



The Innovation Dilemma: Is Governance the Price of Progress?

MULTIPLAI POINT OF VIEW
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The rapid evolution of AI bring transformative opportunities, while many organizations face ongoing hurdles in implementation and adaption to growing regulatory requirements. The EU AI Act and AI Governance are often perceived to add unnecessary complexity, yet they are critical for achieving both compliance and realize AI's full potential.

Through a holistic approach that integrates strategy, processes, technology, and people, AI Governance should enable safe development and use of AI throughout the AI lifecycle. This offers a roadmap for aligning innovation with compliance and scaling AI use cases in a structured way. This point of view highlights the importance of AI Governance, its role in meeting regulatory requirements, and its potential to unlock significant value for organizations.

Current Data & AI Landscape

Many organizations have challenges scaling AI beyond Proof-of-Concepts (PoCs) to production, impacting long-term value creation. Isolated projects operating in silos, strategic misalignment, and a lack of cohesive portfolio management prevent businesses from maximizing the value of their AI investments. At the same time, technological advancements introduce more risks including bias, ethical questions, and privacy concerns.



What AI Governance is and why is it relevant

AI governance defines roles, responsibilities, and standards to align AI initiatives with business objectives and regulatory requirements. It leverages lessons learned to create standardized processes that accelerate speed and success of innovation.

As organizations mature and strive to scale and productionize AI, they must address underlying challenges. This requires establishing or expanding governance structures to facilitate communication and integration across departments. Comprehensive AI governance is essential for meeting both current and future regulatory requirements while effectively innovating and scaling AI.

By establishing policies, standards, and processes — along with clear roles and responsibilities — AI governance not only ensures compliance but also minimizes risks and aligns AI efforts across the organization. This holistic approach enables businesses to unlock synergies and maximize the value of their data and AI initiatives.

With generative AI models, new regulations, and the increasing integration of AI into business processes, the importance of AI governance has never been greater.





The link of EU AI Act & AI Governance

The latest regulation mandates AI Governance

The EU AI Act is the first comprehensive regulation and legal framework addressing the development and use of AI within the EU to protect end users.

The EU AI Act follows a risk-based approach, where AI systems are regulated according to their potential impact on individuals & society. The higher the risk, the stricter the regulatory requirements:

Prohibited Risk: AI Systems that pose an unacceptable risk and can cause significant harm

High Risk: AI Systems that affect safety or fundamental human rights

General Purpose AI: GPAI models perform a variety of tasks and are widely distributed, making them highly versatile

Limited Risk: AI Systems that interact with human end users and pose risk of impersonation & deception

Low Risk: AI Systems that pose only a minimal risk to individuals

Organizations must assess each AI system developed or deployed by evaluating their role and risk category to determine compliance obligations.

Compliance is no longer optional, and failure to meet regulatory standards risks financial penalties, reputational damage, and restricted market access.

Non-Compliance can result in significant fines of up to 35 m € or 7% of global turnover, whichever is higher.

However, Governance offers more than compliance; it provides transparency across an organization's AI landscape, enabling enterprises to overcome common barriers to scaling AI. By integrating AI Governance, companies can ensure safe use, build trust, and unlock the full potential of their AI investments.

The EU AI Act offers more than regulations; it's a strategic enabler for scaling AI through holistic governance and cross-functional collaboration.

EU AI ACT TIMELINE

REGULATORY ENFORCEMENT OF:

AUGUST 2024

Publication of the EU AI Act (July)
& entry into force

FEBRUARY 2025

General provisions (incl. **AI Literacy**) &
ban on AI systems with **prohibited risk**

Ch. I

Ch. II

AUGUST 2025

Obligations for providers of **new GPAI models** & provisions
on notifying authorities

Ch. III.4

Ch. V

Ch. VII

Ch. XII

Art. 78

AUGUST 2026

| Full scope of regulation applies |
Majority of obligations for AI systems & roles

AUGUST 2027

Obligations for existing **GPAI models** (before
Q3 25) & high-risk systems under Annex I*

Art. 6(1)

*Products or safety components under EU laws

How to implement AI Governance

Implementing AI governance requires a tailored approach. Organizations must assess their current use of AI, evaluate existing governance structures, and identify gaps in expertise and capacities to navigate the future path.

Governance is not only a compliance topic — it requires technical, legal & compliance, data, change and business expertise. Establishing a multidisciplinary task force is crucial to navigate regulatory challenges, drive governance initiatives, and integrate these practices into daily business.

Since there is no one-size-fits-all solution, organizations are advised to leverage existing frameworks and organizational structures. AI Governance needs to remain lean and flexible, evolving alongside the organization's AI capabilities and regulatory demand. At its core is a well-defined organizational structure & operating model with a clear mandate, ensuring strategic alignment, decision-making authority and assigned responsibilities.

Governance structures typically fall into three models each suitable for different organizational maturities, AI system complexities, and regulatory environments:

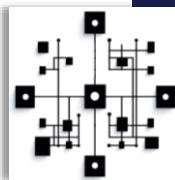
Decentralized Governance

Each business unit manages its own governance independently with minimal central oversight and no formal organizational-wide processes and structures.



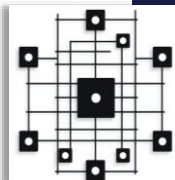
Hybrid Governance

Central governance teams co-create policies, standards, and responsibilities with input from business units, which manage decentralized implementation with certain degree of flexibility.



Centralized Governance

A central body is responsible for setting policies, standards and enforces governance and decision-making across the organization.



We see a growing shift towards Hybrid and Centralized AI Governance to drive efficiency and standardization, e.g. supported by a two-tiered structure that includes an AI governance board for strategic decisions and AI working groups for operational execution and advisory.

AI
Governance



Recommendations

EVALUATE.

Current maturity and impact of AI and regulations on the business to define strategic priorities

FORM.

Multidisciplinary task force to cover full range of expertise

DEFINE.

Enterprise-wide governance framework and operating model based on maturity

ENABLE.

Workforce empowerment and training to enable effective implementation and long-term success through ongoing adaptation and change

IDENTIFY.

AI across the entire organization and set-up single source of truth in an AI inventory

ASSESS.

Risk classes of all use cases and start implementing risk mitigation measures along AI lifecycle

MONITOR.

Leverage automation to ensure continuous oversight & compliance

How we can help

ADVISORY ON AI GOVERNANCE & EU AI ACT

- Strategic workshops, maturity assessment incl. roadmap & AI policy development aligned with data & AI strategy

AI GOVERNANCE SETUP & OPERATING MODEL

- Definition of AI governance framework and organizational set-up incl. roles, responsibilities, processes
- Design of a risk-based governance approach for AI systems identification & classification incl. risk assessment and tooling evaluation

BEYOND COMPLIANCE

- Set-Up of dedicated portfolio management and integration of compliance into AI development & deployment lifecycle

WHY MULTIPLAI

With our extensive expertise in Data & AI Strategy & Governance, we distil the EU AI Act to its essentials, ensuring compliance and leveraging our thorough understanding to turn obligations into opportunities for AI-driven innovation and scaling.