# How Is Automation Generating Recurring Revenue
## for Managed Service Providers?

Explore the Massive Opportunity In Subscription
Based Automation as a Service Offering

ElectroNeek

# The World Is Witnessing
## an Automation Tidal Wave

The Great Resignation, or the mass exodus of the workforce from work to back home post-COVID-19 outbreak, impacted companies across the U.S. and U.K. More than 4,000,000 Americans quit their jobs while many others hold on just remotely. This major shift in people's perspectives and choices led businesses to look for the closest cost saving alternatives.

Besides, in today's highly competitive market, businesses need agility in their processes to deliver the expected customer experiences. But how to meet these crumbling market demands of agility in the face of employee burnout, slow response time, and long delivery cycles?

As a reaction to this labor shortage, the need to cut expenses, and to meet customers' expectations, employers are quickly moving towards—Automation.

> *There is a tidal increase in the adoption of automation by businesses, who are actively replacing the workforce with machines, i.e., robotics, to deal with the situation. We are witnessing a global shift towards—Hyperautomation for process automation, as a measure to move away from human dependency for repetitive and uninteresting tasks.*

Automation is the least demanding technology in implementation and allows Managed Service companies to automate processes for their customers in the shortest possible time. It is an incremental idea of redesigning your organization's processes to eliminate cost on lowest-value activities and repetitive tasks.

By 2024, more than 70% of the large global enterprises will have over 70 concurrent Hyperautomation initiatives mandating governance (source: Gartner). Which indicates a huge growth opportunity for IT service providers in Automation Service— the global Automation market today, is a US$ 60 billion opportunity (Equity Research Firm, KeyBanc Capital Markets).

"Hyperautomation has shifted from an option to a condition of survival... Organizations require more IT and business process automation as they are forced to accelerate digital transformation plans in a post-COVID-19, digital-first world." Fabrizio Biscotti, Research VP, Gartner.

Automation shall be the most promising technology in your stack to generate a monthly recurring revenue. We will learn more about it in this ebook.

Let's look at Automation demand in the market today.
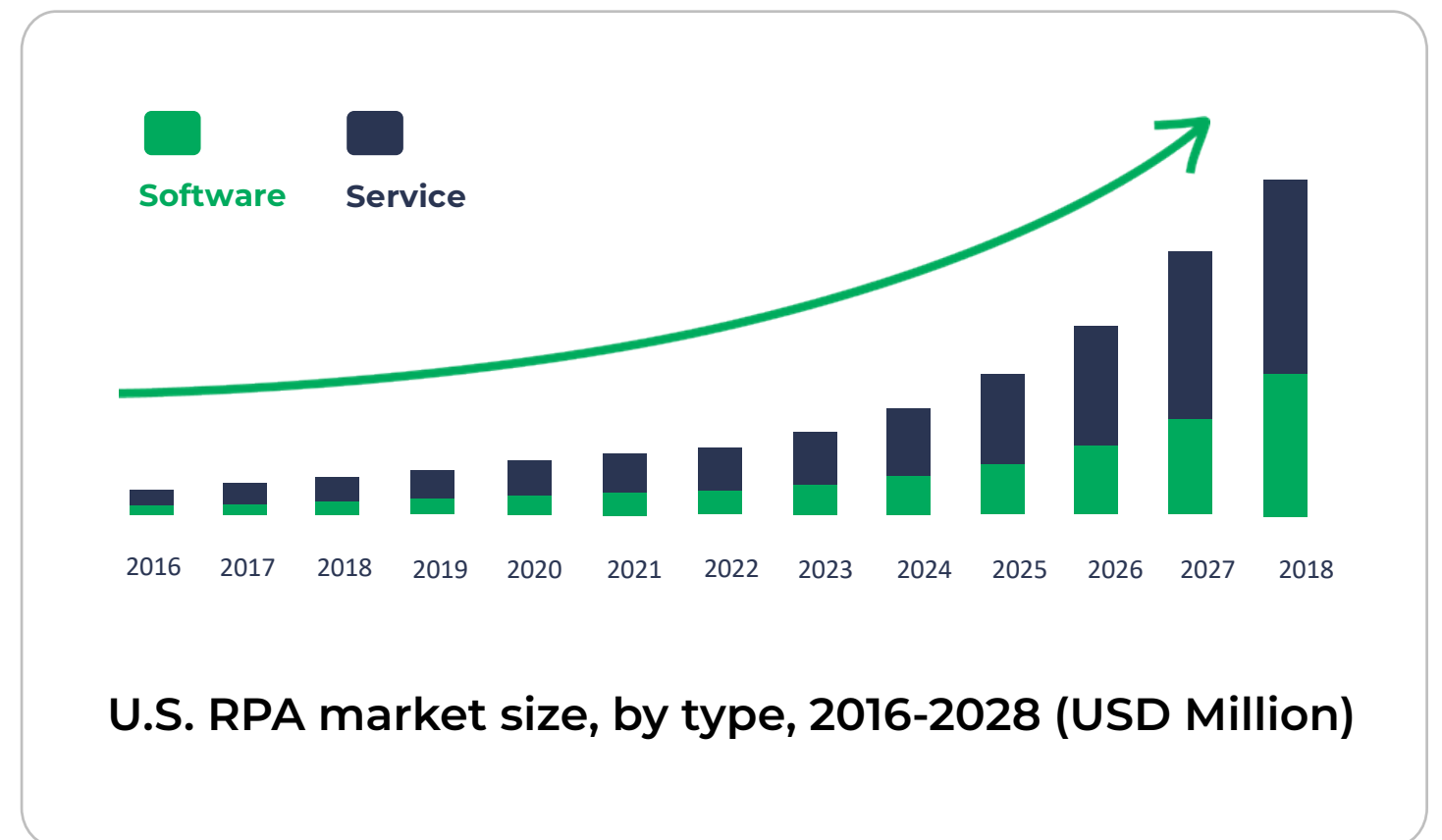
# Insight Into the
## Automation Market

### Automation Penetration is Across Business Functions/Departments

Deloitte's global survey of executives revealed that 73% of organizations have "embarked on a path to intelligent automation." Which is a significant 58 per cent jump from the number reported in 2019. This number is growing, as small and mid-size organizations have joined the bandwagon with a purpose to cut down costs, push efficiency, meet the scarcity of skilled resources, and they are fast automating processes across departments.

However, with Automation demand is outpacing Automation service providers. There is a requirement of more Managed Service businesses venturing into this new sphere for their rescue. Take a look at this data.

## RPA: From UI testing to enterprise and RPA-as-a-service

■ **Software**   ■ **Service**



**U.S. RPA market size, by type, 2016-2028 (USD Million)**

2016  2017  2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2018

# Automation Adoption is Industry-Agnostic

This significant upward trend in Automation adoption spans across industries like Ecommerce, Finance, healthcare, manufacturing, retail, IT and Telecom, and others who need agility, technical prowess, unfailing efficiency and cost reduction in the repetitive processes. This makes Automation a major business opportunity for Managed Service providers.

Grand View Research released a report and forecast on "Robotic Process Automation Market Size, Share & Trends Analysis Report By Type, By Service, By Application, By Deployment, By Organization, By Region, And Segment Forecasts, 2021 – 2028". Here is a look at some of its key takeaways.

- The professional services segment is anticipated to grow at a **CAGR of over 60% from 2016 to 2024.**

- There is a vaster increase in penetration of automation in small and medium enterprises to **reduce the operational cost and enhance efficiency**

- **Healthcare is adopting Automation solutions** for its labor-intensive activities and data processing.

- The North American robotic process automation market is anticipated to reach **over US $3.5 billion by 2024.**

- Latin America is following the RPA awareness and fast embracing automation. **Industry is expected to grow at a CAGR of over 52%**

*"The global robotic process automation market size was valued at USD 1.57 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 32.8% from 2021 to 2028. A shift in company business operations due to the pandemic-induced work-from-home situation is expected to favor market growth over the forecast period."*

Market Analysis Report, Grand view research

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**Automation-as-a-service is a $60 Billion Opportunity in Mid-Market and SMB. Managed Service providers can't ignore this massive and promising business opportunity.**

# The Scope of Automation

## Department-Based Processes to Automate

Automation gives a resilient and efficient foundation to departments, making their workflows well-designed, scalable, and cost-efficiently. It connects and integrates systems for a consistently impeccable performance. Businesses reach new heights in terms of productivity and executing processes, performing "five to ten times faster with an average of 37 percent fewer resources."

"By 2024, diffused hyperautomation spending will drive up the total cost of ownership 40-fold, making adaptive governance a differentiating factor in corporate performance. (source: Gartner)

| | | | | | | |
|---|---|---|---|---|---|---|
| **Accounts & Finance** | AP Automation | Order-to-Cash Automation | Accounts Payable and procure to pay | Accounts Receivable | Intercompany Reconciliations (ICR) | Inventory Management |
| **Human Resources** | Recruitment | Onboarding New Hires | Payroll Management | Reporting | | |
| **Sales** | Data Management | Reporting | Document Management | Sales Workflow | | |
| **Marketing** | Monitoring Of Competitive Pricing | Reporting | SM (Social-Media) Management | Lead Management | Data Processing | Processing Of Customer Emails |
| **IT Operations** | Website Data Parsing | Service scheduling | Project management | Account Management | Data Migration | Helpdesk Jobs |

## Industry-Based Processes to Automate

Automation is fast making compliance easier and more accurate for industries all across.  No wonder the global market of this technology is growing at a rapid speed, leaping from $11 billion in 2018 to $20.4 billion in 2026. While we are citing a few top-of-the-industry examples in this table, almost all the industries today are opting automation to ensure efficiency and impact.

"By 2026, 60% of large enterprises will use total experience to transform their business models to achieve world-class customer and employee advocacy levels." (Source: Gartner)

| Manufacturing | Ecommerce | Automotive | Healthcare |
|---|---|---|---|
| • Research and Development | • Vendor/Supplier Onboarding Processes | • Inventory Management | • Appointment Scheduling |
| • Procurement | • Procurement | • Auto Insurance | • Billing |
| • Sales and Order Processing | • Purchase Order Approvals | • Vehicle Financing | • Discharge Instructions |
| • Distribution and Logistics | • Item/catalog Listings Approval | • Supplier Onboarding | • Audits |
| • Customer Service | • Refund Claims | • Freight Management | • Compliance Checks |
| • Compliance | | | |
| • Production | | | |
| • HR and Finance Operations | | | |

# How To Capitalize
## On Automation?

As you venture into the Automation business for revenue expansion on your Managed Service portfolio, it is imperative to scout the best practices that maximize the value of your offering.

# Sell RPA Bots by Subscription

**The demand for automation services is at an all-time high. The RPA services market is expected to grow 30% per year for the next 7 years. Small businesses are adopting automation for their business processes as a growth driver, successfully achieving competitive advantages in the market. But there is another factor accelerating growth i.e.,—RPA bot's availability on subscription.**

Managed Service providers moved away from hourly rates and the so-called "Break-Fix" model on automation, several years ago. Now they are selling RPA bots as a service on subscription basis, which is providing them with a steady and predictable stream of recurring revenue. Those who are already offering automation services are seeing initial investments by their clients in the range of $15,000 to $50,000, observing 10X returns on their investment in less than 6 months.

When you sell automation services by subscription, not only do you get the recurring revenue, you also achieve:

- **Shorter Sales Cycles:** Subscriptions also benefit your clients, as they get the flexibility to purchase services. It's an operating expense (OpEx) rather than a capital expense, which typically is easier to get approved. Which also means a shorter sales cycle for you.

- **Increased Client Retention:** You get increased client retention (lower churn) because automation services are "sticky." Once you have automated your client's business process(es), they will rely on you to maintain the software bots you developed to provide that automation.

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# Target Small and Mid-Size Businesses

**The global AaaS (Automation-as-a-Service) market was estimated at more than $2.5 billion, with the compound annual growth rate forecasted to reach 26,9% in the next 5 years (Source: Mordor Intelligence). The trend is triggered by COVID-19 and the decreasing automation costs.**

RPA is the most advanced rule-based automation available in the market, but since its costs were too prohibitive for Mid-Market and SMB, these segments couldn't reap the benefits of this technology. However, now RPA bots by subscription are based on the RPA-as-a-service model that makes it affordable for this segment, encouraging them to adopt it. With the restriction of a formidable cost gone, SMBs are adopting automation, utilizing the Bots available on subscription—this is where the biggest growth opportunity is to run bots on any infrastructure.

Mid-market enterprises are rapidly catching up with large enterprises and willing to pay for automation, to speed up their routine business processes, obliterate human errors, decrease process execution headcount cost (not to eliminate jobs and roles), avoid overtimes and seasonal hiring. Reports have found that two-thirds of SMB leaders plan on upgrading their automation tools. Provision of such services from Managed Service providers is a great opportunity for the business to implement automation at a scope that is convenient for them, without large expenditures and complicated procedures. For Managed Service providers, it is a great opportunity to solve daily customer challenges and to win new markets by providing new services.

# Protect Your Bots by Licensing Them

**The major challenge that Managed Service providers faced historically, was a lack of bot protection and licensing mechanism. Your bots should be your own Intellectual Property (IP). You need to license your bots and sell them by subscription to one or many clients.**

Explore ElectroNeek's partnership, where we don't license the bot runners but Managed Service providers can license bots that are operated via these bot runners. With our Bot Protection, no one else can make any changes to them (neither the Managed Service provider nor the client). Besides, our licensing mechanism works by allowing Managed Service businesses to license bot to clients even if the bots are running in client's own infrastructure.

*ElectroNeek's RPA is a globally-recognized RPA vendor with the easiest to use drag-and-drop functionality, enhanced security standards guaranteed by SOC2, and flexibility ensured by 2000+ Zapier integrations.*

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# Build a Value Based Pricing Model

**A common question related to automation services is– how should I price them?**

**Value-based pricing is a good approach. It allows you to take a percentage of the profits that the automation delivers to your client. Typical pricing is 30 to 70% of the cost savings.**

A fixed-cost delivery model means that you don't share the revenue from your bots with the RPA software vendor. All that revenue is yours. You just have your bot development and management costs. You and/or your clients shouldn't have to pay bot licensing fees to the RPA vendor. The RPA-as-a-service model includes purchasing the technology to serve the client's operational excellence and optimization needs. By partnering with a suitable vendor, RPA Managed Service Providers ensure limitless scalability with minimal technology costs.

ElectroNeek offers a one-of-a-kind proposition on the RPA market: limitless free bot licenses. This means that your IT business does not pay for commercial software. You purchase the Studio Pro integrated development environment, and can build and deploy as many bots for your or your clients' tasks as the business needs.

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# Revenue & Growth Stories of Bots-on-Subscription
## (Partnered by ElectroNeek)

**Simply Automate made tremendous success in SMB and SME markets with automation service in only 1 year**

↗ Observed 400% growth in revenue

↗ Increased the number of clients from 7 to 29

↗ Got 27 more leads, out of which four big contract leads converted into clients amounting to 100,000 USD in revenue

↗ Achieved 10x return on investment

**Thrive Automation Achieved Significant Automation Services Revenue & Growth**

↗ The Automation team grew nearly by 300%

↗ Business expanded into EMEA markets and in the United States with Automation solutions

**Levon and Intelligent Solutions Conquered SMB Market at Cosmic Speed**

↗ Achieved a 10x return on investment in the ElectroNeek partnership

↗ Tackling the small- and mid-sized markets by storm

**Digital Leaf Grew Into an Automation Rockstar with New Pricing Models**

↗ Achieved a 10x return on investment in the ElectroNeek partnership

↗ 5x return on investment in the ElectroNeek Bronze partnership

↗ Closed 50% of the leads provided by ElectroNeek

# Endnote

Automation-as-a-service is a new service category for Managed Service providers; it is not crowded and has significant growth potential. By entering the Automation-as-a-Service market earlier than competitors, you will acquire a major revenue share in the market, expand your business, engage with a new customer segment, and experience hypergrowth. It's the right time to start this business segment and gain a competitive edge.

## About ElectroNeek

ElectroNeek is the leading Hyperautomation vendor for Managed Service business (Managed Service business) with offices in North America, India, Europe, and Latin America. More than 500 customers and partners trust ElectroNeek worldwide to deliver hyperautomation solutions and support. ElectroNeek is the preferred RPA vendor for many globally recognized and leading regional Managed Service business, such as BDO, HLB, and Compasso, and enterprise clients such as Electrolux, Epiroc, Sage, and 7- Eleven.

**ElectroNeek** works with Managed Service businesses of all sizes and gives leads from Mid-Market and SMB, offers extended support and co-selling and co-marketing to any Managed Service BUSINESS that wants to make an investment in building a foothold in RPA business.

**To learn more about how a partnership with ElectroNeek can benefit your Managed Service business, book a Business Consultation.**

**Book a Consultation**

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