The Future of Professions

ICAI HYDERABAD, April 15, 2020

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Humans need not apply...

INTRODUCTION

BACKGROUND

- Corona pandemic is unique with no precedents
- It's global spread and impact across sectors will be on a scale never experienced before
- This is not just a health pandemic but an economic pandemic as well
- If the Spanish Flu, First World War, Great Depression of 1929 and Second World War were transformational events of the 20th century Covid-19 will be the transformational event of the 21st century

BACKGROUND (contd.)

- The events of the 20th century led to the creation of the UN, its institutions and the emergence of the superpowers – permanent members of the UN Security Council
- At this stage no one is in a position to predict how long this will last, whether there will be recurrence, what trail of destruction it will leave, how long will it take for recovery and what will be the world post recovery
- Any predictions at this stage will be guesstimates, speculative and any actions would be 'shooting in the dark'

BACKGROUND

- I am no expert and I am not sure anyone is but will nevertheless join you all in looking at the crystal ball in a structured manner
- The appropriate way of proceeding would be to analyse the world BC, DC, AC, i.e., Before Corona, During Corona and After Corona to determine the impact this is likely to have on our Profession
- I don't think there is anybody in this call who disagrees with the view that the world and our profession will not be the same again

The World before Corona

We are operating in a complex environment with rapidly evolving market and organization dynamics...







Growing no. of Millennials in Workforce







Increasing technology penetration





Technology

How will it impact us?

- How will it affect the processes within our practice?
- Over what timescale will the effect be felt?
- How it will affect the competencies needed?

Technology has changed the way we function...



Technology has not only impacted our work

But our behaviour too...





Disruption of our daily lives

Underestimate the power and potential to disrupt

Technological revolution

We have to understand...The Automation Potential



Essential blocks Industry 4.0



Industry 4.0

History of industrial revolution from Industry 1.0 to 4.0

Industries across the world are catching on to the 4th wave of industrial evolution a.k.a Industry 4.0. Just as the previous 3 waves, the 4th wave too is likely to transform the face of industries significantly and give them a quantum jump in reliability and efficiency. Quick refresh of the earlier three waves and a brief description of the 4th is given below.



Industry 4.0

Industry 4.0 Physical-to-Digital-to physical loop (PDP)

- The physical-to-digital-to-physical (PDP) loop is driven by the continuous and cyclical flow of information and actions between the physical and digital worlds.
- To achieve this process, Industry 4.0 combines relevant physical and digital technologies, including analytics, additive manufacturing, robotics, high-performance computing, natural language processing, artificial intelligence and cognitive technologies, advanced materials, and augmented reality.

Industry 4.0 Technologies Potential IT/OT applications Product impact Physical to Sensors and controls, Wearables, Augmented reality Digital Digital Signal aggregation, Optimization and prediction, Visualization and POU delivery, Cognitive and highperformance computing Digital to Additive manufacturing, Physical Advanced materials, Autonomous robotics, Digital design and simulation

Sources: Deloitte Analysis



Physical-to-Digital-to physical loop and related technologies

Industry 4.0

Industry 4.0

Business areas affected by Industry 4.0



Sources: Deloitte Analysis

Industry 4.0



5Is impacting your business Are you geared?



DURING CORONA

The World during Corona

- Closure of borders to people
- Cross border economic activity at a near standstill
- International flights and other means of transportation stopped
- Regional Country associations e.g. EU, SAARC, etc., dysfunctional
- Credibility of global institutions at a new low and these institutions are proving ineffective – e.g. WHO, OPEC
- Economic stimulus provided at varying levels in each country
- Deep realisation that this is World War III against a hidden and lethal enemy

INDIA DURING CORONA

- Locked down extended to May 3
- Migrant labour issue
- Risk of stocks of essentials running out
- Supply chain disruptions
- Agriculture related issues
- Demonetisation replay without movement of personnel
- Financial stimulus Phase announced
- Regulatory relaxations
- Deep impact on certain sectors which could result in demise of a number of businesses

IMPACT

- Work from home
- Pray from home
- Communications other than through physical interactions
- Group events redesigned
- Cash economy diminished
- Layoffs and unemployment
- Conserve cash culture deferral of capital expenditure and other non-essentials
- Impact on published results fair value, impairment, etc
- Significance dependence on technology
- Thirst for online education
- Significant increase in bandwidth



"Better to be right about the trend and wrong about the implementation, than the other way around"

- Aaron Levie CEO, Box

What do you need to do...to stay relevant?



Future of Employment - Vulnerability of Jobs to Computerization

Job	Probability
Recreational therapists	0.003
Dentists	0.004
Athletic trainers	0.007
Clergy	0.008
Chemical engineers	0.02
Editors	0.06
Firefighters	0.17
Actors	0.37
Health technologists	0.40
Economists	0.43
Commercial pilots	
Machinists	0.65
Word processors and typists	0.81
Real-estate sales agents	0.86
Technical writers	0.89
Retail salespeople	0.92
Accountants and auditors	0.94
Telemarketers	0.99

94% probability that the jobs of Accountants and Auditors shall be computerized

Source: "The Future of Employment: How Susceptible are Jobs to Computerisation?", by C. Frey and M. Osborne (2013)



Disintermediation – elimination of middlemen/ facilitators



Uberization of business and constant fear of being kodaked



Alibaba, the most valuable retailer, has no inventory.



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Uber, the world's largest taxi company, owns no fleet.

AirBnb, the largest accommodation provider owns no real estate.

Facebook, the most popular media owner, creates no content.



Crowdsourcing


Emergence of paraprofessionals – failing to grasp potential and perceiving as threat



Cost cutting: How long can we afford to be expensive? Expectation of double the value at half the cost !!!



Commoditization



In summary professions have enjoyed privileges...



Practical expertise is available over the net at a click....

Are we really relevant?



Let's introspect

Are we really relevant?...

What has worked in the past...

... will not guarantee success in the future





Doing the same thing over and over again and expecting different results.

Albert Einstein

Introspect

Take a step back. Analyze.



Wake up – It's time for transformation!



The firm of the Future



Suo motto is Customer Centricity



80% of companies believe they deliver "superior" customer service, but only 8% of customers say that's true. – Be the 8%

Changing the way we think about business is an imperative



Regulatory compliance while changing the way we do business will always be essential!

You can no longer play test cricket... It's about 2020

Are you ready to ride new waves?

New strategies and skillsets?



Impact of Disruptional and Transformational changes



THE FUTURE OF THE PROFESSION

The Profession of the future

- Competition not within but outside the profession
- Education, training, examination, oversight, etc. will see transformational changes if the profession and professional body is to remain relevant
- Professional body will need to consider equipping professionals with technology tools at no cost or affordable cost
- Convergence of professions may see a merger of professional bodies too

WHAT SHOULD PROFESSIONALS DO?

Think like an immigrant

Think like an artisan

Always be in beta

PQ + CQ + EQ + HQ > IQ

Think like an entrepreneur

WHAT SHOULD PROFESSIONALS DO?

- Analyze elements which contributed to success to date
- Embrace technology
- Improve resilience through consolidation
- Institutionalize the kirana store e commerce partnership model
- Reduce dependence on quota driven work or pure statutory work
- Enhance knowledge
- Focus on health
- Conserve cash in near term

Closing thoughts...

I cannot say whether things will get better if we change; what I can say is they must change if they are to get better

- G. C. Lichtenberg

Take risks...

"If we will never try, we will never know the result of it."

Inspirational Story

IF THINGS AREN'T FAILING, YOU ARE NOT INNOVATING ENOUGH!

- Only you can make your idea a reality
- Stay ahead of the competition by welcoming new opportunities
- Keep learning and welcome the criticism
- Always have a vision for the future
- Learn to absorb the pain and suffering to survive

Only the paranoid survives



"The Lesson is, we all need to expose ourselves to the winds of change"

Some people succeed because they are destined to, but most people succeed because they are determined to You don't die if you fall in water

You die only if you don't swim

That's the real meaning of life

THANK YOU