

Advisors, Be Afraid: Robots May Be Coming for Your Job

“Doomsday Preppers,” an American reality series that ran on the National Geographic channel from 2011 to 2014, explored “...the lives of otherwise ordinary Americans who are preparing for the end of the world as we know it.” The movement continues today, with Silicon Valley technology executives among the latest participants in this survivalist world.

A more recent documentary, “Silicon Valley’s Doomsday: Prepping for An Economic Apocalypse,” shows how tech preppers are readying themselves and their families to live out a technological apocalypse in style, complete with bunkers, off-grid homes and guns. These executives are spending anywhere from \$200K–400K on the low end to millions on the high end for so-called “billionaire bunkers.”

Unlike the tin-foil-hat preppers of old who were concerned with a nuclear electromagnetic pulse, pandemic, super volcanoes or other natural disasters, the tech preppers’ number one concern is social unrest. They fear that the automation they build to increase productivity is creating massive job loss that will destroy the very economy it created.

The documentary includes an interview with underground survival and bomb shelter manufacturer Ron Hubbard, who reports “business is booming.” He states that most of the individuals who are part of the current prepper movement are professionals, such as doctors and lawyers, with a high concentration of tech executives. This is a mainstream phenomenon, but is not discussed in the mainstream.

Former tech executive Adam Taggart gave up his Silicon Valley lifestyle as a vice president for Yahoo to prepare for a new world he sees as inevitable. He sees the

next 20 years as looking completely different from the last 20, with the greatest changes in the economy, energy systems and the environment.

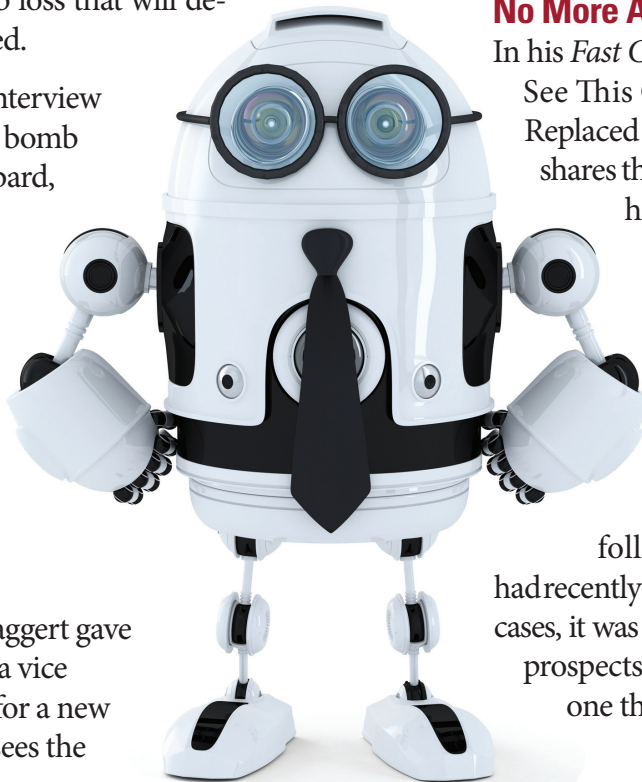
Today, Taggart’s business advises people on how to prepare for collapse. Many of his clients are among Silicon Valley’s wealthiest. Compared to prior preppers, these tech preppers are driven less by emotion and are more analytical. “The data is telling me this, therefore a prudent analytic person like myself should take these steps.” With this group of preppers more like Spock and less like McCoy, what is it about the data that concerns them?

Name any job or profession, and there is likely a startup tech company working on how to automate it. Their vision of the future sees most humans not having sellable labor. With industry sector impact varied, the next logical question is, “What professions should be avoided because they are likely to be replaced by robots or software automation?”

No More Accountants?

In his *Fast Company* article, “Bet You Didn’t See This Coming: 10 Jobs That Will Be Replaced by Robots,” Michael Grothaus shares the story of talking to a friend who had his own accounting firm. The friend said he would happily pay for his daughter’s college education, provided she wouldn’t pursue a degree in accounting.

This wasn’t the first time Grothaus heard a parent say they didn’t want their child to follow in their footsteps. A lawyer had recently told him the same thing. In both cases, it was because they felt that future job prospects in their fields were bleak due to one thing: automation.



Jobs Grothaus thinks could be hit the hardest:

1. **Insurance Underwriters and Claims Representatives:** this is already happening in Japan.
2. **Bank Tellers and Representatives:** the ATM of the future will replace tellers.
3. **Financial Analysts:** financial analyst software is better at predicting market moves so this segment will be hit especially hard.
4. **Construction Workers:** bricklayers, crane operators, bulldozer drivers will all be replaced by AI controlled machines.
5. **Inventory Managers and Stockists:** robots will save companies thousands and can be retrained with a simple software update.
6. **Farmers:** robots will pick apples, weed cabbage, milk cows.
7. **Taxi Drivers:** self driving vehicles will be the norm.
8. **Manufacturing Workers:** don't believe politicians when they say they will bring manufacturing jobs back to the US with these jobs currently disappearing in China. Foxconn, the maker of iPhones, recently replaced 60,000 workers with robots.
9. **Journalists:** The Associated Press (AP) uses intelligence software (AI) to write quarterly earnings reports with 3,000 reports written by AI every quarter. Content sites of the future could exist without human writers at all.
10. **Movie Stars:** use of computer-generated imagery (CGI) techniques that can bring deceased actors to life will expand, with many actors, both living and deceased, acting in new projects through this technology.

Automation Woes

In his opening remarks at the WBG/IMF 2017 spring meeting opening press conference, World Bank Group President Jim Yong Kim also sounded an alarm about automation. "Accelerations in technology are changing the landscape. We estimate two thirds of all jobs that exist in developing countries will be wiped out by automation."

Citing a U.S. Government commission from the 1960s on the topic, McKinsey's research summarized: "Technology destroys jobs, but not work." As an example, the research examined the effect of the personal computer in the United States since 1980, finding that the invention led to the creation of 18.5 million new jobs, even when accounting for jobs lost. The same might not be true for industrial robots, which destroy jobs overall, according to several reports.

For those of us in financial services, we already are experiencing robo advisor options. Some wonder if Alexa will soon create our clients' financial plans. An area rarely discussed in broker-dealer circles is what effect will we see in broker-dealer back-office-operations departments, compliance and other touch points for advisors.

In 10 years, will much of the broker-dealers' back office be automated?

In his March 24, 2017 article in Fortune, "Robots Could Steal 40% of US Jobs by 2030," author Aric Jenkins cites this vision of the future, "Nearly 40% of US jobs could soon be given to robots, according to a new report from PriceWaterhouse Coopers (PwC). PwC researchers suggested that automated bots could take nearly 4 in 10 (38%) jobs in the U.S., 30% of jobs in the United Kingdom, 35% in Germany, and 21% in Japan."

The report stated that while the United States and the United Kingdom in particular have similar economies, the wider U.S financial services sector is more vulnerable to automation. There was a silver lining in the report: More robots in the workplace could positively affect salaries. But these benefits may not be evenly spread across income groups, resulting in an increase in income inequality that would play into the tech executives' social unrest concerns.

Opinions and statistics vary as to how large an impact automation will have on the employment market. My concern is this: If the executives who create this automation are so worried that they are preparing for massive civil unrest by prepping with shelters, food stocks and guns, lots of guns, perhaps these job loss estimates are too conservative.

What do they know that we don't?