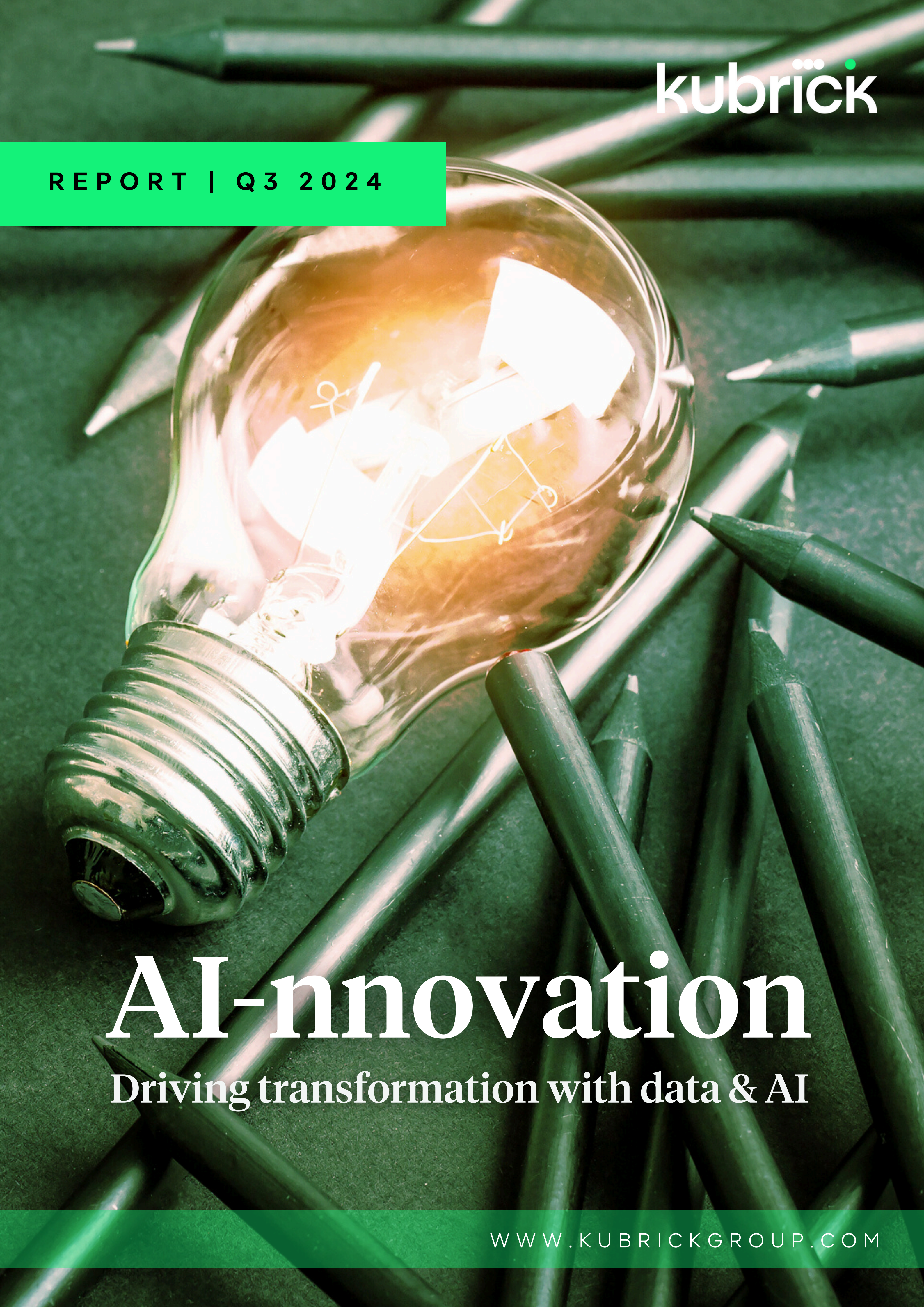

kubrick

REPORT | Q3 2024

AI-nnovation

Driving transformation with data & AI

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CONTENTS

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EXECUTIVE SUMMARY

As the data at our disposal continues to grow in volume and complexity, every organisation has much of the journey still to go in order to make their data reliable, accessible, governed, compliant, and understandable to their end-users. However, the roadmap is now there – and AI is on the horizon.

AI will not just enhance insights; it will fundamentally change business models. These possibilities may seem out of reach for the near future, but disruptive organisations are already reaping the benefits.

The AI hype provides an opportunity to data & tech teams to reposition themselves entirely within their organisations; if businesses are going to fundamentally change their models and ways of working, data teams are going to be intrinsic to their organisations' strategic success.

The time to innovate is now – or risk falling behind. The early stages of developing AI products which leverage organisation's data to create unique IP and value can secure buy-in from stakeholders that promotes long-term transformation. Strong domain use cases to show value are critical – which means understanding these use cases.

Meanwhile, AI regulation is almost upon us. The EU AI Act is coming into effect over the coming 24 months, but this cannot deter data and tech leaders from gaining the competitive advantage from AI innovation now. They must seek ways to incorporate governance into their innovation, considering how it poses a business challenge to be solved much in the same way that they are being challenged to innovate in the name of commercial growth.

PART 1 INNOVATION - A SIGN OF THE TIMES

Markers of AI are permeating today's news cycle and the public conversation. Taking a snapshot of public interest from Google Trends, engagement in the topic of AI and its capabilities has unsurprisingly surged in the last few years. The relative frequency of search for 'AI' in the US and the UK ranged between 4 and 10 out of 100 until 2022, since Google's record of searches began in 2004. It then began the slow creep upwards as AI became part of the zeitgeist, spiking at a trend rating of 98 in April 2023 – until it finally hit a score of 100 in May this year (see fig i).

Figure i: AI ranking on Google Trends from December 2021 to June 2024 [Source: Google Trends]

Public interest in AI capability does not yet, however, translate to public usage, as recent research from the Reuters Institute at the University of Oxford [1] indicates. 50% of respondents in a global survey knew of ChatGPT, the most notorious generative AI tool, but just 2% of UK respondents reported daily use, while the US had the highest frequency of use at 7%. Scepticism about this disparity could indicate a false sense of hype, fuelled by media and journalistic focus [2]. However, the returns for the key players who have invested heavily in AI tell a different story. Microsoft has dominated headlines by exceeding Wall Street targets on their stock market value in Q1, the increase in revenue and profit largely attributed to their strategic partnership with OpenAI [3].

Meanwhile, Google Cloud saw an impressive 28% revenue increase in their Q1 results, which Google CEO Sundar Pichai related to AI-enablement, noting that "[Google's] differentiation in cloud begins with our AI Hypercomputer, which provides efficient and cost-effective infrastructure to train models. Today, more than 60 percent of funded GenAI startups and nearly 90 percent of GenAI unicorns are Google Cloud customers."[4] Some tech challengers might be still waiting for the pay-off, but nonetheless persist in their investment. Snowflake, for example, has increased their R&D spend by 48% in the last year alone [5], a long-term investment play that has seen 34% revenue growth led to a net loss of $310M due to their high operating costs (see fig ii).

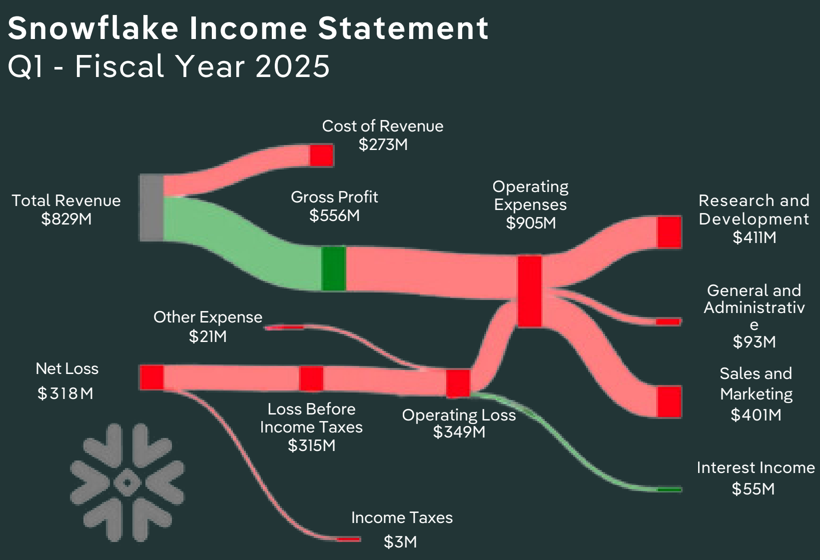


Figure ii: Snowflake's revenue and spending streams at the end of Q1 FY25 [Source: Snowflake via Yahoo Finance]

[1] Reuters Institute, the University of Oxford
[2] BBC News
[3] Reuters
[4] CRN
[5] Yahoo Finance

The impact of AI innovation goes beyond the everyday user and the technology providers behind it. It is rapidly becoming a dominant factor in global economic disruption, as the so-called 'innovation gap' between the US and the EU widens.

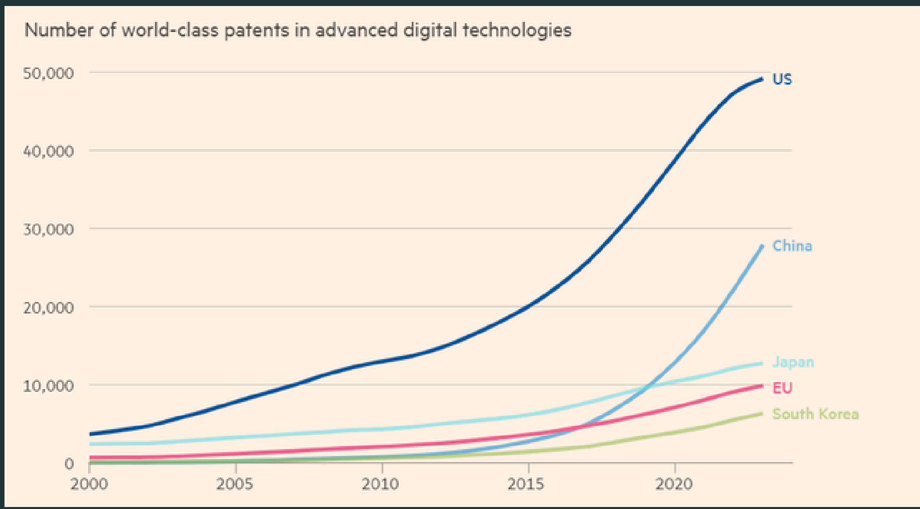


Figure iii: Number of world-class patents filed by key economies [Source: Association of the Bavarian Economy via Financial Times]

A report by the Financial Times revealed that, amidst a variety of factors that are slowing the EU economy, a distinct hesitancy to invest in innovation is a major challenge [6]. The US has filed almost 5 times the number of world-class patents in advanced digital technologies than the EU (see fig iii) – yet the declining workforce of Europe means EU countries are going to be more reliant on productivity augmentation from US innovation (see fig iv).

The response from the UK Government to address the deficit in innovation has been notable, namely in the launch of the Department for Science, Innovation and Technology (DSIT) in February 2023. In the year since the DSIT was founded, their cross-government Science and Technology Framework has already helped public spending on R&D reach record levels, with a concerted effort to bring together public and private sectors while leveraging academic research [7].

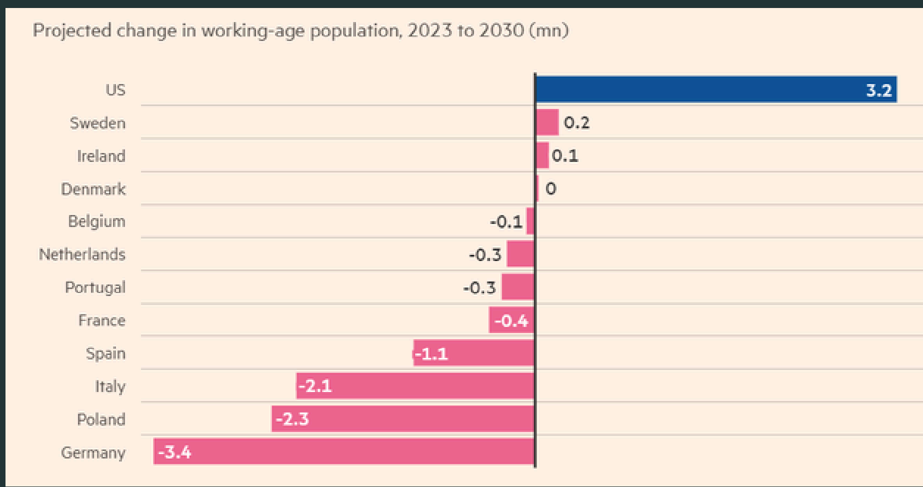


Figure iv: Projected change in working-age population 2023-2030 in the US versus EU countries [Source: Allianz via Financial Times]

Yet, in the field of AI research, private industry continues to pull ahead of academia in talent, resource, and capability. Indeed, one study from MIT found that 96% of the largest AI models come from industry – driven by the 70% of AI PhD holders who now work in industry, compared to 20% in the early days of AI research two decades ago [8].

This is the backdrop upon which data and tech teams in organisations are driving innovation. The motivation to help transform their organisations through data and AI-enablement is coming from the top, as the C-Suite sharpen their gaze on potential gains to be made. Gartner's 2024 CEO Survey found 87% of CEOs agreed the benefits of AI outweighed any risks to their business [9], playing a large role in why 'Technology-related' matters remain the second most important priority area for the 3rd year running (see fig v).

[6] The Financial Times
[7] HM Government DSIT
[8] MIT
[9] Gartner

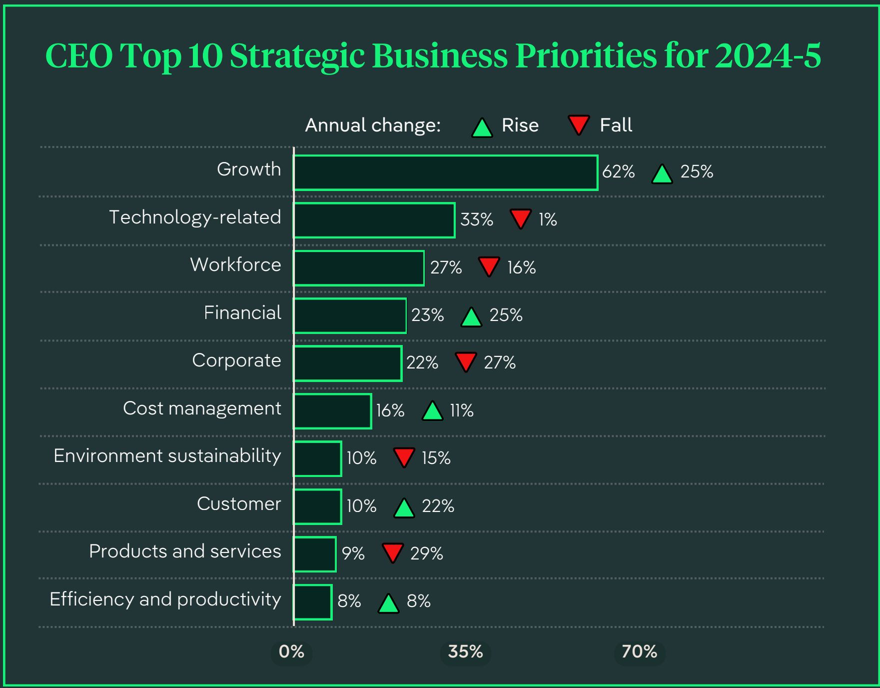


Figure v: CEO Top 10 Strategic Business Priorities for 2024-5 [Source: Gartner]

When comparing the results of the 2024 survey to the prior year [10], what is most apparent is the concentrated focus on commercial outcomes, with Growth as the top priority (up by 25%), while Financial matters also leaped by 25% to fourth place. The connection between commercial ambitions and technological capability is striking, as noted by Gartner VP Analyst Don Scheibenreif: "The majority of CEOs surveyed believe that the AI breakthroughs of 2023 justified the tech sector hype. They are relying on CIOs, CTOs or CDOs to unlock the value of GenAI, showing that this is a team effort when approaching these projects and not just a top-down experience."

The stage is set for data and tech leaders to take a leading role in business transformation by identifying and delivering on use cases that realise top-line outcomes. Meanwhile, for the CEOs whose focus on Financial matters and Cost management initiatives means a reluctancy to invest in data and AI-led innovation, there is likely a greater cost to missing out in the long-term. The need to experiment and understand the value of Generative AI and other business-transformational forms of AI is growing more acute as the timelines for successful implementation and adoption become more immediate.

When Generative AI hit the Peak of Inflated Expectation on Gartner's Hype Cycle [11] (see fig vi) just last year, they estimated it would take another 5-10 years before it would reach the Plateau of Productivity. Now, with Apple's recent announcement of Apple Intelligence [12], every Tech Giant has productionised GenAI for their customers. This extraordinary acceleration in technological development intensifies the risk of getting left behind, but its not too late. Tech leaders have the opportunity to harness the hype in order to:

- Prove ROI to secure further investment
- Help upskill and embed AI-centric culture in teams for long-term enablement
- Allow for experimentation with governance and ethics at a small-scale/in a contained environment
- Begin educating end-users to prepare for largescale AI-augmentation

Figure vi: The Gartner® Hype Cycle™ for Artificial Intelligence 2023 places Generative AI at the Peak of Inflated Expectations [Source: Gartner]

[10] Gartner [12] CNBC
[11] Gartner

Furthermore, the risk of losing out on competitive advantage with technology should be regarded as a commercial threat. Revisiting Gartner's survey of CEO priorities for 2024, the biggest shift from last year is the decrease in importance of Products & Services (down 29%). It begs the question: in pursuit of their growth ambitions, are today's CEOs relying on technology to get ahead of the competition, rather than developing new avenues to widen or deepen their market reach? Moreover, in a world where data has become most organisation's most precious asset, the need to own and protect business critical IP will become even stronger. Organisations who are driving innovation now will not only possess first-mover advantage, but are likely to close the door behind them, putting in place tight security and privacy protocols around their AI innovation to prevent competitors from replicating their tools down the line.

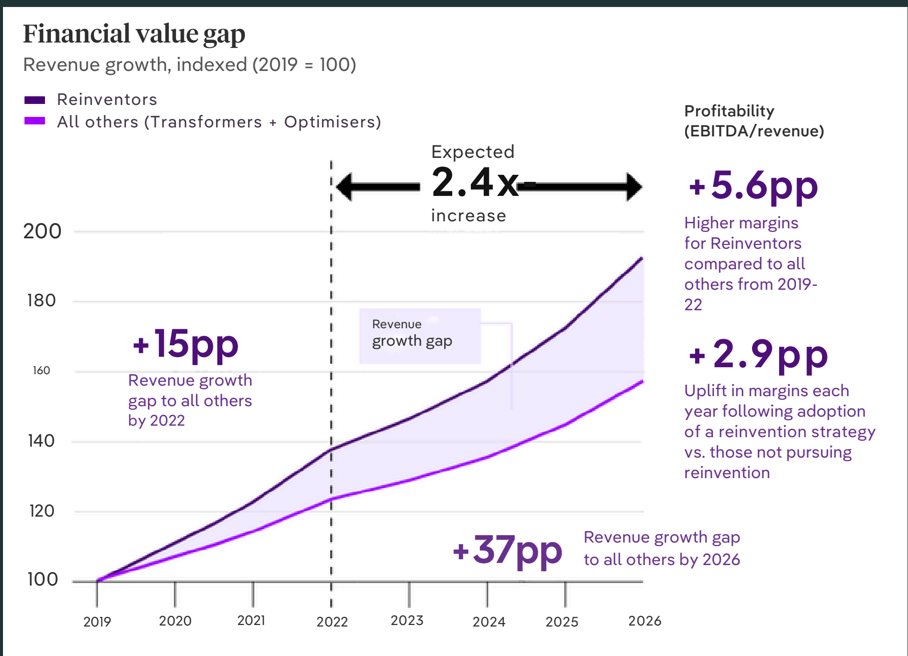


Fig vii: 'Reinventor' organisations are predicted to increase their revenue growth at a faster rate than other businesses [Source: Accenture]

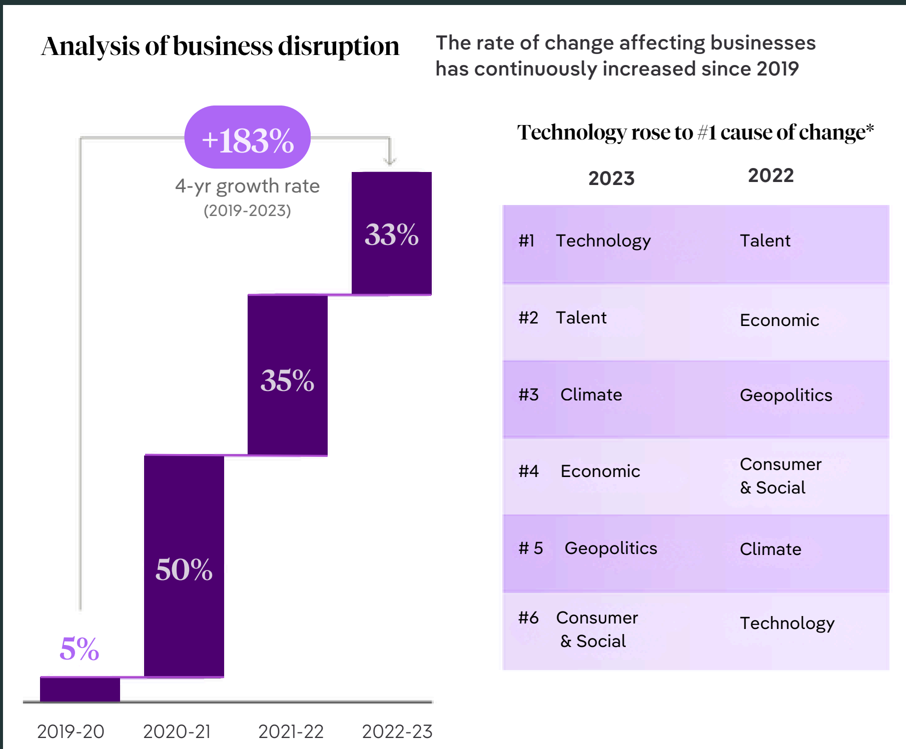
The pressures to innovate are present and prevalent, coming from within the organisation at the C-level and looming large on the international economic stage. The true test of successful, tech-led innovation will see businesses fundamentally change their models and ways of working. Accenture's 2024 research report Reinvention in the age of generative AI [13] found that the businesses which are operating as 'Reinventors' in their strategy will continue to outperform 'Transformers' or 'Optimisers' in revenue (see fig vii), driven by their ability to evolve using AI.

The opportunity stands for tech leaders to leverage this momemtum to reinvent their teams as the change agents who are intrinsic to their organisation's future success. Nevertheless, the road to transformation is long and still relatively uncharted. What innovation looks like in practice is another question; it could mean taking tentative steps or bold strides to embrace AI.

PART 2 TOOLS, PRODUCTS, SOLUTIONS

Making the leap from optimising with AI to achieving total business reinvention is, undoubtedly, a difficult course to track. In their research of 1,500 companies and their C-Suite executives for Reinvention in the age of generative AI, Accenture qualified only 9% into the category of Reinventors [14]. Meanwhile, Accenture estimate the rate of change affecting businesses has grown by 183% in the last 4 years – and technology has finally risen to the top spot as the #1 cause of change (see fig viii).

[13] Accenture
[14] Ibid 13



In this light, 83% of organisations reported to have accelerated their execution of transformation since the year prior [15]. To build a sustainable foundation for change, leaders will be challenged to identify and execute against tangible, impactful use cases from which they can scale. These specific project outcomes can be categorised into 3 different levels of delivery which each contribute to transformation: tools, products, and solutions.

*Ranking is based on % of increase measured from 2022 to 2023 for each of the six factors
Source: Analysis of business disruption is based on the average of six factors, each of which are based on a set of indexed scores of a set of indicators. C-suite leaders' perception is based on a global survey of 3,450 C-suite executives, across 20 countries and 19 industries.

Figure viii: Factors of change that drive business disruption [Source: Accenture]

TOOLS: A FOUNDATION FOR TECHNICAL CAPABILITY

As the volume and complexity of data at our disposal increases, many organisations may still be focused on getting foundational data capability in order. In fact, Accenture's reinvention survey found that 'Reinventors' ranked their data foundation as the weakest element of their 'digital core', the sum of their technological capability, rating it a percentage point below other organisations (see fig ix) [16].

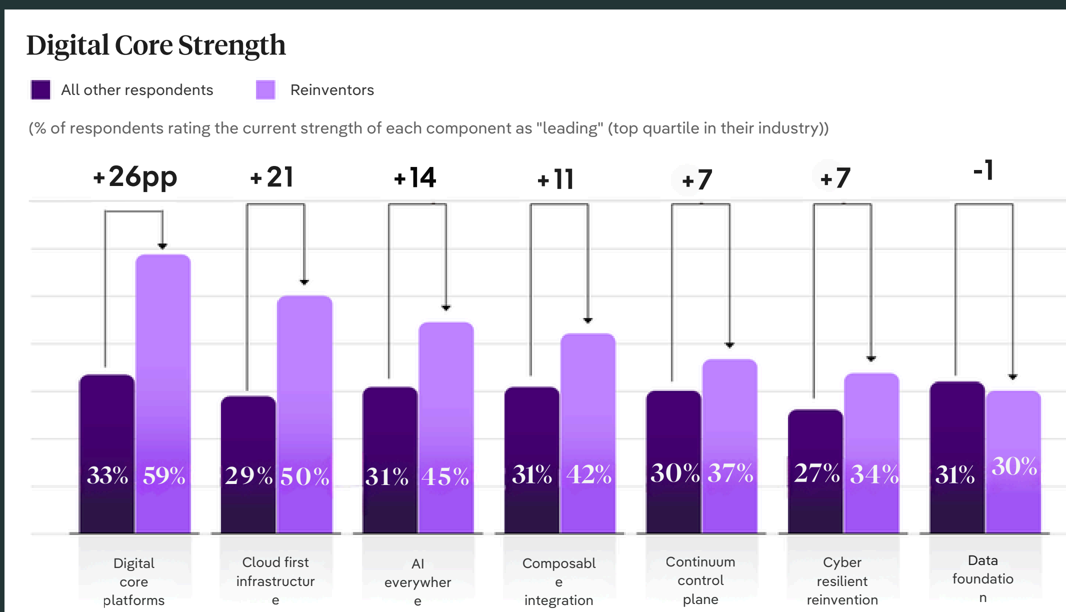


Figure ix: Comparison of digital core components between Reinventors and Other types of business [Source: Accenture]

[15] Ibid 13
[16] Ibid 13

However, the tools and platforms available in today's market are expediting the process of data aggregation, access, and interrogation faster than ever before. "We're in the age of data federation and democratisation, whether businesses are truly ready for it or not", explained Kubrick Delivery Lead Lewis Allsop, who specialises in data cloud platform migration and adoption. "Just a couple of years ago, many of our clients were seeking support to consolidate and simplify their centralised architecture. Now, we're helping organisations at a relatively similar stage of data maturity simultaneously streamline and simplify whilst also enabling cross-functional access and capability through approaches like data mesh or specific tool implementation like Databricks Unity Catalog or Starburst."

"The reality of this is both a challenge and an opportunity", Allsop continued. "Data leaders need to be more involved with their end users to promote data literacy and impactful adoption, but they can also leverage this visibility to drive for alignment with C-Suite-level ambitions and position themselves as instrumental in top line goals."

The value of these modern data platforms for strengthening the digital core is fuelling a competitive tech vendor marketplace. Today's data leaders are inundated with choice, each with their own proposition for capability, integration, and price. The spectrum of factors and variables can make the act of selecting a new platform feel as much of a drain on resource as the implementation itself, requiring time and research which can, in turn, slow other forms of innovation. And given the relentless speed of technological development, the performance of existing tools and platforms require regular evaluation for improvement.

For Sporting Solutions, a market leader in sports pricing, risk and analytics technology, they utilised Kubrick's Accelerator programme to confirm their future direction. Their Data Engineering team had organically spread their capabilities across both Snowflake and Google Big Query, largely due to personal preferences of platform. When examining their tech stack at large for opportunities to streamline, Sporting Solutions' Head of Technology questioned the need for a Snowflake instance given the larger footprint in the Google suite across the business. For Head of Data Engineering Tony Burton, Snowflake's capabilities were more conducive to his domain, so they took the question of tool comparison to Kubrick for a non-bias answer.

The Accelerator project saw a team of Kubrick consultants undertake a comprehensive assessment of the platforms' capabilities, benefits, and drawbacks in a 2-week sprint. What they found was not necessarily a surprise; when asking if one platform was better than another, the answer was 'it depends'. But what they did demonstrate was a new way to articulate the value of their tools across functions and to senior stakeholders, with a view to optimise performance so as to enable future transformation. "Ultimately, there is no holy grail of cloud-based platforms", reflected Dr Burton. "But now that we know that for ourselves, we can maximise the outputs of both – and know that we have better control over the purse strings. Kubrick's team were able to demonstrate different viewpoints and considerations about cost, efficiency, and capability that we had never considered ourselves, and in doing so has improved alignment between my team and the technology function at large."

> **"There is no holy grail of cloud platforms... We can maximise the outputs of both, and know that we have better control over the purse strings."**

"In terms of enabling our wider strategy, we are currently focused on making sure our core data platforms provide the best data and insights for our stakeholders as possible", Dr Burton continued. "We're waiting for the right AI use case to present itself. In this light, the Kubrick Accelerator has been able to demonstrate that we're on the right track for delivering the product – robust, rapid data capability – we promise our stakeholders."

PRODUCTS: EMBEDDING TECHNOLOGY TO ENHANCE OUTCOMES

The strategic repositioning of data teams from a back-office function to a driver of commercial growth is an exercise in innovation of itself. This level of transformation will challenge tech leaders to embrace new approaches, considering how produce and market their outputs to end users in the same way that their business counterparts take their products to market with external customers. One such approach designed by Strategy&, PwC's strategic consulting arm, explores the concept of 'strategic product value management': considering both commercial and design factors to drive innovation while minimising risk (see fig x) [17].

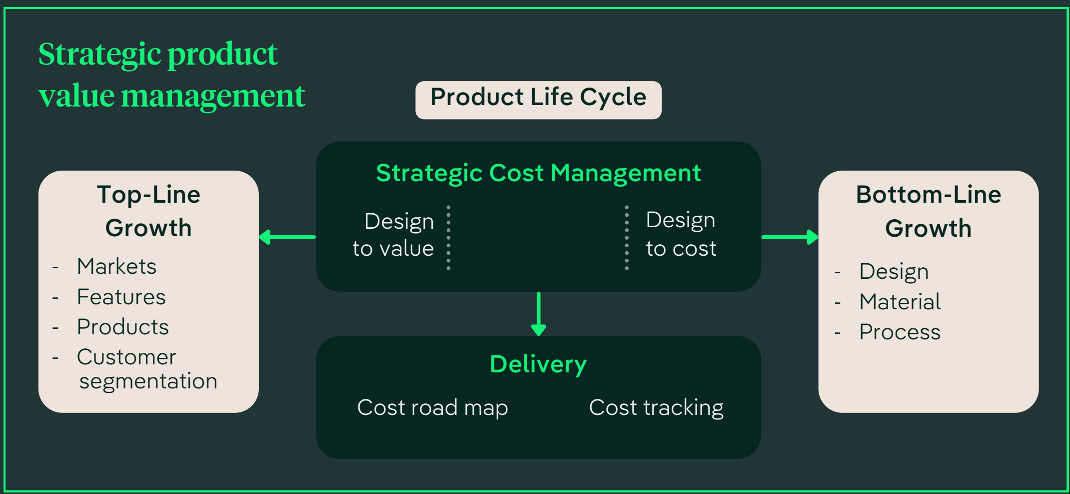


Figure x: Using strategic product value management to generate top-line and bottom-line value in the product life cycle [Source: Strategy&]

The strategy combines Design-to-cost (DTC) and Design-to-value (DTV) frameworks to identify the potential value of an innovative product. The approach to DTC will not be foreign to data leaders facing questions on the bottom-line spend of any tool or platform they are looking to implement – and ultimately from which they must realise value.

This approach is all too familiar for most tech leaders, who at some point or another have been challenged to examine their suite of tooling to question the efficiency of it and prove that they are maximising on their investments, much as Kubrick examined for their clients at Sporting Solutions with their review of Google Big Query and Snowflake.

What might be new territory for data teams undergoing commercial transformation are the elements of DTV that drive top-line growth. That is, being able to identify the internal 'customers' within their business and the understand the difficulties they face to design a product. Strategy&'s research on strategic product value management identifies three models of innovation to which businesses typically adhere:

Need seekers such as Apple, Proctor & Gamble, and Tesla, use superior insights about their customers to generate new product ideas.

Market readers such as Samsung, Caterpillar, and Visteon, create value through incremental innovations to products that have already proven their worth in the market. This is a more cautious, "fast-follower" approach, and it involves closely monitoring specific markets, customer segments, and competitors.

Technology drivers such as Google, Bosch, and Siemens, depend heavily on their internal technological capabilities to develop new products and services. They apply an inside-out approach, developing products of superior technological value and expecting that their discoveries will meet the known and unknown need of their customers.

[Source: Strategy&]

[17] PwC's Strategy&

Unsurprisingly, organisations with centralised data and tech functions often find themselves creating innovation in the mode of 'Technology drivers'. "Driving innovation from inside the silo of the data team is a typical outcome for many of the teams we work with", reflected Kubrick Senior Vice President Jay Lockwood. "Afterall, it is the data and AI specialists – not the business users - who are keeping ahead of technological development through conferences, training, and research-led upskilling, and then seek a use case inside the business to which they can apply their capabilities. While this route is quick to begin the process of innovation, many of our clients get stuck when it comes to securing buy-in and adoption, as these products can feel disruptive to the end user and their processes."

According to Strategy&'s research, the 'Need seeker' model is the most consistently successful driver of innovation. However, sourcing 'superior insights' about business user needs (i.e., the data team's 'customer') may be difficult when operating inside the same business, considering biases and siloes that occur. That's where Kubrick has been able to share insight from across their portfolio of clients and wider market intelligence to support teams seeking to understand the needs of their own organisation. In one such instance, Kubrick has developed a new product leveraging Large Language Models (LLMs) tailored to the issues many Financial Services clients face when conducting Know Your Customer (KYC) due diligence checks as part of Anti-Money Laundering (AML) requirements during the client onboarding process.

The product has been dubbed 'KLOE': KYC-LLM-Onboarding-Engine. The product streamlines the highly manual process of gathering required information about new clients by enabling analysts to search, retrieve, and cite details from uploaded documents and approved web sources with an interactive chatbot which utilises Retrieval Augmented Generation (RAG) with an LLM. The product not only reduces the time for manual research from hours to minutes, but also mitigates against human error to reduce the Quality Assurance process and enhance regulatory compliance (see fig xi). The tool was created utilising Kubrick's inhouse market and customer intelligence, spearheaded by Richard Robertson, Head of US National Accounts, who has a specialist focus on Kubrick's US Financial Services portfolio.

KYC Workflow Process

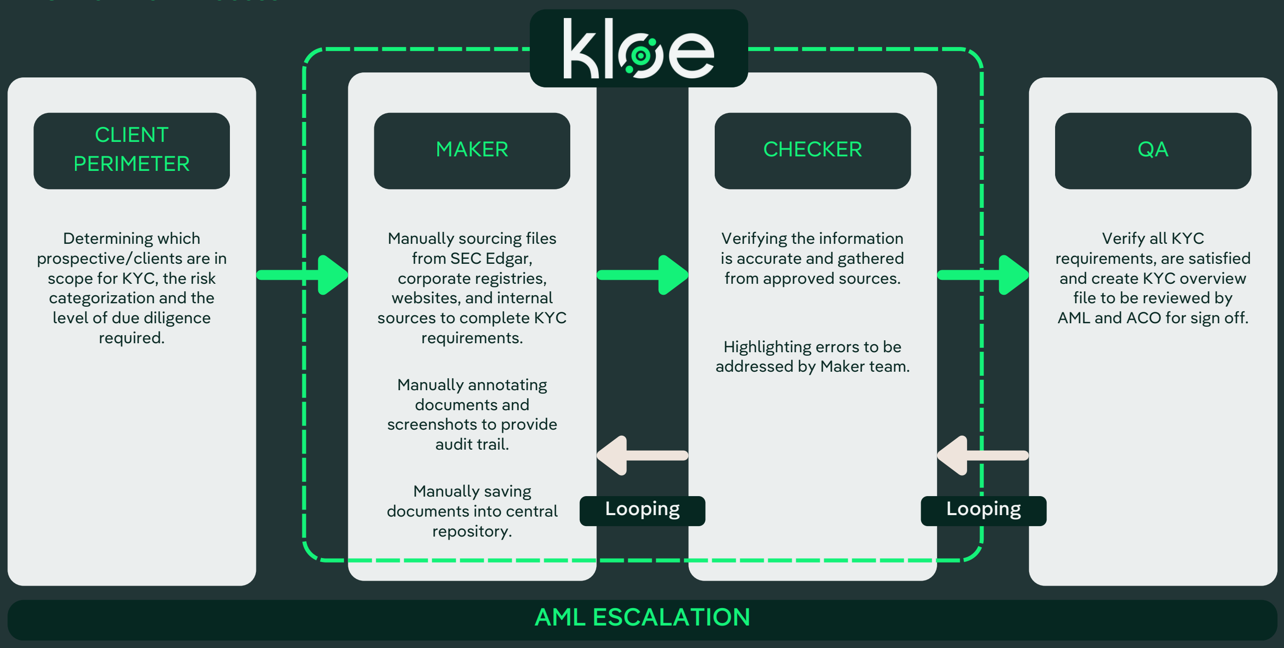


Figure xi: Kubrick's KLOE Generative AI product enabled in the KYC workflow to reduce manual data collection and entry, reducing errors, incomplete/inaccurate audit trails, incomplete document storage, and reliance on QA process. [Source: Kubrick]

"We developed KLOE in response to a striking need for automation in the KYC process which didn't compromise the integrity of the outputs, considering the severity of risk involved with AML requirements," Robertson explained. "There is a lot of scepticism surrounding AI and its reliability, but KLOE opens up the black box of generative AI. The RAG system removes any risk of hallucination, providing only verified information which is far more accurate than human capability. Moreover, it automatically cites the source from which it was retrieved, to guarantee traceability. This is the kind of innovation which tackles a challenge at its source to create bottom-line streamlining, but also increase top-line gains; ultimately, KLOE improves the speed to onboard a client, minimising the likelihood a deal can fall through and increase client retention to drive revenue. Most importantly, KLOE is IP that our clients can keep. It is not a costly subscription platform that disrupts their existing processes with the risk of adoption failure – it is a tool that integrates with our clients' architecture and capabilities, to be customised and enhanced to increase analyst output by as much as 90%."

SOLUTIONS: TECHNOLOGY-DRIVEN TRANSFORMATION

Creating data and AI products that meet specific business user needs is not necessarily the ultimate goal. In fact, a product-oriented mindset could be a limiting factor, where there are more transformational opportunities for data and tech leaders to leverage. Kubrick have been expanding their capabilities to better support end-to-end solutions that reinvent largescale operations - and demonstrate the power of data and AI to do so.

The evolution is a result of Kubrick's changing market position, having developed and launched their new market category 'Next-Gen Consulting' in Q1 2024 [18] (see fig xii).

Where Kubrick had first began operating in the Talent Augmentation market with a Hire-Train-Deploy model, they focused on servicing clients with skills and resource to close a talent gap as organisations built their data foundations. Now, Kubrick are responding to the increasing demand for fast-paced, data and AI innovation by strengthening their delivery capability, driven by their team of senior consultants who lead squads of their junior tech talent, a workforce still founded in their proprietary training.

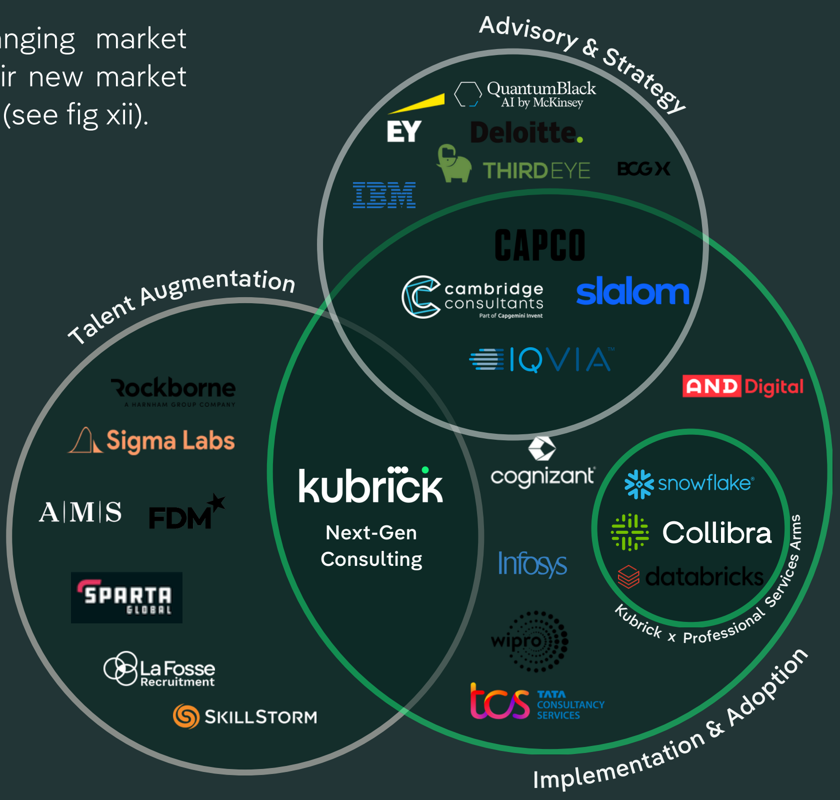


Figure xii: Kubrick's positioning in the Talent & Professional Services marketplace as a Next-Gen Consultancy [Source: Kubrick]

[18] Kubrick Group

The result is a framework whereby Kubrick are able to blend capabilities and services from across their data, AI, and cloud practices to deliver a multifaceted solution that addresses a wider business challenge, rather than a specific product or tool to augment user experience (see fig xiii).

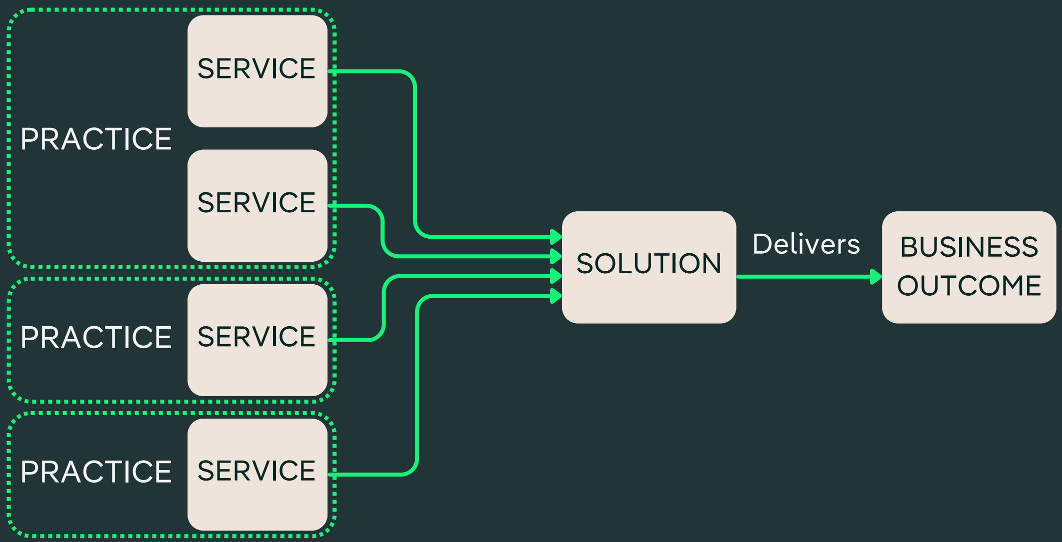


Fig xiii: Framework to leverage capabilities across practices and service lines to create a cohesive business solution. [Source: Kubrick]

In practice, this framework has enabled Kubrick to help kickstart a transformation programme within the Maintenance and Operations department of a major US airline. The challenge in question is not unique to the client, but a universal goal for all airlines: reduce the time that planes are left grounded due to unforeseen or neglected maintenance issues. In line with process and regulation requirements to log all maintenance activity, the airline had amassed a significant dataset which they could leverage to understand root cause issues, such as broken or missing parts and the availability of engineers to correct the problem.

The project began in Kubrick's Accelerator incubator, where a team of consultants explored the viability of using knowledge graph technology to create advanced analytics with Kubrick's software partner Neo4j. Working in a sprint, the team produced a successful Proof of Concept (POC) which enabled the client stakeholder to secure funding for a full-scale project delivery. Kubrick deployed a squad from their Accelerator team to develop the POC into a Minimal Viable Product (MVP), working closely with their partners at Neo4j to develop the knowledge graph, as well as Databricks as the providers of client's cloud data platform.

The knowledge graph is interfaced by a chatbot developed by the client's data science team, allowing maintenance workers to interrogate the data to source the 'out of service' events that are occurring. The team have also developed predictive analytics capabilities that will anticipate potential disruptions, analysing reoccurring issues with particular parts or airplane models to alert engineers to conduct service checks before problems arise. Moreover, the project scope has not remained limited to the production of a singular tool. The team helped identify additional components to elevate the project to encompass the requirements of the back-office team, leadership, and regulatory compliance, starting with dashboard tooling to enable reporting to the Reliability Team and ultimately service reporting to the Federal Aviation Association (FAA).

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> “...we could drive greater transformation across the Maintenance division with our insights. The dashboard suite will enable greater utilisation across the airline’s fleet.
>
> ...And we’re just getting started.”

“We realised our data and analytics capabilities could service so much more than the immediate ask to improve speed and visibility of individual maintenance tasks; we could drive greater transformation across the Maintenance division with our insights”, reflected Kubrick consultant Trevor Giannetti, who has been working on the project since its inception. “The dashboard suite which tracks maintenance responsiveness will enable greater utilisation across the airline’s fleet, driving commercial outcomes. Meanwhile, as public scrutiny of airline safety and compliance increases, the reporting outcomes to the FAA are more critical than ever. And we’re just getting started; our demos have helped our main stakeholder in the Data Science team gain the attention – and buy-in – of the Head of Maintenance and even the COO.

“As we continue to gain traction in the business, the breadth of our scope is evolving to encompass automation of maintenance data logging and even considering how to include supply chain challenges for sourcing parts. All of these features will help create a cohesive Maintenance & Operations solution which ultimately increases the efficiency and scale of our client’s footprint in a hypercompetitive airline industry, aligning with their wider strategic goals of global expansion.” The expansion of the project, which is being supported by their partners at Databricks, is estimated to drive a 9-figure return in optimisation and added revenue.

PART 3 GOVERN *AND* INNOVATE – IT ISN’T EITHER/OR

All this drive for AI innovation is playing out against the backdrop of impending AI governance and regulation. The groundbreaking EU AI Act achieved its final approvals in May 2024 [19], meaning organisations with AI systems that interact with EU enterprises and individuals will be held accountable for mitigating the risks of AI – or face serious fines. The most severe of penalties for using AI systems which are classified as ‘prohibited’ could see fines of 7% of global annual turnover or €35,000,000 [20]. These are systems deemed ethically unacceptable, considering a range of factors such as intention to manipulate human decision-making, utilising biometric data without content, or profiling individuals to predict risk of committing a crime. Non-compliance with the regulations surrounding acceptable AI systems could still result in fines of €15,000,000 or 3% of annual global turnover, whichever is higher.

Kubrick’s Head of Market Intelligence, Simon Duncan, has been following the developments of the EU AI Act over the past few years. He breaks down the practicalities of converting the act into law. “As of August 1st, the EU AI has finally entered into force - some four years after it was first proposed. We were waiting for this day since May 21st, when the Council of the EU released its press statement [21] declaring its approval after years

[19] Kubrick Group
[20] EU Artificial Intelligence Act
[21] Council of the EU

of debate and negotiations. The clock has started, giving organisations 24 months to meet the majority of the new regulations", he explained. "Crucially, the press release noted that there are some exceptions to this timeline. Most notably, the requirements of Article 6 – the all-important definitions of the risk systems upon which AI tools will be assessed – will have timelines up to 36 months for compliance. Nonetheless, the countdown is on.

"These timelines might feel all too reminiscent of the introduction of GDPR in 2016, which also had a 2-year deadline to reach compliance, he continued. "We all remember frantic headlines in 2017 [22] which warned that organisations would not be ready. In fact, in some of the recent conversations I've conducted with our clients, some of them have reported to put the brakes on AI innovation entirely until they can be sure of their governance strategy – potentially jeopardising their organisation's competitive advantage."

Avoiding AI-led innovation directly conflicts with Gartner's findings in their 2024 CEO Survey, as explored earlier [23], considering both the overwhelming belief across CEOs that the rewards of AI outweigh the risks as well as their interest in driving growth through technology-led innovation. However, Kubrick's technology team want to help clients address the introduction of AI governance much in the same way as any other business challenges. In line with their strategic solution framework, they are developing a framework to provide clients with an end-to-end assessment of their AI governance capability, in order to diagnose and address specific problems ahead of incoming regulation and drive AI innovation. The project, led by Director of Next-Generation Technology Lawrence Freeman, will look to combine a series of research, frameworks, and practices to integrate governance into existing and developing data and AI programs to promote innovation while instilling trust.

The programme is being designed in line with Gartner's 4 Pillars of AI TRiSM (Trust, Risk, Security Management) [24]: Explainability/Model Monitoring, ModelOps, AI Application Security, and Privacy. In addition to these foundational principals, it also considers Gartner's framework for frequently re-assessing GenAI maturity due to the rapid pace of change (see fig xiv).

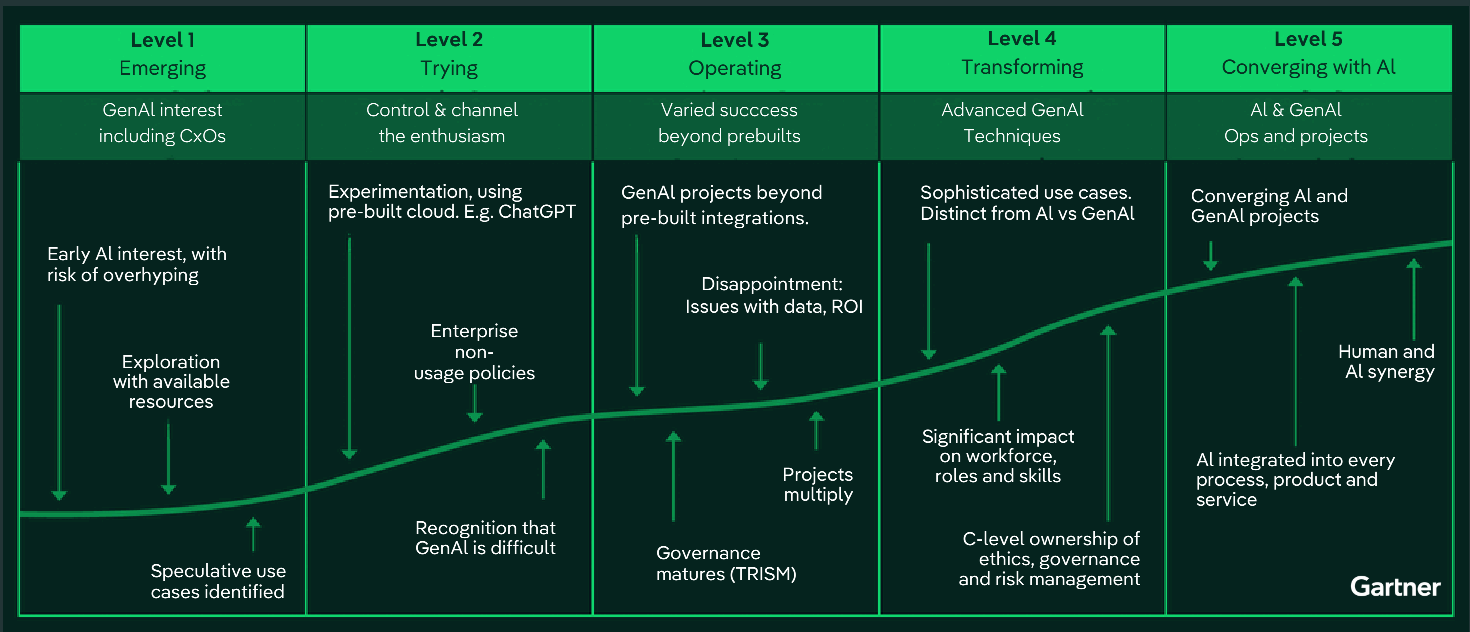

Fig xiv: Artificial Intelligence Maturity Framework [Source: Gartner]

[22] Gartner
[23] Ibid 9
[24] Gartner

Kubrick's specialist Data & AI Governance practice is also incorporating aspects of the Presidio AI Framework [25], developed by the World Economic Forum and IBM (see fig xv). The Presidio AI Framework will challenge tech teams to look beyond their immediate scope and understand the full extent of their AI systems, with the intent to enact guardrails even earlier in the product lifecycle as part of a 'shift left' mentality.

The practical outcome of following these frameworks will provide measurable standards to meet, such as the Foundation Model Transparency Index (FMTI) [26], designed by researchers from a collective of Stanford University and Princeton University's AI policy thinktanks. The FMTI monitors the transparency of major foundation developers (see fig xvi), as one example of how organisations can improve their focus on AI safety and explainability during the model selection process. Moreover, similar principals can be applied to any AI systems that are developed inside an organisation.

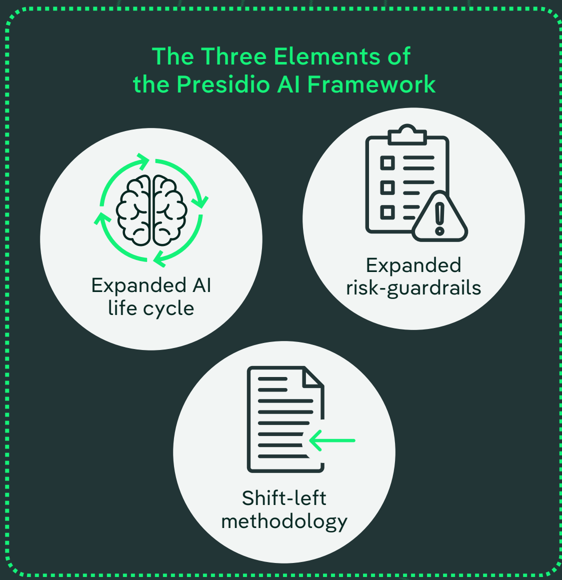

Fig xv: Presidio AI Framework [Source: WEF]

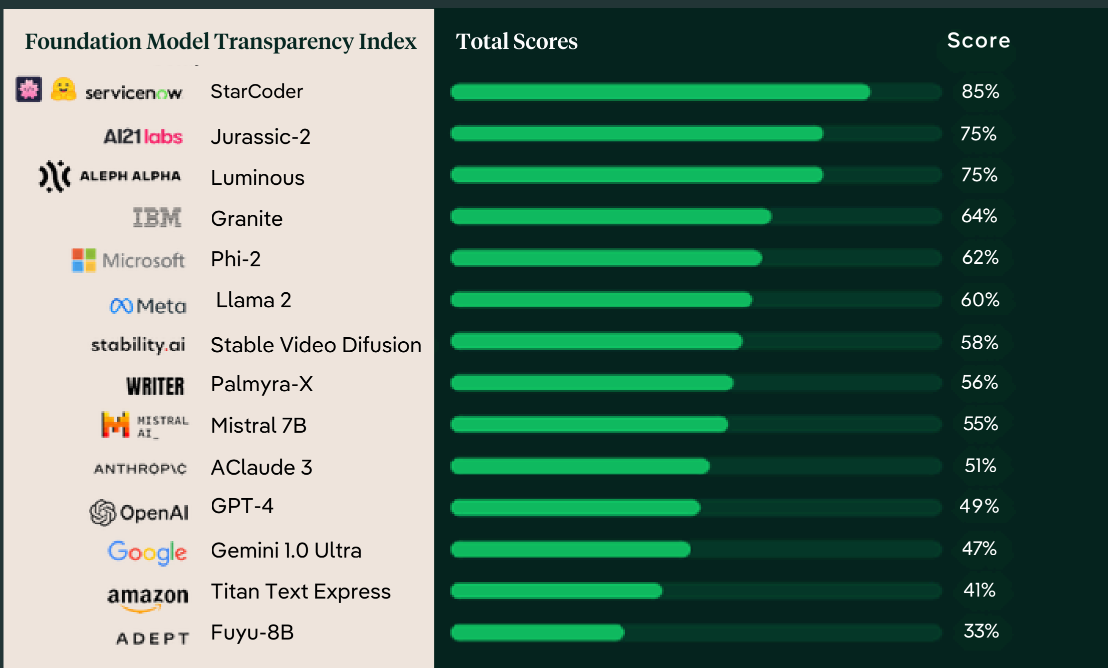

Fig xvi: FMTI May 2024 [Source: FMTI]

"There can't be a silver bullet solution to end-to-end AI governance – but we want to create a solution which as close to that as possible," said Freeman on the ongoing development of the AI governance solution. "We see the integration of AI governance into ongoing data and AI programs as intrinsic to the success of innovation by instilling trust from the start. Most importantly, we want to help leaders implement effective governance practices that deliver value by addressing tangible issues in the AI lifecycle, rather than allowing AI governance and regulation to become an abstract problem that gets kicked down the road over the next 24 months. Many of the ways our clients are working with their data is helping to establish a strong foundation. Reflecting on Kubrick's own journey in the Data Management and Governance space, which is our second oldest practice, we know first-hand how mastering this capability has led us comfortably into the realm of AI governance and ethics. What we want to do is take these foundations and drive actionable developments that help prepare for regulation while ultimately supporting innovation."

[25] WE Forum [26] Stanford University

CONCLUDING THOUGHTS

Now a year on from when Generative AI first hit the peak of Inflated Expectations on the Gartner Hype Cycle [26], the call from the C-Suite to implement AI has never been louder, irrespective of where their organisation is on their data maturity journey. Those who take on the task as an opportunity, not a risk, can not only better manage the expectations of their executives, but also leverage the outcomes to reposition themselves.

By becoming 'need seekers' who identify drivers of top-line solutions, data leaders can advance their own teams away from being seen as a necessary back-office compliance function (in other words, those who manage data governance) or helpful commercial support function (such as a the suppliers of customer analytics) to become value-creation teams that empower organisation-wide strategy - and even reinvention.

Governing AI innovation is no longer a theoretical challenge, however. AI regulation, as mandated by the incoming EU AI Act, will require any organisation interacting with EU citizens to carefully assess their end-to-end AI lifecycle. For many organisations, AI regulatory compliance will be the ultimate test of their dedication to AI innovation; those who are able to demonstrate strong understanding of their AI processes and risks in order to implement practical, effective measures that ensure compliance won't be slowed. Data and tech teams that get caught in the lethargy of uncertainty may never catch up.

ABOUT KUBRICK

Welcome to Next-Gen Consulting

We're a new type of consultancy for a changing technology landscape. We help organistions realise the power of data, AI, and cloud technology by accelerating delivery and building amazing teams.

Our consultants integrate with your team to deliver workstreams, ranging from exploratory Proof-of-Concepts and product development through to platform implementation and supporting digital transformation programs. Driving value requires a team who can drive lasting adoption from the inside. That's why we empower our clients to convert their consultants to full-time team members, building their workforce with talent that they know and trust.

We do all this with a workforce we create ourselves. We find incredible minds from diverse backgrounds who we train in the latest skills, to help bridge the skills gap and accelerate careers. We've added over 2,000 professionals to the data and tech ecosystem, supporting over 130 world-leading organisations to transform.

To learn more, get in touch: speaktous@kubrickgroup.com

[27] Ibid 11

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