KPMG

Ignition

Resist, reframe, or reimagine?

Confronting uncertainty and the **new speed of adaptation**

What if, or when?

How will artificial intelligence shape the labor market of the future?

What shape will ESG strategies take as the effects of climate change shift from an inconvenient to an economic truth?

We explore both scenarios with a view toward the 2030s.

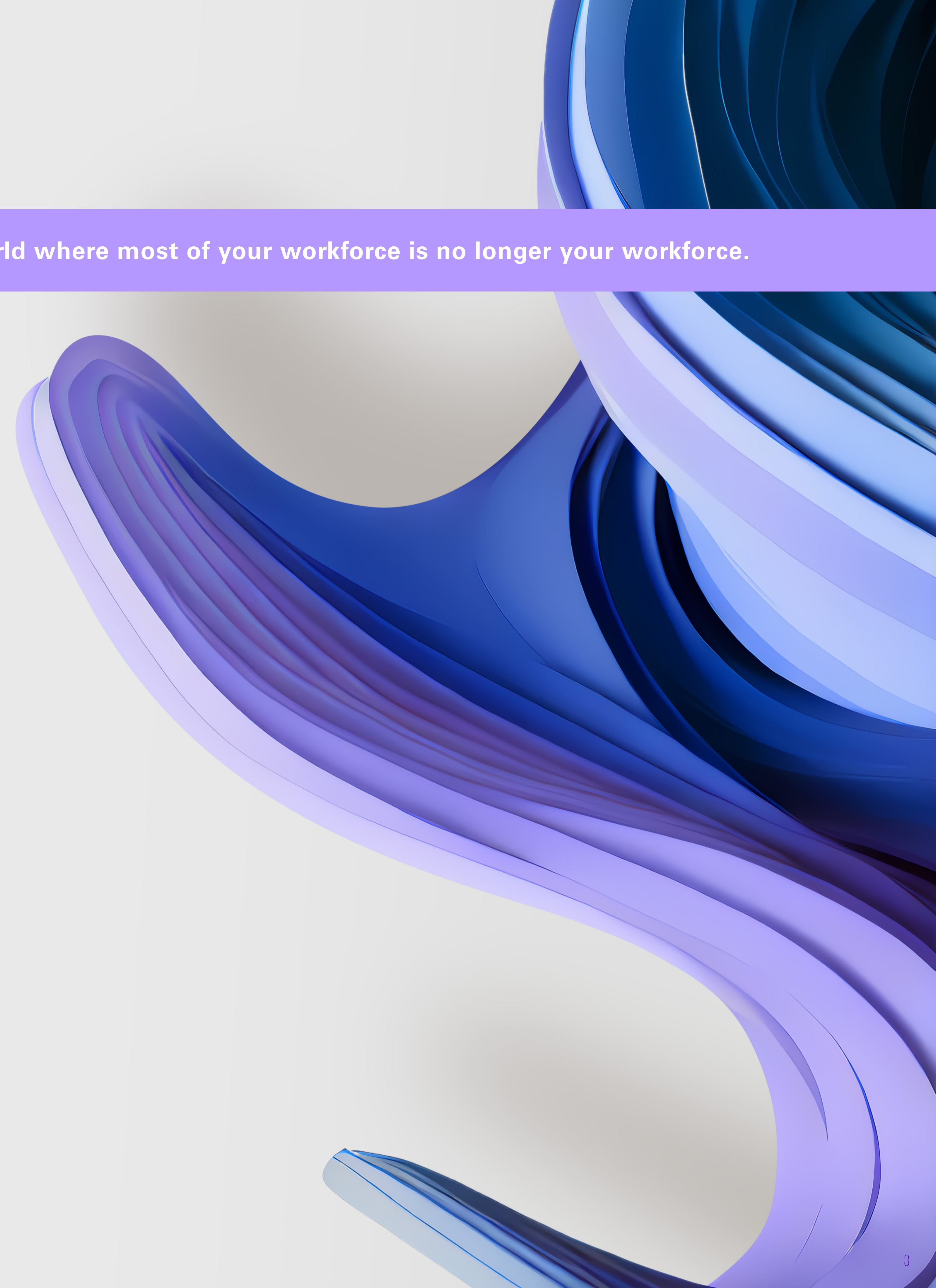
Acknowledging your uncertainty threshold is a first step. Finding ways to stretch it—and that of your executive team—is the second. But a third is to begin to mitigate that uncertainty, to the extent one can.

Building evidence-based hypotheses, convening structured "what if?" debates, and developing detailed pictures of p**otential future scenarios can be meaningful** places to start.

Although they offer no cast-iron guarantees, the process and — importantly — the conversations that take place around it c**an help bridge the gap between the fog of uncertainty and the clarity of strategy**.

Scenario one:
The augmented worker

Imagine a world where most of your workforce is no longer your workforce.



Let's start by looking backward

It took hold in the early-2010s, thanks in no small part to the iPhone.

Ubiquitous connectivity, surging adoption of technology (mobile in particular), and the app economy. Our insatiable appetite for instant gratification. The bar for **digitally fueled, highly personalized experiences continually being driven upward** by category leaders and disruptors alike, constantly elevating minimum expectations and what it takes to compete.

Much of the focus on the downstream impact of these trends was on the **implications for a changing consumer—but every employee is a consumer**, too.

Change pays scant attention to any **false delineation between our home and professional lives**, or the notion that the two exist independent of one another.

Much as it profoundly changed the lives of consumers, technology also laid the groundwork for a challenge to the prevailing employer/employee paradigm.

On-demand workers. The gig economy. The "Uberization" of work. Whatever you called it, **it made employment as a location-centric, static concept start to feel outdated**.

This shift came into sharper focus in early 2020, as the Covid-19 pandemic rendered much of what we knew about work, a workplace, and a workforce largely (if temporarily) irrelevant.

Great potential, unevenly distributed

A decade or so ago, many lauded the potential of technology to reinvent the workplace and unlock significant value for employee and employer alike. It was positioned as a liberating force, enabling freedom, flexibility, and self-determination for workers everywhere.

In reality, the potential was real; it just didn't arrive all at once. Organizations were the first to benefit most from the rise of on-demand, low-cost, super-flexible, and highly dispensable labor. Workers realized gains at a far slower pace and far from universally.

Technology quickly brought organizations simultaneously lower costs, a reduction in employment liabilities, and lower exposure to both regulations and taxation. But in hindsight, for some, this came at a cost of individuals' rights, power, and value.

This time around, however, technology's promise has the potential to be far more evenly and universally distributed.

Skills for hire, at scale

People used to face a somewhat trinary choice between employment (security), entrepreneurship (risk), or freelancing (lifestyle). Each came with relatively stark risk/reward ratios.

Look ahead to the early 2030s, however, and the second wave of digital transformation could offer as much to the individual as it does to the corporation.

We're not talking about mere freelancing. We're thinking beyond today's definition of the on-demand economy. Something far more accessible than the historically age-gated portfolio career. Something that resets our definition of the nomadic worker—from a highly niche concept or one conjuring images of stealth beach workers to the introduction of true mobility.

Over the next decade, technology could well usher in the era of "Me, LLC."

Individuals owning and leading businesses of one—but with a "workforce" powered by generative AI and automation. People harnessing technology to strip out administrative burdens and the mundane, repetitive, or lower-value tasks that individual operators historically faced—without having to accept the "trappings" of being in a corporation to access infrastructure, scale, and support.

These business owners combine the ability to leverage technology with their own individual skillset to sell services à la carte and to a much greater scale than the freelance career of the 2020s allowed for. It could remove the productivity ceiling that many freelancers struggled to breach.

Platforms such as Upwork and Fiverr, arguably the early marketplaces for on-demand labor, are simultaneously facing an opportunity to build enhanced, tech- and AI-powered propositions AND the threat of disintermediation as individual business owners skilled in technology have a waning need for margin-eroding third-party platforms.

The potential implications are broad

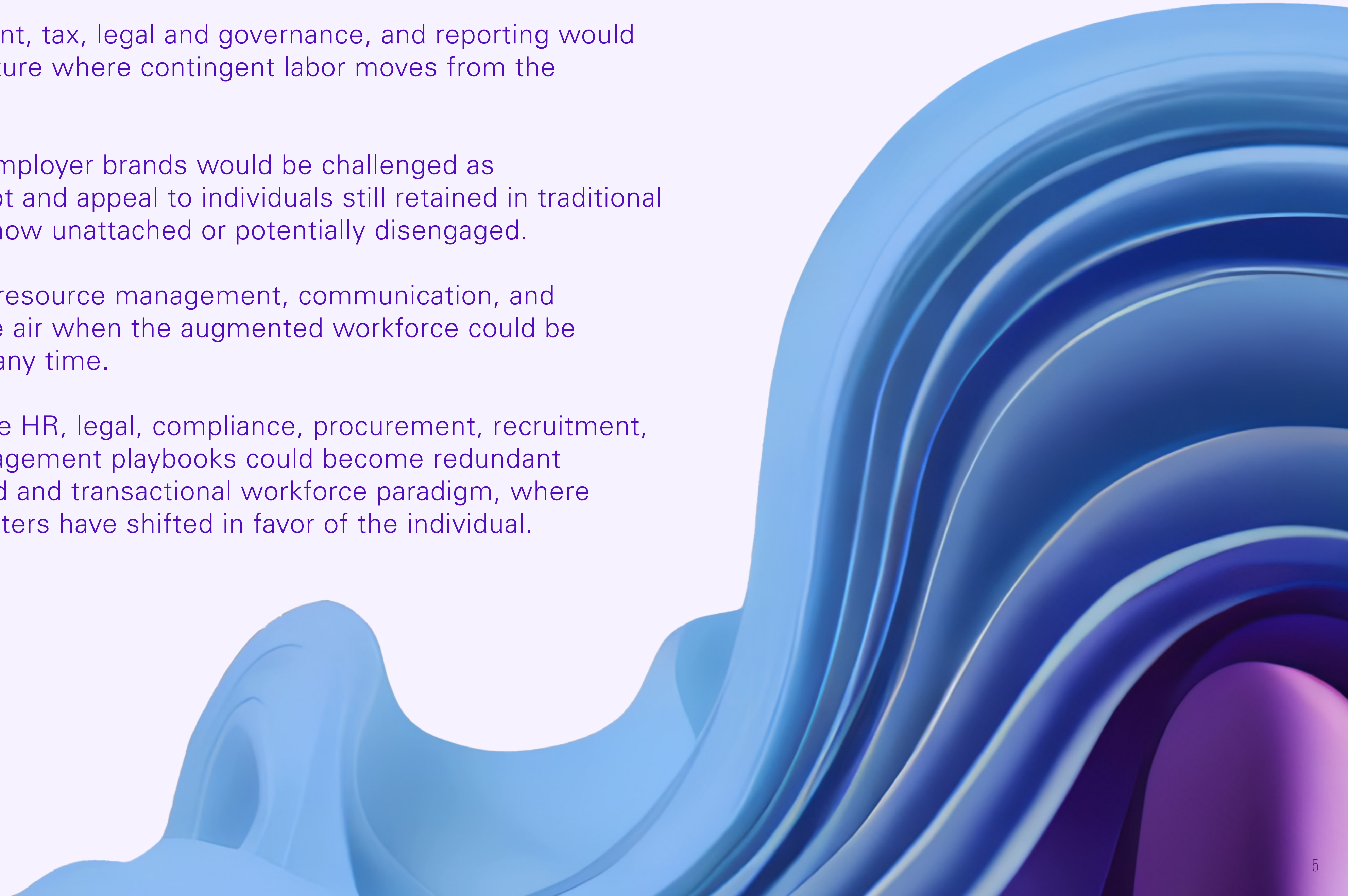
Talent—recruitment and sourcing would become a truly global marketplace, shifting today’s centers of power, uninhibited by the previously highly restricted definition of “talent pools” with their geographic, competitive, tax, and legal limitations.

Ripple effects—remuneration, procurement, tax, legal and governance, and reporting would all face calls to transform to embrace a future where contingent labor moves from the minority to the majority.

Culture—employment propositions and employer brands would be challenged as organizations need to simultaneously adapt and appeal to individuals still retained in traditional employment, those displaced, and those now unattached or potentially disengaged.

Ways of working—people management, resource management, communication, and collaboration would all be thrown up in the air when the augmented workforce could be operating from anywhere in the world, at any time.

Processes—much of an organization’s core HR, legal, compliance, procurement, recruitment, talent, people development, and line management playbooks could become redundant or, at best, ill-suited to an increasingly fluid and transactional workforce paradigm, where decentralization dominates and power centers have shifted in favor of the individual.



Scenario two:

Climate adaptation drives decisions, not just campaigns

If you're a CEO, leader, or board member who views climate strategies as a "checkbox" exercise, **the next decade has the potential to challenge you to rethink your position**.

A rethink that looks **beyond limiting ESG to investor relations and compliance to realizing its full potential** in value creation, competitive advantage, risk management, and corporate adaptability.

A potentially profound shift in how corporations will have to make decisions as a matter of strategic and economic durability.

One which could see future choices about operations, capital investments, alliances and partnerships, market strategies, supply chain and logistics, demand planning, talent, tax exposure—in fact, all aspects of the value chain from creation to production to distribution—potentially driven by the realities of our climate.

New criteria

Choices on where and **how to concentrate your organization's footprint and investments** has, historically, been heavily shaped by factors like competitive and competing tax regimes, investment incentives, capital availability, talent density, and other inducements.

While these factors will undoubtedly remain influential, the next decade may see them relegated from an overriding or determining factor in such choices.

Look ahead to the early 2030s, and CEOs and their teams will potentially be facing more profound questions.

Where in the world can best sustain and deliver the raw materials and other resources that an organization needs to operate in an economically efficient and viable manner?

How will demand and supply be shaped not only by economic prosperity and traditional market attractiveness criteria, but by **how different populations around the world adapt to changing climate conditions**?

What might this mean for their consumption needs, preferences, and patterns… for the size and shape of their wallet… and the propositions and brands that they will have the greatest propensity to relate and respond to?

It's everything and everywhere

In most organizations, and given some of its sensitivities, **climate has been limited to a functional priority at best**.

Over coming years, however, **it has the potential to permeate the whole organization** and the organization's wider ecosystem.

In this future, climate has the potential to break paradigms, challenge the calculus of corporate decision-making, and fundamentally require executives—guided by the CEO and CFO—to **reappraise their approach to strategic, operational, and investment choices**. Given the reality of climate adaptation, it would introduce new tradeoffs that demote traditional economic or political criteria in favor of strategic durability.

And this would all need communicating to a diverse range of stakeholders with differing interests and priorities.

Preparation today may not be a silver bullet, but it could certainly put executives on the front foot.

A closing caveat

These are only two example scenarios.

They are not designed to be exhaustive in their description nor to be prioritized above others for any reason other than their universality.

What's critical is recognizing the need to convene and nurture these sorts of conversations and to recognize that while it cannot be eliminated, **uncertainty can be better framed, planned for, and mitigated**, much like any other prevailing problem.

Today's leaders need to manage conversations around the increasingly **complex tensions between scarcity and abundance**, centralization and decentralization, transparency and privacy, directive versus democratic leadership, and more.

As technologies evolve, **leaders must continually grapple with the increasing infusion and integration of digital or synthetic additions** to our physical world—from digital twins and new human and technology interfaces to synthetic biology.

Addressing these questions and signals and using a fresh structure to make sense of potential futures—this is what will come to define those who nurture truly adaptive organizations.

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