Webinar Transcript

Making the case - Persuading your board to tackle AI

So hi, everybody. Welcome to our webinar today titled Making the Case Persuading Your Board to Tackle AI. Today we have Helen Van Orton and Alexei O'Brien with us on the webinar as your hosts. My name is Sean McDonald, and I shall be your moderator in the background for the next forty odd minutes.

Firstly though, thank you for attending today. We always appreciate the effort you make to be here for our live webinar events. During the session, if you have any questions, please try and use the Q and A button on the toolbar as against the QA, it just enables us to keep a track of everything as the questions are coming through thick and fast. And finally, if you stay through till the end, which of course we hope you will do and is very customary for our webinars, we have a special treat for you.

If you answer our really short one minute survey at the end of the webinar, you'll go in the draw to win one of our beautiful gift hampers worth over four hundred dollars Now for those not too familiar with BoardPro, we are a board software provider, sometimes called a board portal, and we serve just over thirty five thousand users across about thirty two to thirty three different countries across the globe.

And we enable organisations to prepare for and run their board meetings and committee meetings more efficiently and effectively with less time, and to deliver more impact and value for the organisation, all with the great software from BoardPro.

And as much as we are a board software provider, part of our wider mission here at BoardPro is to make the fundamentals of governance free and easy to implement for all organisations, but especially those organisations with resource constraints.

And one of the many ways we do this is by providing access to hundreds of governance templates, guides and resources, which you'll find funnily enough on the resources section of our website.

These webinars that we host every Thursday are also a great way of accessing key governance knowledge without necessarily the time commitment and costs associated with in person events.

So, sit back and relax. Everything will be provided to you.

The slide content, the video will be sent to you just after this, in fact it won't be just after, it'll be tomorrow now, so everything will be provided to you, so just sit back and relax and ask as many questions as you would like.

Let me have Helen and Alexei introduce themselves now, starting with you first, Kia ora, everyone.

I'm Helen Van Oelten. I'm an experienced board director and chair, but I also run my own training and consulting business directly. And directly, our main focus is empowering boards and execs to lead with confidence in the AI era. So offering tailored training and actionable insights that help you take the complex technology that is AI and actually turn it to a strategic advantage for you and your company. Alexey.

Thanks Helen. Thanks so much Sean for having me as well. I'm Alexey O'Brien and I'm the director of LeadershipAcademy dot ai. I work with boards and executive teams and businesses across Australia and New Zealand and really look to build that AI fluency to help businesses move from curiosity about AI to confident governance use.

My background is commercial. So I spent the bulk of my executive career in retail and financial executive roles at Lululemon and Rip Curl. So I come at this from a perspective of someone who sat in the rooms with these decisions are getting made, not just from a tech background. And more recently, I've worked with businesses like Pillowtalk, Entain, Harris Farm Markets and St Kilda on building those AI enabled cultures and really getting real work done with AI.

Also a current board director, a graduate of the AICD and looking forward to today's chat with you Helen.

Fantastic. All right, let's progress on to our first slide of the afternoon. Over to you, Helen.

I think that is possibly just the sort of the headline. That's what the topic is. If we can go jump onto the next one.

Yep. Perfect. Thank you.

So let's start off with what's actually changed. I was listening to a podcast this morning and it was talking about how every everything you listen to right now, it's like the AI is completely embedded and it's everywhere in the world. And I thought, well, actually, the thing is that that's increasingly true. And what has actually changed is that AI has arrived. And even if it hasn't necessarily arrived in your organization, it is absolutely embedded, whether it's in the software that your teams are using, in your supplier systems, or if you have got it within your organization in the products that you're selling. Your HR platform is probably using it to screen candidates. Your accounting software is probably using it to flag anomalies.

Your customer services team might be using it to draft their responses. And as a board, you may or may not actually have visibility of that at all.

And then the next layer of this, which is the GentaKi, which some of you may or may not be familiar with. And this is a shift that a lot of boards really haven't registered yet.

And AgentaKi is actually alive in your systems. It isn't just answering questions. It's moving away from just a chat conversation like you'd have in ChatGPT or Copilot. It's actually planning and executing and taking actions autonomously, whether it's reading your email, booking your meetings, sending emails, running processes behind the scenes, often with minimal human intervention.

It if you're not into AgenTiKi, it really does sound like something out of a science fiction movie, but that is actually being deployed. I know Aleksei Aleksei and I are both using it within our own businesses already, and a lot of the organizations that we're working for are already starting to use that.

For those of you in Aussie who or even New Zealand who potentially went to the AICD summit last week, There was a whole load of conversation about AI right through the summit.

And I just I'm gonna just read a quote from Clara Shee, who's a board director at HubSpot, which I actually thought some I thought, oh, this is perfect for when we do the podcast this week or webinar this week.

So her comment was, we've never seen this pace of change, not through the internet, not through mobile, not through social. Two things make this wave categorically different.

AI passes the Turing test. And for those of you who don't know what the Turing test is, that is where a computer can pass as being human, and it passed it, I think, probably about April last year.

It embodies human values and decision making in the way it performs.

And AI self improves. A database that fails needs a human to fix it. An AI model can detect its own failure and continuously improve. Those two properties together place this in an entirely different category.

So that's kind of quite confronting. Right? So the speed with which the change is happening and how quickly it's being embedded within our organizations and the fact that it's self correcting. So even if your organization hasn't got a formal AI program, AI is already starting to shape the way that your risk profile is evolving, your competitive position, your strategic options.

And boards right now need that visibility. They need that governance, and they need a credible plan.

And so, that's what Alexei and I are gonna walk you through today, which is a narrative that you can use at your next board meeting. Some of those arguments that are gonna cut through. We know we both sit on boards ourselves. We know that skeptical directors on them.

And there's people who are going, oh, this is just gonna pass by. Alexei will go through the arguments that you're gonna confront. So at the end of the day, we'll help you with these arguments to cut through that and a roadmap as well, and a and a little bit of a check life for

your oversight. It's gonna be hopefully really practical and starting Monday or even tomorrow, you should be able to use it. So if you wouldn't mind popping on to the next slide, please, Sean.

We thought it's always good. Directors, we like numbers, don't we? So we thought we'd just start off with some numbers because actually some of those are quite uncomfortable and confronting. So that first one, eighty eight percent enterprises are now using AI in at least one function. And that is a McKinsey stat from November last year.

And that was only seventy eight percent the year before, so it's already gone up ten percent just over the course of a year. And as I said earlier, even if you don't think your organization's actually using AI, your suppliers, your partners, your competitors are. And that exposure, it's really systemic. It's sitting across the whole system. It's not just within your organization. It's everything that you are working into.

And then just jumping across to that yellow number on the right hand side, two thirds of boards are admitting that they actually have very limited or no knowledge or experience with AI. And that's, again, from a Deloitte study last year.

And actually, yesterday, a company called, I think it's pronounced Protiviti, I haven't come across them before, actually published a boardroom study that showed that only twenty six percent of boards are discussing AI at every meeting. So if you're here going, I need to persuade my board to talk about AI, and I'm really behind the eight ball. It's fantastic that you're here. It's fantastic. You're you're trying to get your board to talk about it. But, you know, as of, you know, this report literally out yesterday, literally one in four boards are only only one in four boards are discussing this every meeting. At the same time, you've got over forty percent of CEOs saying that their company isn't gonna survive the next decade without AI transformation.

And one in three boards don't have it on their agenda at all. So you're in the right place.

Another little number that didn't make it onto the slide, but I thought was quite an interesting one, is that less than ten percent of board directors globally have got any sort of technology background. So we're going into this pace of change, this modern technology, this new era, and actually a lot of board directors have no knowledge of technology or AI. So it's kind of leaving us quite vulnerable.

And then that little line on the bottom there, that's the one that's any of your directors who are not aware of this.

As of the end of last year, a number of the D and O insurers are actually starting to introduce exclusions around AI. So not the broad cyber ones that we've seen starting to evolve before, but really specific AI exclusions.

So, Barclay, one of the big US specialty insurers has actually called they're calling it absolute AI exclusions across their whole DNO.

So that actually for a board director can be quite confronting because we rely on that DNO cover, right, whether we're being sued or we're sort of having to work through anything. So having those exclusions coming in in that insurance space means that if your board can't demonstrate that active oversight of AI and you can't show that you've got the right controls and documented approaches, you might actually find yourself in a coverage dispute with your insurance company. So just to sort of that's your highlight picture of of where this I guess, it's the state of the nation of where we are now, and why it's so important that AI is moving from an operational topic that your technology team or your operations team might be talking about to actually why we need that board level governance.

And I guess the insurance companies are probably telling us that a little bit faster than the regulators are because certainly in Australia and New Zealand, the regulators have been a little slower in this space.

But I'm now going to hand over to Alexei to sort of just start talking through the so what.

I think just a couple of other stats to add Helen.

Just this pace of change, I know that I'm in it every day and I certainly feel the pace of change and it seems to have certainly have accelerated this year.

Forty two percent, this is on the PwC survey out earlier this year. Forty two percent of CEOs are actually citing transforming fast enough to keep pace with AI as their number one concern.

And I think that on the AI, shadow AI breaches, there's also certainly part of what keeps me up at night is shadow AI. There's actually through last year, IBM found that one in five organisations have already had a breach that's been caused by ShadowAI. So that's something for us to be aware of. Exposure, it's not theoretical and it's now starting to be quantified for sure as well.

And just jumping in there, Alexey, for those who aren't aware what ShadowAI is, it's kind of the new shadow IT. It's where people are using AI in the background without you having any sort of policy around it, and therefore, they're using it and potentially leaking company information.

And the IBM report on that last year, I think it was six hundred and seventy thousand US dollars ex Per breach.

Cost Yeah. If it was a ShadowAI involved in the breach. So, you know, there's some really big numbers associated with that as well.

Absolutely.

Helen, a couple of people are asking what is D and O?

Directors and office holders cover. It's the insurance that boards and executives have in place. So if something goes wrong, it's their insurance policy that corrects protects them, and it's their sort of their personal insurance as a director and officer of the company.

Thank you. And we have a question in from Gordon, which I think we're gonna cover a little bit later, but I'll ask it anyway.

So for boards that lack deep technical expertise, the conversation around AI can often feel really overwhelming.

What strategies do you recommend for presenting these really complex issues in a way that focuses on governance, oversight and strategy rather than getting bogged down in the technical detail?

I think we will cover that as we go through today. So if we pause that until the end, and make sure that we have covered off on on that for you.

And if we haven't deeply enough, we'll come back to it.

Yeah, Sean, could you move on to the next slide? So before we get into strategy or policy or that governance architecture, I think it's worth us pausing to acknowledge what many of us on boards are actually wrestling with right now.

The conversations that are actually being had Helen and I both sat in these conversations and similar statements coming up again and again from AI is really premature for us to we don't really use it to we lack the expertise or certainly what we're hearing right now. It's moving way too fast. And even a little bit of management can deal with and they're not reckless positions. They often reflect a genuine caution and a desire to avoid hype cycles and a very, very reasonable concern about committing to a technology that absolutely keeps shifting.

But they can also mask a deeper governance problem. So in many organisations, AI is already present. Helen touched on this a little bit earlier, not necessarily through a formal program, but through software features, vendor platforms, co pilots, outsource services, and as well through that shadow AI individual experimentation that might be happening across the business. And that exposure therefore arrives often before our conversation does. So a board can really sincerely believe it's not engaging with AI. But at the same moment, someone in the finance team might be using AI to draft some reports or a supplier has it embedded into a model that you're actually paying as a service for.

Or a product team testing a copilot without that some formal sign off. So the exposure is absolutely real. And the visibility though is what's not real. So research tells us about forty eight percent of employees globally admit to using AI in ways that contravene company policy, which is that shadow AI use and fifty seven percent of them are hiding it from their employees.

So when we say we don't use AI, the data actually says something else. And here's why that visibility gap isn't really theoretical. Again at the AICD summit this month, Clara Sheet described a real example from a US services company that had deployed an AgenTik AI underwriting system. So researchers tested the same loan application a couple of times, every financial parameter identical, but just changed the applicant's name from John to Malcolm.

And the agentic system made a different underwriting recommendation. So the AI model had been trained on internet data and had inherited its biases. The organisation actually didn't know it had a problem until someone had looked and that's the visibility gap in practice. So the real issue is really whether AI exists in the organisation, it's whether there's enough visibility, enough clarity of accountability and enough confidence in our oversight arrangements.

And that's really where us as boards need to engage. We're not expected to be technical experts. It can be really overwhelming.

But AI now touches on the things that boards are specifically responsible for risk, controls, assurance, strategic capability, customer outcomes, operational resilience and reputation. So the shift that we're looking to make here is to move the conversation from is this an IT topic? And what are our technical knowledge around it? To What is our oversight obligations here?

All right, the next slide please.

Thanks Sean.

So when these objections are raised, some of the most useful responses are actually not to debate them, certainly not at a surface level, it's actually to reframe them and ask the next good governance question.

So the first one is AI is premature and getting more and more mature by the day, that's for sure. So a more useful reframe is that AI is already present in our tools, our vendors and workflows. The risk isn't theoretical adoption at some point in the future now, the risk is actually unmanaged or weekly governed use that's actually already occurring. And so the board question becomes where is AI being used today, including through third parties and our vendors? And what controls and reporting are in place?

Then there's the we don't use AI, which we've just discussed. It's very, really fully true. So it will appear in platform features and procurement decisions, software updates, whether or not we've actually label it as official AI adoption.

So the better question to ask is, what is our inventory of AI enabled tools, vendor claims and use cases? And who owns that picture?

So Microsoft, as an example, confirmed just in February, just a couple of weeks ago that there was a bug in Copilot reading and summarising emails that were actually confidential. Bypassing DLP policies that organisations had actually specifically set up to prevent that. So the European Parliament blocked built in AI use features on staff devices.

So this is the kind of thing that we actually need to be aware of. They're not hypothetical risks anymore.

Then there's the well we lack the expertise which I think goes back to the question that you asked just before Sean. Technically that may be true, but we don't need at a board level to have

that technical mastery. We just need enough governance fluency to ask really sound questions, understand the nature of the risk and assess whether management's response is actually proportionate. So the question becomes who's actually accountable for AI risk and what evidence will the board receive regularly?

So at the AICD summit this month, NAB Chair Phil Kronigun put this exactly right. So boards need technology literacy. They don't need to be coders. People who understand how technology interacts with business and society at a strategic level is where we need to be coming from as directors.

I'm certainly not a technical expert, but I do understand business and the risks and as well as the opportunities that AI presents for us. So it's the same way that we expect directors to have that financial literacy without needing to be an accountant. Then there is AI is moving too fast. I absolutely concur.

We're in this every day and it seems to certainly the last six weeks to be accelerating faster than ever. However, that's not a reason for us to stand back and wait. It's actually a reason that we've got to be clearer with our risk appetite, our escalation triggers as well as our decision rights. So the board's got to be asking questions like what would cause us to pause, escalate, adapt, or actually seek further assistance?

How do we make sure that we're getting trained and that we understand what's happening? How do we keep our finger on the pulse of these moving changes as well? And finally, can deal with it. Well, absolutely they execute, but oversight, especially with AI can't be delegated away. So the Corporations Act, the New Zealand Companies Act, that duty of care absolutely sits with directors personally. It can't be delegated to technology or to management. So our boards have got to set the expectation for assurance, reporting and accountability.

So the right question actually becomes what cadence of reporting, what metrics, what assurance mechanisms will tell us whether an organisation is genuinely in control? So the discipline here, it's simple, but it's really important. We're going to move the conversation from opinion to oversight from reaction to inquiry and from genuine or general concern to an accountable governance. And the quality of the board's AI oversight will often depend less on as everything, having all the answers, on asking the right questions early enough.

Back to you Helen.

Beautiful. Thanks, Alexey. I think what Alexey has just run through is just so helpful because those are all the objections that, you know, she and I have faced, but I'm sure all of you have faced when you try to raise AI as a this is a conversation that we need to have at our boardroom table. And rather than arguing or constructively pushing back, Actually, reframe, I think, is a really helpful way of just actually, I'm just going to build on your question and just ask a slightly different one, which really heightens the importance of getting this in front of you. And and if you can get your chair on board, generally, that's always a really big win.

But, you know, so you're wanting to get your board alignment.

Great. But what do you actually do?

So what we wanted to do is to just kinda give you a sort of a thirty, sixty, ninety day plan. Boards boards always like one of those that any board can adopt no matter where you're sitting on that maturity curve.

So the first thirty days is arrange an expert briefing, whether that's a like, I'm literally doing one with a board next week that is thirty minutes. Do like I'm probably a bit like Alexei. It's fit size. Right? Whether it's a thirty or sixty or ninety minute, a half day, whatever it is. It's not a vendor pitch. It's literally an independent AI governance specialist who can come in and talk to your board about the risks, the opportunities, what your oversight responsibilities are.

And that suddenly means that you go from, as a board, going, we don't have the expertise. We don't know what we're talking about. We're not IT specialists to, actually, we've got a baseline. And then get that AI governance onto your regular agenda. So even if it's just on a quarterly basis, that it actually becomes that governance standing item. So you're not one of those boards that we talked about at the beginning who's not talking about at all or not talking about it on a regular basis.

It becomes that standard item. And you are talking about the risks. You're talking about the emerging regulations. You're talking about the strategic positioning.

The second sixty days is actually starting to get management to help you draft up a governance framework. So this needs to be what your AI policy as an organization likes. Literally one zero one, get a gov an AI policy in place. But also your ethics guidelines, like, Alexey and I can wax lyrical about ethical AI and explainable AI and transparency and all of that stuff, and and we're very happy to. But that's not what today's agenda is about.

But what are your ethics guidelines? What are your risk protocols? What do you have what have you got in place to monitor, particularly around that shadow AI space? But potentially also what your ROI is once you start to put in AI and how it's working for you. So it doesn't need to be perfect. It just needs to have something in there that you can test and improve.

And you can also demonstrate to your insurers that the board has commissioned and reviewed this governance framework.

And if you I think we publish it on the last page of the presentation that both the AICD and the IOD have both published director's guides to AI governance, which are both really useful references. To be honest, I think the AICD ones is a bit more up to date than the New Zealand one. So I personally would probably start there.

But the other thing you can also try doing is put in a use case. So it's actually, let's have one test and learn in a very controlled environment of something in the AI space with really clear guardrails within that policy. You've got your board reporting built in.

And then that actually can give you that opportunity to see how can we innovate as an organization and oversee. And again, how to deploy AI is another whole separate conversation. But someone who is an enthusiast in around AI has probably already got fifteen ideas of things that you could potentially deploy within the organization.

So that final phase is that that final controlled pilot.

And once you've done those three things, suddenly you'll find that, a, it's not as big and scary as you thought it was. You've got a really clear plan of action.

And as a board, you feel like you're having the right conversations about the right things. This is definitely not about your board becoming AI experts. It's asking your board to do what boards really should be doing well, which is setting the expectations with your management team, commissioning the right work, making sure you've got the evidence of the controls, and then holding management accountable.

Alexis, anything to add?

Yeah, I was just going to say I think you know, one of the things that you can do importantly is get in there and actually use the tool because you will actually learn the capabilities and you know, have some things come back and think wow, you know, if we had access to this or people were putting information in here, where would we be exposed? So with that familiarity, you will actually start to draw the dots and the conclusions on where some of those risks will be. You'll be more informed to be able to ask those better questions. I think also, when you get to that pilot in phase three, certainly at a board level, the tools you choose matters.

There's a difference between a co working space where anyone with a key card can wander in and a secure building with a sign up clearance levels and an access log for every room. So general purpose AI is like that co working space, whereas purpose built governance AI is a secure building. The architectural distinction really also matters enormously when we're looking at board at content and content at a board level as well.

Can I just build on that comment, Alexey?

Yeah, absolutely.

The earlier one you made around tools yourselves. AICD published a paper very end of last year saying basically that gap between directors and companies is widening and widening and widening because people in the companies are using it, and directors are trying to cover something that they have no understanding about. So even if you just get a free version, I mean, I never advocate this for when I'm training, but even if it's just for your own personal purposes and you want to write menus or write storybooks for your kids or whatever it is, just start using the tools and understand the power and capability. And I think you'll very quickly go, right, I actually need a paid version, and I now need to start using this enthusiastically. Because it is incredible. What you can do with AI is mind blowing.

And once you realize that as a director, you realize the opportunity for your organization, but then immediately come back to the, but we need to do this properly. We need to make sure that we're governing it really, really well, because you see the power going wrong is also quite a terrifying thing as a director.

So back to you, let's say.

Yeah, absolutely. So that next slide.

We just there's a couple of questions that have just come in, if you don't mind. Yeah.

Christine's asked, how do you actually determine what shadow AI might be occurring in your workplace?

That's a tough one.

It is a tough one. Yeah. Helen, do you want to take this one?

Sure. I mean, part of it is actually having the policy in place. And then it's really clear conversations between managers and your people around saying, you know, make sure you are operating within the policy. I literally had a board discussion in this on another board I was sitting in on Tuesday, which is how are we tracking ShadowAI? And it's very hard to mean, you can obviously lock your systems down, but there's nothing to stop someone picking up their phone and taking a screenshot of something because it's easier to get AI to analyze it than it is for themselves to do it. So this it's very hard to completely lock it down. But if you are having if you've had the training, you've had you've got the policy, you've trained the policy, you're having regular conversations with your people, that's a really good start to admiring the problem, which is, I think, unfortunately what a lot of boards are doing at the moment.

I think there's also, I mean, at the moment, the reality is the cyber security, the AI cybersecurity vendors are really, they're struggling to keep up and create tools that will actually support organisations and protect them. I know a number of organisations that I work with have really locked down and they've made sure that people when they're in their Wi Fi, they've got a firewall around it, they actually can't access tools that haven't been approved for the organisation. And I think it also comes down to training, training, not just at a board level, not just management, but training the entire organisation on the risks that are happening.

If they do upload information into a different tool, if they do expose the organisation, if we do connect in our because that's how capable it is. If we connect in our ERP system to some of our tools and connectors or even use Claude for co work and some of these new agentic type of tools. The risks magnify. So it's really being able to educate your teams on the risks of those while you've got that policy in place and empowering the IT team.

I think that that's where I've seen in organisations at the moment, there's a little bit like there's the accelerator and the IT team being seen as the brake a little bit. But I think their job is really to make sure that we're supporting the organisation's safe use of AI as well.

One more question before we carry on. I know of a board that's divided on how to respond to AI. One side is to get the data transformation expert onto the board and the other side says you can't get an expert to cover in-depth all aspects to get different source external expertise for different aspects or get data transformation expert on a finance risk and audit committee level? Is there any right answer?

I think we've just got to keep coming back to you know, who are the who are the people that have the enough knowledge to understand the application that's happening inside the business and how it can be used to be asking those right questions to make sure that we're surfacing up the risk cases and applying them to our risk appetite. Think that it's so new. There aren't going to be experts in every single field, but it's those general purpose business application people like Helen and myself that have dive deep into it. We're not technical experts.

Really understand the application of it from a business perspective. I think you might need to have specialist AI technologist on your board. But having someone come in and on a regular basis, because it's changing so fast, make sure that you're keeping up with what's happening, what's changing how might that might that expose us to risk and make sure that you know you're keeping educated just like you would you know with our cyber or our financial policies as well so it's just keeping educated. Helen do you have anything else to add to that?

The one comment I was gonna say is as part of that Deloitte study last year that apparently forty percent of boards are now looking at trying to find someone to go onto their board who's got some knowledge of AI, which will be a challenge because it's such a new field. ChatGPT is just over three years old.

So there's nobody I mean, of course, there will be people who were in early stages of AI, but most of them are in Silicon Valley.

So there's not gonna be a huge amount of directors around. And I think it goes back to that comment Alexey made earlier. Right? We don't all have to be accountants to have a really good understanding of the financial tools of the organization, but it's probably a good idea if you haven't got an accountant on your board to make sure you've got an independent accountant that you're touching base with regularly who can come in and talk to you about the latest different standards or whatever it is.

So again, I mean, that's literally elect what Alexei and I do is support boards both in their initial training, but, you know, what's going on in the AI world? What do you need to be thinking about? You know, whether it's a deep dive on risk or governance frameworks or whatever it is. So there are people around like that who can support you as you go through that AI journey.

I think that's your slide, Alexei.

Yep, absolutely. So for us as directors readiness, it doesn't begin with having all of the answers. It begins with asking better questions. So a couple of questions here to run through.

The first is around that visibility. Do we have a comprehensive inventory of how AI is being used, certainly from an approved perspective across the organisation, as well as potentially where we may not be seeing it. So unseen use is absolutely where that governance weaknesses sit. So vendor tools, embedded software, pilot activity that hasn't been formally sanctioned.

Really being in the communication with our teams, how they're doing things and how they're using it.

So the board can't see it. We can't govern it. The second question there is around strategic discipline. Has management developed a clear AI strategy with a defined risk appetite, performance metrics and accountability structures, not enthusiasm, not experimentation, a real coherent view of where AI creates value and where it creates risk and how those trade offs are being governed. What I'm seeing in practice right now because of the opportunity is a lot of experimentation and a lot of chasing the shiny ball syndrome.

And I think that the opportunity, certainly at a management and a board level is like what is our strategy? What is our business strategy? AI strategy should be servicing our business strategy. AI on its own is not a strategy.

So we've got to keep reminding and challenging management that we've got to have an AI strategy, but it's got to be there inside our risk appetite. We've got to be asking how is it actually serving our overarching business strategy? The third question is around formal governance. Do we have board approved AI governance policy that addresses these data, which is a huge thing data, clean data, privacy issues, as well as ethics, privacy, responsible AI use as well.

And a framework that really helps us establish principles, thresholds, responsibilities, as well as escalation pathways. The fourth question we've touched on already capability. Are we investing in AI literacy for directors, as well as the broader workforce? It's great that they understand and can experiment.

But of course, they've got to have them understand that the risks and against our overall risk appetite as a business.

Can we demonstrate, especially for our insurers going forward that due diligence, governance weaknesses, certainly in this day and age is not just about bad intent, it's about people making decisions without enough understanding of the tools, the data implications, the privacy implications, or the risk boundaries and that can include the board itself.

And then the fifth question is about competitiveness. How does AR maturity compare with our peers? That goes back to that stat right at the beginning where Helen said forty two percent of CEOs they don't think they'll exist in ten years time. So we've really got to get into what does that ninety day pilot look like for a high value aligned with our strategy opportunity? And perhaps one of the most single useful strategic questions that a board can ask is, well, if a well resourced competitor came at your business with a data centre full of AI capability, what would they do to us? So boards that ask, what can we automate and not having the complete conversation.

So the real value comes from reimagining our business models entirely and our business strategy. So taken together though, these five questions that really form a readiness check.

If we can answer them clearly, it's likely we're moving towards active oversight. If we can't, it doesn't mean that we're failing, but it does point to a governance gap that really needs some attention. So and in most cases, you know, that most important shift is not pretending certainty, but being explicit about what the board still needs to see, strengthen and test.

Helen, any other additions there?

No, we'll just jump onto the last slide please, Sean.

So we've decided to be quite confronting on our last slide and what we put on there.

So to start off with, I just wanted to say everyone who's dialed in for the call, fact that you're here, that you registered and showed up, and more importantly, thank you that you stayed, tells me that you already know that this matters. Right? You don't need convincing. You're not the problem. You're probably the person in your leadership team or on your board who's actually trying to get the rest of the team across the line.

And we know that that's really hard because it's not just about selling an idea. It's actually getting people to feel really uncomfortable about something that they don't understand. And, you know, to that question earlier, people don't necessarily understand this. So you're asking them to act on a risk that they don't can't really see. And sometimes, there's quite a lot of skepticism in those rules.

So let me ask you give me something to take back into your boards, which is this is what the inaction costs. So when your board is saying, oh, we're just gonna think about it a little bit more. Your staff are already using AI with no policy, no guardrails, no visibility.

Your vendors have probably already embedded it in your services that you're paying for. Your D and O insurers probably quietly rewriting what they will and what they won't cover. And somewhere in the market, one of your competitors or a completely new entrant is rebuilding your whole value proposition with probably a fraction of your headcount.

I'm just gonna quote from the AICD summit just super quickly. The AISC chair, Joe Longo, commented, every board must have an explicit conversation about AI, set risk appetite, establish policies rather than hoping that the issue resolves itself.

And those of you who know who of Anthropic, which is Co Pilots parent company, their CEO.

His observation a couple of weeks ago was that humanity's being handed the most unimaginable power. And our social and institutional systems might not yet be mature enough to wield it responsibly.

So that you look at that business model disruption, you look at that change, you look at this this amazing power that we're being given, that risk isn't just coming. It's already here.

So it's not about this complexity that needs the perfect solution. We need to make a decision and that decision that your board is gonna engage, you'll get the visibility, set the expectations, and that you'll govern it with that same seriousness that you would apply to whether it's a financial or risk or legal compliance.

So over the next ninety days, you could actually, looking at that chart we had earlier, you could actually move your board really, really far forward. So here's your choice. This is directly everyone who's here today. You can go back to your board with good intentions and put this on as another item on the agenda that gets deferred.

Or go back to them with something that really lands, which is a board education session. This is not a vendor pitch. It's not a webinar recording or policy document. It's actually a facilitated conversation that's designed for directors who need to get fluent and get moving.

And that's exactly what Alexey and I do, and there's other people out there who do it as well. Board AI skills, governance training, delivered locally and designed for your room. Right? We're both experienced directors.

We both speak board language. We've both done senior exec roles in big organizations.

And we've both worked multiple times with chairs who are probably quite skeptical and have left with a framework and something to move forward with. So that's gonna be the quickest way to move your board from we'll get to it to we're governing it. So in the next couple of days, all our details are on the LinkedIn page in a minute, but reach out to one of us.

And, you know, twelve months from now, your board is going be ahead of this and not scrambling to catch up. And if you don't, that's fine. But you'll probably still be having the same conversation twelve months from now where the risk is probably going to be quite a lot higher and you'll have lost another twelve months of credibility on this defining issue of this decade.

So thank you.

Sean, back to you.

Thanks, Helen. Just to finish off, we have a fantastic promotion on this month. It's our March promotion, which we hold once every year. And it's fifty percent off any of the BoardPro subscription plans. So I highly recommend if you're looking for board management software, board portal software for your organization to take a look at BoardPro on our website boardpro dot com.

We also host, as you know, the weekly webinars every Thursday. We have a range of great topics coming up over the next four to five weeks, so hit our webinar page to learn all about the upcoming topics that will be of great interest to you.

Tomorrow you shall receive tomorrow being Friday, yes it is you'll receive an email from me which will include a recording of the session today, the video. It'll also include the transcript and the presentation slides with all of the resources that Helen and Alexey talked about.

So, just as you leave the webinar, everybody, don't forget to complete our really short one minute survey. Go in the draw for our beautiful gift hamper. I'll announce the winner for that tomorrow as well.

So, thank you again for attending, everybody. I hope you enjoyed the session. I know I did. Always learned something with Helen and Alexei at the scene. I look forward to seeing you at our next webinar. Everybody, have a great day.