

New Mandate





The White House has mandated federal agencies to conduct risk assessments on Al tools and appoint officers, including Chief Artificial Intelligence Officers (CAIOs), for oversight. This directive, led by the Office of Management and Budget (OMB), aims to modernise government Al adoption and promote responsible use. Agencies must integrate Al oversight into their core functions, ensuring safety, security, and ethical use. CAIOs will be tasked with assessing Al's impact on civil rights and market competition. Agencies have until December 1, 2024, to address non-compliant Al uses, emphasising swift implementation.

How will this impact global Al adoption? Ecosystm analysts share their views.

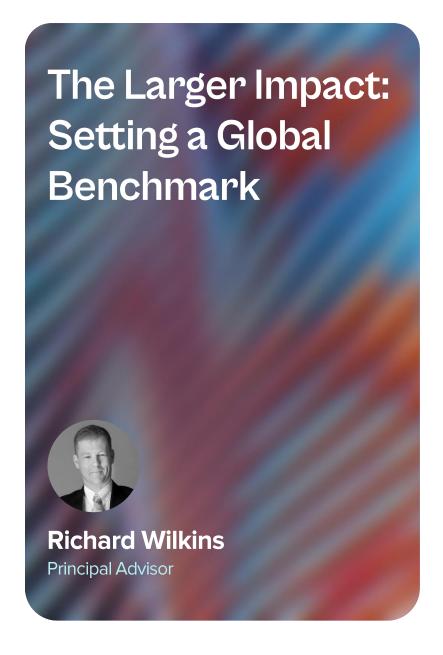












This sets a potential global benchmark for Al governance, with the U.S. leading the way in responsible Al use, inspiring other nations to follow suit. The emphasis on transparency and accountability could boost public trust in Al applications worldwide.

The appointment of CAIOs across U.S. federal agencies marks a significant shift towards ethical AI development and application. Through mandated risk management practices, such as independent evaluations and real-world testing, the government recognises AI's profound impact on rights, safety, and societal norms.

This isn't merely a regulatory action; it's a foundational shift towards embedding ethical and responsible AI at the heart of government operations. The balance struck between fostering innovation and ensuring public safety and rights protection is particularly noteworthy.

This initiative reflects a deep understanding of Al's dual-edged nature – the potential to significantly benefit society, countered by its risks.





In what is likely a world first, Al brings together technology, legal, and policy leaders in a concerted effort to put guardrails around a new technology before a major disaster materialises. These efforts span from technology firms providing a form of legal assurance for use of their products (for example Microsoft's Customer Copyright Commitment) to parliaments ratifying Al regulatory laws (such as the EU Al Act) to the current directive of installing Al accountability in US federal agencies just in the past few months.

It is universally accepted that AI needs risk management to be responsible and acceptable – installing an accountable C-suite role is another major step of AI risk mitigation.

This is an interesting move for three reasons:

- The balance of innovation versus governance and risk management.
- Accountability mandates for each agency's use of AI in a public and transparent manner.
- Transparency mandates regarding AI use cases and technologies, including those that may impact safety or rights.





Al Governance is one of the rare occasions where government action moves faster than private sector. While the immediate pressure is now on US federal agencies (and there are 438 of them) to identify and appoint CAlOs, the announcement sends a clear signal to the private sector.

Following hot on the heels of recent Al legislation steps, it puts Al governance straight into the Boardroom. The air is getting very thin for enterprises still in denial that Al governance has advanced to strategic importance. And unlike the CFC ban in the Eighties (the Montreal protocol likely set the record for concerted global action) this time the technology providers are fully onboard.

There's no excuse for delaying the acceleration of Al governance and establishing accountability for Al within organisations.





Technology vendors are poised to benefit from the medium to long-term acceleration of Al investment, especially those based in the U.S., given government agencies' preferences for local sourcing.

In the short term, our advice to technology vendors and service partners is to actively engage with CAIOs in client agencies to identify existing AI usage in their tools and platforms, as well as algorithms implemented by consultants and service partners.

Once Al guardrails are established within agencies, tech providers and service partners can expedite investments by determining which of their platforms, tools, or capabilities comply with specific guardrails and which do not.





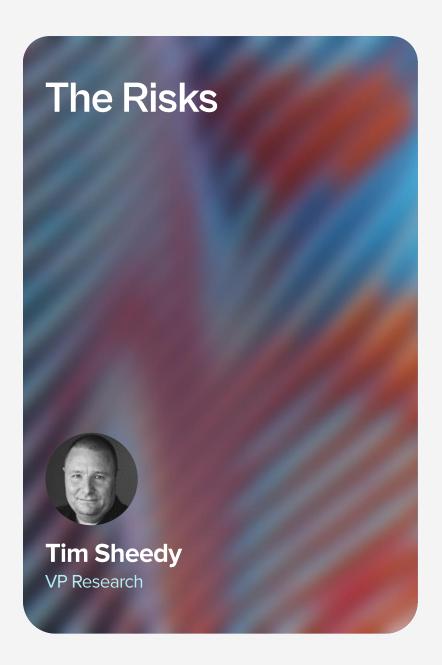
By 2030, Southeast Asia is poised to emerge as the world's fourth-largest economy – much of that growth will be propelled by the adoption of Al and other emerging technologies.

The projected economic growth presents both challenges and opportunities, emphasizing the urgency for regional nations to enhance their Al governance frameworks and stay competitive with international standards. This initiative highlights the critical role of Al integration for private sector businesses in Southeast Asia, urging organizations to proactively address Al's regulatory and ethical complexities. Furthermore, it has the potential to stimulate cross-border collaborations in Al governance and innovation, bridging the U.S., Southeast Asian nations, and the private sector.

It underscores the global interconnectedness of AI policy and its impact on regional economies and business practices.

By leading with a strategic approach to AI, the U.S. sets an example for Southeast Asia and the global business community to reevaluate their AI strategies, fostering a more unified and responsible global AI ecosystem.





US government agencies face the challenge of sourcing experts in technology, legal frameworks, risk management, privacy regulations, civil rights, and security, while also identifying ongoing Al initiatives. Establishing a unified definition of Al and cataloguing processes involving ML, algorithms, or GenAl is essential, given Al's integral role in organisational processes over the past two decades.

## However, there's a risk that focusing on Al governance may hinder adoption.

The role should prioritise establishing Al guardrails to expedite compliant initiatives while flagging those needing oversight. While these guardrails will facilitate "safe Al" investments, the documentation process could potentially delay progress.

The initiative also echoes a 20th-century mindset for a 21st-century dilemma. Hiring leaders and forming teams feel like a traditional approach. Today, organisations can increase productivity by considering Al and automation as initial solutions. Investing more time upfront to discover initiatives, set guardrails, and implement Al decision-making processes could significantly improve CAIO effectiveness from the outset.



## For more Ecosystm Insights, visit



info@ecosystm360.com



www.ecosystm.io









