

# **Be careful about what we shouldn't automate - even if we can, says futurist**

Businesses are confusing efficiency with their real goal, says Gerd Leonhard, a leading voice on digital transformation, who also warns about over-reliance on algorithms and the cloud.

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SINGAPORE: The world is obsessed with efficiency and technology to make things cheaper, which is “not a bad thing” – but futurist Gerd Leonhard warns that businesses are losing sight of their customers; and society, the things that make us human.

“For example, it may be efficient to have an artificial intelligence, a robot, offering financial advice or insurance brokering. But that lacks the human factor of relationship,” said the CEO of The Futures Agency, a global consultancy that advises businesses on how to prepare for the future.

“The goal of business is not efficiency. We’re confusing the goal of business, which is customers’ happiness, right? And a customer’s happiness is created by many more things than numbers and efficiency

and algorithms.”

Mr Leonhard, one of the world’s leading voices on digital transformation, is noted for not simply advocating its inherent benefits, but also urging caution about the impact that these advances will have on humanity.

One of the things he cautions against is surrendering the assessment of all things human to the computers.

These days, the use of algorithms that analyse people and their behavior through all kinds of data points – their location, search terms used, email, and so on – is widespread.

But what they pick up is still not “our reality”.

For instance – a computer might surmise that an employee is useless because he “doesn’t sell anything, doesn’t email anybody”. “But maybe there’s another function the computer doesn’t know,” said Mr Leonhard.

“We should not give the computer the power to decide on really human things. When you put too much authority in the machine, it creates lots of mistakes.

“For example, it says that you are a dangerous person based on what you tweet - but the computer doesn’t understand jokes, if what you tweeted were just jokes,” he said.

Mr Leonhard was speaking to Channel NewsAsia programme [Money Mind](#) when he was in town recently for Broadcast Asia Summit 2016.

He notes how the first wave of digital disruption - the digitisation of music, television, films and books – is nearly done, and the next wave is already taking place - with the digitisation of banks, insurers, state agencies, energy and transportation companies.

But even as we move towards accelerated efficiency and reliability, society must not lose that which makes us human, he said.

Take for instance, dating-type apps. “There are so many ways to do dating now, it removes the human aspect of the process. Some of that is good and some of that is not so good, because it changes behaviour,” he said.

“So sometimes we have to be more careful about what we shouldn’t automate - even if we can.”

This rapid digitisation of all aspects of life means more of our data, from health records to driving records, to our smart homes, will all be on the cloud.

This poses not just security risks – witness the recent spate of hacker attacks – but also concerns about what organisations do with our data.

Take for instance, the idea that insurance companies should track how individual policy-holders drive or live, and charge them accordingly. This is a “pretty bad idea because it removes the collective understanding of insurance” - and switches to the concept of “punishment”, said Mr Leonhard.

He added: “I’m not going to give up cold hard cash until I know that my data, what I do with the electronic cash, is actually controlled. So that my insurance company can’t say, ‘Well Gerd had a whiskey last night, so that’s bad’.”

“So I think that is a very big issue, and we’re only at the very beginning of that now.”

On the flip side, he also sees the willingness of today’s consumers to pay for content so long as security and privacy is assured. This is a vast change from the early days of the Internet when users were focused on sharing and downloading content for free, he noted.

“If we want to keep it private, and have a company not use my data and sell it to somebody else, just pay for the service and it will be safer and easier for me,” he said.

“So we’ll have paid emails, we’ll have paid security services on the mobile, paid encryption. That’s why we pay for Netflix and not use bit torrent.”

So much digital content leads to the danger of “digital obesity” in our lives, Mr Leonhard warned.

“If we eat too much information, I call this ‘digital obesity’, we get fat right? We just explode because we don’t have time to digest,” he said. “And so time offline is a luxury, because it puts us back where we are in the moment.”

Humans are not machines, he added: “We need to make sure we give space for the human parts, which include boredom, mystery, misunderstandings, lies, inefficiencies - human things. If we take all that out, then we have nothing.”

Nonetheless, Mr Leonhard believes that humanity will change more in the next 20 years than in the 300 years before.

While businesses do need to act quickly, he said, jumping on the bandwagon of digital transformation without fully understanding the digital realm is an exercise in futility, he said.

“Humans don’t function on an algorithmic scale. We buy things from people that we trust, we value emotions, we value experiences,” he said.

“If you become technology, you become a commodity, you become a nobody, in a way.”

Take how most telcos have become merely infrastructure providers, and banks have become money providers but not brands, he said.

This old mindset will not appeal to the new generation of consumers who are focused on experiences and not just efficiency.

“In the future if you want to be successful, you have to be a brand, a personality, you have to stand for something,” he added.

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