

A hand holding a pencil over a document with a purple overlay and a perforated metal texture.

# From AI compliance to competitive advantage

Becoming responsible by design

**accenture**

**About the research:** We surveyed 850 C-suite executives across 17 geographies and 20 industries to understand their attitudes towards AI regulation and assess their readiness to embrace it. The following paper outlines our findings, paired with empirical learnings about how to best prepare for the regulation of AI.



**Part 1:**  
It pays to be  
responsible  
by design

# The rewards of responsibility

There is clear incentive to accelerate AI transformation, but the increase in regulatory attention facing AI means that organizations need to proceed carefully. Being responsible by design can help them scale AI while better mitigating risks, meeting regulatory requirements, and creating sustainable value for themselves and their stakeholders.

In a recent report, [The Art of AI Maturity](#), Accenture identified a small group (12%) of high-performing organizations which are using AI to create differentiated growth and outcomes<sup>[i]</sup>. These “AI Achievers” are already generating 50% more revenue growth versus their peers, and they outperform other groups on customer experience (CX) and Environmental, Social and Governance (ESG) metrics<sup>[ii]</sup>.

In an effort to understand what these Achievers are doing right, we built an AI model to examine their behaviors and pinpoint their key performance indicators. Among other success factors that have a combinatorial impact on business results, these Achievers are responsible by design. Achievers are, on average, up to 53% more likely than others to apply Responsible AI practices from the start, and at scale<sup>[iii]</sup>. We also learned that the share of companies’ revenue that is “AI-influenced” more than doubled between 2018 and 2021 and will likely triple by 2024<sup>[iv]</sup>.

If Responsible AI is treated as an afterthought, not only are these benefits less likely, organizations could end up causing real harm to (and eroding the trust of) workers, consumers and society.

## Responsible by design

Being *responsible by design* means that organizations understand the importance of incorporating Responsible AI into their data and AI strategy from the start. They operate a responsible data and AI approach across the complete lifecycle of all of their models, enabling the organization to engender trust and scale AI with confidence.



## The role of regulation

Today, only 35% of consumers trust how organizations are implementing AI<sup>[v]</sup>. Regulation is one way to help address that trust deficit.

Governments and regulators are considering how to supervise and set standards for the responsible development and use of AI. Countries such as the UK, Brazil, and China are already taking action, either by evolving existing requirements related to AI (for example, in regulation such as GDPR), or through the development of new regulatory policy. The EU's proposed AI Act is the best-known example: once

ratified, anyone who wants to use, build or sell AI products and services within the EU will have to consider the requirements of the legislation for their organization.

As companies deploy AI for a growing range of tasks, adhering to laws, regulations and ethical norms will be critical to building a sound data and AI foundation. We surveyed 850 C-suite executives across 17 geographies and 20 industries to understand their attitudes towards AI regulation and assess their readiness to comply with it. Here's what we learned.

**Most organizations believe that regulation will impact them to some extent**

Our research showed that awareness of regulation (particularly from the EU) is generally widespread and that organizations are well-informed. Nearly all (97%) respondents believe that regulation will impact them to some extent and 95% believe that at least part of their business will be affected by the EU regulations specifically.

**They see regulatory compliance as an unexpected source of competitive advantage**

Interestingly, many organizations view AI regulation as a boon rather than a barrier to success. The ability to deliver high quality, trustworthy AI systems that are regulation-ready will give first movers a significant advantage in the short-term, enabling them to attract new customers, retain existing ones and build investor confidence. What's more, an organization's ability to demonstrate their own ethical AI practices can be a magnet for talent and potential customers. This will be especially important to Gen Zers, many of whom place a premium on an employer's values and commitment to ESG performance.

**Organizations are prioritizing compliance and want to invest**

Of the companies we surveyed, 77% indicated that the future regulation of AI is a current company-wide priority. Coupled with the opinion that Responsible AI can fuel business performance, it's unsurprising that over 80% of respondents plan to increase investment in Responsible AI.

**The upside of AI regulation**

Respondents believe regulation will bolster trust and confidence in AI, which will have a beneficial effect on their business.

43%

think it will improve their ability to industrialize and scale AI

36%

believe it will create opportunities for competitive advantage/differentiation

41%

believe it can help attract/retain talent

# Responsible AI readiness

Most organizations have yet to turn these favorable attitudes and intentions into action.

Let's consider the proposed EU AI Act as an example. This legislation is likely to be adopted before the end of 2023, with a two-year grace period before the rules come into force. But the timetable is much less generous than it appears. Our experience working with large organizations on major enterprise-wide compliance programs (e.g. GDPR, Responsible AI) suggests that it could easily take as long as two years to establish all the necessary controls they will need to be compliant.

We took a closer look at the survey data to better understand how ready organizations are to meet impending regulations that will impact their business.

To assess respondents' level of **readiness**, we examined key factors that make up a Responsible AI approach such as:

- CEO/C-Suite's involvement in, and support for, Responsible AI – something our [AI maturity research](#) validated as a key success factor for AI-mature organizations
- Investment in compliance
- Operationalization of governance and risk management frameworks
- Risk mitigation technologies and techniques
- Responsible AI culture, talent management and training/reskilling






**Alarmingly, we found that only 6% of organizations** have built their Responsible AI foundation and put their principles into practice. This group is prepared to accommodate near-term and ongoing regulatory changes. Responsible by design, organizations in this category can move past compliance and focus on competitive advantage.

**A majority of respondents (69%)** have some dimensions in place but haven't operationalized a robust Responsible AI foundation. Some of these organizations have developed a governance framework (62.3%), some have defined a risk management framework (40.7%), and others have begun to implement risk mitigation tools and techniques (44.1%). This group understands the value of Responsible AI, but they have yet to embed it across their entire organization.

**Finally, 25% respondents** have yet to establish any meaningful Responsible AI capabilities. This group will have the most work to do to prepare their organizations for regulatory change.

**More than 80% say that they'll commit 10% or more of their total AI budget to meeting regulatory requirements by 2024 and 45% are planning to spend at least 20%.**



A hand with a ring is drawing a diagram on a purple background. The diagram consists of several curved lines that converge towards a central point, resembling a funnel or a path leading to a destination. The background is a solid purple color with some faint, lighter purple patterns. The text is overlaid on the left side of the image.

**Part 2:**  
The roadblocks  
to readiness

# The roadblocks to readiness

While most companies have begun their Responsible AI journey, the majority (94%) are struggling to operationalize across all key elements of responsible AI. The question becomes: why? We identified a couple of primary barriers.

The biggest barrier lies in the complexity of scaling AI responsibly – an undertaking that involves multiple stakeholders and cuts across the entire enterprise and ecosystem.

**62%** **47%**

have developed a governance framework

have defined a risk management framework

**39%**

have begun to implement risk mitigation tools and techniques.

Our survey revealed that nearly 70% of respondents do not have a fully operationalized and integrated Responsible AI Governance Model. As new requirements emerge, they must be baked into product development processes and connected to other regulatory areas such as privacy, data security and content. Additionally, organizations may be unsure what to do while they wait for regulations to be defined. Uncertainty around rollout process/timing (35%) and the potential for inconsistent standards across regions (34%) were the largest concerns in relation to future AI regulation.

This lack of clarity can lead to strategic paralysis as companies adopt a “wait and see” approach. As experienced with GDPR, reactive companies have little choice but to be compliance-focused, prioritizing the specific requirements rather than the underlying risk, which can lead to problems down the road...and value left on the table.

## Lessons from GDPR

The risks of “ticking a box” vs. proactive planning:

1. Organizations are constantly changing; new data, applications, role changes, etc mean compliance capabilities must be robust enough to adapt with internal change. Companies that only looked to take a tick-box approach came undone as these internal changes inevitably occurred.
2. As AI continues to evolve so too does the risk profile. New technologies and use cases emerge, while different countries and regions develop differing compliance requirements. To stay ahead of regulations, organizations must constantly monitor the underlying risk, not the specific requirement. Those that focused only on GDPR compliance, found their strategy was disjointed and unsustainable. While this is true for all regulated companies, it is particularly relevant for those that could be exposed to a range of differing regulations globally.



## Consider this:

### 1. Responsible AI is cross-functional but typically lives in a silo.

The Business Roundtable, an association of CEOs from the largest companies in the US, has published guidance for [businesses](#) and [policy makers](#) on the responsible use of AI. But in practice, Responsible AI has often not had the close attention and sponsorship from the very top of the organization. The majority of respondents (56%) report that responsibility for AI compliance rests solely with the Chief Data Officer (CDO) or equivalent (CDAO, CIO, CTO). What's more, despite the need for cross-functional collaboration, only 4% of organizations say that they have a cross-functional team in place. Responsible AI is relevant to the entire organization, from data and AI teams, to legal and risk, to marketing, HR and other corporate functions, not to mention product owners. Having buy-in and support from across the C-suite will establish priorities for the rest of the organization.

## 2. Risk management frameworks are a requirement for all AI, but they aren't one-size-fits-all.

Only about half (47%) of the surveyed organizations have developed a risk management framework, even though it's a prerequisite to developing AI responsibly. The proposed EU AI Act defines different categories of AI risk primarily driven by the use case or context. So, a risk management framework will likely become necessary to comply with the regulation, once adopted.

Even for those who have created a framework, the challenge lies in applying it across the organization in a sustainable way. Whether or not AI is responsible cannot be judged at a single point in time. It has to be continuously checked. Yet our survey found that 70% of organizations have yet to implement the ongoing monitoring and controls required to mitigate AI risks.

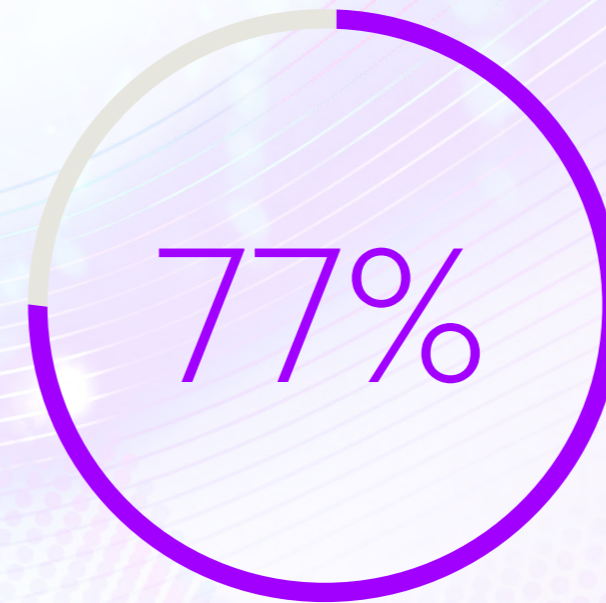


### 3. There is power in the AI ecosystem, but you're only as strong as your weakest partner

Most (if not all) sizeable organizations operate in ecosystems that span many partners. Regulation will therefore require companies to think about their entire AI value chain (with a focus on high-risk systems), not just the elements that are proprietary to them. In fact, 39% of respondents see one of their greatest internal challenges to regulatory compliance arising from collaborations with partners, and only 12% have included Responsible AI competency requirements in the supplier agreements with third party providers. Procuring third-party solutions will therefore

require a provider to show robust evidence that their solution is compliant with regulation. This task is made even more complex by the reluctance of any provider to reveal the IP underpinning a solution.

Understanding respective roles and responsibilities in collaborative ecosystems and platforms will become increasingly important – and complex to navigate. This is all the more important, as the trend for organizations to be both users and providers of AI is set to increase over the next three years.



**of companies are both users and providers of AI solutions, creating additional requirements that must be coordinated across multiple partners/value chains**

## 4. Culture is key, but talent is scarce.

It is important that every employee has a sufficient understanding of, and confidence in, the robust approach the organization is taking to ensure the responsible use of AI. The survey results suggest that most organizations have a way to go before they achieve that. For example, respondents reported that they lack talent who are familiar with the details of AI regulation, with 27% citing this as one of their top three concerns. Plus, more than half (55.4%) do not yet have specific roles for Responsible AI embedded across the organization. With data science talent

already scarce, organizations must consider how to attract or develop the specialist skills required for Responsible AI roles – keeping in mind that teams responsible for AI systems should also reflect a diversity of geography, backgrounds and ‘lived experience’. The different perspectives that they bring are essential to spot potential bias and unfairness and to minimize unconscious bias in product design, build and testing. When it comes to AI, culture is essential to uniting the whole organization around responsible principles and practices.

### Professional accreditation

One possible development here could be the creation of a [professional accreditation](#) for data scientists. As yet there are no recognized external standards or chartered status for data science qualifications. Creating those would make it easier to identify which data scientists are qualified to work in the area of Responsible AI.





## 5. Measurement is critical, but success is defined by non-traditional KPIs.

Finally, the success of AI can't be solely measured by traditional KPIs such as revenue generation or efficiency gains, but organizations often fall back on these traditional benchmarks and KPIs. In 30% of companies, there are no active KPIs for Responsible AI. Without established technical methods to measure and mitigate risks, organizations can't be confident that a system is fair. To our previous point, specialist expertise is required to define and measure the responsible use and algorithmic impact of data, models and outcomes - for example, algorithmic fairness.

While there's no set way to proceed, it's important to take a proactive approach to building Responsible AI readiness to overcome or avoid the barriers above.



**Part 3:**  
Becoming responsible  
by design



# Becoming responsible by design

To be responsible by design, we believe organizations need to move from a reactive compliance strategy to the proactive development of mature Responsible AI capabilities. With the foundations in place to support the responsible use of AI across the enterprise, it becomes easier to adapt as new regulations emerge. That way, businesses can focus more on performance and competitive advantage.

Based on our experience helping organizations across the globe scale AI for business value, we've defined a simple framework to help companies become responsible by design. With this framework in place, organizations will be set up to assess the impact of any new regulation and respond to compliance requirements without starting from scratch each time. See Figure 1 overleaf for detailed recommendations.

## Principles and Governance

Define and articulate a Responsible AI mission and principles (supported by the C-suite) while establishing a clear governance structure across the organization that builds confidence and trust in AI technologies.

## Risk, Policy and Control

Strengthen compliance with stated principles and current laws and regulations while monitoring future ones, develop policies to mitigate risk and operationalize those policies through a risk management framework with regular reporting and monitoring.

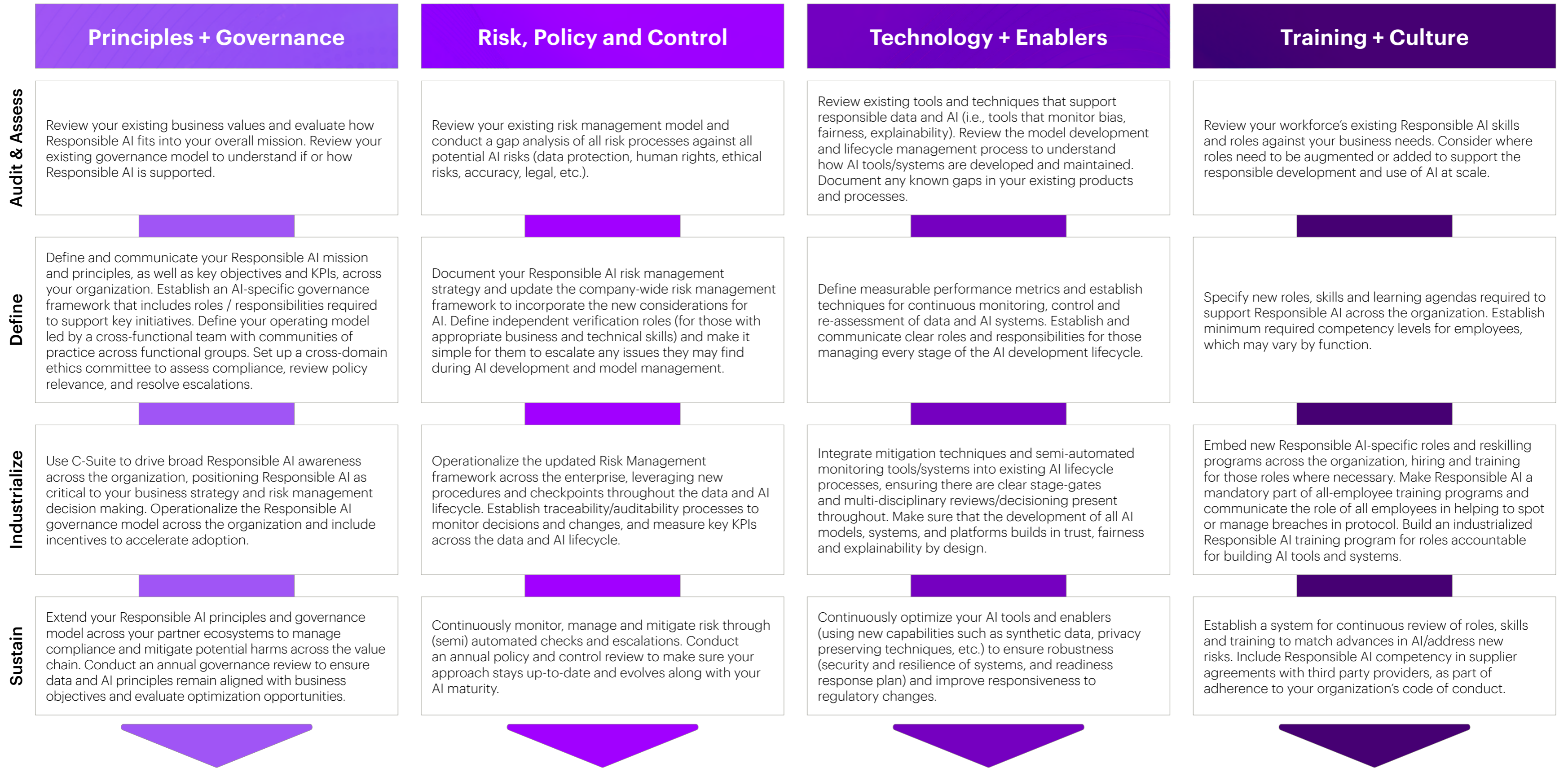
## Technology and Enablers

Develop tools and techniques to support principles such as fairness, explainability, robustness, accountability and privacy, and build these into AI systems and platforms.

## Culture and Training

Empower leadership to elevate Responsible AI as a critical business imperative and provide all employees with training to give them a clear understanding of Responsible AI principles and how to translate these into actions.

Figure 1: A framework for building a Responsible AI foundation



# All roads lead to responsibility

Almost two thirds (57%) of our survey respondents regard AI as a critical enabler of their strategic priorities. Scaling AI can deliver high performance for customers, shareholders and employees, but organizations must overcome common hurdles to apply AI responsibly and sustainably. While they've historically cited lack of talent and poor data quality/availability as their biggest barriers to AI adoption, *"managing data ethics and responsible AI, data privacy and information security"* now tops the list.

Being responsible by design can help organizations clear those hurdles and scale AI with confidence. By shifting from a reactive AI compliance strategy to the proactive development of mature Responsible AI capabilities, they'll have the foundations in place to adapt as new regulations and guidance emerge. That way, businesses can focus more on performance and competitive advantage.

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## References

[i] [Accenture: The Art of AI maturity](#)

[ii] [Accenture: The Art of AI maturity](#)

[iii] [Accenture: The Art of AI maturity](#)

[iv] [Accenture: The Art of AI maturity](#)

[v] [Accenture Technology Vision 2022](#)

