PERFORMANCE TRACKER FOR OPERATIONS

Financial Services
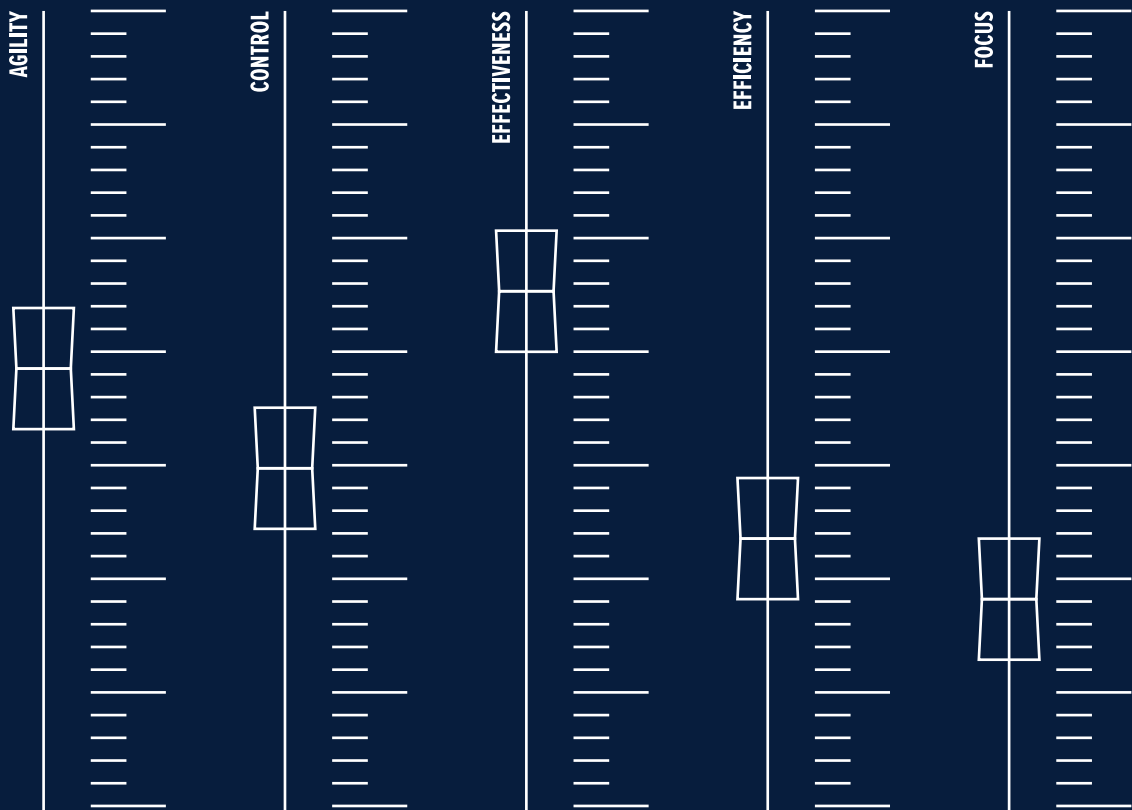
AGILITY   CONTROL   EFFECTIVENESS   EFFICIENCY   FOCUS

ActiveOps®

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Foreword

IAN CARTER
HEAD OF INSIGHT & INNOVATION, ACTIVEOPS

Welcome to the May 2024 edition of OpsTracker – the ActiveOps Performance Tracker for Operations – designed for Executives leading operations in financial services and business outsourcers.

Organizations stand on the precipice of pivotal change for their ops teams. The growth in generative AI capabilities over the past year is poised to redefine the operations function. By combining AI and data with human intelligence, ops leaders can make more informed decisions and drive stronger operational performance.

In this issue, we're taking a closer look at the opportunities that artificial intelligence and decision intelligence will unlock, and outlining why we think this is the year that operations can truly transform.

First up, Dr. Mona Ashok from Henley Business School discusses her new white paper. This was the topic of ActiveOps recent webinar – Get Real with AI – where Dr. Mona was joined by Microsoft's Chad Hamblin, who outlined how Microsoft's Copilot AI tool is helping organizations improve productivity.

Also in this issue, Alex Darko, a former board member of Absa and leadership advisor to financial services organizations in South Africa discusses how AI is becoming a board room imperative at African banks and how they can use it to boost efficiency and potentially help shift the needle on financial inclusion on the continent. And Bhavesh Vaghela, host of the Ops Game Changers podcast, discusses his conversation with Ellena Bianco about her automation strategy and how embracing AI has helped improve operational efficiency and customer outcomes at CoreLogic Australia.

I hope you enjoy this edition and find it useful. We look forward to sharing next quarter's findings and recommendations with you. And if you want to be the first one to hear about it, sign up for the quarterly updates.

Executive Summary

Can AI help revolutionize operational performance?

Organizations have a seismic opportunity to modernize their ops functions by adopting generative AI and transform the way operations are run forever. In the first OpsTracker of 2024, we're exploring how ops leaders can benefit from the power of AI by improving decision making and unlocking extra capacity.

The case for changing the way ops are run is clear. As our OpsIndex data for the past year has shown, organizations have struggled to post meaningful performance gains. In the UK and Ireland and North America, OpsIndex scores deteriorated marginally over the year (declining by -1.7% in the UK and Ireland between Q1 and Q4, and by -3.9% in North America), while in Australia and New Zealand performance was little changed (increasing by 2%). By adopting AI and automation, ops teams can have the tools and insights to start making better decisions, which in turn can ensure they are getting the most out of their teams and potentially delivering significant performance gains.

All of this will be critical for ops teams as they face another uncertain year. From potentially disruptive elections in the US and the UK to slowly improving economic conditions that may make demand harder to predict, ops leaders must be flexible enough to meet any changes in inbound work volumes without incurring additional cost.

In this edition of the Quarterly Performance Tracker for Operations, we review OpsIndex data for the first quarter and look ahead at the trends that are expected to shape service operations in the coming year.

The OpsIndex aggregates the data of thousands of operations functions worldwide to analyze how organizations are running their operations according to five key metrics – agility, control, effectiveness, efficiency, and focus – giving an overall score.

The UK and Ireland has started to show some signs of recovery, posting marginal performance gains for two quarters in a row – edging up to 45.8 from 45.5. In North America, after a shock fall in the fourth quarter of last year, performance improved to 53.4 from 52.4. However, Australia and New Zealand continues to lead the pack, posting an OpsIndex score of 60.9 – a touch lower than the 61 hit in Q4 but remains above 60 for the fourth consecutive quarter.

BOARD ROOMS INCREASE FOCUS ON AI USE CASES

The optimism around generative putting pressure on C-Suites to find ways to integrate it across their businesses. For bank boards, the pressure is no different as they explore the potential for AI to improve their operations through greater efficiencies, better lending decisions and enhanced customer experience. For the boards of African banks, AI also has the potential to lower their cost of operations and extend banking services to previously underserved populations, helping boost financial inclusion on the continent.

SOLVING THE DATA CHALLENGE

AI and advanced analytics have the potential to completely change the ops function. But to do that, organizations need to first get a grip on their data. Often that data is stored in siloes and difficult to reach, making it impossible to access real-time intelligence. But by integrating that data and feeding it into their AI systems, ops leaders can start to generate insights in real time, allowing them to combine AI and human intelligence to improve their decision-making capabilities and drive greater operational performance.

KILLER APPS TO TRANSFORM DECISION INTELLIGENCE

One way AI can revolutionize ops teams is making resource planning more accurate by predicting expected work volumes with greater precision than even the very best human forecasters can achieve. For those organizations that are already adopting this technology, AI has improved the accuracy of weekly plans by 30% to 40%. Another potential use case is creating real-time skills catalogues to make it easier to allocate resources based on available skillsets. This can avoid reliance on static catalogues that are unable to take into account recently learned skills or how long it has been since someone has performed a task (which means they may now be out of practice).

UNLOCKING PRODUCTIVITY GAINS

AI assistants, such as Microsoft's Copilot products, can make almost instant productivity gains for ops teams by shortening time spent on non-core tasks (catching up on meetings, responding to emails and so forth). Those activities would previously have had a negative impact on productivity, but by adopting AI assistant tools, ops workers can increase time spent on core activities, improving focus levels. When it comes to ops-specific AI assistants, GenAI can also provide proactive advice and support faster decision making, improving overall efficiency.

EMPLOYEE EXPERIENCE

Advances in AI can improve efficiency; it can also improve employee experience and engagement by taking away repetitive tasks and focusing instead on higher value or more rewarding tasks. Ellena Bianco at CoreLogic Australia says her strategy is digital first and human when needed. In other words, AI is there to handle the mundane work and humans are there to intervene and add value in situations that are beyond AI's abilities (say, a customer service AI bot being unable to answer question, and then connecting the customer to a human).

AI SKILLS

To get the most out of generative AI technology, ops teams need to have suitable AI and data literacy skills, whether that is being able to write effective prompts so they can get the information needed quickly or being able to make sense of the data insights being generated. As organizations look to adopt AI tools, they need to ensure they are matching that by offering the necessary training and development for their workers so those investments don't go to waste.

DR MONA ASHOK
ASSOCIATE PROFESSOR OF DIGITAL TRANSFORMATION,
HENLEY BUSINESS SCHOOL

Get Real with AI: How Will AI Reshape Service Operations?

Dr Mona Ashok shares insights from her latest whitepaper and webinar where she was joined by Microsoft's Chad Hamblin to discuss the potential for AI to transform service operations

> **…without access to good quality data, organizations can't use AI to generate the insights they need to make faster, smarter decisions.**

The concept of artificial intelligence is nothing new. People have been talking about whether machines can replicate what humans can do since Alan Turing's Enigma machine broke Nazi codes in World War II. Yet the emergence of generative AI (GenAI) has the potential to take the power of machines to a completely new level—and in doing so, entirely transform service operations.

Growth in this technology is expected to be rapid. AI products and solutions are expected to contribute $6.6 trillion in productivity gains[1] to the global economy by the end of the decade, according to PwC. This potential is the focus of my new white paper with Henley Business School, in association with ActiveOps, 'The Future of Ops – How will AI reshape Service Operations?'.

Using data effectively means being able to analyze it and generate insights that can improve decision-making capabilities. This is what Decision Intelligence is: the ability for companies to combine AI and human intelligence to deliver predictive and prescriptive insights for service operations to help them make better decisions.

As the whitepaper outlines, unlocking smarter decision intelligence with GenAI is likely to be a challenge for some organizations. To start with, businesses need to understand where their data resides. For organizations that are weighed down by legacy technology, data is often siloed across multiple systems, making it hard to extract. Getting their data in order, therefore, is critical because without access to good quality data, organizations can't use AI to generate the insights they need to make faster, smarter decisions.

Organizations may also lack appropriate data literacy and skills to make proper use of GenAI tools. A recent Gartner[2] report found that 62% of operations managers say they are unable to fill job positions that require data analytics or are related to automation or process redesign roles, either because there is insufficient talent in the organization or they can't recruit those types of skills.

A third challenge that operations teams face is how they generate insights from the AI technology they have invested in and how they interpret the insights that come out of the data and make decisions on the back of them.

The final challenge operations teams face is that there is often a lack of investment in the function—it is seen as a cost center and they are frequently expected to do more with less.

Killer apps

If organizations can solve these challenges, then AI has the potential to transform the ops function and help ops teams make smarter decisions and allocate resources far more efficiently. In the white paper, I outline five killer apps that can reshape service operations—smarter robotic process automation to take on more complex work; real-time skills catalogues to track team member capabilities and allow resources to move fluidly across different ops teams; better capacity planning that allows ops leaders to match resources to demand with more accuracy; predicting case outcomes so the right amount of resources are allocated to individual cases; and prescriptive decision-making where AI provides proactive recommendations to support ops leaders.

GenAI tools are already embedded into applications to support greater productivity. Take Microsoft, for example. It has invested heavily in GenAI, including a $10 billion stake in OpenAI, to support its Copilot products. Chad Hamblin, global industry director for FSI and EPG at Microsoft, says the company has conducted research with its customers about what they want from GenAI.

"Employees want to have the right information at their fingertips," said Hamblin. "They want to spend less time searching for that information and they want to have it readily accessible."

There is also demand for AI tools to summarize meetings and action items in emails or documents, as well as provide analytical advice on how to reduce time spent on tedious tasks or admin work.

"If you really look at the core of these responses, a lot of it is more about helping the user as an individual to be more productive, helping reduce menial tasks, giving them more time for what they think will be more valuable in their daily work experience," said Hamblin.

Hamblin says organizations using Copilot-powered products are already noticing improvements in productivity. A global survey of early Copilot[3] users found that 64% of respondents said they were able to spend less time on emails—something that is typically a huge drain on productivity. Another 75% of respondents said they spent less time searching for information or files, another significant time saver when added up across an organization.

Some 71% said they were able to spend less time on mundane tasks. Respondents noted that having access to AI-generated meeting summaries also enabled them to catch up on missed meetings four times faster. And just over two-thirds (68%) said Copilot tools improved the quality of their work.

"This, of course, leads to improved employee satisfaction," said Hamblin. "Happier employees lead to happier customers, so there's a virtuous cycle as well."

These results underscore that the potential for GenAI tools to improve service operations is not just a theoretical possibility, for those that are ready to invest in GenAI capabilities, it is something that can happen right now.

For organizations that are ready to embrace these new technologies, ops leaders can start to generate real-time insights that can help them plan more effectively and make smarter, more informed decisions that can drive better operational performance.
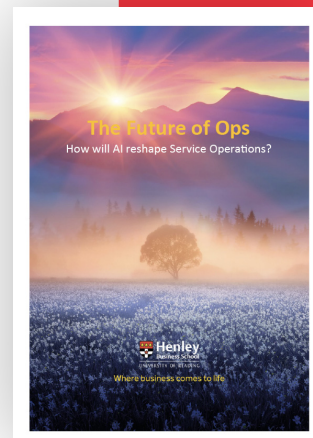
> *…a lot of it is more about helping the user as an individual to be more productive, helping reduce menial tasks, giving them more time for what they think will be more valuable in their daily work experience.*

The Future of Ops

How will AI reshape Service Operations?

DOWNLOAD PAPER

> ❝ *The level of operational control over performance is fundamental to an organisation's success. It is also a differentiator.* ❞

OpsIndex: The Metrics That Matter

Financial services operations teams have been heavily focused on improving efficiency. Many organizations have invested in technology, such as RPA.

Others have adopted modern business techniques such as Lean Six Sigma to reduce variation and waste. While that has helped streamline their operations, being more efficient doesn't necessarily mean operations are being run any better.

The level of operational control over performance is fundamental to an organization's success. It is also a differentiator—given the same market context, compliance constraints and customer base, if a company is more agile, it carries less latent capacity and can deliver better service.

One of the challenges for benchmarking operational processes is comparability. The OpsIndex measures how well operations are being run, within the variety and complexity of the underlying business activities. It provides comparisons against five metrics —agility, control, effectiveness, efficiency, and focus—that are agnostic to processes or business structure and focused on the indicator of how well organizations are running their operations.

This enables operations leaders to track the choices they are making and monitor how those choices interplay with one another —pushing too hard or too little on one metric could negatively impact on others. By contrast, getting the optimal balance right may have a positive impact on other metrics—for example, control leads to greater agility, which delivers improved efficiency.

The OpsIndex rates back-office operations on their performance for each metric and then calculates an overall score. When organizations first embark on this journey with ActiveOps, many start with an overall OpsIndex score of around 30 or lower. Once organizations take steps to improve operational performance, a score of 80 or higher indicates that operations are being run well.

The OpsIndex Score

HOW IS THIS CALCULATED?

AGILITY

CONTROL

EFFECTIVENESS

EFFICIENCY

FOCUS

AGILITY

Are you well balanced?

Agility measures how flexible your capacity is when moving resources between teams and managing flexitime, overtime and temporary workers to meet shifts in workload

Ability to flex resource to meet the variation in work you experience

Improve your ability to effectively manage your work and people

+1% AGILITY
=1% CAPACITY

CONTROL

Do you have the production control to consistently & reliably meet the goals that you set?

Control measures the ability to create a predictable environment and deliver against a plan

WHY IT MATTERS

Ability to plan with precision and ambition to deliver against that plan

Improve your ability to manage and execute against your plan

+5% CONTROL
=2% CAPACITY

EFFECTIVENESS

Are you consistently meeting service expectations & service level agreements?

Effectiveness measures how well ops teams keep work in progress on track or ahead of schedule

Ability to maintain WIP at or under planned levels

Improve ability to plan and control against that plan

THE PAYBACK

+ EFFECTIVENESS
= IMPROVED SLAs

EFFICIENCY

Are you consistently getting the most out of your employees?

A low score on efficiency means that you are getting less value for money from your workers

Ability to operate consistently at a stretched but achievable rate of productivity

WHAT YOU CAN DO

Improve ability to plan and control against that plan

+1% EFFICIENCY
=1% CAPACITY

FOCUS

How well are you focusing your time on core activities?

A high score on focus might suggest you are not investing sufficiently in the training and development needed to boost agility levels

Ability to direct your paid time to core work

Identify if you have enough people skilled to use the tools and focused on the right type of work

+1% FOCUS
=1% CAPACITY

UNDERSTANDING WORK OUT PER PAID HOUR

This metric helps operations managers track how much work is completed per hour of employee spend.
For instance, if an organization is paying out for more sickness time, work out per paid hour would decline.

OpsIndex Performance Across Regions

UK & IRELAND

The UK and Ireland saw its OpsIndex performance edge higher for a second quarter in a row, rising to 45.8 from 45.5 in the fourth quarter of last year. That advance has been supported by improvements in agility, control, focus and efficiency levels (only effectiveness declined). The operating backdrop may also be showing signs of improvement. Inflation eased in March, raising hopes of summer interest rate cuts, which in turn should help boost demand. Ops managers must take steps now to ensure they are ready to handle any spikes in inbound work volumes.

NORTH AMERICA

North American ops teams got their performance back on track in the opening quarter of the year, with the OpsIndex rising to 53.4 from 52.4 in the final quarter of 2023 when performance took a shock tumble from 57.6 in the third quarter. While the region's ops teams seem to have got control levels back on track, agility has continued to nosedive, now almost two percentage points below where it was in Q3 last year. Ops leaders need to address those agility levels (more training to cross-skill staff), particularly in an election year where potentially unpredictable work volumes mean teams need to be flexible.
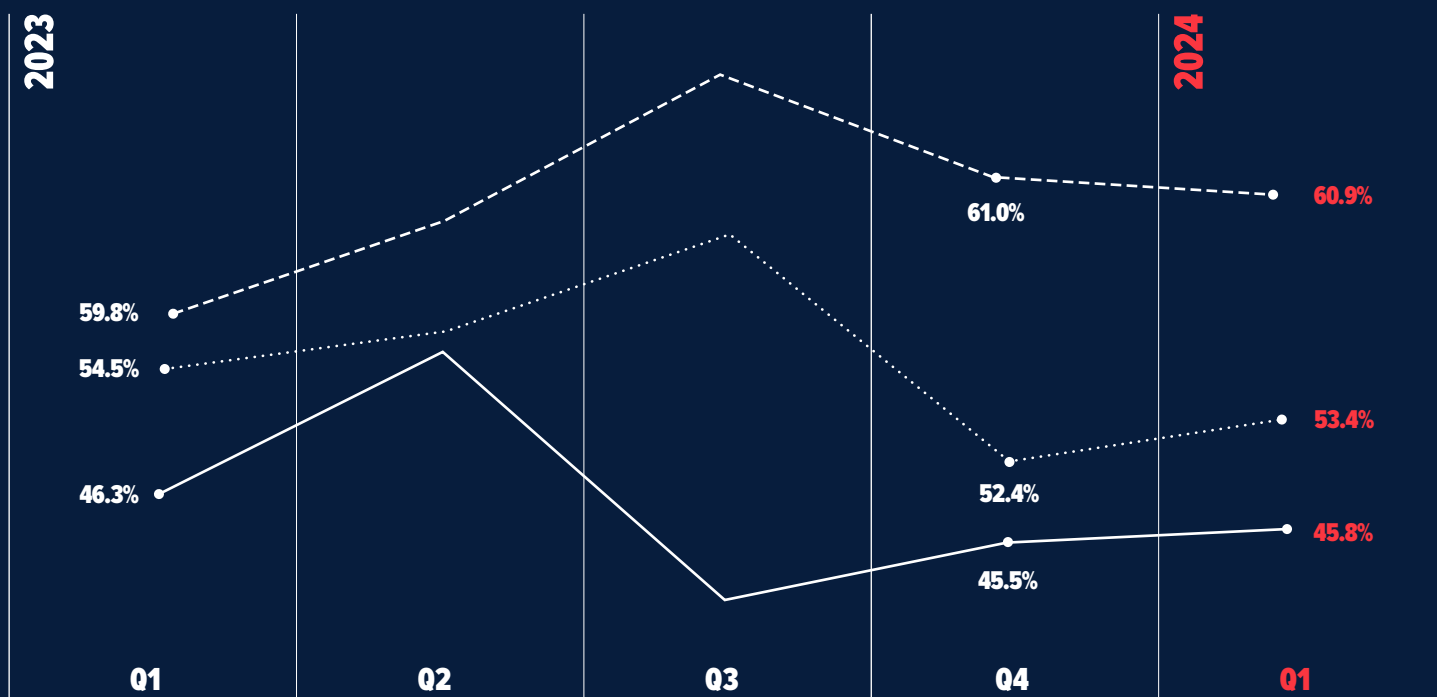
AUSTRALIA & NEW ZEALAND

Australia and New Zealand continues to be the best performing region even though its OpsIndex has barely budged (slipping fractionally lower to 60.9 from 61 in the fourth quarter of 2023). That consistency is reflected in its efficiency levels, which have also remained unchanged now since the second quarter of last year. Agility and control levels also trod water (marginally declining), though there was a significant drop off in focus (down to 69.4 from 70.6 in the final quarter of 2023, though possibly influenced by seasonal factors).

GLOBAL FORECAST

Legend: — UK & IRELAND ···· NORTH AMERICA – – AUSTRALIA & NEW ZEALAND

2023 — 2024

	Q1	Q2	Q3	Q4	Q1
Australia & New Zealand	59.8%			61.0%	60.9%
North America	54.5%			52.4%	53.4%
UK & Ireland	46.3%			45.5%	45.8%

UK & Ireland

Q1 2023	Q4 2023	Q1 2024
46.3%	**45.5%**	**45.8%**

Ops teams in the UK and Ireland saw overall performance improve for a second quarter, though the recovery has been tepid, with the region's OpsIndex score creeping up to 45.8 from 45.5 in the previous quarter.

That is also still below where it was in the opening quarter of 2023, when the region's score was 46.3. This sluggishness extends a long-running struggle to make significant performance gains, with the UK and Ireland still sharply lagging other regions.

The marginal improvement over the past three months has mirrored the broader economic backdrop in the UK, with inflation easing to 3.4% in March, its lowest level since 2021. That has fueled expectations of potential interest rate cuts later in the year, which could help aid the UK's economy recovery which remains lethargic after falling into a shallow recession in the second half of last year. The UK's economy is forecast to expand just 0.8% this year, according to the Office for Budget Responsibility.

With expectations that demand will increase as the year advances, this backdrop means ops leaders must keep chipping away at overall performance to ensure their teams can absorb that extra workload without increasing costs.

AGILITY – is higher quarter-on-quarter (QoQ) but remains lower year-on-year (YoY), suggesting that teams may be starting to flex resources more effectively – something that will become even more important if workloads increase in the coming months.
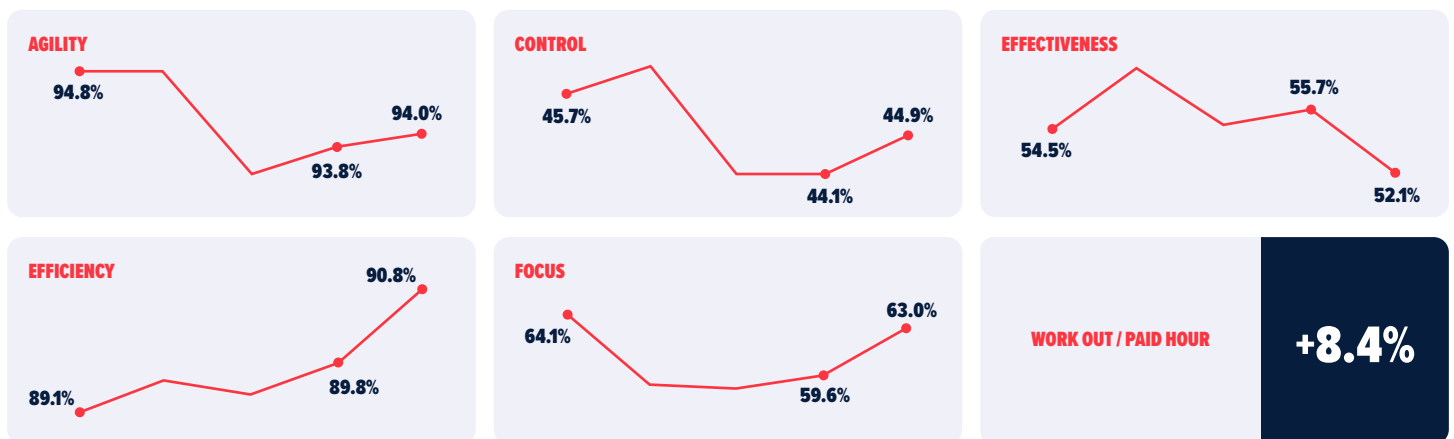
CONTROL – is higher QoQ but lower YoY, indicating more room for improvement if ops leaders want to make any significant strides on their overall OpsIndex score.

EFFECTIVENESS – is both lower QoQ and YoY suggesting ops teams are struggling to meet service expectations.

EFFICIENCY – is higher QoQ and YoY, driven by increased agility and control levels that is leading to teams working more efficiently.

FOCUS – is higher QoQ for the second quarter in a row – which is encouraging – but it remains lower YoY and continues to lag other regions.

WORK OUT PER PAID HOUR – continues to improve, edging up again QoQ and now higher YoY as improved efficiency and focus levels means organizations are getting better value out of their workers.

AGILITY
94.8%
93.8%
94.0%

CONTROL
45.7%
44.1%
44.9%

EFFECTIVENESS
54.5%
55.7%
52.1%

EFFICIENCY
89.1%
89.8%
90.8%

FOCUS
64.1%
59.6%
63.0%

WORK OUT / PAID HOUR
+8.4%

THINGS TO CONSIDER

Ops teams in the UK and Ireland need to build on the marginal improvements seen in the past two quarters and use that momentum to move the dial on the region's OpsIndex score and try and close the gap with other markets (the gap with Australia and New Zealand currently stands at 15.1 percentage points).

▶ Ops leaders need to keep on making progress with control levels over the coming quarters, as better control will unlock improvements in agility and efficiency levels and get performance trending in the right direction.

▶ By improving focus on core work, ops leaders should also be able to start reversing the slide in effectiveness levels and enable ops teams to better meet service expectations.

▶ Likewise, ops leaders must keep the momentum going on improved focus levels so that ops teams are focused on core work and not distracted by non-essential activities.

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Is AI Becoming a Board Room Imperative?

Alex Darko, regional chair for Africa at ActiveOps, discusses how South African banks are thinking about the challenges and opportunities for AI adoption

> "
> *African banks can navigate the challenges and seize the opportunities presented by the AI revolution*
> "

The boards of South African banks are all grappling with the same issue—how do they benefit from advances in AI? As innovation accelerates at a dizzying pace, board rooms are feeling the pressure to explore the potential for AI or risk being left behind.

One area where bank boards recognize AI has broad potential is improving financial inclusion—something that has always been a key priority for bank boards in the region, and South Africa is no different. I experienced this during my time on the board of Absa and it is still something I hear from my conversations with bank board members now. About 45% of adults in sub-Saharan Africa lack access to banking services, according to the World Bank. Because of the higher costs involved in reaching those underserved segments of the population, South African banks have always embraced tech and innovation. The adoption of advanced AI tools might require more caution, but for banks ready to go on that journey, it has the potential to further move the needle on financial inclusion while also delivering efficiency gains and enhanced customer experience.

One way AI can help reach those underserved populations is by reducing a bank's cost-to-income ratio through improved operational efficiencies across all functions, lowering the cost of servicing those potential customers. By using AI bots to automate repeatable processes, banks can eliminate a lot of the drudgery of admin workand free up capacity for people to focus on more value-added tasks.

In addition to freeing up capacity, it can increase time available to staff for training and acquiring new skills, potentially boosting agility levels and allowing banks to more effectively deploy resources. On the operations side, the adoption of advanced AI tools can transform the way ops leaders make decisions, enabling them to more accurately forecast demand for work, and better match that to the capacity, improving productivity and making an impact on customer, employee experience and the overall business.

While AI may ultimately reduce headcount given that it will remove a lot of repetitive manual work, there will be still be a need for human intervention. Take the front of the bank, be it in a branch or online. AI chatbots can provide the first point of contact (be it a terminal in a branch or via a customer's mobile), but there will always be a human agent on hand for any complex requests that the bot can't answer. This means the skill sets and competencies required for branch staff and customer services teams may change, but AI won't entirely replace the need for humans.

Bank benefits

The benefits and opportunities also extend beyond operational efficiencies. For example, AI can help improve fraud risk identification and reduce associated fraud losses for banks. It can also help revolutionize credit scoring models by using more data points to assess creditworthiness, particularly for underserved segments of the population who lack any credit history.

This can also help banks reduce the number of bad loans on their books. Loan impairment charges have increased in South Africa, largely driven by economic pressures on consumers and businesses who are suffering from persistent power shortages and high costs for alternative energy supply, making it harder for them to repay their debts.

AI could potentially reduce impairments by flagging to bank staff when a customer is at risk of suffering financial difficulties and then intervene by calling the customer before it is too late, helping reduce loan impairments for the bank but also helping vulnerable customers avoid getting into financial difficulties.

AI risk

There is a risk, however, that AI-driven redundancies in society more broadly in South Africa could become an issue given that it doesn't take much of a spark for social tensions in the country to boil over. That could lead to backlash against organizations who replace workers with AI, with banks potentially a target of that unrest.

Other challenges bank boards may face with AI are data security and compliance issues given that regulations are evolving and difficult to keep pace with. And in addition to ethical considerations—such as ensuring there is no bias introduced into the AI algorithms that could unfairly sway decision making—banks may find it difficult to attract sufficient talent with AI skills given the demand for those skills globally.

Those are potential concerns bank executives need to be aware of, but by understanding the benefits and risks associated with AI and implementing robust strategies for its adoption, African banks can navigate the challenges and seize the opportunities presented by the AI revolution, ultimately driving sustainable growth and financial inclusion across the continent.

North America

Q1 2023	Q4 2023	Q1 2024
54.5%	**52.4%**	**53.4%**

North American ops teams saw their performance take a surprising dive in the final quarter of 2024, though there has been a slight improvement this quarter, with the region's OpsIndex score now at 53.4. That is roughly one percentage point below its score at this time a year ago.

The drop off in performance after making steady gains throughout last year echoed the country's broader economic climate in the final quarter of 2023, with growth slowing to 3.4% from 4.9% in Q3. S&P Global Ratings expects US real GDP growth of 2.5% this year, supported by a sturdy labor market. However, inflation remains above the US Federal Reserve's target of 2%, which may limit potential interest rate cuts this year.

North American ops teams have also seen their agility levels slide, down from a high of 97.4 in the third quarter of 2023 to 95.5 now. This raises the question of whether ops teams are becoming more siloed and not moving resources around as fluidly as before, or they are simply working at full tilt and don't have the capacity.

With the US entering an election year, ops teams will need to get agility levels back on track should any election disruption make workloads become more unpredictable in the coming months.

AGILITY – is lower QoQ and YoY, suggesting ops teams may be struggling to flex resources as adeptly as they were in previous quarters.
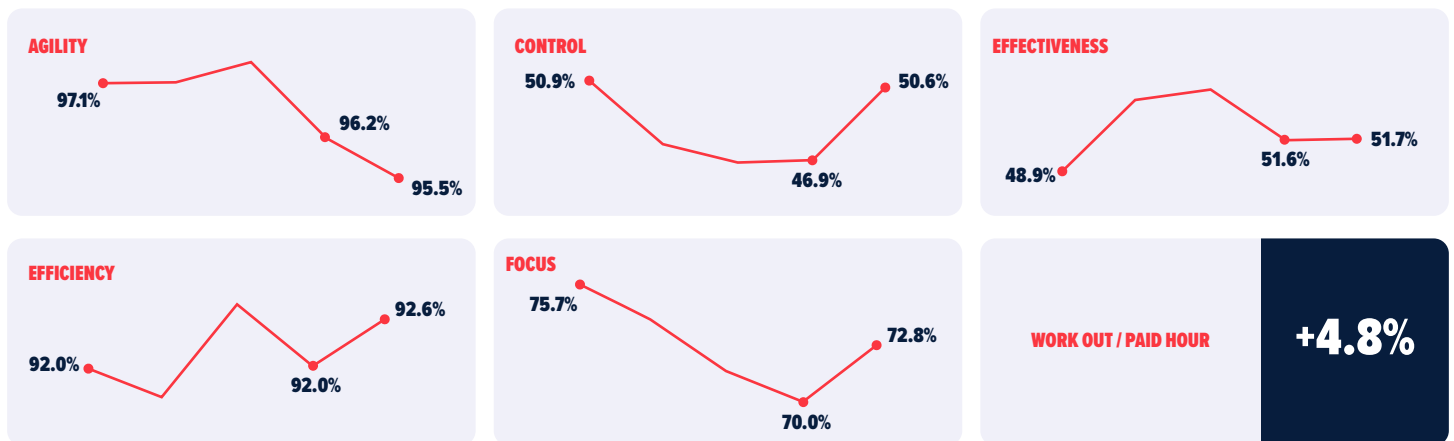
CONTROL – is higher QoQ and broadly flat YoY, suggesting the dip in control levels seen over the past year may have ended.

EFFECTIVENESS – is steady QoQ and remains higher YoY, indicating that ops teams are consistently meeting their service expectations.

EFFICIENCY – is higher QoQ and YoY but remains below the peak hit in the third quarter of last year, suggesting organizations are not getting as much mileage out of their workers as they have done recently.

FOCUS – while lower YoY, focus levels increased QoQ after a steady downward trend throughout 2023 through a combination of sickness and seasonal holidays that are now receding.

Work out per paid hour – is higher QoQ but slightly lower YoY, reflecting the broader issues with focus and efficiency.

AGILITY
97.1% · 96.2% · 95.5%

CONTROL
50.9% · 46.9% · 50.6%

EFFECTIVENESS
48.9% · 51.6% · 51.7%

EFFICIENCY
92.0% · 92.0% · 92.6%

FOCUS
75.7% · 70.0% · 72.8%

WORK OUT / PAID HOUR **+4.8%**

THINGS TO CONSIDER

North American ops teams had been making continuous, steady progress before stalling in Q4 of 2023. While they have immediately arrested that decline, the marginally better showing in Q1 means they are still some way off the pace they were setting for the majority of last year. Ops leaders in the region need to refocus to get their performance back on track.

▸ With falling agility levels over the past two quarters, ops leaders need to think about cross-training opportunities to improve flexibility and get agility levels back to where they were. That may mean accepting lower focus levels in the short term.

▸ Ops leaders also need to keep momentum going on control levels after a steady decline over the past year. Improved control will support agility efforts and help deliver efficiency gains.

▸ If ops teams are struggling to keep up with demand because they are running at full tilt, then they should seek to find ways to improve processes or introduce automation to unlock extra capacity.

Australia & New Zealand

Q1 2023	Q4 2023	Q1 2024
59.8%	**61.0%**	**60.9%**

Ops teams in Australia and New Zealand continue to maintain their consistency, with the region's OpsIndex score broadly in line with last quarter (60.9 vs 61). That is below the high of 61.9 hit in the third quarter of last year, but ahead of where it was this time last year when ops teams had a more challenging Q1.

That comes against a backdrop of weak economic growth in Australia as cost if living challenges still remain, with the economy expanding just 0.2% in the final quarter of 2023. The impact of the Australian central bank raising rates to a 12-year high back in November may also be weighing on consumers, though it has helped ease inflation. Price rises accelerated 3.4% in February, lower than expectations and a sign that prices may be stabilizing.

Deloitte predicts that the Australian economy is likely to be a tale of two halves in 2024, with monetary policy continuing to have a dampening effect in the first half of the year before prospects of monetary easing, tax cuts and wage growth may provide a brighter backdrop in the remainder of the year.

AGILITY – is little changed QoQ (97.6% vs 97.5%) but is lower YoY, underscoring why, despite being the top performer, the region has struggled to kick on any further in the past year.
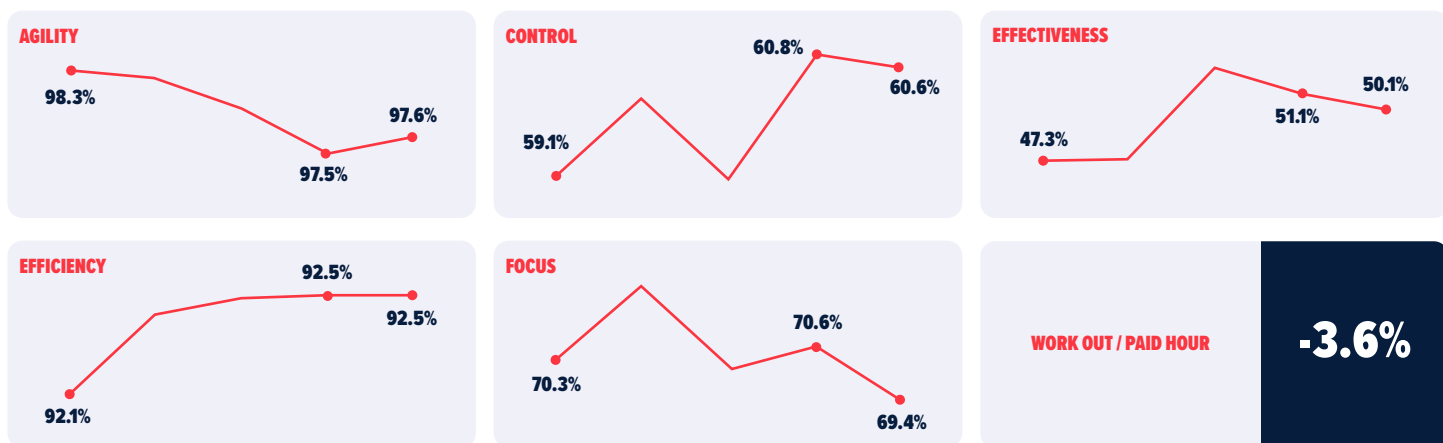
CONTROL – is fractionally lower QoQ (60.6% vs 60.8%) but remains higher YoY – ops leaders in the region need to ensure that doesn't slide further in the coming quarter if they want to keep their overall performance on track.

EFFECTIVENESS – is lower QoQ but higher YoY. However, that YoY data is more a reflection of the sluggish performance in Q1 last year. Now with two quarters of consecutive effectiveness declines, ops leaders need to get a handle on meeting service level expectations if they don't want overall performance to slide.

EFFICIENCY – is flat QoQ for the third quarter in a row, but slightly higher YoY, highlighting the persistent problem ops leaders in the regional are grappling with – how to get more out of their teams.

FOCUS – is lower QoQ and YoY, driven by increased time spent on non-core activities. If this is being directed to training, then this drop in focus should pay off in the future with increased agility levels and better resource flexibility.

WORK OUT PER PAID HOUR – is lower QoQ but broadly stable YoY, echoing challenges with efficiency levels.

AGILITY

98.3% 97.5% 97.6%

CONTROL

59.1% 60.8% 60.6%

EFFECTIVENESS

47.3% 51.1% 50.1%

EFFICIENCY

92.1% 92.5% 92.5%

FOCUS

70.3% 70.6% 69.4%

WORK OUT / PAID HOUR **-3.6%**

THINGS TO CONSIDER

Australia and New Zealand is still the best performing region by some distance, however ops teams have seen overall performance hover around the same level for many months. Ops leaders in the region should start to explore fresh ways to make gains over the coming year – perhaps an opportunity for more AI and automation investment.

▶ Ops leaders in the region can't afford to let control levels slip any further – a renewed focus on control could help ops teams start to make progress on other metrics that have been consistently static.

▶ Ops leaders need to ensure the drop in focus levels is put to good use by investing in skills training and getting agility levels back to where they were last year.

▶ Ops leaders also need to halt the slide in effectiveness levels to ensure service expectations are being met and prevent the region's OpsIndex score from heading in the wrong direction.

BHAVESH VAGHELA

OPS GAME CHANGERS PODCAST HOST & CMO, ACTIVEOPS

An Ops Game Changer Opinion: Transforming Operations with AI and Automation

CoreLogic Australia's senior leader for client operations Ellena Bianco featured on one of the episodes of the Ops Game Changers podcast to talk about the company's automation and AI strategy and how it is improving operational efficiency.

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> *How we look at it is digital first, human when it matters. — Ellena Bianco, CoreLogic Australia*
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> ❞

When Ellena Bianco saw how much time and effort was being spent by her ops team at CoreLogic Australia on data entry and processing, she spotted an opportunity to introduce automation and help her team members become more productive.

Ellena told me she targeted about three or four different processes that were considered high volume and low value, and where the decisions to fulfil that task were easy. The criteria she followed to identify possible processes for automation was testing whether they could automate 85% of the work. If the answer was yes, then they would explore whether it could be automated with rudimentary keystroke replication. It wasn't about process redesign, it was simply about trying to replicate what a team member was doing.

While automation can sometimes lead to staff fears about job losses, Ellena said there was no resistance from team members, only a sense of doubt that those processes could actually be automated. In fact, because their volume of work was so high and they had so many different teams with volume pressure, nobody ever imagined their job was at risk, they knew they would just be left to do the challenging work that wasn't possible to automate.

Advanced AI

Now, with AI and automation capabilities continuing to improve and potentially being able to tackle some of that more challenging work, Ellena says it is important that team members are given reassurance about the technology. AI is not there to compete with team members, it is there to complement their roles and take away repetitive tasks. She says once those repetitive tasks have been taken away, nobody ever wants them back. Therefore it is just about being open and honest.

"Our platforms and our products really need to take the grunt work out of helping people make decisions, technology does that and humans will be there to finesse whatever it is that needs to happen," Ellena said. "How we look at it is digital first and human when it matters."

It is also easier now for organizations to test AI tools in an ops setting because lower tech costs mean it doesn't require as much financial commitment, Ellena tells me. For example, she is now exploring AI tools for use cases such as creating reports for customers, generating suggested responses to customer requests and scanning document uploads for personal data the company doesn't want on its system—something that wouldn't have been possible before without hiring additional staff.

AI interactions

Another way Ellena has been using AI at CoreLogic Australia is to help ops teams be more proactive in the way they interact with their customers. For example, with the company's banking and finance customers, she was able to automate email responses to certain requests and then use AI to spot patterns in those interactions where team members could proactively call customers before a problem escalated.

"Once we started, we noticed that inbound calls dropped, because we were being able to be proactive," said Bianco. "That's taken pressure off teams because they are more in control. So we've changed it from getting an inbound phone call to making the proactive call to the customer before the customer has even asked for it."

As AI continues to advance, Ellena hopes it will lead to more improvements in customer interactions and enable the company to process customer requests in real time rather than adding them to a queue and responding within a set timeframe. For Ellena, this enhanced customer experience is what AI should ultimately enable.

What Ellena's story shows is that by adopting AI and automation, she has been able to make the ops team work better for the company, its employees and its customers. For ops leaders that are struggling to achieve performance gains, using Ellena's blueprint to identify areas that could be ripe for keystroke automation can quickly help boost efficiency and free up capacity without having to entirely reinvent how tasks are completed.

OPS GAME CHANGERS:
TRANSFORMING OPERATIONS WITH AI AND AUTOMATION

WATCH EPISODE 4 ▶

Conclusion

The opening three months of the year should provide some optimism for ops leaders in the months ahead. With marginal improvements in the UK and Ireland and North America, and Australia and New Zealand maintaining its overall high performance, ops teams are well positioned to make further progress. With economic conditions forecast to begin to improve as the year advances, ops leaders need to start planning now how changes in demand will impact their teams and whether they are ready to absorb higher work volumes.

By following OpsIndex metrics, the quarterly Performance Tracker can help you focus on the levers you need to pull to elevate your operational performance. Here are the key themes for ops leaders to consider going into the new year.

> **AI is only as good as the training data it is being fed.**

BOARD ROOMS ARE UNDER PRESSURE TO EMBRACE AI

The acceleration in AI technology is piling pressure on board rooms to find ways to integrate AI into their businesses. By focusing AI innovation on ops, senior executives can demonstrate to shareholders that not only are they using AI, they are using it ways that will have tangible benefits for organizational efficiency and productivity and deliver improved operational performance.

WANT TO UNLOCK THE POWER OF AI? GET YOUR DATA IN ORDER

Data is essential to the AI revolution. If organizations want to get their operations function on this journey, they need to ensure their data is good enough. This means first getting the technical integration right and eliminating data silos. Second, organizations need to ensure they have sufficient data literacy and skills on hand. Third, they need to ensure they have consistent data practices in place to make use of any AI-generated insights. And finally, organizations need to actually invest in their ops function and give them the AI tools to transform. Only by completing those steps will ops teams be able to benefit from the power of AI.

AI WILL TRANSFORM OPS – DON'T GET LEFT BEHIND

AI has the potential to be a gamechanger for ops teams. As we have outlined in this issue, the possibilities for adopting AI in an operations context are huge—real-time skills catalogues, smarter capacity planning and predictive case outcomes.

Ops teams that embrace these new ways of working will become not only more efficient and productive, it also has the potential to boost their organization's bottom line by completing work faster and more cost-effectively, helping shift perceptions of the ops function from a cost center to a profit generator.

TURBOCHARGE YOUR PRODUCTIVITY

The emergence of AI-powered assistants is also a creating a way for organizations to make quick and easy productivity gains. A Microsoft study into its Copilot AI product users found that people were able to catch up on missed meetings four-times faster through AI-generated meeting summaries. In an ops context, using AI assistants to handle routine non-core tasks (answering emails, say) can not only free up workers to concentrate on core activities (boosting focus levels), but it can also provide guidance and advice to help ops teams work more efficiently.

FAST-TRACKING BETTER DECISION-MAKING

The adoption of advanced AI tools can transform the way ops leaders make decisions. At a basic level, AI-generated insights can give ops teams specific data viewpoints that can inform decision-making. But with generative AI, organizations can also benefit from so-called prescriptive decision-making, where AI proactively suggests actions for ops leaders to take. This can help ops teams address potential problems that might not have become visible yet, helping them make decisions faster than would otherwise be possible. GenAI can also be trained to automate decision making in certain situations, allowing ops leaders to focus on bigger picture issues.

Glossary

AGILITY: measures an organization's ability to flex resource to meet the variation in work. If the score is low, it indicates a mismatch between work and the available resource, creating latent capacity and/or risk to service.

CAPACITY: is the difference between the resources that are available and the work that must get done, if a challenging but achievable pace is maintained.

CONTROL: measures an organization's ability to create a predictable environment and deliver against a plan. A low control environment is less resilient.

EFFECTIVENESS: measures an organization's ability to maintain WIP at or under planned levels. WIP plans are designed to meet service levels, so this is an indicator of the ability to maintain service.

EFFICIENCY: measures an organization's ability to operate consistently at a stretching but achievable rate of productivity. A lower score indicates a higher variation and lower average of productivity.

FOCUS: measures an organization's ability to direct the right amount paid time to core work. This score is likely to fluctuate throughout the year in line with seasonal trends. A low score means more paid time is going to other activities than core work – resulting in an increase in operating costs.

LATENT CAPACITY: measures the time that would have been available to the team had they worked at a higher level of productivity.

OPSINDEX: is the ActiveOps proprietary score that measures how well operations are being run, providing an overall score based on evaluating 5 key metrics: agility, control, effectiveness, efficiency and focus.

PRODUCTIVITY: is a measure of how closely the rate at which a person (or team) performs matches the standard time given to each of the core tasks.

Methodology

The Quarterly Performance Tracker for Operations is based on the OpsIndex benchmarking data set from ActiveOps.

OpsIndex analyses live operations data with valid measurement and comparison of performance across operations teams. OpsIndex measures operations using five dimensions – agility, control, effectiveness, efficiency, and focus. In addition, work out / paid hour looks at how much work is completed per hour of employee spend – including paid sick days and holidays.

For this report, data from over 30 Financial Services businesses, with over 30,000 employees were analyzed. We looked at the OpsIndex performance in Q1 2024 compared to the previous quarter and Q1 2023. The data covered organizations in the UK & Ireland, Australia & New Zealand and North America.

The OpsTracker provides a snapshot in time every quarter, figures for the OpsIndex and the OpsIndex metrics are the values recorded at time of publication. There may be shifts in the figures registered from one edition to the other due to ongoing changes in customer data.

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About ActiveOps

At ActiveOps, we believe the ability to make every decision – the right decision, at the right time, will transform operations. Our blend of AI and human intelligence delivers the most complete and useful set of predictive and prescriptive insight to help service operations make better decisions - faster.

Service Operations has been in our DNA for 20 years. Our AI-powered SaaS solutions are underpinned by 15+ years of operational data and our AOM methodology that's proven to drive cross department decision-making.

We call this Decision Intelligence for Service Operations – and we are dedicated to the needs of banking, insurance, BPS and healthcare organizations, globally.

With Decision Intelligence, our customers deliver MORE - release 20%+ capacity within the first 12 months and boost productivity by 30%+ leading to MORE business impact. In fact, customer turnaround times are improved substantially, costs are reduced, SLAs are met, and employees are happier and more engaged.

Discover how ActiveOps can help you do more at activeops.com

Choose **More.** Choose ΛctiveOps®