STRATEGIC BRIEFING

# AI & the Future of Work

*Opportunity, Risk, and What Mid-Market Leaders Should Do Now*

**WESTERN NEW YORK**

*Regional Lens*

**RUST BELT**

*Comparative View*

**GLOBAL**

*Macro Forces*

Prepared May 2026 · Source-cited research briefing

WHO THIS IS FOR

# Mid-market leaders facing real decisions, now

“

*AI is already absorbing tasks faster than it is transforming P&Ls, **and the human cost is landing first on the bottom rung of the career ladder.***

Both AI bulls and skeptics are right, about different things.

### SMB Owners

Operating against bigger budgets and tighter timelines

### Mid-Market Leaders

Choosing what to automate — and what NOT to

### HR & People Leaders

Navigating reskill-or-reduce decisions

### Marketing & Operations

Where AI shows up daily in the work

# Six data points behind every conversation

## 13%

Drop in entry-level employment in AI-exposed jobs (22-25 yr-olds)

*Stanford / ADP, Aug 2025*

## 95%

of enterprise AI pilots show no measurable P&L impact

*MIT NANDA, 2025*

## 49%

of U.S. occupations have ≥25% of tasks performed by Claude

*Anthropic, March 2026*

## 78M

Net new jobs globally by 2030 (170M created, 92M displaced)

*WEF Future of Jobs 2025*

## 50%

of companies that cut customer service for AI will rehire by 2027

*Gartner, Feb 2026*

## 0.66%

Max 10-year productivity gain from AI (academic estimate)

*Acemoglu, MIT, 2025*

# What we can reasonably bet on by 2030

1. **Entry-level white-collar hiring keeps compressing**

   Stanford: 13% drop for 22-25 yr-olds in AI-exposed roles since late 2022; older workers unchanged.

2. **Customer service & back-office are the front lines**

   MIT NANDA: most disruption is roles previously outsourced — companies aren't backfilling.

3. **Most enterprise AI pilots will keep failing**

   Vendor partnerships succeed ~2× as often as internal builds. Mid-market wins on speed.

4. **Aggregate unemployment stays modest — but bifurcated**

   Goldman: only 2.5% of U.S. employment at near-term displacement risk; pain is concentrated.

# Directionally consensus, contested in magnitude

5

### Net jobs created exceed displaced — with severe skills friction

WEF: +78M net by 2030. But 63% of employers cite skills gaps as the #1 transformation barrier.

6

### Productivity gains will be material — but smaller than founders claim

Acemoglu: ≤0.66% TFP / 10 years. Goldman: 15% labor productivity. The truth is in between.

7

### Hybrid human+AI service beats full automation

Klarna becomes the canonical reversal story. Gartner: half of AI service layoffs reverse by 2027.

8

### Financial services becomes the most aggressive enterprise adopter

JPMorgan: 450+ agentic use cases. Workforce REDEPLOYS — not mass layoffs at large incumbents.

THE BULLS

# Voices arguing AI changes everything — fast

“

*Cancer is cured, the economy grows at 10% a year, the budget is balanced — and 20% of people don't have jobs.*

**DARIO AMODEI**

CEO, Anthropic

*Axios, May 2025*

“

*We have displaced people from AI — and we offer them other jobs. The technology is so powerful, it's worth the trillion-dollar investment.*

**JAMIE DIMON**

CEO, JPMorgan Chase

*CNBC, Feb 2026*

“

*Artificial intelligence is going to replace literally half of all white-collar workers in the US.*

**JIM FARLEY**

CEO, Ford

*Aspen Ideas Festival, July 2025*

THE SKEPTICS

# Voices arguing the productivity story is overblown

*These macroeconomic effects appear non-trivial but modest — no more than a 0.66% increase in total factor productivity over 10 years.*

**DARON ACEMOGLU**

MIT · 2024 Nobel Laureate

*Economic Policy, Jan 2025*

*It's not going to be a revolution. It's not going to blow out human nature. AI is minor compared to trucks instead of horses.*

**ROBERT GORDON**

Northwestern University

*Marketplace, March 2025*

*GenAI is a $50B revenue industry masquerading as a $1T one. We will continue to experience cycles of binging and purging on human capital.*

**ED ZITRON**

Tech analyst

*Where's Your Ed At, 2025*

# Klarna: when AI automation backfires

## THE TIMELINE

**2023-24**

~700 customer service roles eliminated. Headcount: 5,527 → 3,422 (-40%).

**Early 2024**

OpenAI chatbot handles 2.3M conversations in first month. Klarna = OpenAI's “favorite guinea pig.”

**2025**

“We focused too much on efficiency and cost. The result was lower quality.” Rehiring begins.

**Sept 10, 2025**

Klarna IPOs at $40 → closes $45.82 · ~$17B market cap.

## FOUR TAKEAWAYS

1. Hybrid beats full automation — every time
2. Reversal costs are not in the original business case
3. 65% AI / 35% human is the durable customer-service split
4. Capital markets don't punish a credible reversal

# Two paths: redeploy or reduce

## JPMORGAN CHASE

*REDEPLOY*

| | |
|---|---|
| Annual tech budget | ~$20B |
| Headcount | ~318,500 (flat) |
| Agentic use cases | 450+ |
| Ops & support roles | ↓ 4% / ↓ 2% |
| Client-facing roles | ↑ 4% |
| Accounts per ops employee | ↑ 6% |

*Displace, then redeploy. Workforce shrinks in some places, grows in others.*

## AMAZON

*AVOID FUTURE HIRES*

| | |
|---|---|
| Robots deployed | 1M+ |
| Future hires avoided by 2027 | 160,000 |
| Future hires avoided by 2033 | 600,000 |
| Operations automation target | 75% |
| Shreveport-style facilities | 40+ by end 2027 |
| Facility-level staffing cut | ↓ 25-50% |

*No layoffs in the press release — same macro effect, different politics.*

# WNY & Rust Belt: closer than you think

### URMC
ROCHESTER, NY

Licensed Qualified Health's enterprise-wide GenAI platform (Oct 2025). Explicit framing: “enhance, not replace.”

### M&T BANK
BUFFALO, NY

CEO René Jones (RBC Conference, Sept 2025): customer-issue root-cause analysis shortened from a week to “literally like 7 minutes.”

### BUFFALO MANUFACTURING WORKS
BUFFALO, NY

Shift 2.0: $5M ESD grant for cobot/automation in SMMs. Target: 90+ small manufacturers, 30+ automation implementations.

### CLEVELAND CLINIC
CLEVELAND, OH

4,000+ physicians using Ambience AI Scribe across 80+ specialties — a clinical AI deployment leader, not a laggard.

### KEYBANK
CLEVELAND, OH

MyKey conversational AI: 15% drop in agent call volume; 50% increase in digital chat. Enterprise AI talent strategy in motion.

### CMU BLOCK CENTER
PITTSBURGH, PA

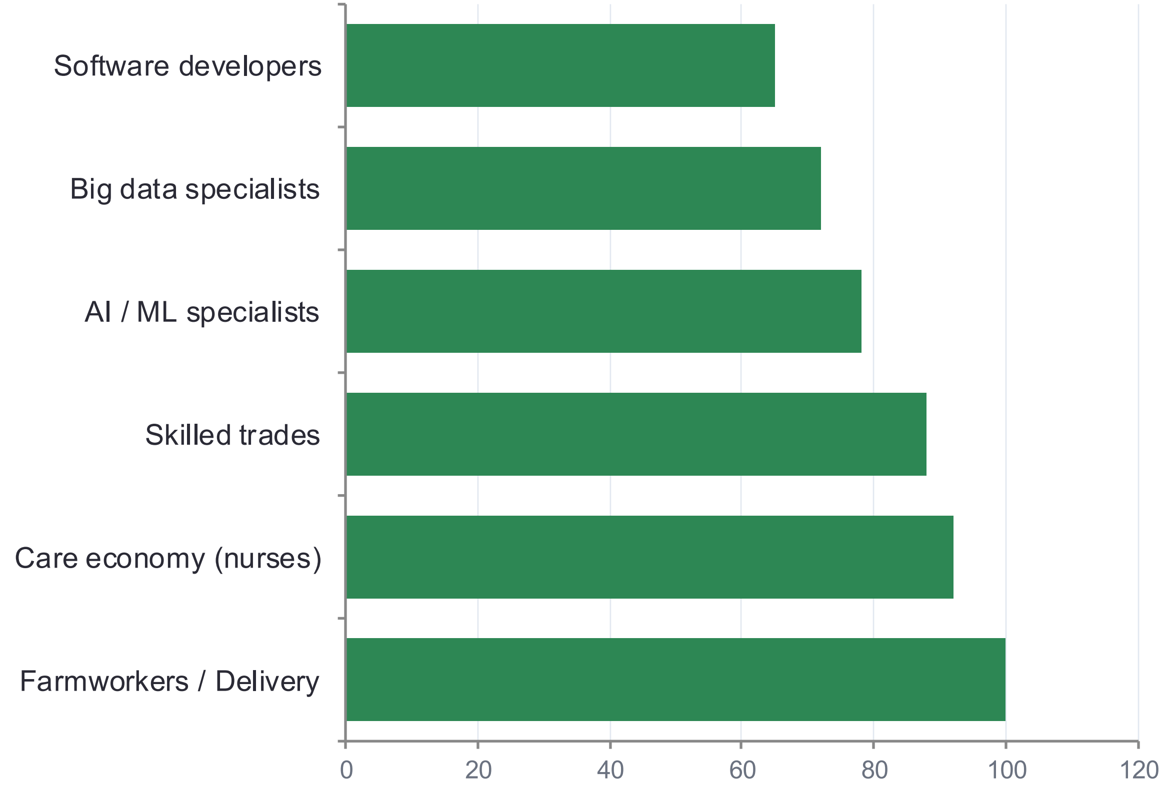
Firms using basic AI grew employment 25% faster and revenue 40% faster than non-adopters.

WHERE THE JOBS GO

# Growing, shrinking, and the entry-level squeeze

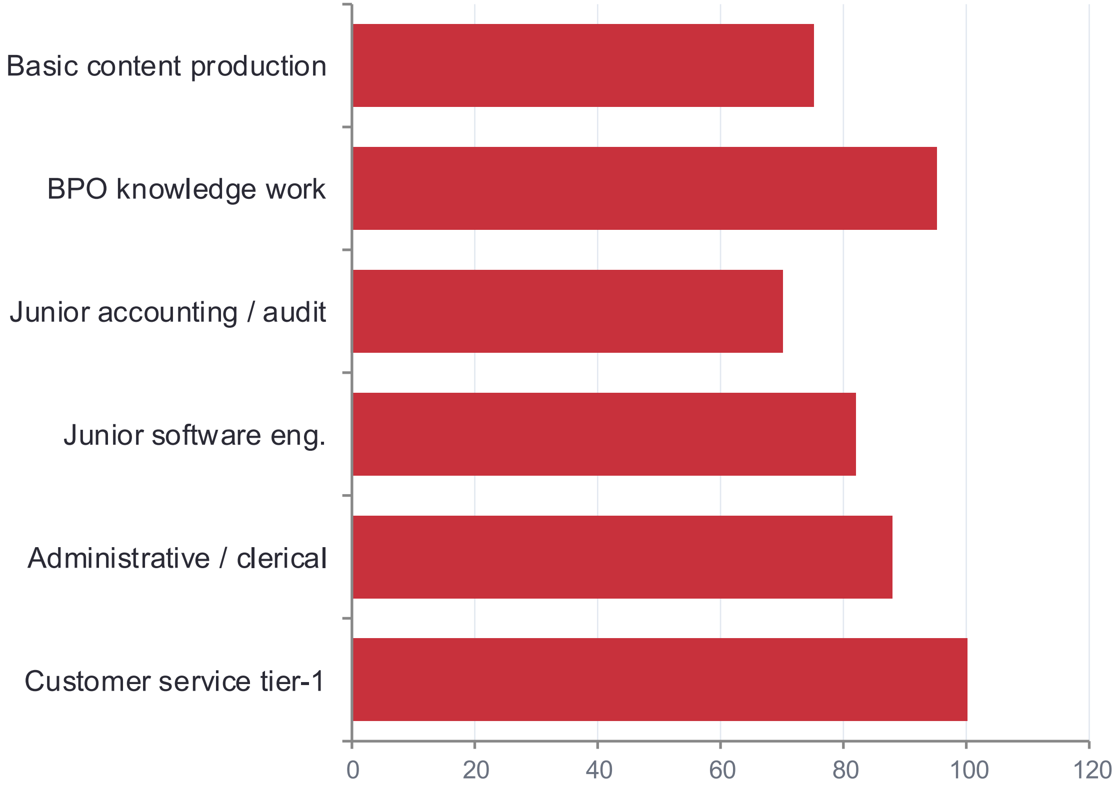
## FASTEST GROWING ROLES

*By 2030 (WEF, +78M net globally)*




## SHRINKING & COMPRESSING ROLES

*AI absorbing tasks first (Stanford, Anthropic)*



# Western New York: real advantages, real risks

## THE ADVANTAGES

### Anchor healthcare + clinical AI

URMC, Cleveland Clinic, Mayo template — Rust Belt systems lead clinical AI deployment.

### Manufacturing + workforce infrastructure

Tech Hub designation, Buffalo Manufacturing Works, NWTC, RIT, UB, CMU/Pitt.

### Cost basis advantage

Lower real estate, energy (NYPA), labor — AI productivity translates directly into competitive edge.

### Pittsburgh template proves it works

CMU + Pitt + UPMC rebuilt a Rust Belt city on AI/robotics/biomed.

## THE RISKS

### Back-office white-collar erosion

Regional banks, insurers, TPAs are exactly the ops-heavy workforces hit first — without JPM's $20B tech budget.

### AI gains flow to coastal money-centers

JPMorgan-style redeployment may not generalize to regional banks.

### Talent migration risk

AI-fluent young workers leave for coastal hubs unless regional employers offer AI-first roles.

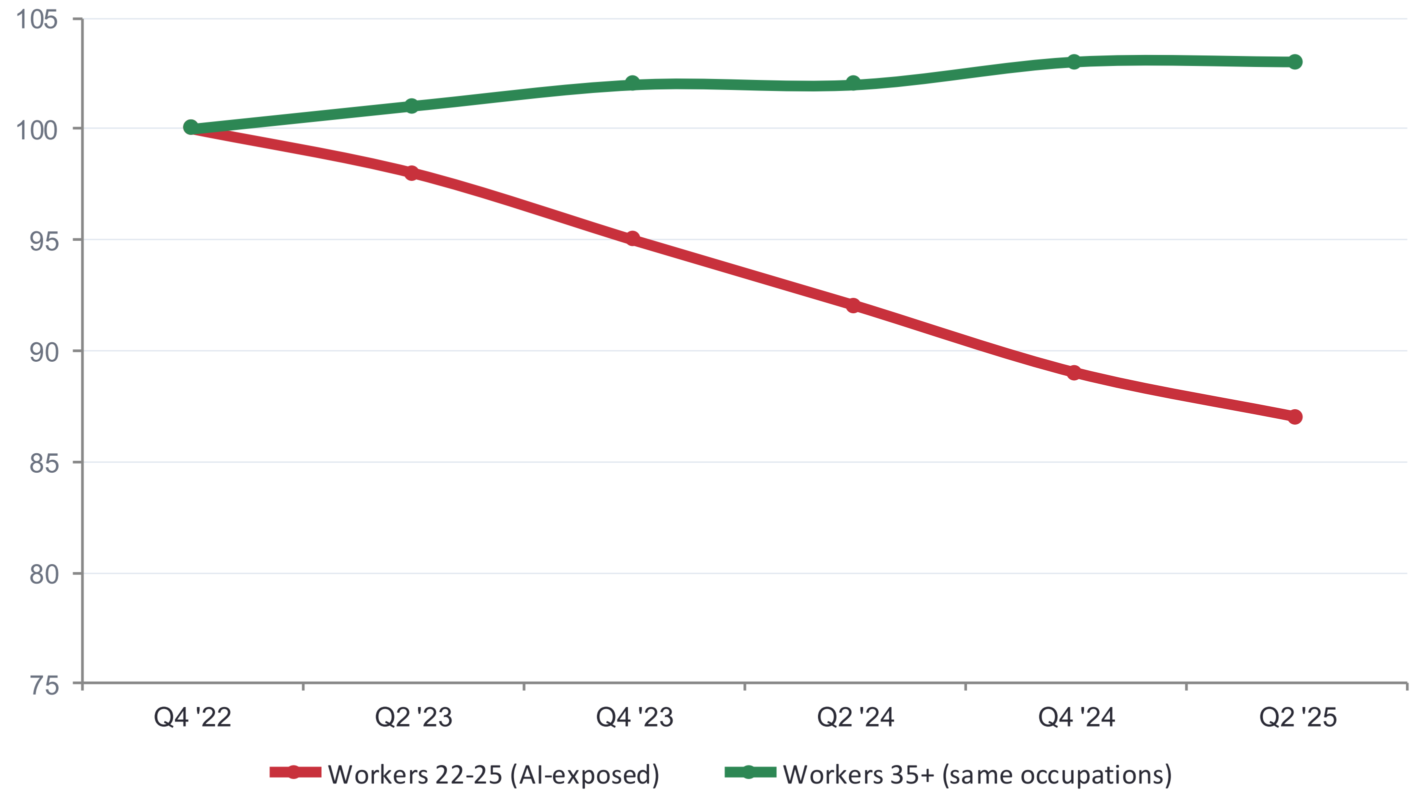
### Gentrification without inclusion

Andrew Moore on Pittsburgh: AI growth can leave existing workforce behind.

# Entry-level workers are absorbing the first wave

**Relative employment by age group, AI-exposed occupations**

*Indexed to late 2022 = 100 · Stanford / ADP data*




WHY IT MATTERS

# 13%

relative employment decline for 22-25 yr-olds in AI-exposed roles since late 2022.

*Mechanism: LLMs replace codified knowledge — the kind taught in school. Tacit knowledge insulates older workers.*

# A 12-24 month playbook for SMB and mid-market

## FIRST 60 DAYS

1. Audit BACK-OFFICE for AI ROI — not customer-facing
2. Buy & integrate; don't build (vendors win 2:1)
3. Inventory “shadow AI” — 90% of workers already use it
4. Set explicit hybrid customer-service architecture
5. Adopt AI-gate ONLY if infrastructure supports it

## 90-180 DAYS

1. Empower line managers, not a central “AI lab”
2. Reskill, don't fire — IBM/JPM model
3. Establish governance: risk, eval, HITL, IP
4. Pick 1-2 measurable use cases per function
5. Instrument everything — measure or kill

## 12-24 MONTHS

1. Plan for agentic workflows (they're coming)
2. Hire AI-fluent generalists at a premium
3. For WNY: plug into Tech Hub / BMW / UB / NWTC
4. Define where you will NOT automate
5. Build optionality, not certainty

# Career resilience in an AI-shaped labor market

## SKILLS GROWING IN VALUE

### AI orchestration
Prompting, workflow design, agent supervision

### Judgment-heavy work
Ambiguous, multi-stakeholder, ethical decisions

### Tacit knowledge
Trade-craft, relationship maps, institutional context

### Cross-functional translation
Sit between domain experts and AI systems

### Trust & relationship work
Senior advisory, complex negotiation, care work

### Skilled trades
Electricians, linemen (500K new power jobs by 2030)

## SKILLS DECLINING IN VALUE

### Routine knowledge production
First-draft writing, basic research, summarization

### Codified analytics
Spreadsheet wrangling, basic data prep

### Entry-level execution
Pre-defined task lists with no judgment layer

### Pure expertise display
“I know things” loses to “I orchestrate things”

### Solo individual contribution
Without AI leverage, output bands narrow fast

### Credential-only signaling
Portfolios of AI-augmented work win

# SmarterX State of AI in Business

- 74% of organizations say AI will be critical to business success over the next 12 months
- 53% of professionals have already moved beyond experimentation and are actively integrating AI into workflows
- Only 25% of organizations have reached the “scaling” phase of AI transformation

# SmarterX State of AI in Business

AI training remains a major gap:

- 32% say no AI training exists
- 18% say training is still in development

EMPIRE AI

# AI RESEARCH FOR THE PUBLIC GOOD

With Empire AI, New York State is first in the nation to establish a consortium of public and private research institutions advancing AI research for the public good at this scale.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KEY TAKEAWAYS

# If you remember nothing else, remember these five

1. AI is absorbing TASKS faster than it's transforming P&Ls. Bulls and skeptics are both right — about different things.
2. Customer-service and back-office automation is the front line. Klarna is the canonical reversal — plan a hybrid 65/35 split from day one.
3. The entry-level career ladder is the most fragile thing in the labor market right now. Stanford's 13% is the most underrated stat in this briefing.
4. Vendor partnerships beat in-house builds 2 to 1. Mid-market wins on speed. Buy, integrate, instrument — don't build.
5. WNY's playing field is real. Healthcare AI leadership, manufacturing infrastructure, cost basis, and the Pittsburgh template are advantages — IF leaders move now.

WHAT NOW?

# Human-First. AI-Forward.

*The leaders who win the next decade won't be the ones who automate fastest. They'll be the ones who decide — with intention — what to automate, what to augment, and what to leave alone.*


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