

AI-CONOMICS: THE ECONOMIC ECOSYSTEM OF AI





TRANSFORMING OUR WORLD, ONE BYTE AT A TIME

As we stand on the cusp of a new technological era, the transformative power of Artificial Intelligence (AI) is reshaping our world with breathtaking speed. This isn't just another incremental step in our digital journey; it's a leap that promises to revolutionize how we work, live, and interact with the world around us.

Imagine a world where machines not only compute but comprehend, where algorithms not only process but predict, and where AI doesn't just assist but augments human capabilities in ways we're only beginning to understand. This isn't the stuff of science fiction anymore – it's the reality we're stepping into, and it's happening faster than many of us realize.

THE ECONOMIC PROMISE OF AI

The potential economic impact of AI is nothing short of staggering. CEOs across the globe are taking notice, with 44% anticipating AI-driven profit boosts this year alone¹. But this isn't just idle optimism – it's grounded in the tangible results we're already seeing.

Take Klarna, for instance. This Swedish fintech powerhouse, serving 150 million customers worldwide, has embraced AI with open arms. The result? Over 300 internal AI GPTs developed, a cool \$10 million slashed from their annual marketing budget², and their AI assistant replacing 700 full-time service employees to drive \$40 million USD in profit³. It's a testament to AI's power to simultaneously drive efficiency and elevate customer experiences – a winning combination in today's hyper-competitive landscape.

Recognizing this immense potential, forward-thinking regions are developing comprehensive strategies to harness AI's benefits. For instance, the State of Oklahoma in the US has created an AI strategy⁴ in conjunction with Future Point of View (FPOV), focusing on economic enhancement through strategic infrastructure investments, leveraging energy resources, and fostering a favorable AI ecosystem. This proactive approach demonstrates how regions can position themselves to attract AI-driven growth and compete in this rapidly evolving technological landscape.

This AI gold rush has sparked what Elon Musk calls "the craziest talent war I've ever seen."⁵ Tech giants are betting big on AI, with eye-watering investments that underscore the high stakes of this technological arms race. Microsoft's quarterly AI infrastructure spending of \$14 billion⁶ and Meta's planned \$40 billion AI investment for 2024⁷ are just the tip of the iceberg.





THE CHANGING FACE OF WORK

As AI and automation weave themselves into the fabric of our economy, the very nature of work is evolving before our eyes: by 2030, up to 30% of hours worked today could be automated⁸. The FPOV 2024 Humalogy Trends Report⁹ reveals, this transformation is not a job apocalypse, but rather a job metamorphosis. The report, which surveyed thousands of leaders across industries, paints a picture of a future where technology and human effort intertwine in a delicate balance.

The Humalogy™ Scale¹⁰ helps us understand this shift, measuring the balance between human and technological input in any process. As tasks move towards the technology end of the scale, we're not seeing replacement, but the rise of a Centaur workforce - a symbiosis of human and AI capabilities. Imagine doctors collaborating with AI to interpret scans, focusing their unique human skills on patient care and complex decisions, or picture manufacturing workers managing AI systems instead of performing repetitive tasks. This is the future workforce - a synergy of human creativity and machine efficiency.

By optimizing the balance on the Humalogy™ Scale, businesses can create more innovative, efficient, and human-centric environments, where technology augments rather than replaces human potential. The changing face of work demands a new kind of workforce—one that is agile, adaptable, and able to work in harmony with AI. It requires leaders who can navigate the complexities of AI integration while ensuring the ethical and responsible use of these powerful technologies.

As we stand on the precipice of this new era, one thing is clear: the future of work belongs to those who can master the art of Humalogy™, striking the perfect balance between human ingenuity and technological prowess for their organization.



THE TALENT CONUNDRUM

As we dive deeper into the AI-driven future, we're witnessing an unprecedented scramble for AI talent across both the public and private sectors. The demand for AI expertise is skyrocketing, creating an intensely competitive landscape for skilled professionals.

The scale of this talent acquisition effort is staggering. The US White House has already hired over 150 AI experts and aims to have 500 in the federal workforce by 2025. Even more ambitious is the US Department of Defense, which plans to hire 2,500 AI experts this year alone, with projections for more than 9,000 new hires next year¹¹. This aggressive government recruitment underscores the strategic importance of AI in national security and public policy.

In the private sector, the competition is equally fierce, with tech giants engaging in what can only be described as a high-stakes talent poaching game. Apple, for instance, has lured at least 36 artificial intelligence talents away from Google and has established a secretive European laboratory in Zurich¹², signaling its commitment to building a world-class AI team. Tesla, facing stiff competition from AI-focused companies like OpenAI, is boosting pay packages to retain and attract top AI engineers¹³. Meanwhile, Microsoft has made strategic moves by hiring previous founders of Google's DeepMind to run a new office in London, further intensifying the rivalry among tech behemoths for AI expertise¹⁴. The intense global competition for AI talent is reshaping the tech landscape, with governments and corporations vying for cognitive capital. This talent war has created a seller's market, driving unprecedented salaries and highlighting AI's critical role in future competitiveness.

However, not all organizations have the resources to compete in this intense talent war for AI specialists, many organizations are turning inward and adopting a new approach: redesigning teams and upskilling existing staff to collaborate effectively with AI. In this new paradigm, the role of team leadership is evolving to focus on three key areas: maximizing each individual's unique talents, quantitatively understanding their integration into team dynamics, and amplifying the synergy between human and digital capital. This shift has given rise to the Centaur workforce – fully aligned and optimized to leverage AI technology at its fullest potential, allowing even smaller players to compete effectively in the AI-driven industry battlegrounds.

The advent of AI-augmented talent has revolutionized how organizations structure teams, develop their workforce, and approach education. But already, 71% of organizations say they are behind in their progress with AI education⁹, and as the talent race intensifies, it's reshaping the global AI capability distribution, threatening to widen the chasm between AI pioneers and stragglers across organizations and nations.

In this new era, an organization's ability to attract, develop, and retain AI talent, while fostering a culture of innovation and adaptability, will be the defining factor in their success or failure. The war for AI talent is not just about individual organizations—it's a battle for the future, and only those who can harness the power of human-AI collaboration will emerge victorious.



THE ENERGY EQUATION

The voracious computational demands of AI are straining our digital infrastructure and energy grids to unprecedented levels. Training a single model can use as much electricity as 130 US homes consume annually. This poses significant challenges amidst energy shortages and sustainability goals. Dominion Energy's recent report from Virginia, the US's largest data center state, highlights this trend: in 2023 alone, they connected 15 data centers totaling 933MW, with plans to double that in 2024. Data centers now consume 24% of Virginia Power's electricity sales, up 3% in just one year¹⁵. In a bid to keep pace with the skyrocketing energy requirements of their AI infrastructure, tech giants like Microsoft are turning to once-unthinkable sources, including the long-shuttered Three Mile Island nuclear plant, now poised to reactivation after nearly 50 years of dormancy¹⁶.

As individual data center power demands have surged from 30MW to 60-90MW per facility, and campus requests reach several GW, we're at a critical crossroads. These AI systems are increasingly vital to our economy, yet vulnerable to environmental and cyber threats. Balancing this growing demand with resilience and sustainability is the next great challenge of the AI revolution.

Recent incidents underscore these vulnerabilities: Twitter's Sacramento data center experienced a total shutdown due to extreme weather¹⁷, while in Singapore, a technical disruption of a data center's cooling systems halted 2.5 million payment transactions¹⁸. These events highlight the critical need for robust environmental controls and strategic planning in data center operations.

As we forge ahead in the AI era, addressing these power and infrastructure challenges is paramount. The future of AI depends not just on algorithmic breakthroughs, but on our ability to build a resilient, sustainable, and efficient power infrastructure to support its growing demands. This is the new frontier of the AI revolution - one that requires as much innovation in energy and infrastructure as in the algorithms themselves.



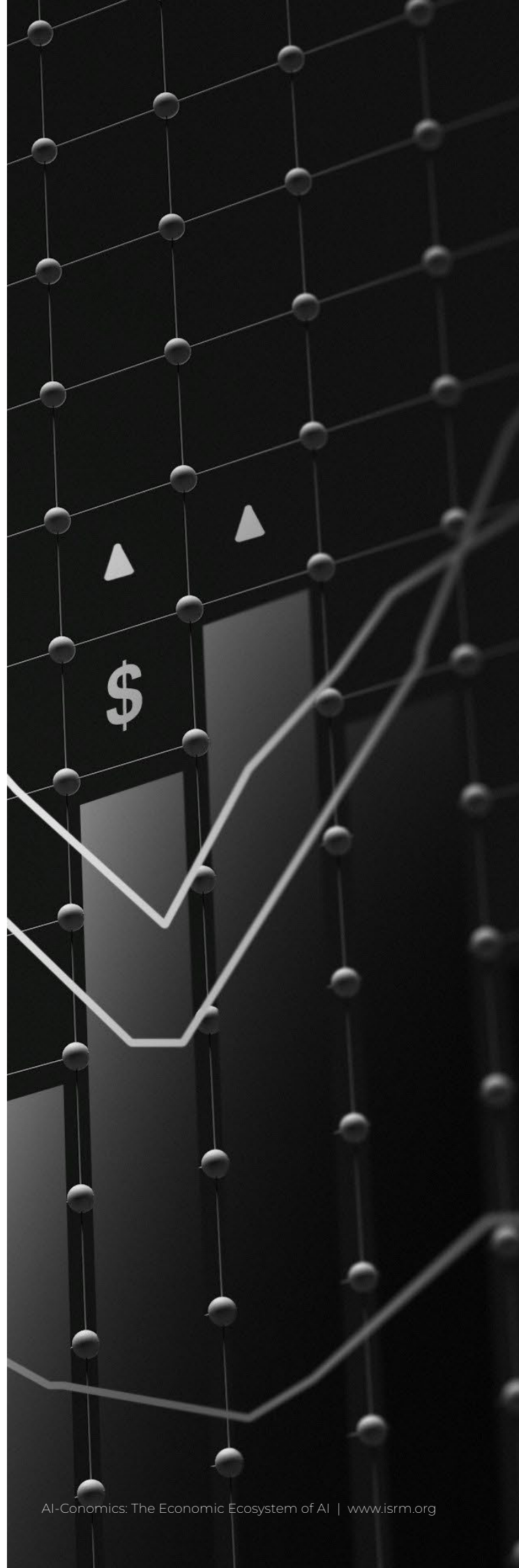
THE ROAD AHEAD

So, where do we go from here? How do we harness the immense potential of AI while navigating its challenges? The answer lies in a holistic approach that combines strategic foresight, ethical considerations, and a commitment to continuous learning and adaptation.

FPOV's 2024 Humalogy Trends Report⁹ reveals a critical paradox in the AI landscape: 84% of industry leaders foresee a dramatic performance gap between AI leaders and laggards, yet 59% doubt their own organization's ability to outpace competitors in AI adoption. This stark disconnect underscores the imperative to embrace AI strategically and responsibly. In the rapidly approaching AI-dominated future, the chasm between industry leaders and followers will be carved by their agility in harnessing AI's potential while deftly navigating its risks.

We need to invest in our workforce, equipping them with the skills to thrive in an AI-augmented world. We must build resilient, sustainable digital infrastructure that can keep pace with AI's insatiable appetite for data and energy. And perhaps most importantly, we need to ensure that our ethical frameworks and regulatory structures evolve as rapidly as the technology itself.

Standing at the precipice of the AI revolution, we face a profound transformation of human potential. This isn't just about technological change—it's a redefinition of our very essence, blurring lines between physical and digital, and challenging core concepts of work, creativity, and consciousness. As human cognition and AI evolve symbiotically, we unlock unprecedented possibilities. The scale of this shift is unparalleled, presenting both daunting challenges and extraordinary opportunities. The question isn't if AI will reshape our world, but how we'll harness it to elevate all of humanity. So, are we ready to transform the world as we know it, one byte at a time?



ABOUT THE AUTHORS

Hart Brown is the CEO of Future Point of View and Vice Chair of the ISRM AI in Risk Management Special Interest Group. With over 20 years of experience, he is a widely recognized expert and trusted advisor in the governance of risk and resilience across public and private sectors. As a Certified Ethical Hacker and Qualified Risk Director, Hart collaborates with executives, boards, technology teams, and insurance organizations on cybersecurity, risk, and governance. He has developed unique cyber risk programs for organizations ranging from small businesses to Fortune 20 companies, conducted hundreds of cyber threat assessments, managed direct threats like extortion, ransomware, and data breaches, and developed response plans with live hacking demonstrations.

An accomplished speaker and author, Hart has given numerous national and international keynote presentations featuring live demonstrations of artificial intelligence, cyber hacking, and deepfakes. He has authored or been referenced in over 90 publications, including Forbes, Fortune, Reuters, USA Today, and WIRED. His book, *Future Forecasting: Mitigating Risk and Increasing Profit in a Chaotic World*, was a bestseller in business planning, corporate governance, and project management. At FPOV, he specializes in forecasting, techno-economics, the future of business, artificial intelligence, quantum computing, fusion technology, and space development, empowering organizations to anticipate and capitalize on emerging technological trends.

Riley Howell, co-author and consultant at Future Point of View with extensive experience in the realm of AI. He was an integral player in the development Oklahoma's AI strategy, positioning it as the first U.S. State to secure an OpenAI enterprise license. His pioneering work includes ballistics protection design, risk and loss models for organizational planning, and robotic systems utilizing kinematic AI models that were recognized by the U.S. Secretary of Energy. Riley has led software teams on many projects like Techno Supremacy, a gamified simulation modeling AI's economic impacts. With FPOV, he specializes in organizational AI solutions, AI education, deepfakes, forecasting, and modeling, helping organizations embrace innovation and prepare for the future.

ABOUT FPOV



Future Point of View is a boutique strategy firm with corporate offices in Oklahoma City, OK, and resources spread across the United States. We have been helping organizations become world-class at leveraging forward-thinking strategies to create competitive advantage for more than twenty years and have decades beyond this in collective experience.

Serving diverse industries—from mid-sized firms to global enterprises—the firm develops winning strategies, educates on best practices, and supports implementation for sustainable advantage. With a team of diverse experts combining marketing savvy and deep business acumen, Future Point of View partners with clients to identify and close gaps, fully investing in their future and security.

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The logo for the Institute of Strategic Risk Management (ISRM) consists of the letters 'ISRM' in a bold, white, sans-serif font, centered within a white rectangular box.

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