ICDM
Institute of Corporate
Directors Malaysia

Generative AI – An Opportunity or Risk?

Thursday | 20 July 2023 | 10:00 am – 11:15 am

Vittorio Furlan
Managing Director,
Foray Advisory

Georg Chmiel
Co-Founder and Chair,
Juwai-IQI

Dr. Uzair Javaid
CEO,
Betterdata (Singapore)

Generative AI is a subset of artificial intelligence technology that can produce various types of content, including text, imagery, audio, and synthetic data from a question, a prompt and tokens of words.

Key Takeaways

1 Privacy laws are getting stricter. The penalties and fines for breaching the law are much more costly than ever before. Some examples:
• In 2020, Japan revised the non-compliance penalty from US$4,000 to US$815,000
• In 2022, China fined Didi Global US$1.2 billion for violating cybersecurity and data laws.

2 To encourage good habits of using AI, circumvent biases, and unethical habits, the regulators, conglomerates, corporations, and the public must come together to determine the standards of what is acceptable when it comes to the production and commercialisation of AI, and what's not.

3 The organisation's AI model data governance should address these elements:

• Preventive measures: How can real data be used to create models that would not leak out someone's identity?

• Corrective measures: If someone is suing the organisation for using their data, how would you be able to manage and solve this matter?

These measures will create an overarching principle and a governance layer of how data is being sourced, used, and shared.

4 Generative AI can create synthetic data that offers maximum data quality and allows full data utilisation. Synthetic data is fully anonymous, provides maximum privacy and lowers the risks of being made liable to data protection and privacy laws. It thus helps organisations tap into their data assets and turn it into revenue generating opportunities.

5 Generative AI powered chatbots can show some emotions and pretend to be and think like a human being. There are risks of these chatbots adding additional fabricated information in the search results. Hence, it is important to work around this technology with due care instead of fully relying on it.

Actionable Items
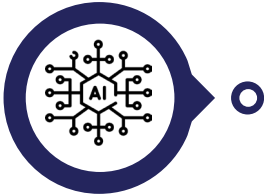
Directors can incorporate generative AI into their own work processes such as using ChatGPT for writing the first draft of non-confidential write-ups or to find quick answers. Having hands-on experience in the boardroom can develop familiarity with the technology and appreciation of its value and risks.

Understand how generative AI tools are being used by the employees and ensure there are proper usage guidelines in place and that they are being adhered to. The guideline should lay down the dos and don'ts of using Gen AI tools to ensure that the technology is used effectively and in compliance with the company's ethical standards.

Add technology savvy directors or technologists to the boardroom. Those technologically savvy directors may help boards understand the double nature of Gen AI and help oversee the organisation's tech-driven initiatives and strategies.

Be clear on the organisation's purpose of using Gen AI as part of the organisation's works process. Figure out its business values and determine whether the technology will be developed in-house or with external vendors. Consider the cost and time factor that will be most efficient for the organisation.

Create good company culture that accommodates the organisation's business transformation. Delegate authority and responsibility effectively, recruit the best talents, and have mitigation action plans that minimise the organisation's liabilities.

> " Generative AI could solve a lot of our key problems in the global logistics of food, even climate change and other things. As bad as it is when it is used the wrong way, it is also as good when it is used the right way. "
>
> **Georg Chmiel,** Co-Founder and Chair, Juwai-IQI

Good Reads