COVID-19 Employer Impact on the Industries of the Future

Best Selling Author Forecasts Varied Economic Recovery

America's economic recovery from COVID-19 will take "wildly varied" tracks, depending on your geographic location, industry, and type of work, said bestselling author Alec Ross during an August 11th LVBCH employer webinar, COVID-19 Employer Impact on the Industries of the Future.

Ross, the author of New York Times bestselling book, The Industries of the Future, said the first recovery type would be "V-shaped" and would be experienced by the largest companies, which received trillions of dollars in stimulus money from the U.S. Federal Reserve System. In fact the S&P index has already hit an all-time high. If you work in one of these businesses, or in a high-tech industry, like Amazon or Google, you're almost fully recovered.

Most other businesses will have a U-shaped recovery. Only now, after a good six months of misery, the recovery is moving forward and most economists predict full recovery will not occur until the second or third quarter of 2021. The United States recovery will take longer than other developed nations because our COVID-19 response has been less effective. "In terms of COVID-19, we've had the characteristics of a developing country," Ross said.

The third type of recovery will be L-shaped and will be experienced by small businesses, who were already working with relatively low margins. Unlike big businesses, small businesses can't tap capital to help them through the pandemic and many of them will close permanently.

Meanwhile, many trends have accelerated in response to COVID-19, including the advancement of digitalization and automation. There are currently 30 billion network devices in the world, which is projected to increase to 51 billion by 2023 and 75 billion by 2025. This increase is largely due to substantial growth in devices like sensors, which are used throughout our supply chain and in wellness monitors like Fitbit. "It's not because we are putting more mobile phones in more pockets," Ross explained.

Automation has been changing labor for years as machines assume tasks formerly performed by humans. In fact, the division of labor, defined as the ratio of hours worked by humans and by machine, was 71% human and 29% machine in 2018. Because of COVID, five years of planned automation is being

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compressed into 12 to 18 months as companies accelerate the development of technology like robotics and artificial intelligence. By 2025, the labor ratio is projected to shift to 52% machine and 48% human. However, this doesn't mean that the number of jobs will be reduced proportionally, rather more powerful tools will make workers more productive. As an example, Ross cited changes in the human resources that now allow software to shift through job applications to find the best candidates, rather than HR professionals having to open envelopes and read through resumes.

Simultaneously, the use and acceptance of cloud applications has greatly increased, even among slow-to-change organizations, such as school districts, as they have been forced to migrate more of their functionality to the cloud. Also, previously unknown on-line conferencing applications, like Zoom, have become commonplace. Consequently, these technologies have hastened the growth of the blended workplace and for many industries, the workplace is no longer defined as going to the same chair in the same office from 9 am to 5 pm Monday through Friday, he said.

COVID-19 has also fast-tracked the growth of telehealth. Nine million Medicare recipients used telehealth services during the first three months of the crisis. Telehealth claims increased 8,000% between April 2019 and April 2020. "I don't think telehealth is going to entirely swallow health care but while a year ago it was a teeny, tiny thing, it will remain strong and may account for 20-30% of healthcare delivery services in this country, he said."

Because telemedicine doesn't require as much infrastructure as in-person visits, it is reasonable for employers, who cover a large portion of the cost of healthcare, to ask whether greater use of telehealth might eventually result in cost reductions. He added that only in the United States are employers responsible to pay for health care. This dynamic creates tension as the employee's share of premiums, deductibles, and co-pays increase. "The rest of the world thinks that's crazy," he said.

Ross also discussed how these trends will affect jobs. The biggest losses will occur in occupations where work currently performed by humans can be done by a machine, including software that performs manual tasks that previously only humans could do. This includes many clerical functions. Conversely, skills that make us more human ¬– such as creativity, problem solving, analysis, critical thinking, and leadership – will become even more important. As companies manage these difficult transitions, organizational development specialists, data analysists and scientists, and sales and marketing professionals will be in greater demand, Ross predicted.

In regard to wages, Ross said that since 1980 America has seen enormous growth but it has not benefitted most working class and middle class workers, such as home health workers, teachers, and plumbers. During the same period, the cost of major expenses, including health care, education, and

housing, have risen, making life more difficult for the average American worker. As a nation, we have to decide whether we optimize for markets and GNP (gross national product), as we have for the past several decades, or for salaries and workers.

ALEC ROSS' PREDICTIONS FOR FUTURE JOB SKILLS

Skills that will be less valued:

- Manual dexterity, endurance, and precision
- Memory, verbal, auditory, and spatial abilities because our ability to retrieve information is easier
- Management of financial and human resources because of software can perform these tasks
- Technology installation and maintenance as the technology has improved
- Reading, writing, math, and active math because it can be done on a computer
- Quality and safety awareness
- Coordination and time management

Skills that will be more valued:

- Analytical thinking and innovation. Computers never innovate anything.
- Active learning and learning strategies. Employees must constantly acquire new skills.
- Creativity, originality, and initiative
- Technology design and programming
- Complex thinking and analysis
- Critical problem solving
- Leadership and social influence
- Emotional intelligence
- Reasoning, problem solving, and ideation (Figuring out how to solve problems with your colleagues and customers)

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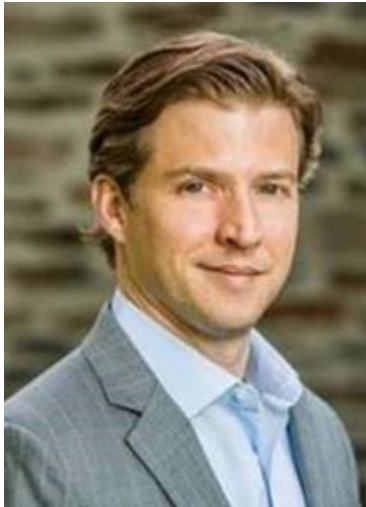
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ABOUT ALEC ROSS

Alec Ross helps leaders understand the implication of geopolitics, markets and increasingly disruptive network technologies. He was Distinguished Senior Fellow at Johns Hopkins University and Senior Fellow at Columbia University's School of International & Public Affairs. He served as Senior Advisor for Innovation to the Secretary of State, as convener for Technology & Media Policy Committee on Obama's presidential campaign, and on the Presidential Transition Team. He co-founded a technology-focused social enterprise and grew it into a global organization serving millions of low-income people, with programs on four continents. Recognitions include being named to Foreign Policy magazine's Top 100 Global Thinkers, US Department of State Distinguished Honor Award, Oxford University Internet & Society Award, and TriBeCa Film Festival Book of the Year Award. He has been published in the Wall Street Journal, Foreign Policy, SAIS Review of International A airs, and NATO Review.

ABOUT THE INDUSTRIES OF THE FUTURE

Alec Ross is the author of the New York Times best-seller The Industries of the Future. The book explores the technological and economic trends and developments that will shape the next ten years including robotics and artificial intelligence, advanced life sciences, cybersecurity, big data and the codeification of money, markets and trust. Described by the Financial Times as "a lucid and informing guide on even the most technical issues" The Industries of the Future goes beyond the technical and provides the geopolitical, cultural, and generational contexts out of which new innovations are emerging.