Artificial Intelligence
Threat or Opportunity?

Contents

" *Whilst the current artificial intelligence landscape is uncertain from a regulatory perspective, the general consensus is excitement surrounding this technology. The question is now not if, but when, will artificial intelligence impact our lives. The answer for many is that it already has. Artificial intelligence should be viewed as a tool to drive efficiencies, and whilst it comes with its own set of challenges, this is nothing that businesses have not overcome before* "

Matt Whelan, Associate – Trowers & Hamlins

Foreword

In today's rapidly evolving technological landscape, artificial intelligence (AI) stands as a transformative force, promising a future brimming with possibilities. However, amidst the excitement and anticipation, there are concerns about the potential risks and ethical implications of this powerful technology. To unpack and demystify this complex terrain, Trowers & Hamlins LLP hosted an in-person roundtable, bringing together experts from diverse fields to explore the multifaceted nature of AI.

The roundtable delved into the most promising trends shaping the AI landscape in the UK, identifying areas where AI is poised to make significant contributions. From healthcare to finance, AI's potential to enhance efficiency, improve accuracy and personalise experiences is vast. However, harnessing this potential responsibly requires a commitment to ethical principles, ensuring that AI is developed and deployed in a manner that prioritises fairness, transparency, and accountability.

The discussion also addressed the challenges that lie ahead for the UK's AI ecosystem. Among these challenges, cultivating a skilled workforce with the necessary expertise in AI development and application emerged as a critical factor. Additionally, establishing clear regulatory frameworks and fostering public trust in AI technologies were recognised as essential steps towards sustainable growth and responsible innovation.

In guiding businesses seeking to adopt AI solutions, the roundtable participants emphasised the importance of careful planning and strategic implementation. Thorough risk assessments, data governance practices, and ongoing monitoring were highlighted as crucial elements in ensuring that AI is integrated seamlessly and responsibly within business operations.

As the AI revolution continues to unfold, the UK stands at a pivotal juncture, poised to reap the benefits of this transformative technology while navigating the associated risks. By embracing a proactive approach that prioritises ethical principles, addresses challenges proactively, and fosters a culture of responsible innovation, the UK can shape a future where AI serves as a catalyst for progress.

This report looks at some of the key threats and opportunities business leaders have identified and the vision for the future of AI.

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Our roundtable contributors

Attendees

Martin Ward – West MidlandsTech Commissioner	**Tech WM**
Karen Morrall – CEO	**Lockdown Cyber Security**
Elizabeth Gooch MBE – Founder & CEO	**The Tech Growth Factory**
Daljinder Mattu – Regional Cyber Policy Lead (Midlands)	**Department for Science, Innovation and Technology**
Adrian Liew – Founder	**OPPi**
Neil Belton – Director	**Azets**
Bal Atwal – Commercial Lawyer	**West Midlands Police**
Dan Evans – Founder & CEO	**BEC (Birmingham Enterprise Community)**
Racheal Muldoon – Barrister	**Maitland Chambers**
Ilisha Masaun – Founder & CEO	**Econominds**
Deborah Leary OBE – Founder, CEO & Former President	**Forensic Pathways and Greater Birmingham Chamber of Commerce**

Hosts

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Charlotte Clayson – Partner	**Trowers & Hamlins**
Rebecca McGuirk – Partner	**Trowers & Hamlins**
Elizabeth Mulley – Managing Associate	**Trowers & Hamlins**
Amy-Rose Hayden – Associate	**Trowers & Hamlins**
Matt Whelan – Associate	**Trowers & Hamlins**

The AI landscape: global trends

Over the years, businesses have embraced technological advancements to foster economic growth and prosperity. One such transformative technology that has gained traction is AI. In particular, at the end of 2022, the introduction of the ChatGPT chatbot by OpenAI quickly became the fastest-growing consumer application ever to be launched. Companies such as Microsoft and Google are also introducing new large language models to revolutionise the way we work (such as Microsoft 365 Copilot and PaLM 2).

OpenAI has said that AI could surpass humanity in most domains within the next ten years as "superintelligence" becomes more powerful than any technology seen to date. Inevitability, businesses have had to quickly consider the implementation of AI policies and user guides to ensure safety measures are in place. This is particularly important in the absence of regulation in the UK (at present).

Whilst the UK is still taking stock of its own approach, the regulatory stance internationally is varied:

China: China has adopted a top-down, centralised approach to AI regulation, with the government playing a leading role in shaping the development and deployment of AI technologies. The country has issued several guidelines and regulations aimed at promoting responsible AI development and ensuring that AI is aligned with national priorities. China's regulatory approach is characterised by its focus on national security, social control, and economic development.

EU: The EU has taken a more comprehensive and risk-based approach to AI regulation, with the proposed EU AI Act being the centrepiece of its regulatory efforts. The EU AI Act aims to establish a framework for the development, deployment, and use of AI systems in the EU, with a focus on protecting fundamental rights, safety, and fairness. The EU's approach emphasises transparency, accountability and stakeholder engagement.

US: The US has taken a more decentralised and sector-specific approach to AI regulation, with different agencies responsible for regulating AI in different industries. This approach has been criticised for its lack of coordination and oversight. However, the US has also been at the forefront of developing voluntary AI principles and guidelines, which have been influential in shaping global AI discussions.

Whilst the UK has not enacted any specific binding legislation, it is currently relying on existing legislation, including the Equality Act 2010, and Data Protection Act 2018 etc., to regulate use of AI, and focusing on providing guidance and best practices for industry as opposed to prescriptive rules. The government has published a white paper outlining its approach to AI regulation, advocating a pro-innovation approach. The white paper seeks to create an environment which allows the UK to be at the forefront of technological developments. Instead of regulation, the UK's approach aims to encourage competition and enhance public trust.

|	China	EU	US	UK
Approach	Top-down, centralised	Comprehensive, risk-based	Decentralised, sector-specific	Principles-based
Focus	National security, social control, economic development	Fundamental rights, safety, fairness	Innovation, competition, public trust	Innovation, competition, public trust
Regulatory instruments	Guidelines, regulations	AI Act	Voluntary principles, guidelines	White paper

Key differences:

- China's approach is more focused on national priorities, while the EU's approach is more focused on consumer protection.
- The US approach is more sector-specific, while the EU and UK's approaches are more coordinated.
- The UK's current approach is designed to be more flexible and adaptable than the EU's approach.

It is important to note that AI regulation is still evolving in all four jurisdictions. As AI technologies continue to develop, it is likely that regulatory approaches will need to be adapted and updated.

" The EU's AI Act has been in discussion for over a decade. In contrast, the UK Government published its AI White Paper on 29 March 2023 setting out its proposals for a flexible pro-innovation framework for the use of AI in the UK. The current lack of regulation in the UK could result in less protection and greater risks for businesses and users alike. Urgent attention needs to be given to establishing clear AI regulation and governance to ensure the UK plays a leading role in global AI strategies and to foster a culture of transparency – failing which we risk falling behind. "

Amy-Rose Hayden, Associate – Trowers & Hamlins
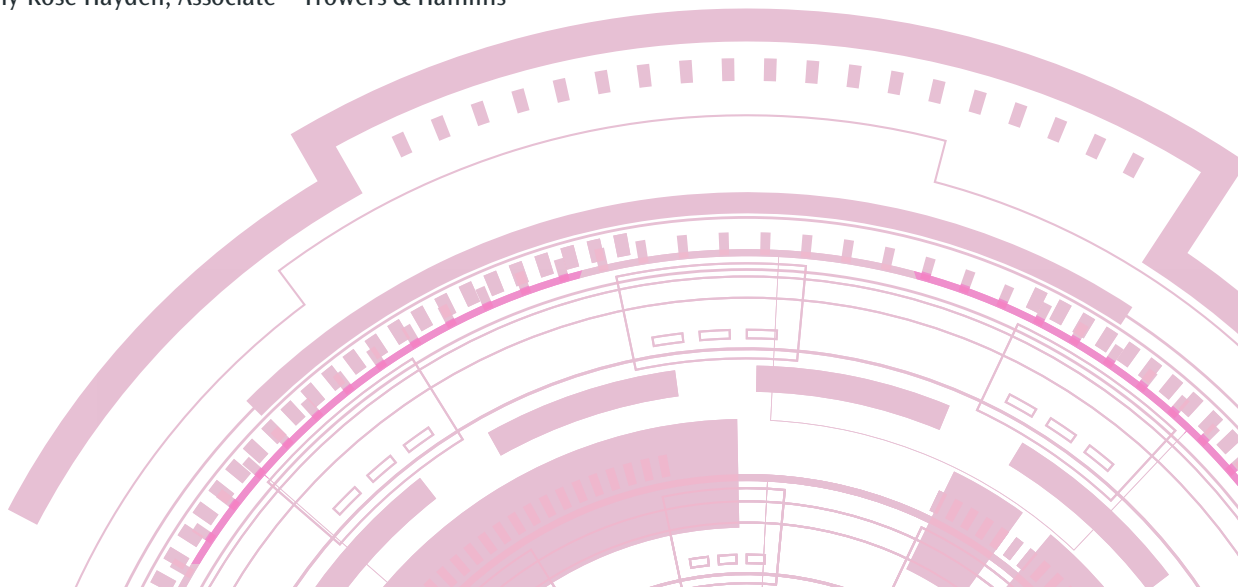
What are the most exciting and promising AI trends in the UK right now?

The integration of AI technologies has unlocked opportunities for businesses. From enhancing operational efficiency to delivering personalised customer experiences, AI is reshaping traditional business models.

Some examples of the opportunities that can be unlocked from the use of AI include:

Enhanced data analytics – companies are leveraging AI-driven analytics to analyse vast datasets and derive actionable insights such as identifying patterns, trends and relationships. This enables them to make informed decisions across various domains such as supply chain management, inventory optimisation, and demand forecasting by predicting future trends.

Customer engagement – AI-powered chatbots and virtual assistants have become instrumental in enhancing customer interactions. Businesses are using these tools to provide real-time assistance, improve response times, and offer personalised solutions, thereby increasing customer satisfaction and freeing up resources.

Predictive maintenance – the manufacturing sector has embraced AI-enabled predictive maintenance. By analysing equipment data, companies can predict when machinery is likely to fail and conduct maintenance proactively, reducing downtime and increasing overall efficiency.

Innovation and product development – AI is aiding in the creation of new products and services. For example, AI-based technologies have allowed doctors to detect breast cancer in woman at an earlier stage and develop personalised treatment plans.
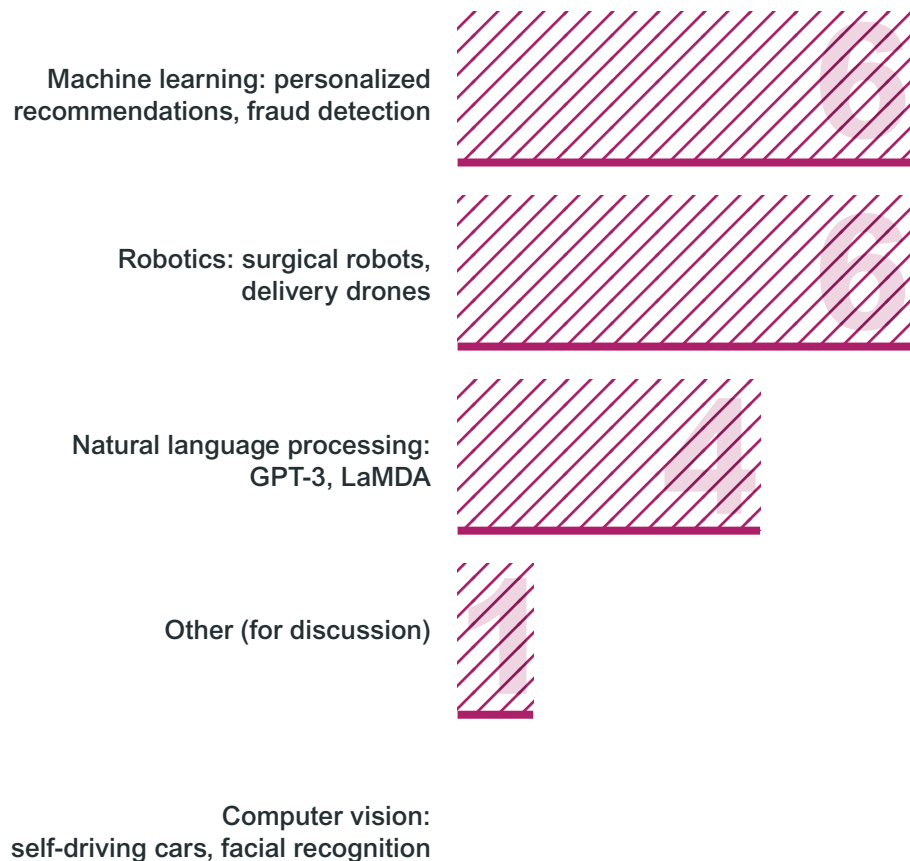
" The benefits AI can bring to all our lives are seemingly limitless, that is, if the technology is deployed responsibly. For this, the UK will require more than unenforceable principles and headline grabbing declarations. We will require a prescriptive legal framework for the regulation of AI providers, bolstered by robust penalties and enforcement powers. We cannot miss this opportunity to deploy AI ethically and lawfully to maximise these benefits. This is the single greatest legal challenge of modern times. "

Racheal Muldoon, Barrister – Maitland Chambers

In the UK, we have seen the successful introduction of AI in numerous ways, such as:

- Self-driving car technology, which uses AI to make real-time decisions based on the data gathered from the car's sensors and AI algorithms;
- The use of technology-assisted review to analyse masses of documents on electronic platforms; and
- Manufacturers and logistics providers using automated processes to streamline services.

During the roundtable, we asked our attendees what they considered to be the most exciting and promising AI trends in the UK. Key themes included the use of AI within healthcare, as well as the prevention / detection of fraud. It was apparent that everyone is able to see the benefits of AI, and it was particularly exciting to see real life uses. Notwithstanding the fact that AI has been in everyday use for some time, attendees were excited to see how it could have a wider impact on some of the most strained areas of the economy and improve people's quality of life.

Rank the most exciting and promising AI trends in the UK right now?

Machine learning: personalized recommendations, fraud detection — 6

Robotics: surgical robots, delivery drones — 6

Natural language processing: GPT-3, LaMDA — 4

Other (for discussion) — 1

Computer vision: self-driving cars, facial recognition

How can the UK ensure AI is used ethically and responsibly?

Ensuring that AI is used ethically and responsibly is a complex and multifaceted challenge that requires a concerted effort from government, industry, academia, and users. It was clear that attendees at our roundtable considered this to be the pivotal issue with the technology, and a tricky issue for governments to navigate.

"*Ensuring the ethical and responsible use of AI in the UK requires a multi-faceted approach that encompasses government regulation, industry self-regulation, and public education. The Government should establish clear guidelines and standards for AI development and deployment, while industry must take proactive steps to implement ethical principles and ensure transparency in their AI systems. Public awareness and education are crucial to fostering trust in AI and ensuring that its development and use align with societal values.*"

Deborah Leary, Founder and CEO – Forensic Pathways

Notwithstanding this, there are some key steps that the UK can learn from other jurisdictions, in its approach to address this challenge:

Develop clear and comprehensive AI guidelines and regulations

Clear and comprehensive AI guidelines and regulations would provide businesses with a framework for developing, deploying, and using AI systems in an ethical and responsible manner. These guidelines and regulations would help businesses to identify and mitigate potential risks and to ensure that their AI systems are aligned with fundamental human rights.

Establish an independent AI ethics oversight body

An independent AI ethics oversight body would provide businesses with a neutral and objective source of advice on AI ethics. This body could also investigate complaints from customers or employees about the use of AI, and issue recommendations for improvement. This would help businesses to build trust with their stakeholders and to demonstrate their commitment to ethical AI use.

Invest in AI education and training

Investing in AI education and training would help businesses to ensure that their employees have the skills and knowledge necessary to develop and use AI responsibly. This would include training in AI ethics, bias detection, and data privacy. This would help businesses minimise the risk of developing or using AI systems that are biased or discriminatory.

Promote transparency and accountability in AI development

Promoting transparency and accountability in AI development would help businesses to build trust with their customers and employees. This could be done by publishing information about the algorithms used, the data collected, and the potential risks and impacts of AI systems. These practices would allow stakeholders to understand how AI is being used and to hold businesses accountable for their actions.

Engage with stakeholders and the public

Engaging with stakeholders and the public would help businesses understand the concerns and track the trends and expectations of their customers, employees, and the broader community. For example, through public consultations, workshops, and other forms of engagement. This would help businesses develop AI policies and practices that are fair, equitable, and transparent.
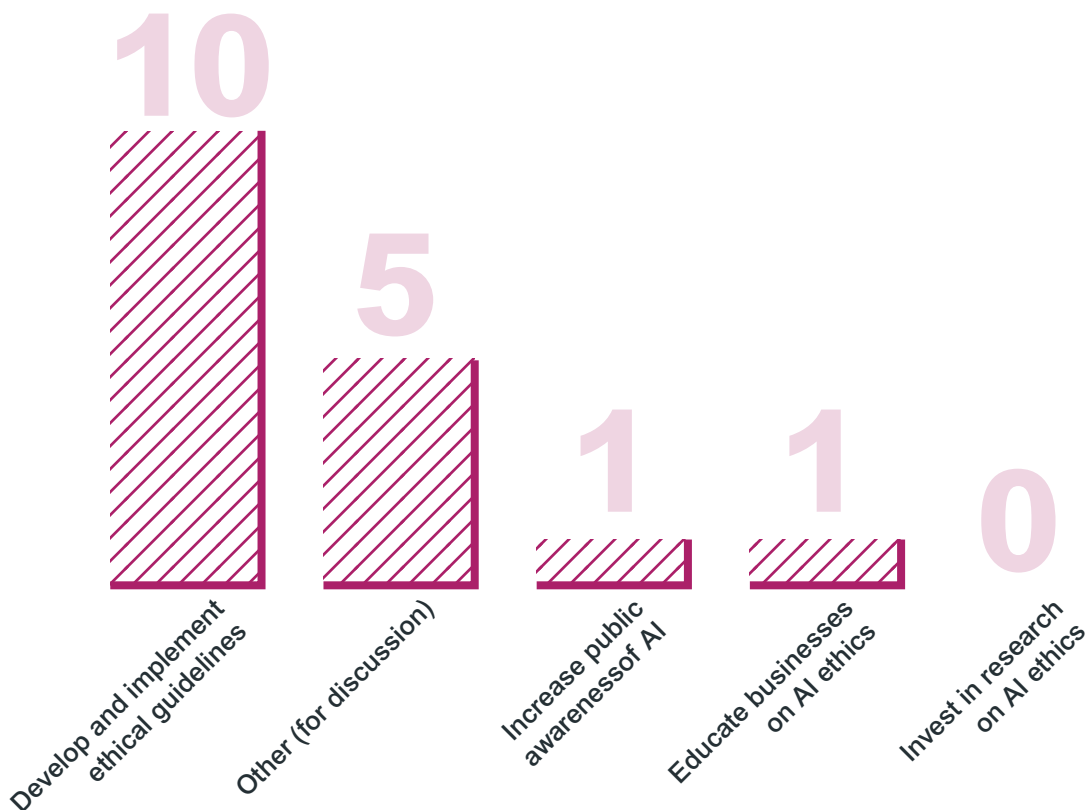
Support research on AI ethics and governance

Supporting research on AI ethics and governance would help businesses stay up-to-date with the latest developments in AI ethics and identify emerging risks. In addition, it could also inform the development of new AI policies and practices. As a result, this would help businesses make informed decisions about the development and use of AI.

Encourage international cooperation on AI regulation

Encouraging international cooperation on AI regulation would enable businesses to operate in a global environment where AI is used ethically and responsibly. For instance, by developing international standards and guidelines for the ethical and responsible use of AI. In turn this would assist businesses in avoiding compliance issues and to build trust with their customers and partners around the world.

What is the best way the UK can ensure that AI is used ethically and responsibly?

Develop and implement ethical guidelines	Other (for discussion)	Increase public awareness of AI	Educate businesses on AI ethics	Invest in research on AI ethics
10	5	1	1	0

What are the biggest challenges facing the UK AI ecosystem?

Although companies are all vying for a slice of the AI-pie, they will need to consider the potential risks before encouraging the use of AI internally. For example, when considering ChatGPT, although it may be able to produce responses of a reasonable quality, it cannot utilise human intelligence that can pick up on nuances. This means that it can be sensitive to tweaks in language, with the paraphrasing of questions creating entirely different responses. Yet the responses are presented in such a convincing manner that users may not notice the inaccuracies.

Therefore, whilst AI presents a plethora of opportunities, it also presents certain risks and ethical considerations that require careful attention.
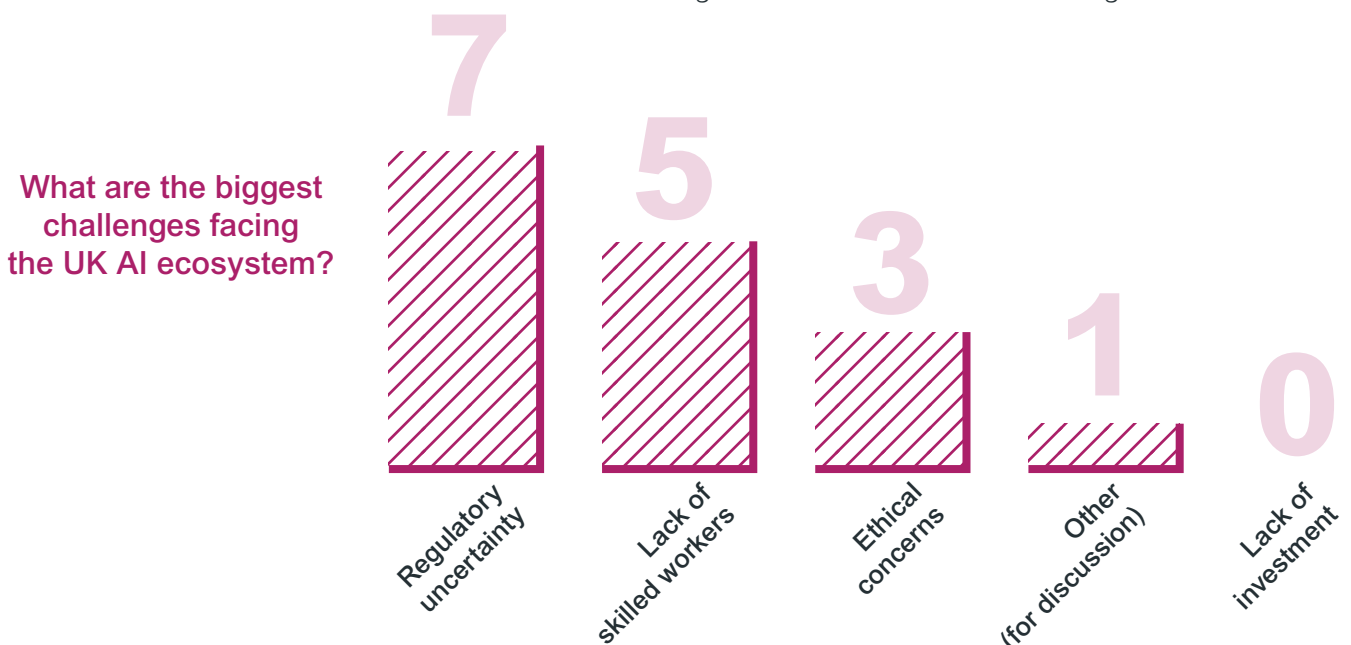
Ethical use of AI – businesses must grapple with questions surrounding the ethical use of AI, especially in sensitive domains such as healthcare or details of workforces. Striking a balance between innovation and safeguarding privacy is crucial. As businesses gather and analyse large volumes of data, ensuring data privacy and security becomes paramount. Data inputted into AI can often not be deleted and there have been instances where employees have inadvertently leaked confidential information with severe consequences. Large language models themselves could also be vulnerable to a data breach or used to write malicious code. A data breach could not only compromise customer trust but could also result in legal consequences such as ransomware attacks or claims under data protection regulations such as the UK GDPR.

Lack of skilled workers – whilst AI could be seen to alleviate a shortage of skilled workers by automating routine tasks, inevitably those processes will need to be developed, deployed and monitored by trained workers able to pick up the technology. Skills shortages could cause businesses to lag behind in the absence of a trained workforce.

Lack of regulation – as explained above, there is currently no regulation or statute that governs the development, deployment or use of AI in the UK. The UK has explained that this is to encourage innovation, however this creates risk that AI technology can be deployed without security measures or accountability to ensure users are protected.

Other issues – for example, the roundtable discussed the risks around bias and fairness. AI systems can inadvertently perpetuate biases present in their training data, leading to unfair outcomes. It is essential for companies to implement ethical AI practices, and where possible ensure their training data is free from bias, to ensure fairness and avoid discrimination. For example, in sectors like finance, where biased algorithms used by banks could lead to financial disparities. See our article exploring this in further detail here.

Attendees at the roundtable erred in favour of regulatory uncertainty providing the biggest challenge, followed by the lack of skilled workers. Discussions clearly centred on the importance of education at all levels to mitigate such risks, and the lack of government intervention at this stage was clear to see.

What are the biggest challenges facing the UK AI ecosystem?

7 — Regulatory uncertainty

5 — Lack of skilled workers

3 — Ethical concerns

1 — Other (for discussion)

0 — Lack of investment

" The UK's AI ecosystem is overflowing with potential, but realising this potential requires addressing several critical challenges. Firstly, bridging the talent gap is paramount, as we need to cultivate a workforce equipped with the specialised skills to develop and deploy AI solutions effectively. Secondly, ensuring access to high-quality data is essential for training AI systems to their full potential. Thirdly, fostering collaboration between academia, industry, and government is crucial to accelerate innovation and ensure that AI development aligns with societal needs and ethical principles. Finally, addressing public trust concerns is vital, as AI adoption hinges on building a foundation of transparency, accountability, and responsible AI practices. "

Adrian Liew, Founder – OPPi

Navigating AI challenges

To fully harness the potential of AI while mitigating associated risks, businesses can adopt several strategies:

Invest in workforce development – instead of viewing AI as a replacement for human labour, companies can invest in reskilling and upskilling their workforce to use AI. This not only minimises job displacement but also creates a workforce adept at collaborating with AI technologies.

Implement ethical AI frameworks – to address bias, transparency, and accountability, companies should establish ethical AI frameworks. Regular audits of AI systems can help identify and rectify potential biases and ensure that the technology is used ethically. It is also essential that businesses have in place a robust AI policy, which is considered one of the easiest steps businesses can take (as can be seen used in other remits, including data protection, modern slavery and cybersecurity).
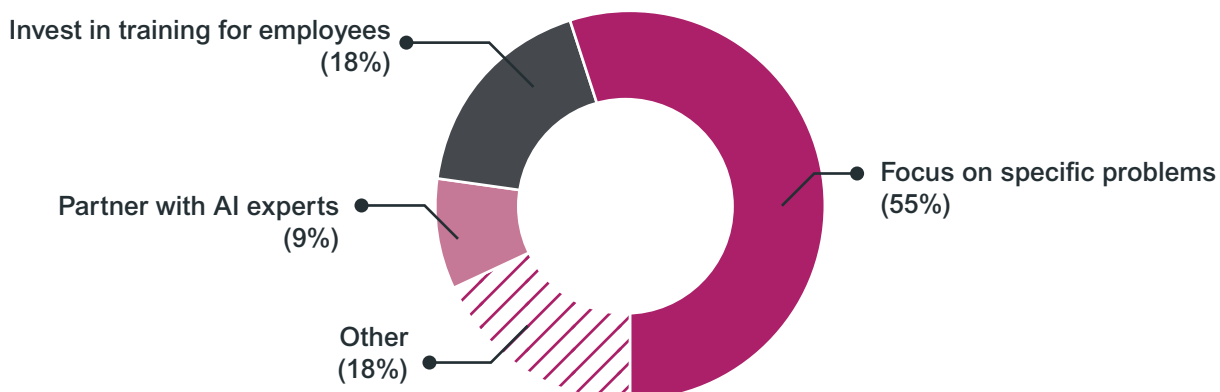
Collaboration and knowledge sharing – the UK is home to a diverse range of industries. Encouraging collaboration and knowledge sharing between companies can expedite AI adoption and promote best practices in risk management whilst having data protection policies in place to ensure confidentiality remains intact.

Current advice from industry specialists is to not bite off more than you can chew, which matches what we are advising our clients. Considered and concerted action is better than inaction. Identify specific problems that, if solved, would drive efficiencies and have a tangible impact on your business or workforce. Bringing those to the table with the necessary expertise is key to implementing a viable and valuable solution and should not be overlooked.

" Businesses should embark on an AI journey with clear objectives, beginning with a small-scale project. Before taking any steps, businesses should educate their workforce on AI's potential, understand what data quality and governance structures are required to implement the required solution effectively, establish ethical guidelines to govern the solution's use, and seek expert guidance from the outset, bringing a cross-section of the business on the journey (including legal). "

Baljinder Atwal, Commercial Lawyer – West Midlands Police

What is the best piece of advice you would give to businesses that are looking to adopt AI?

- Invest in training for employees (18%)
- Partner with AI experts (9%)
- Other (18%)
- Focus on specific problems (55%)

Paving the way: your AI strategy

The journey for businesses using AI is marked by significant opportunities for growth and innovation. Companies that harness the benefits of AI to enhance decision-making, customer engagement and operational efficiency are likely to be ahead of the curve. However, these opportunities must be met with a proactive approach to addressing the associated risks, such as job displacement, bias, and data security. By adopting a strategy that addresses the aforementioned risks and fosters a culture of responsible AI use, businesses can lead the way in creating a future where AI drives profits whilst upholding ethical standards and safeguarding employees.

The promising message from our roundtable was that AI is very much seen as an opportunity for businesses, individuals and the UK alike.

Do you see the development of AI as a threat or an opportunity?

Threat 24%

Opportunity 76%
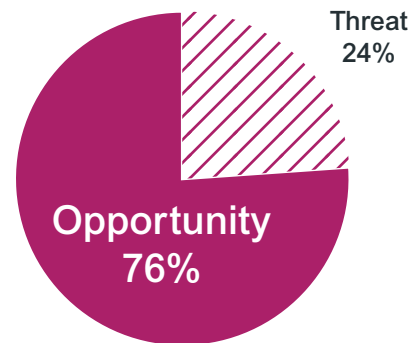
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