

When And How Companies Should Build An AI Strategy

By **Judith Rinearson and Corey Bieber** (October 18, 2023)

Governments around the world are in a race to regulate artificial intelligence tools.[1]

Meanwhile, according to Politico, the White House is expected to issue an executive order, targeting government AI procurement and tightening AI standards.[2]

Why are governments moving so quickly to regulate AI? Because AI is here, and is already making major inroads in businesses and industries around the world.

Are you and your clients prepared? One of the first steps you should be taking is developing an AI strategy. This includes AI user policies, AI vendor due diligence and AI company principles.

With the flood of AI articles out there, it's sometimes hard to find some practical advice. Many companies just don't know where to start and what to do. It's not easy, but there is a path forward.

Initial Determination: Whether and How Your Company Should Engage With AI

Not every company will need to leap into the AI ecosystem right away.

Certain industries, such as fintech and financial services, appear to be more receptive to AI tools. Other knowledge-based industries, i.e., education, medicine and accounting, are also very involved in AI-related technology.

If you are considering using AI, there are some simple questions to address:

- What problem are you trying to solve?
- How are you currently solving that problem?
- What is the differentiator that AI provides?
- What are the constraints you will need to put in place regarding AI?
- What could go wrong?

These are general business questions, but they provide a framework for deeper analysis. Certainly, you wouldn't want to move forward on any AI-related project until you've made a thorough review and know the answers to these questions.

Once you determine the key gating issue of whether to engage with AI, then there are myriad steps that need to be taken.

An AI Leadership Team

If you're truly starting from scratch, you'll need an AI leadership team. These are folks who are tech savvy, understand your company's products and services, have deep knowledge



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about your company's business risks, and are highly respected by senior management. Generally, a core team of four to six AI leaders should get you started.

The leadership team will need to be trained quickly and should report back to senior management on issues and next steps.

Training

Once they are trained, the leadership team should ensure that training is cascaded throughout the organization, based on business roles and needs. Before getting immersed in AI, both senior management and the board of directors should receive training on key aspects and risks of AI.

There will be significant business decisions that will have to be made, and this needs to go first to the top of the company. With senior management buy-in, training on employees and staff should also be implemented. Topics to be covered would include:

- What is AI?
- How is the company planning to use AI?
- What are the benefits and risks?
- How will AI affect my role and duties?

Keep in mind that when training staff and employees, there may be some fear about how AI will affect their jobs. The company should ensure that their employees know not only the strengths but also the limitations of AI.

Employees should be trained to use their judgment when interpreting and acting on AI-generated recommendations. AI tools should be positioned as an effective way to augment human decision making, but not necessarily as a way to replace human roles.

Employee training should also ensure that employees know how to use AI tools responsibly. Ongoing training is also important so that employees can keep informed about changes and advances in AI technology as well as any developing ethical or legal risks.

Internal Company Principles and Ethics

Any company intending to use AI should early on develop companywide principles to address the AI future. These internal principles must be agreed upon by company leadership, and must be shared with employees.

These are not easy decisions to make, and each company's own internal principles will depend on the company's culture, customers, products and business structure.

Such internal principles might include:

- A commitment not to use AI tools without a responsible human supervisor overseeing the output;

- Being transparent with customers and clients about the percentage of AI content in documents, reports and other deliverables;
- Being ultimately accountable for any AI tools or decisions made based on AI tools; the use of AI tools does not exempt any person from having to comply with applicable laws;
- Being particularly sensitive to the effect of "bias" and "hallucinations" in the use of generative AI; taking steps to minimize such risks;
- A commitment to review and retest on a regular basis all AI tools and usage; and
- Ensuring that all usage of AI complies with the company's privacy and data protection policies.

A Public AI Use Policy

Once your company has developed its own internal AI strategy, it is appropriate to prepare and publish your AI use policy for your customers, vendors and clients.

There are some excellent online resources with sample AI use policies.[3] Of course, your company's policy should be crafted and customized for your own business, and because it is a public-facing document, should be reviewed by your counsel as well.

Generally, such policies include:

- Compliance with applicable laws;
- Compliance with the company's data privacy and security requirements;
- Transparency and disclosure regarding use of AI tools;
- Accountability for any errors or inaccuracies stemming from the use of AI tools;

- Identification and mitigation of biases;
- The designation of an AI officer; and
- Continuous monitoring, and periodic audits and reviews.

As with other public company policies, care must be taken to make sure that everything stated in the policy is actually true and fully implemented. This requires oversight and monitoring enforcement.

Risk Assessment

No venture into the AI realm should occur without first doing a thorough risk assessment of how AI tools can possibly negatively affect your business, customers, employees and clients. The threats of bias, deepfakes, privacy violations, intellectual property infringement and other AI-related risks must be taken into consideration.

The company should identify the key AI risks that can affect its organization and create an AI risk team to work with the company's existing risk management organization. Staff should be trained in how to identify AI frauds and deepfakes. Consider also providing alerts to customers in order to prepare them for a potential future effects of AI.

Implementation: Third-Party Vendors

The decision to move forward with AI tools will often require working with third-party vendors. Do your homework. Get references. Due diligence regarding such vendors is a crucial part of your AI implementation process.

But doing due diligence on your AI vendors isn't sufficient. You will also need to consider your existing critical vendors. Many of them, like you, are exploring the use of AI tools.

You should reach out to all of your critical vendors and service providers to find out if they use AI and what their AI principles and use policies contain. If you have concerns about the use of AI by your vendors, consider reviewing and potentially amending your agreements with critical vendors to address AI use and risks.

Implementation: Use Cases

The decision to implement AI tools at your company should not be taken lightly. List your priorities. Keep records of your decision-making processes. Make sure your senior management and board are aligned. Take courses; read, research and learn. Follow what others in your industry are doing with AI.

As a starting point consider "co-pilot" programs that allow your staff to work effectively with AI assistance. Make sure to research reputable vendors and service providers as well as reputable consultants or attorneys.

This is just the beginning of the path toward an amazing new AI world, which will revolutionize how we do business.

There are of course risks attendant with the use of AI, but fear should not keep you from using this transformative technology to gain efficiencies and propel your company into the future. Instead, careful planning, training, research and communication can help your company move effectively toward the transparent and ethical use of AI.

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[1] <https://www.reuters.com/technology/governments-race-regulate-ai-tools-2023-10-13/>

[2] <https://www.politico.com/news/2023/10/12/biden-government-standards-ai-00121284>

[3] See for example, <https://trainual.com/template/generative-ai-company-use-policy> or <https://www.aiguardianapp.com/ai-policy-template>.