

All-Party Parliamentary Group on Artificial Intelligence

Evidence Meeting 3 – Enterprise Adoption of AI - Implementation

Monday, 13 May 2019 | 5:30-7:00 PM - Committee Room, House of Lords

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Biography: John is a commercial outsourcing and information technology specialist with over twenty years' experience of large-scale domestic and international transactions.

He joined Osborne Clarke in 2013, and leads the firm's commercial practice. He is very experienced in the creation and negotiation of large scale managed services agreements, including outsourcings, system integration agreements and SaaS based licenses. He has a diverse practice, which also includes exposure to Middle Eastern markets in the United Arab Emirates, Qatar and Saudi Arabia.

John leads Osborne Clarke's international AI and machine learning client team, and has just written a book on the legal implications of these new and innovative technologies. He is currently advising a number of private sector and public sector clients (including a large UK healthcare trust) on the use and implementation of machine learning systems, and recently advised a global software services company on the liability issues of deploying AI within Europe. He recently completed a large outsourcing on behalf of a big four accountancy practice to implement an AI powered solution for an international bank to automate its client due diligence processes.

SUMMARY OF EVIDENCE

Overall premise and perspective

The overall premise of Osborne Clarke's evidence will be to illustrate the approach of AI enterprise adoption from the perspective of lawyers and lawfirms, and specifically on the issue of transacting for AI systems.

Transactional barriers to enterprise adoption

In the legal transactional space there are typically several barriers or risks to enterprise adoption which need to be resolved successfully. In our experience, these risks can be categorised into seven separate areas:

1. AI and the intersection with the GDPR

Enterprise users remain very concerned about the intersection of GDPR (the EU's General Data Protection Regulation) and artificial intelligence.

We have seen instances of AI solution purchase being deferred because customers have been unable to reach what they perceive to be a satisfactory position on GDPR compliance.

2. Data Ownership Issues

Distinct from EU GDPR issues, Data ownership is proving to be a huge issue when these systems are licensed and implemented on an enterprise wide basis.

As the current market perception is that data is the "new gold", securing ownership of this seen as a growing battleground.

3. Liability for failure of "black box" models

Commercial customers and risk governance committees remain inherently nervous about causation and liability issues arising from the use of "black box" machine learning systems.

4. IP ownership issues

Intellectual property issues are a significant additional battleground for acquirers and sellers of AI systems. This issue is closely related to that of data ownership, described earlier.

A failure to adequately manage these can cause real complications in relation to the enterprise use of AI.

5. Competition and Trade issues

We have also seen issues in relation to the adoption of AI systems in markets which are typically dominated by a few oligopolistic (or monopolistic) providers, or in situations where the use case of a particular AI system may have trade distortive effects. This appears to be having a "cooling effect" on enterprise adoption.

6. Empirical verification and quality management issues

In deep machine-learning models, we have seen difficulties in determining consistent service baseline and service quality.

This is inherently unsatisfactory as an approach where more guarantees as to performance are likely to be required, for example in heavily regulated sectors, such as that regulated by the FCA.

7. Ethical use issues

Finally, Increasingly businesses are being prompted by boards and shareholders (as well as customers) to ensure that any third party AI being used by the business conforms to ethical standards in relation to e.g. transparency and accountability.

What should be done by Government

- Provide clarification to businesses on areas of uncertainty in law, and if necessary legislative intervention – there needs to be a wide-ranging review by the Law Commission of the impacts of the technology on areas such as data governance, legal causation, IP and Trade & Competition law (in line with recommendations made by recent House of Lords Select Committee report on AI)
- Consider the formal adoption of a clear set of guiding principles around the use of AI, encompassing both legal and ethical considerations.