

AI Technology Disruption, Its Impact on the Workplace, and Ensuring M&A Success (Hint: Embrace It, Don't Fear It!)

By Blake Duggan

Artificial intelligence (AI) has rapidly transitioned from a theoretical concept to a tangible force shaping modern workplaces. Businesses that embrace AI as a strategic tool are poised to enhance productivity, streamline operations, and remain competitive in a rapidly evolving landscape. A 2021 report by the McKinsey Global Institute [1] highlights that by 2030, AI will contribute up to \$15.7 trillion to global GDP growth, with significant productivity gains expected across all industries. This underscores that AI isn't just for the tech-savvy but will be a game-changer for human productivity and operational efficiency.

By automating routine tasks, AI will liberate workers to focus on higher-value activities that require creativity, problem-solving skills, and human judgment. The existence of AI should be viewed as a “fulcrum” to empower people, not replace them, and to turn every workplace challenge into a chance for growth and innovation.

Organizations and individuals who effectively leverage AI innovations will possess a distinct advantage. A major workplace transformation is underway—and it's happening whether you like it or not. Leverage AI to amplify your abilities, keep pace, and drive productivity for yourself and your organization.

Embrace change as a constant

Technological innovation is a constant force that has always driven society and workplace change. From the Industrial Revolution's mechanized production lines to the information age's digital tools, the ability to innovate and adapt has become a critical business competency. There are many examples of how technological innovation has changed society and the workplace:

- **Electricity:** The widespread adoption of this innovation transformed virtually every aspect of life. Indoor lighting extended workdays, electric machinery boosted manufacturing, and new communication forms like the telephone and radio emerged.
- **Computer and Internet:** Computers revolutionized how businesses operate, from data processing to accounting to communication. They continue to evolve and disrupt industries. The rise of the internet created a global communication network, changed the shape of commerce (e-commerce), and allowed information to travel in a way that was never possible before.
- **Smartphones:** These devices have changed how we communicate, access information, and even navigate our daily lives. They've spawned entire industries around applications and mobile services.
- **Cloud Computing:** Businesses no longer need to invest heavily in their own data storage infrastructure. Cloud-based solutions provide flexible and scalable computing resources on demand.
- **Collaboration Software:** Tools like Slack, Zoom, and Google Workspace have changed how teams work together, especially with the rise of remote and distributed workforces. Communicate, Don't Commute!

These examples illustrate that technological innovation is not a singular event but an ongoing process of change, highlighting the importance of adapting through reskilling, upskilling, and business model innovation. From the labor market participant's perspective, embracing this innovation in software maturity - we believe AI is simply the next iteration in the software lifecycle - requires an intentional approach to continuous upskilling to mitigate the downside consequences as this new paradigm unfolds. If not, run the risk of being left behind as the pace of productivity increases.

*"It is now even more important to lean into continuous learning inside a world of accelerating technology change." -- Saadia Zahidi
Managing Director, World Economic Forum*

In the 2022 study by the World Economic Forum [2], it was estimated 50% of all employees will require reskilling by 2025 to adapt to the changing nature of work driven by automation and AI. This doesn't necessarily mean complete career overhauls. Instead, a focus on continuous learning to acquire new digital skills to complement existing expertise, such as learning data analysis techniques or becoming proficient in AI-powered project management or communications platforms.

AI is an amplifier, not an eliminator

It's crucial to dispel the misconception that AI's primary function is widespread job replacement. Instead, consider how AI can become a powerful **force multiplier** by automating mundane, repetitive tasks and freeing up human capital for higher-value work. According to a 2019 report by the Brookings Institution [3], while jobs will be displaced by AI, the technology is likely to create more jobs than it eliminates, with a focus on human-machine collaboration - similar to all prior technology innovations, and associated labor market displacements, in all of human history.

Imagine, for example, accountants leveraging AI for automated data entry, allowing them to dedicate more time to financial analysis and client consultations – areas where human expertise reigns supreme. When one accounts for the impact of the calculator in the 1960s, it didn't eliminate the need for mathematical understanding; instead, it enhanced problem-solving capabilities and accelerated the outcome of putting “man on the moon.”

AI offers a similar paradigm shift: streamlining workflows, enabling data-driven decisions, and providing unprecedented insights at a pace. For instance, AI-powered marketing tools can analyze customer data to identify buying trends and predict consumer behavior. However, human creativity remains essential in crafting compelling marketing campaigns that resonate with target audiences and drive sales.

AI is expected to have a transformative impact on delivering successful M&A outcomes

In the realm of mergers and acquisitions (M&A), AI holds immense potential to optimize processes and mitigate risks across the entire M&A lifecycle:

- **Streamline due diligence:** AI-powered data discovery rapidly analyzes contracts, financial statements, and other complex data sets, extracting key insights and potential red flags. A 2023 study by PwC [4] found that 72% of executives surveyed believe AI will play a significant role in due diligence efficiency within M&A processes. This allows M&A teams to focus on strategic analysis and decision-making, leading to more informed investment choices.

- **Data migration efficiency:** AI can highlight data inconsistencies before M&A carve-outs and data migration, minimizing errors and ensuring seamless organizational transitions. A 2022 report by Gartner [6] predicts that by 2024, 70% of all systems and data migrations related to M&A events will leverage AI and machine learning for improved accuracy and efficiency. This reduces costs associated with data migration and accelerates progression into post-close integration and the ability to drive post-merger deal value.
- **Comprehensive stakeholder analysis:** AI can efficiently synthesize feedback from 1000's of employees, partners, and other stakeholders, identifying trends and potential areas of concern to facilitate smooth integrations. Imagine the value of regular stakeholder feedback, orchestrated at scale inside a private-use AI model, which could continually surface insights and key points of synergy or resistance. This is not possible - at scale or cost efficient - without AI. This concept is supported by research from MIT Sloan Management Review [5], which highlights the importance of timely stakeholder communication and management during M&A processes, emphasizing the value of AI-powered sentiment analysis tools. By understanding stakeholder sentiment and putting the human element at the right stage in the process (to interpret the nuance and curate action), companies can proactively mitigate integration risks.

While the technology is exciting and transformative, the indispensable ingredient in an AI-powered world is the human element

AI excels at pattern recognition, data analysis, and generative content generation but lacks the critical thinking, nuanced understanding, and context-specific insights humans uniquely provide. In the AI-powered workplace, humans will become curators and editors – refining AI outputs, injecting strategic insights, and ensuring alignment with overarching organizational goals. As stated by Andrew McAfee and Erik Brynjolfsson in their book, "The Second Machine Age" [7], "AI needs to be seen not as a replacement for human intelligence but as a complement. Humans and AI can learn from each other."

To account for this human element, it is important to take an intentional approach to navigating labor transformations, as AI deployment rates will

accelerate over time. Successfully navigating oneself, the teams you manage, or your entire organization through this complex workplace disruption requires a proactive and multi-faceted process:

1. **Seek opportunities to upskill (always do this):** Prioritize continuous learning and identify where AI can complement your team's existing skill sets. This involves assessing current skills and understanding areas where AI could streamline workflow for optimal results.
2. **Seek participation in strategic AI pilot projects:** Learn how your knowledge is passed into AI models and how you can “train” AIs to address the right answer with the right context, and right tone no matter the prompt. Guide teams to leverage AI by gathering valuable human insights before scaling AI solutions for broader use.
3. **Emphasize human-software collaboration:** Human-aware AI initiatives should focus on human-machine synergy, not replacement. Ensure AI models are designed to enhance workflows and human productivity and enable employees to make data-driven decisions with pace and confidence.
4. **Persist and adapt:** There will be wins, losses, and unintended collateral damage along the way. Regularly assess the positive and negative impacts of AI innovations and seek opportunities to adjust approaches for maximum business and workforce benefits. AI adoption is expected to be an ongoing reality but requires monitoring and adjustments to optimize its value to society.

Whether applied to M&A use cases or more traditional digital transformations, navigating the complexities of AI integration demands expert guidance. At mXa, we offer world-class consulting services for:

- **AI Readiness Assessments:** Ensure your company, your systems, and most importantly, your data is structured to maximize the immense potential of AI. Our teams quickly assess for the necessary ingredients required to build a scalable foundation for the AI-enabled workplace.
- **AI People Transformation (PT) Strategies:** Our teams lead with the human element and can guide your teams through the transition from human-powered to AI-powered workflows with the goal of minimizing disruption and maximizing adoption. A key component of AI success is ensuring people understand the purpose of AI integration and receive the training and support necessary to thrive in this new environment.
- **Tailored AI Implementations:** Our teams partner closely to define and prioritize high-impact AI use cases supporting M&A events and organic



digital transformation initiatives. We leverage a practical yet holistic approach to identifying where AI can deliver tangible business value to streamline processes and optimize financial performance.

Technological innovation is a constant that ambitious and productive societies will always pursue. It is imperative to embrace and evolve alongside this AI innovation or risk being surpassed by it. We believe that the use of curated AI amplifies, not diminishes, the value of human skills and creativity and will unlock unprecedented possibilities for enhanced productivity, efficiency, and personal fulfillment.

We are positioned to help you navigate these changing times. Let's discuss how to harness the power of AI and ensure your enterprise stays at the forefront of innovation.

Are you ready to unleash your productivity potential?

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