Today's perspectives

Human

| Past | Present | Future? |

Technological

| Past | Present | Future? |
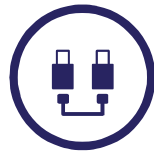
Voetgangers/Fietsers

Max. 240 personen

Uveer 54

The people behind the crisis

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Our world today - Global risk landscape

Environmental

Technological

Societal

Geopolitical

① Misinformation and disinformation

② Extreme weather events

③ State-based armed conflict

④ Societal Polarization

⑤ Cyber espionage and warfare

⑥ Pollution

⑦ Inequality

⑧ Involuntary migration

⑨ Geoeconomic confrontation

⑩ Erosion of human rights and / or civic freedoms

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What is a crisis, actually?
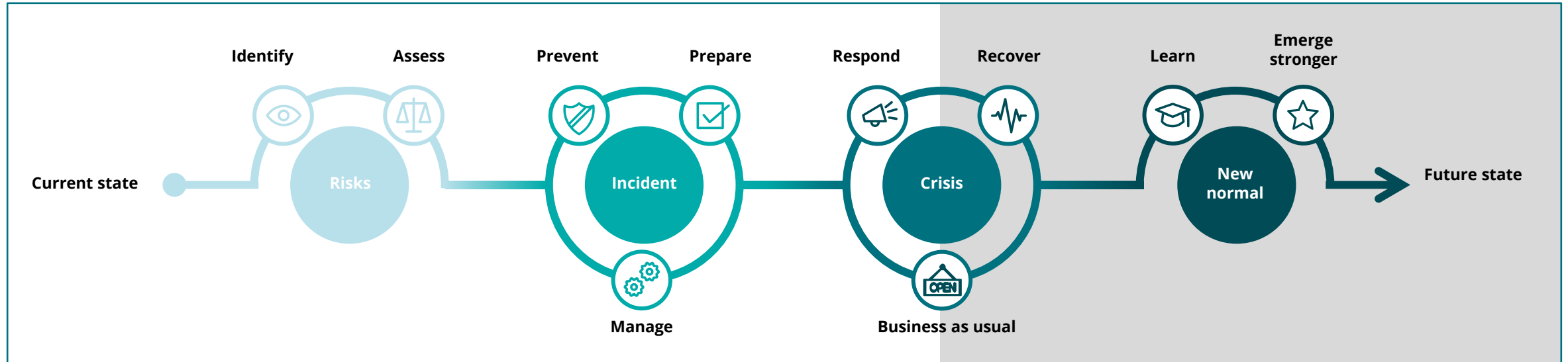
Crisis

An abnormal or extraordinary event or situation that threatens an organization or community and requires a strategic, adaptive and timely response in order to preserve its viability and integrity.

"Een situatie waarin kernwaarden of levensvatbaarheid van een systeem bedreigd worden, en waarin er een urgente noodzaak is om beslissingen te nemen onder grote onzekerheid."
Arjen Boin

The long-term impact on people's lives

Long Covid
Impact on social well-being, mental health, and employment

Younger generations
Social, mental, and educational challenges

Delayed care
Compounding health care issues

Vulnerable individuals and families
Interplay of issues

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So... What's the purpose of crisis management?

Strategy?

- Which societal values do we focus on?

- What do we want to protect?

- How does our cultural and historical legacy shape our near and more distant future?

- How do we want to resolve this and at what cost?

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How do we reflect on the past with our current understanding?

Was Covid a crisis which long-term effects require recovery?
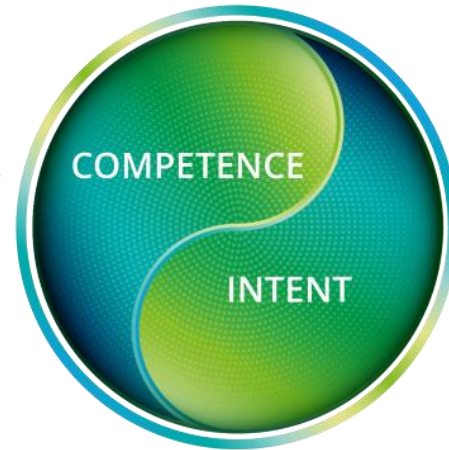
Is a trust restoration initiative in order?

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Deloitte's definition of Trust

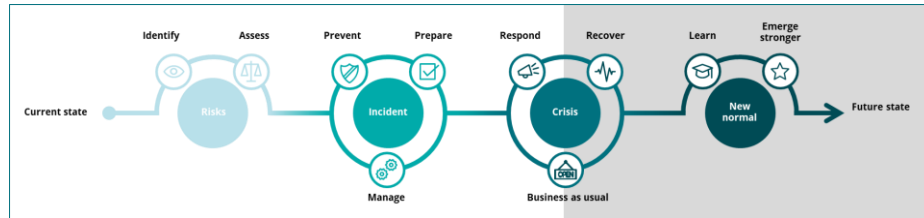Trust is an ongoing **relationship** between an entity and its **stakeholders**.

Capability

Reliability

COMPETENCE

INTENT

Humanity

Transparency

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Restoration as a pathway to a new normal

Restore	**Harmonize**	**Humanize**
From crisis to closure	**Bridging to the new normal**	**Rebuilding trust**

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The essence of restoration

1. **'Recognition'** is a verb

2. The value of an **apology**.

3. **Material** versus **immaterial** compensation

4. The difference between the **processes** of

    justice and its **outcomes**

5. **Understanding**

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Dilemma's

1. If we choose to start a trust restoration initiative; **who's responsible** and who decides?

2. Restoration is **costly**; for organizations, the government, and society.
   Who **bears** those costs?

3. Should institutions be able to **insure** themselves against a (national) crisis, pandemic, or recovery operation in the future?

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From crisis to closure.

Data is not 'just' data. It tells the story of people lives.
What you choose to do with the data shapes our society as a whole.

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Harnessing change: Managing emerging risks and opportunities in the age of COVID-19 and GenAI

A thought experiment

Deloitte.

Setting the scene

Risks and developments can drive change, resulting in new risks, potentially in turn driving other developments and changes

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┌─────────────────┐        ┌─────────────────┐        ┌─────────────────┐
│    Emerging     │  ←     │                 │  ←     │ New risks       │
│  developments   │   →    │     Change      │   →    │ related to (the │
│   and risks     │        │                 │        │ outcomes of)    │
│                 │        │                 │        │ the change      │
└─────────────────┘        └─────────────────┘        └─────────────────┘
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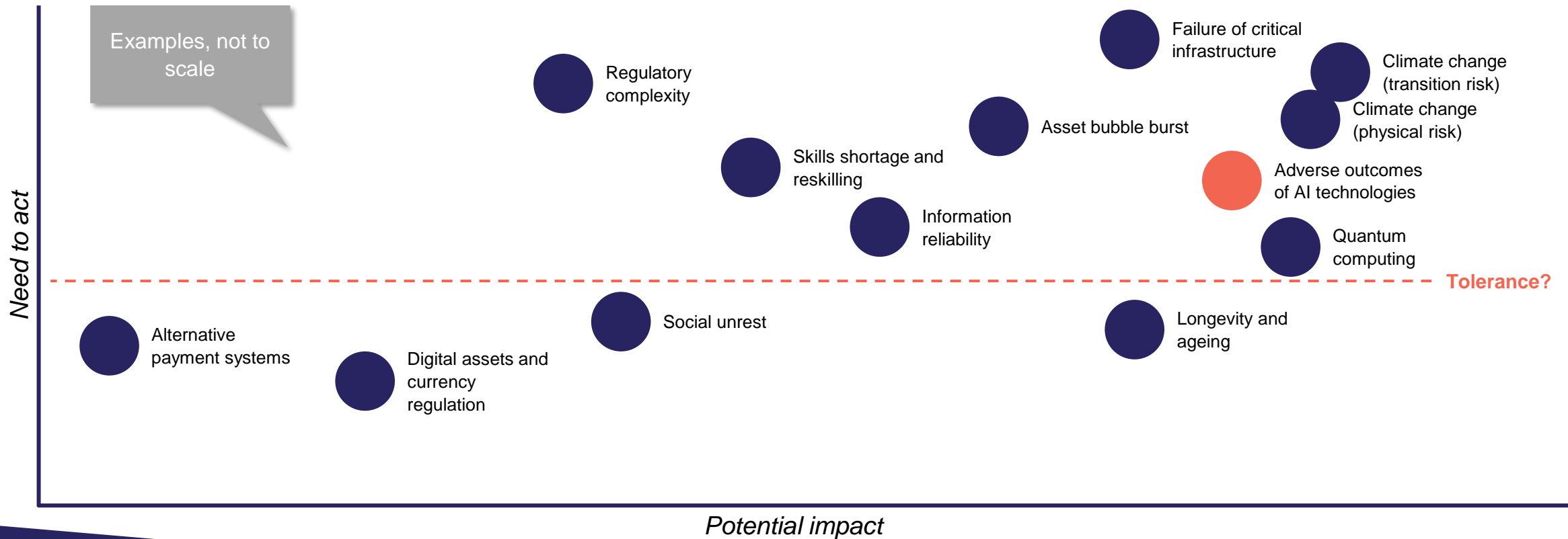
What are emerging risks?

Consider COVID-19 as a once emerging risks that has materialized; there are many more emerging risks with various potential impacts and needs to act

Examples, not to scale

Failure of critical infrastructure

Climate change (transition risk)

Regulatory complexity

Asset bubble burst

Climate change (physical risk)

Skills shortage and reskilling

Adverse outcomes of AI technologies

Information reliability

Quantum computing

Tolerance?

Social unrest

Longevity and ageing

Alternative payment systems

Digital assets and currency regulation

Need to act

Potential impact

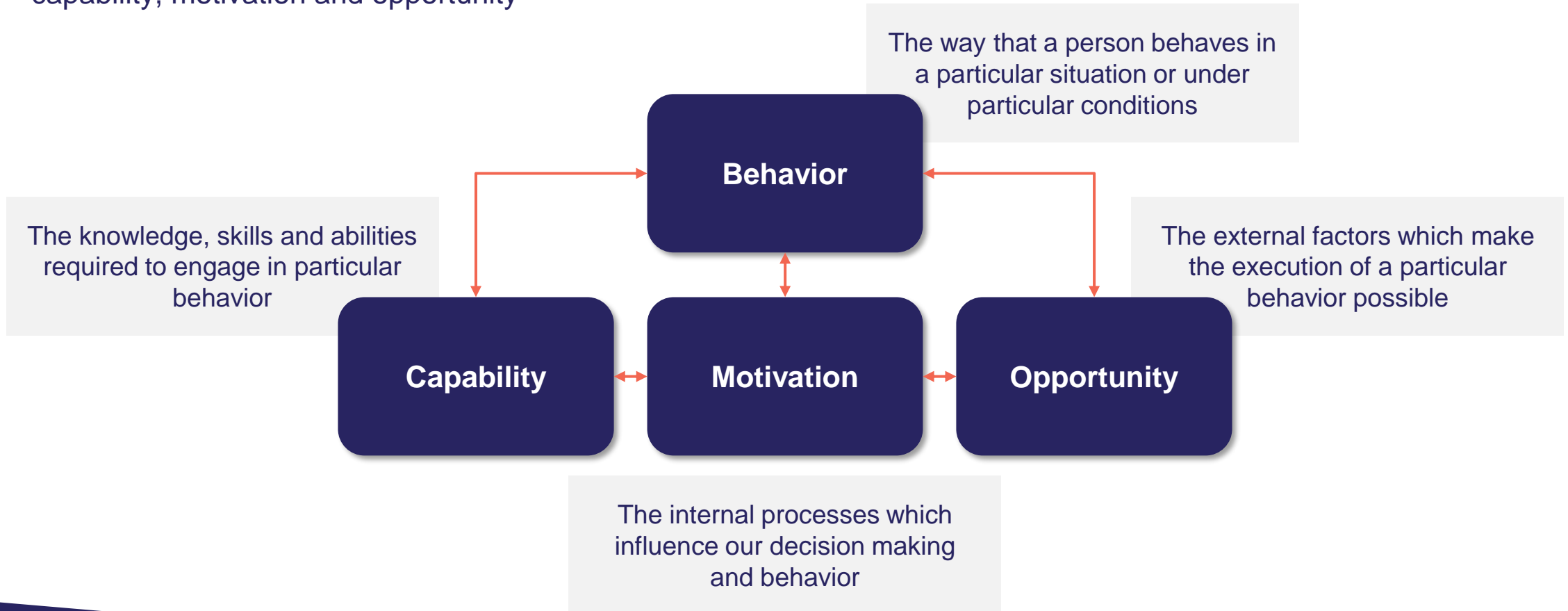# Deloitte.

What are emerging risks?

Adverse outcomes of AI technologies on themselves are commonly recognized as an emerging risk with potential for both high short-term and long-term impact, but AI also functions as an enabling technology for other risks
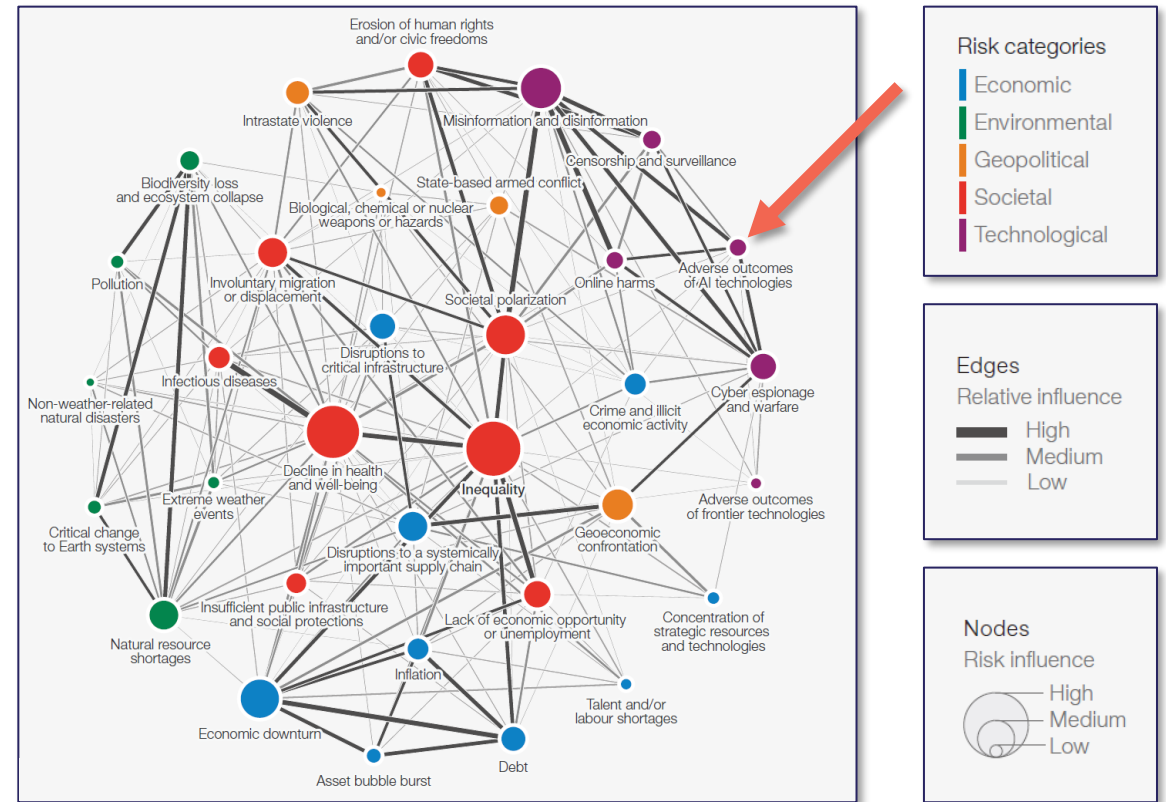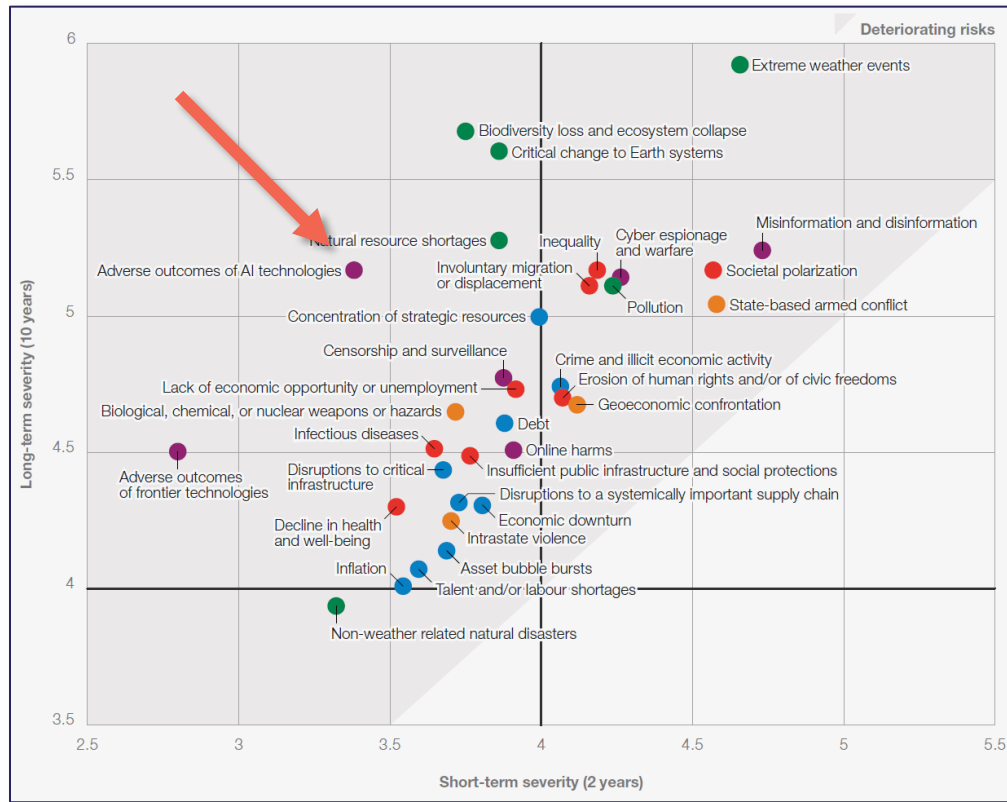
What is change? COM-B model

The constructs of change are interdependent, and behavior only changes when there's an adequate mix of capability, motivation and opportunity

The way that a person behaves in a particular situation or under particular conditions

Behavior

The knowledge, skills and abilities required to engage in particular behavior

The external factors which make the execution of a particular behavior possible

Capability

Motivation

Opportunity

The internal processes which influence our decision making and behavior

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What is change? COM-B model

Although change might only seem real when it relates to visible behavior, this is always an outcome of other constructs
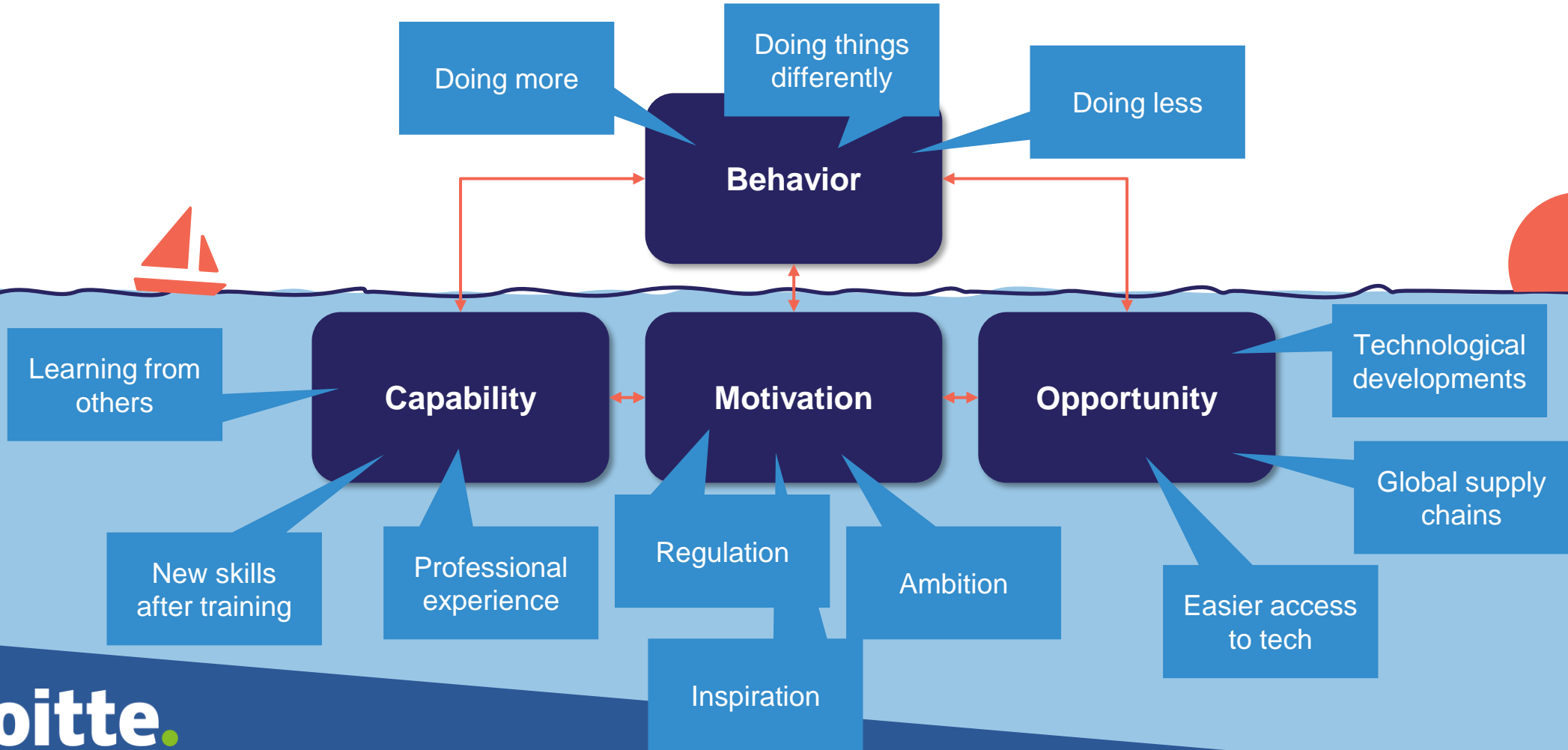
Plan for today

Using the COM-B model, we'll place COVID-19 and GenAI side by side to see how current changes are unfolding from a transformation perspective, and provide some pointers for GenAI-specific risks considerations

Discuss the constructs of change for both COVID-19 and GenAI

+ Explore whether these constructs are sufficient for a GenAI transformation

+ Explore some potential implications and risks of systemic GenAI adoption

(!) Disclaimers

- This is a thought experiment to demonstrate a way of thinking; COVID-19 and GenAI are clearly very different things
- The longer-term implications of GenAI are unclear, and (as always) it's impossible to predict the future with certainty
- GenAI is developing rapidly, we encourage everyone to stay up-to-date themselves, after today

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What's COVID-19, really?

COVID-19 was a global force that reshaped daily life and business practices, accelerating the adoption of technology, altering social interactions, prompting a re-evaluation of public health and economic resilience

What's GenAI?

GenerativeAI (GenAI) is a subset of AI techniques that can produce totally novel content, and includes but is not limited to Large Language Models (like ChatGPT)

Traditional AI
Systems designed to respond to a particular set of inputs, focusing on performing a specific task intelligently. These systems (often) have the capability to learn from data and make decisions or predictions based on that data.

Generative AI
A subset of AI techniques that learn from data and use it to generate totally novel content (including text, images, video, audio, structures), computer code, synthetic data, workflows and models of physical objects.
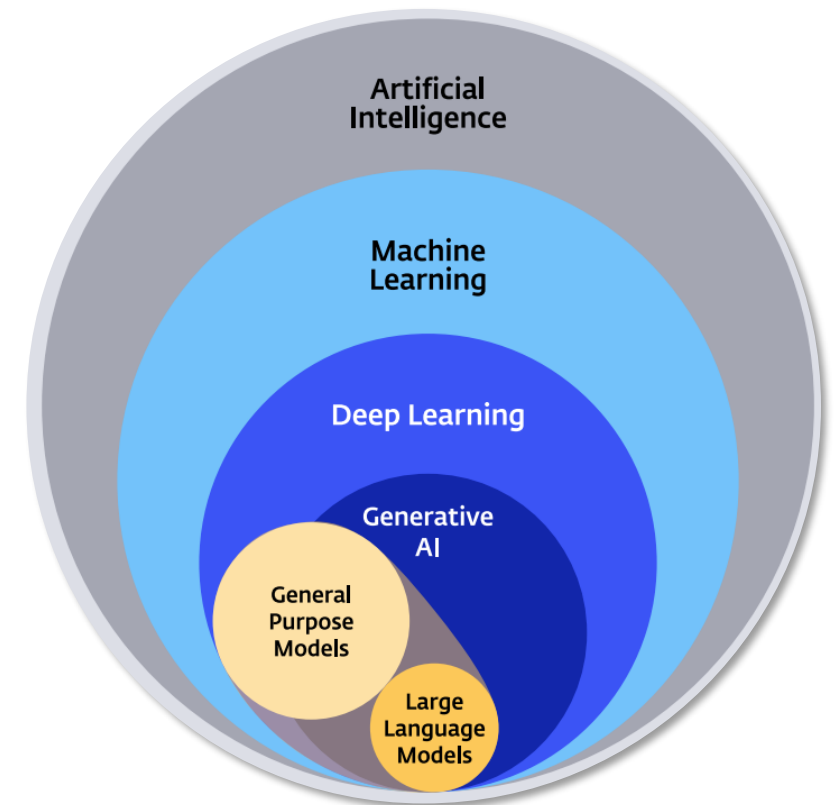
Capability
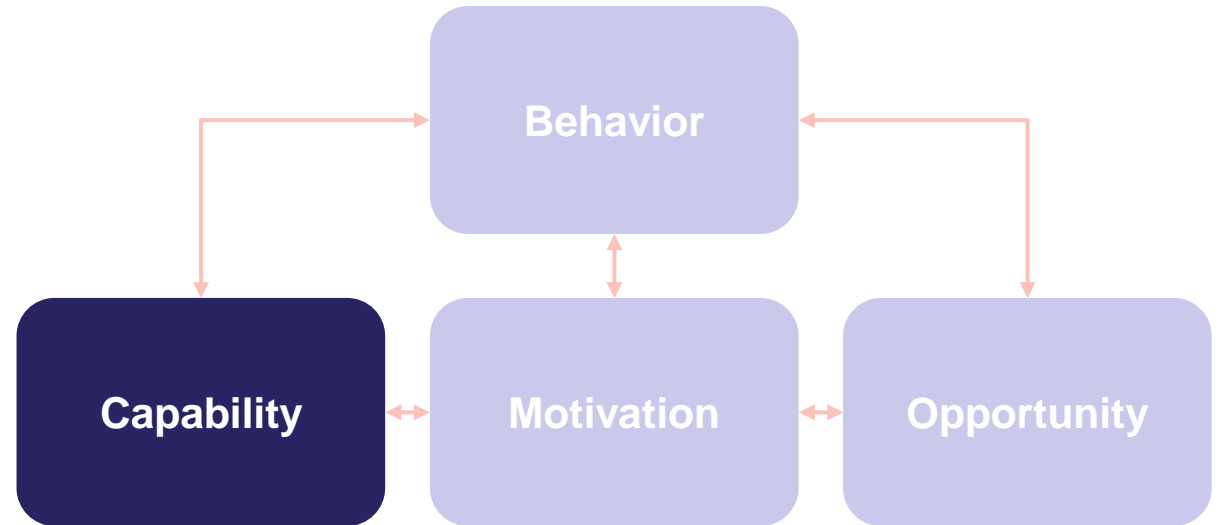
The knowledge, skills and abilities required to engage in particular behavior

Behavior

Capability

Motivation

Opportunity

Capability to change

During COVID-19, knowledge, skills and abilities to adopt to the new reality were not uniformly distributed, nor were the capabilities to close those gaps; the same seems to be the case for GenAI

COVID-19	GenAI
Capabilities were not uniformly distributed across society	Capabilities are not uniformly distributed across society
Reactive push to increase people's capabilities through awareness and training, to close suddenly emerged gaps as much as possible	Proactive (but limited) push to increasing capabilities through awareness and training to keep up with developments
Mostly "soft skills" were required to adapt to the new reality and adopt new behavior	Increasingly less "hard skills" are needed, as interfaces and no-code solutions are making GenAI easily accessible

An estimated ~40% of the workforce needs to re-skill in the next three years
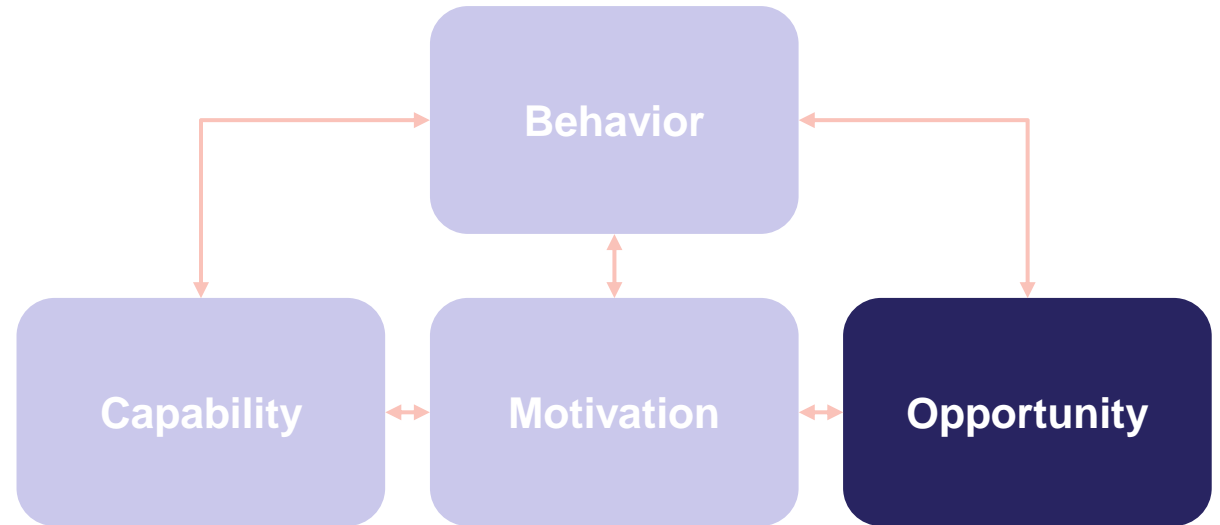
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Opportunity

The external factors which make the execution of a particular behavior possible

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                    ┌──────────────┐
                    │   Behavior   │
                    └──────────────┘
              ┌───────────┼───────────┐
    ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
    │  Capability  │ │  Motivation  │ │  Opportunity │
    └──────────────┘ └──────────────┘ └──────────────┘
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Opportunity to change

The availability of external enabling factors for GenAI is flipped compared to COVID-19, with technological developments and opportunities currently being ahead of the adoption

COVID-19	GenAI
User demand was ahead of technological supply, with tech companies quickly catching up to fulfil people's needs	Technological supply is ahead of demand, with opportunities increasing by the day and people trailing
Many external actors played a role in creating opportunities for people (government, employers, families, businesses, hospitals)	So far there is no fully shared sense of urgency and cooperation yet across these actors, but all are individually exploring opportunities themselves to some extent
There was ample time as well as (mostly) clear social norms that influenced individuals their behavior	External factors like socials norms and examples (role models) are not mature yet
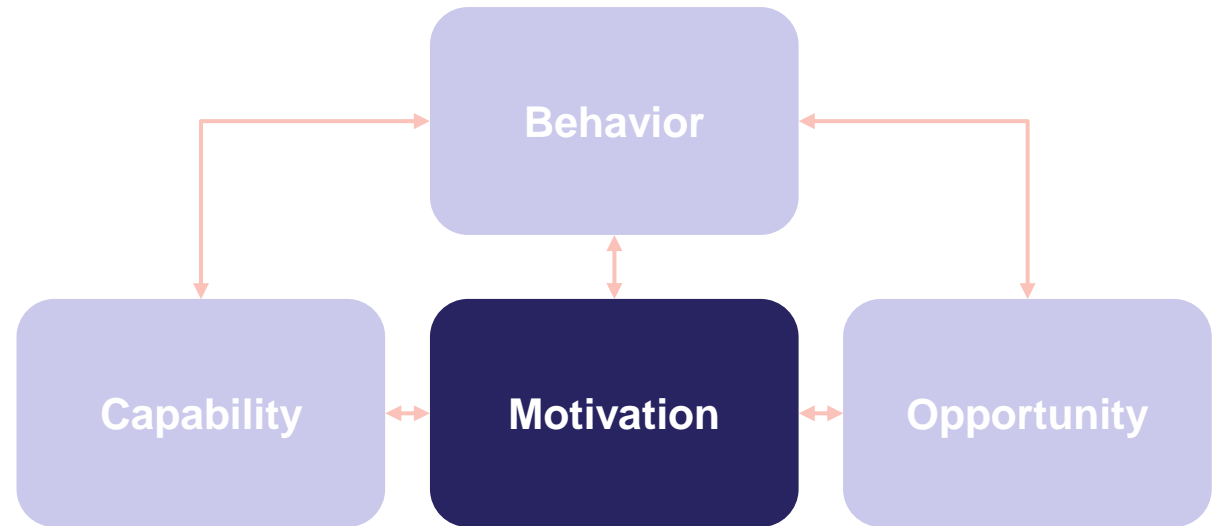
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Motivation

The internal processes which influence our decision making and behavior

Behavior

Capability ←→ Motivation ←→ Opportunity

Motivation to change

Motivation to change during COVID-19 went from extrinsic to intrinsic, whereas for GenAI it seems to be the opposite, with different drivers increasing the motivation to change

COVID-19

Motivation was initially mainly extrinsic, since there was no other way but to adapt to the new reality

Later, intrinsic motivation increased with people seeing opportunities due to more free time, quicker innovation, improved meetings, a cleaner environment etc.

Motivations to change were clear-cut and well-understood, as the pandemic was at the center of everyone's attention

GenAI

Motivation is currently mainly intrinsic, with pioneers experimenting and exploring opportunities

The risk of "falling behind" due to inaction, as well as employee, investor and customer expectations will likely increase the extrinsic motivation across actors

Motivations to change are more subtle and not always present with the average person
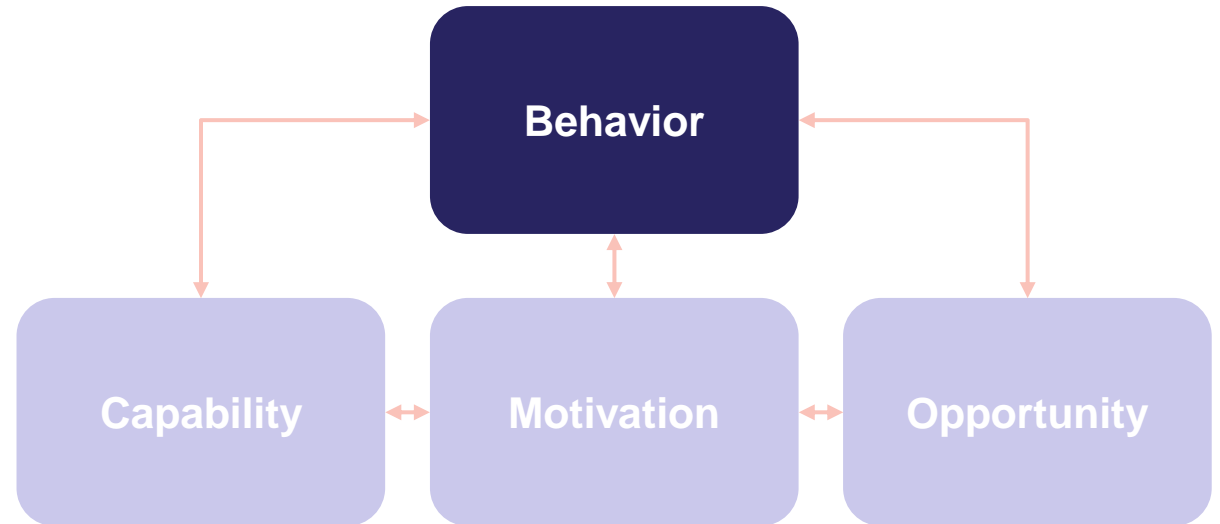
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Behavior

The way that a person behaves in a particular situation or under particular conditions

Behavior

Capability   **Motivation**   **Opportunity**

Changes in behavior

COVID-19 showed that societies can change their behavior overnight when needed, whereas most people (and most of the global workforce) currently do not even have access to GenAI

COVID-19

Brought about systemic changes in behavior in healthcare, business, working, education, healthcare, banking, marketing, tech, communication etc.

Large secondary effects on physical wellbeing due to less exercise, overall decreased fitness, long COVID, smokers were smoking more

Society as a whole changed its behavior, overnight

GenAI

Initial hype seems to be over, but individual adoption is faster than firm-wide adoption across organizations globally

Organizations are moving at the speed of organizations, not at the speed of technology

GenAI access is largely limited to <40% of the workforce globally, with <60% of workers who have access using it daily
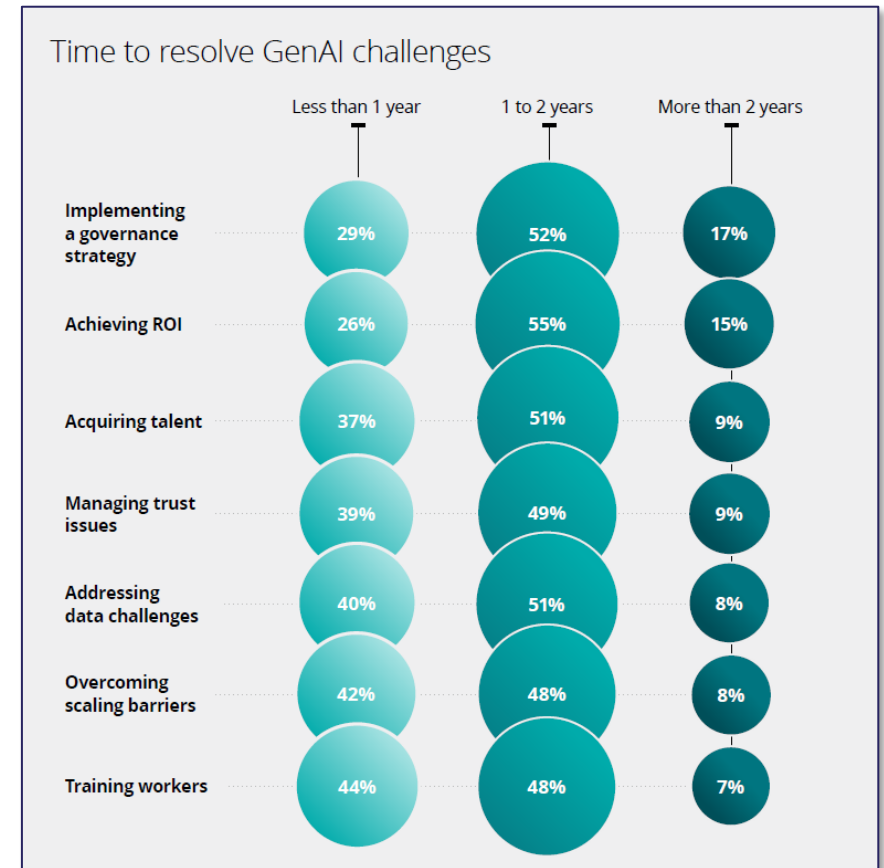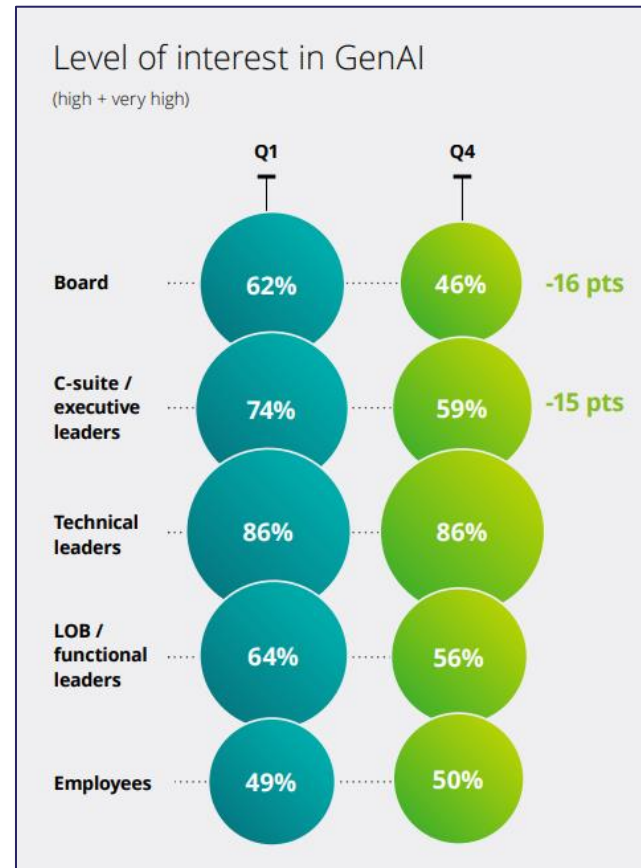
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A bit more on GenAI

Exploring potential implications and risks of GenAI adoption

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A snapshot of GenAI's current state

Despite some feelings of disillusionment and unmet expectations, most surveyed organizations are taking a realistic perspective and showing sustained commitment in their quest for value from GenAI

Impediments to GenAI adoption in the near future

- Mistakes / errors leading to real-world consequences — 35%
- Not achieving expected value — 34%
- The availability of enough high-quality data — 30%
- A general loss of trust due to bias, hallucinations and inaccuracies — 29%
- Intellectual property issues — 25%
- Rising cost of building and operating models / tools / applications — 20%
- Concerns over energy usage / environmental concerns — 13%
- AI sovereignty issues — 12%

Level of interest in GenAI
(high + very high)

	Q1	Q4	
Board	62%	46%	-16 pts
C-suite / executive leaders	74%	59%	-15 pts
Technical leaders	86%	86%	
LOB / functional leaders	64%	56%	
Employees	49%	50%	

Time to resolve GenAI challenges

	Less than 1 year	1 to 2 years	More than 2 years
Implementing a governance strategy	29%	52%	17%
Achieving ROI	26%	55%	15%
Acquiring talent	37%	51%	9%
Managing trust issues	39%	49%	9%
Addressing data challenges	40%	51%	8%
Overcoming scaling barriers	42%	48%	8%
Training workers	44%	48%	7%

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Difficulties in managing GenAI risks
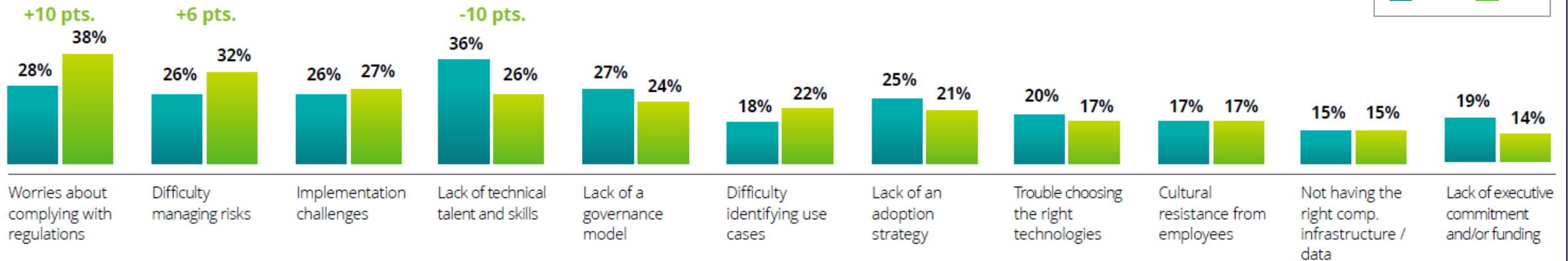
The most prominent (and increasing) barriers for adoption that are recognized by senior business leaders worldwide, are worries about regulatory compliance and difficulties with managing risks

Q: What, if anything, has most held your organization back in developing and deploying Generative AI tools / applications?

Barriers to developing and deploying GenAI

Legend: Q1, Q4

| Barrier	Q1	Q4	Change
Worries about complying with regulations	28%	38%	+10 pts.
Difficulty managing risks	26%	32%	+6 pts.
Implementation challenges	26%	27%	
Lack of technical talent and skills	36%	26%	-10 pts.
Lack of a governance model	27%	24%	
Difficulty identifying use cases	18%	22%	
Lack of an adoption strategy	25%	21%	
Trouble choosing the right technologies	20%	17%	
Cultural resistance from employees	17%	17%	
Not having the right comp. infrastructure / data	15%	15%	
Lack of executive commitment and/or funding	19%	14%	

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Increased understanding of those risks

While new risks are emerging and converging, leading practices are also evolving that can help shape the future of enterprise risk management, cyber, data, and engineering and thereby the responsible adoption of GenAI

**The four main categories of GenAI risks from an organizational perspective**

- Risks to the *enterprise*, which include threats to organizational operations and data;

- Risks to *GenAI capabilities*, which include the potential for AI systems to malfunction or their vulnerabilities to be misused;

- Risks from *adversarial AI*, which include threats posed by malicious actors leveraging gen AI; and

- Risks from the *marketplace*, which include economic, legal, and competitive pressures that could influence AI deployment and security
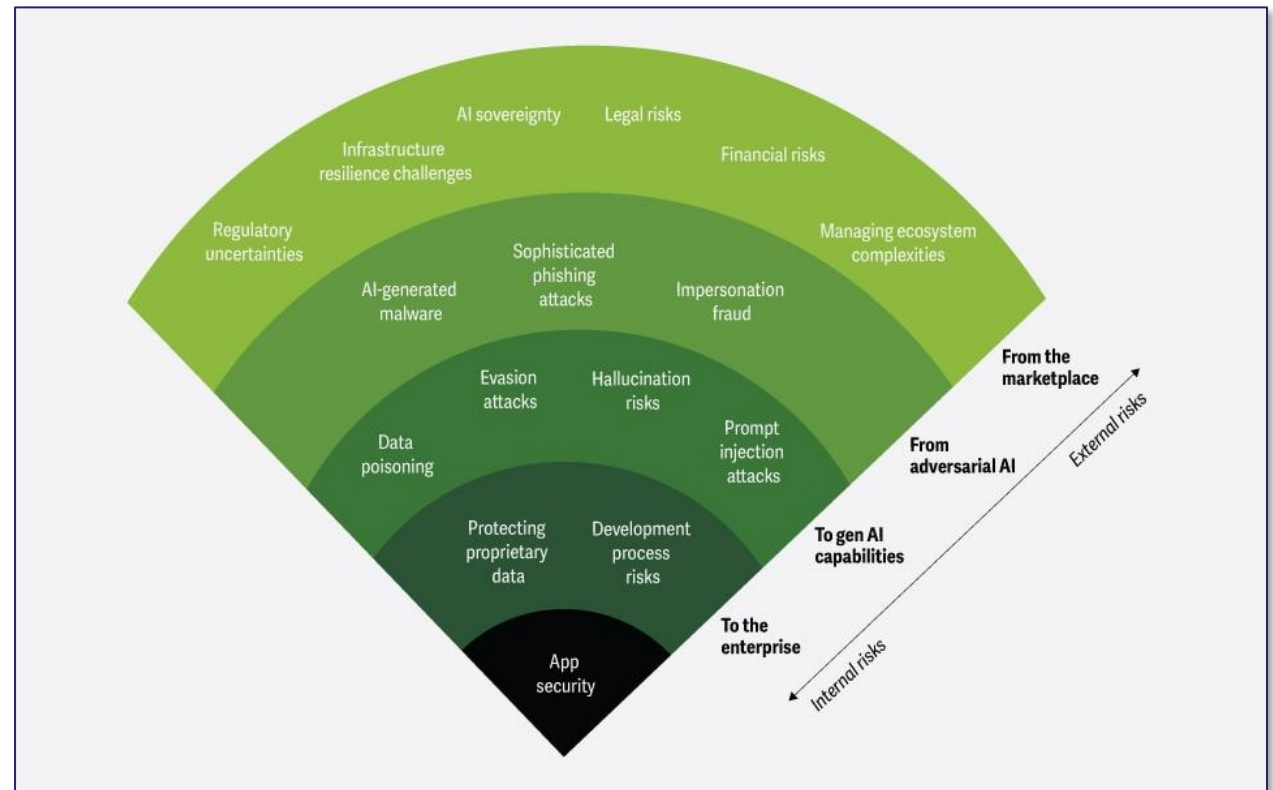
Applying COM-B to GenAI

There's an increasing range of technical GenAI opportunities, but other external factors like risks are weighing down on (responsible) opportunities, with motivation, capabilities and therefore behavior also evolving more slowly

RISKS

?

Behavior

Capability

Motivation

Opportunity
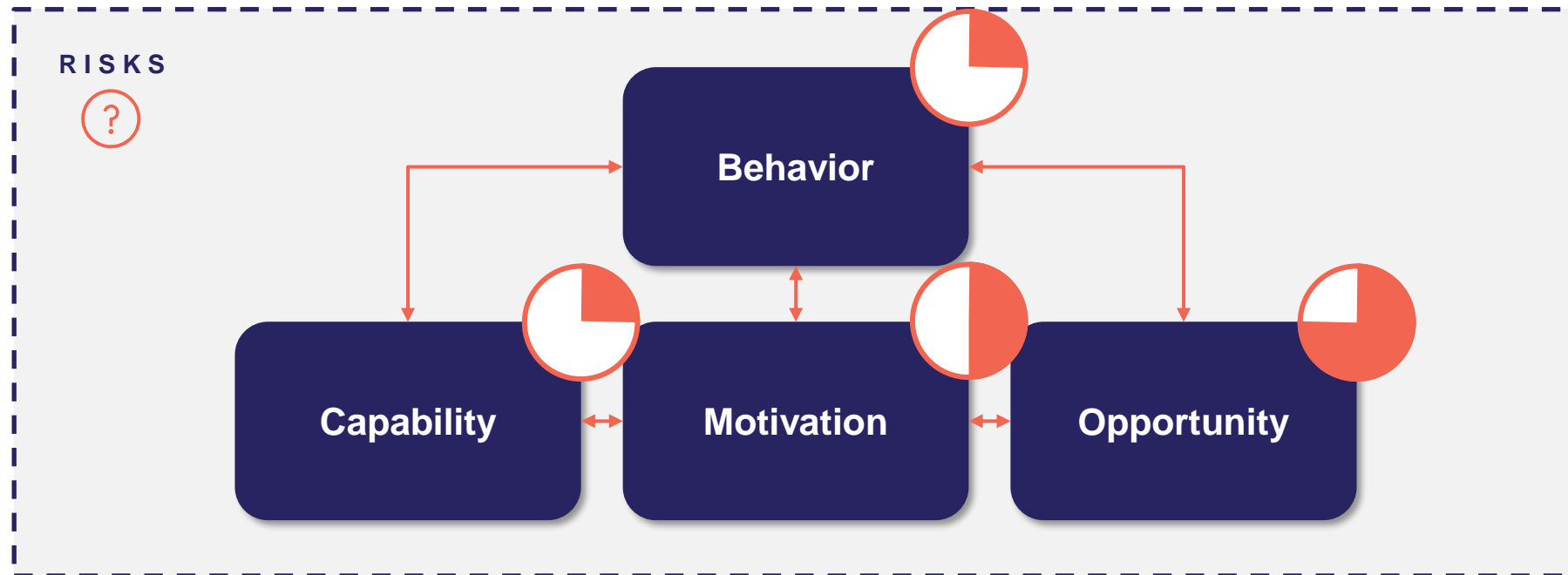
Conclusions

A crisis is followed by a phase of recovery and restoration, which revolves around trust

Restoring or rebuilding trust itself is largely dependent on the human factor, including past, current and future decisions

The exact way in which trust is restored is a determining factor for the future

Emerging risks and developments bring about changes, which in turn result in new risks

Models like COM-B can help understand changing human behavior, also in the context of emerging risks and developments

GenAI can be a transformative force with increasing range of technical opportunities, but not all drivers for a transformation are aligned just yet

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YOU

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