

# The Board's Role in Navigating the Threats and Opportunities of AI and Data Analytics

- 1. As a Board member, you are expected to ask questions even in areas like Artificial Intelligence that may be outside your comfort zone.**

Big Data, Artificial Intelligence ("AI") and data security are common topics in boardrooms and executive suites. These topics will have great influence on the way businesses operate and their strategies for many years. However, if left unchecked, the collection and use of large amounts of valuable data creates significant risk exposures. While the world of Big Data, AI, and data security is very complex, you do not need to have a technological background in order to be an effective Board member. The key is to be an active participant that is willing to ask tough and critical questions. If you do not understand how something works or what the implications are to the business- ask. If a plain English explanation is not forthcoming, keep asking.

- 2. Be aware of the data your company is collecting.**

Ask the questions regarding what information your company is collecting, what information your company is allowed to have under the various regulatory regimes, and whether the added value of the information is worth the possible impact and/or risk to the company. Understand that the technology will evolve overtime, and just because you can gain an insight through analytics, it does not mean it is legal or consistent with your corporate values.

- 3. Understand the role of the Board as the gatekeeper of the level of risk various technology development and implementation initiatives create.**

Directors can influence the philosophy and the way a company looks at risks associated with data and use of certain emerging technologies. Directors can also focus on understanding how management is assessing the risks related to the use of Big Data, AI and emerging technologies. Ensure management is fairly balancing the benefits and risks of emerging technologies in the context of the company's business and resources.

- 4. Don't forget the importance of employee education when implementing emerging technologies.**

You should be specific and effective plans for change management and user training as to new technologies. Your company will not realize the value of your investment without a focus on educating your employees on the value of the changes and how to use the new technology.

**5. Management and outside experts should also present information on Big Data, AI and emerging technologies in a manner the Board can consume.**

The Board has to understand the risks and priorities of the investment. Do not be afraid to stand up to those presenting and challenge assertions. Also, do not be afraid to state that the information presented is not presented in a format that is digestible to the Board. If management, experts and specialists cannot explain the technology in plain English, they may not have fully considered the risks and impact as thoroughly as they should have. Also, consider adding a Board member with a technical background who can challenge management, experts and specialists.

**6. Consider who has access to the data within the company.**

The Board should consider the risks associated with access to data being collected. Are the right people accessing the data? Is the data being accessed and used appropriately? Should additional consents be obtained depending on who has access? These are all important questions to ask when evaluating your company's data collection and use.

**7. Establish “understanding” gates as to technology initiative.**

Don't move forward until you understand the risk/benefit analysis relating to the initiative. Create “gates” in the dialogue surrounding technology initiatives at which the Board stops to be informed by management as to whether the risks and benefits have been appropriately addressed, before proceeding to a new level on the initiative.

**8. Consider your mitigation options.**

The Board should review and evaluate what mitigation options the company has in place with respect to Big Data, AI and other emerging technologies. Does your current insurance policy cover the risks associated with this space? If not, consider adding coverage. The Board should also consider other risk mitigation alternatives.

**9. Remember to involve your legal teams in the discussions regarding these technologies.**

Your legal teams can help develop an analytic framework that answers the question of “what are we permitted to do?” This framework should be prepared as a “privileged” communication and can guide the business analysis of how the business can derive maximum value and minimize the risk from the technology and data.