- **Set up Recruitment Engine:** Lastly, define the organizational structure for the Automation COE, including the roles and responsibilities matrix. This provides the input to identify the gap in Automation skills across the enterprise resources and then set up a recruitment framework to onboard additional talent required to take this journey forward.

Operate Phase

In the **operate phase**, after the COE structure is put in place, the outsourcing partner operates the COE within the enterprise. This is done along with the stakeholders of the enterprise who will end up owning the day-to-day Automation activities after the partner exits. This phase is also critical in terms of continuous improvement measures. Typically lasting for 3-4 months, this phase consists of:

- **Build Pipeline and Implementation Plan:** To start any Automation program, it is necessary to identify the process pipeline that will undergo transformation. The operating COE team consisting of SMEs from the partner team will develop the approach for process discovery, which will be leveraged for the program. They will also define the implementation roadmap and maintenance strategy for the developed solutions, along with the best practices for platform selection and vendor management.
- **Develop Framework for Managing Automation:** An exhaustive operational framework will be outlined on how to run the developed solutions, manage delivery work, monitor business cases, efficiency, and track value KPIs. While running the solutions, the team will be tracking scope for improvement or enhancements. Also, risk management will be done along with resolving day-to-day issues and gaps in operation, to drive decision-making for the COE.

Transfer Phase

After running the day-to-day operations for some time, the enterprise team would be ready to take over the entire scope of COE operations from the outsourcing partner. At this point in the engagement, the fully operational team is ready to be legally transferred, in its entirety, as an individual unit of the enterprise. The partner will transfer 100% of the operations, including intellectual property, expertise, knowledge base, and assets developed during the engagement. The **transfer phase** is not a knee-jerk transition, but a smooth transfer including a brief stabilization period of a couple of weeks. This stabilization period ensures to plug any remaining gaps and provide last-minute inputs to the enterprise stakeholders.

Advantages of the BOT Model

There are various advantages of BOT model while setting up an Automation COE that can provide tremendous value to enterprise business:

- **Cost Effective:** Enterprises can potentially be burdened with a significant upfront cost to set up an Automation COE to onboard resources with Automation skills, platform licenses, training, and others. The BOT model avoids all that through collaboration with an outsourcing partner who can understand the enterprise's Automation requirements, and then move forward gradually with the automation initiatives.

- **Greater alignment towards instilling an Automation-first culture:** An enterprise may have many initiatives to promote ownership and drive culture for Automation innovation within BUs. But having a home-grown COE team through the BOT model becomes a classic example on how an Automation strategy can foster the enterprise culture & help achieve tremendous results. It also becomes easier to absorb the enterprise best practices and nuances in the new Automation COE.
- **Greater control over operations:** The BOT model ensures that all policies in terms of security, compliance, etc., are strictly adhered to, and the enterprise has full control on the functioning and utilization of the COE. Before the Transfer phase, enterprises can track the various KPIs defined for the Automation COE for efficiency and propose changes to reach full optimization.
- **Availability of Automation Knowledge:** To achieve the objectives of the Automation strategy, traditional enterprises venture into uncharted territories due to which they setup Automation COEs. Relying on the outsourcing partner is one of the best ways to bring the Automation expertise in a gradual and controlled manner before the enterprise takes its full responsibility. This also reduces risk and ensures success for the Automation program.
- **Ability to acquire Automation COE operations within agreed upon timeframe:** With BOT, it is contractually stipulated that the Automation team will become a part of the enterprise within a specific time, which is not ensured in any other engagement model.
- **Flexibility to change with the changing business needs:** The Automation landscape has changed drastically over the past few years, and will continue to change in the future in terms of technological capabilities, platforms, business and customer requirements. This model ensures that the insourcing purposes are fulfilled and the Automation COE can modify its alignment with any changes as in-house team continues to evolve its knowledge, capabilities & skills.

The BOT model can be leveraged by enterprises to rapidly scale their Automation strategy in less than a year. At the end of the engagement, enterprises will have a dedicated in-house team with Automation subject matter expertise across the roles of project managers, program managers, technical architects, business analysts, in some cases, even an implementation team. With a healthy list of Automation processes in the pipeline, as well as in production, enterprises will be better equipped to handle changing customer demands, business models, and even discover new revenue streams.

Want to learn more about the BOT model of setting up an Automation COE?
Speak to our consultants at info@zinnov.com.