Three Steps to AI Success for CEOs

Feb 04, 2024

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Authors:

Barbara Bennett
William S. Morriss
Joshua T. Lewis

How to perfectly surf the artificial intelligence (AI) wave is a challenge for many businesses and their CEOs. Businesses do not want to miss out, but also do not want to wipe out. This article outlines three clear steps CEOs can take to chart the path to AI success.

AI systems are talented at tasks that are among the most difficult for humans to master, such as complex predictive analyses. Yet they can fail at cognitive tasks that to us seem easier—such as understanding meaning and discerning truth. Differences in the way AI processes information can result in an "alignment problem" in which it is difficult for a user to predict that an AI's outputs will match the user's intention.

AI systems also can fail when faced with environments that don't match their training data or if their training data are biased, inaccurate, or otherwise flawed.

Continue reading the article below or watch this short video for key points and takeaways.

These differences between AI and human reasoning don't change the fact that AI can provide tremendous benefits—if properly deployed in a manner that addresses the risks. The goal is to move ahead to create efficiency and profits while minimizing risk and uncertainty. Businesses can accomplish this goal with these three steps:

Step 1: Begin with the Board

Governing boards have an important role in overseeing a company's development or use of AI. CEOs can ensure board members are educated on AI technology and informed about its current or anticipated opportunities and risks. This will allow the board to adopt a corporate AI strategy and create direction and board-level support for an AI governance program.

Some of the important legal risks to be disclosed and described to the board include intellectual property loss or infringement; privacy violations; security breaches or tampering; tort-based risks, including defamation, product liability and other negligent or intentional torts; discrimination or bias; and contractual breaches or misrepresentation. Reputational and business performance risks also warrant careful consideration.

Step 2: Adopt a Robust AI Governance Program

The design, implementation and maintenance of an overall AI governance program can be the primary driver of AI success. A solid governance program will consider and manage associated legal, business and societal risks. It will help meet the emerging AI legal requirements for accountability and responsibility. Enforcement authorities and courts consistently set a compliance program benchmark that, if met, can mitigate liability. Board action, combined with a strong overall policy communicated and supported by the CEO, will help create the appropriate culture. Appointing leaders to be accountable for the adoption, implementation and maintenance of the program is key.

Step 3: Ensure that Tech and Legal Communicate and Collaborate

Data is central to AI success. In many organizations, legal or compliance departments are accountable for privacy while the tech team is accountable for security. Too often these areas work in silos, using different languages and different risk management frameworks. With AI, a siloed approach for these two risks and others will portend failure or, at the very least, a lack of success. The applicable laws are numerous, still developing and sometimes contradictory. The technology is opaque and complex. Management of AI—its opportunities *and* its risks—takes the participation of all stakeholders, but the legal and tech teams will build the foundation.

This is the first in a series of articles outlining a successful approach to AI for business that allows the promise to be realized while minimizing the risks. Each future article will focus on a specific industry and highlight certain risks associated with that industry, as well as considerations for briefing the board and mitigating the risks through an AI governance program.

Empowering Clients' AI Journeys

Frost Brown Todd has a dedicated team that advises clients on their own AI integrations, helping them institute governance programs, proactively address data security and privacy concerns, and navigate a host of other AI opportunities and risks unique to their industry. To learn more about how Frost Brown Todd can help empower your company's AI journey, contact the authors of this article or any attorney with the firm's Artificial Intelligence team.

AI Legally Speaking

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- ***Managing Data Security and Privacy Risks in Enterprise AI***
- ***New Expectations for AI: Governance is Key for AI Success in Health Care***
- ***USPTO Guidance Suggests Two Strategies for AI Inventions***
- ***FTC's New Rule on Consumer Reviews: Ensuring Compliance with Human- and AI-Generated Content***
- ***Decoding Colorado's Artificial Intelligence Act***

- *Investment Management + AI = New Opportunities, Unique Risks*
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