CORPORATER

Connecting Performance and GRC for Strategic Excellence

Navigating Change in AI-powered Future

Tor Inge Vasshus, CEO | Corporater

January 24, 2024

Tor Inge Vasshus

Founder & CEO | Corporater

Urban Legend

- 1995 -

Coast of Newfoundland, Canada

Urban Legend

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Coast of Newfoundland, Canada

Transcript of a radio conversation of a US naval ship with Canadian authorities off the coast of Newfoundland in October 1995.
Radio conversation released by the Chief of Naval Operations 10-10-95.

Urban Legend

- 1995 -

Coast of Newfoundland, Canada

Please divert your course 15 degrees to the north to avoid a collision.

We recommend YOU divert YOUR course 15 degrees to the south to avoid a collision.

Transcript of a radio conversation of a US naval ship with Canadian authorities off the coast of Newfoundland in October 1995.
Radio conversation released by the Chief of Naval Operations 10-10-95.

Urban Legend

- 1995 -

Coast of Newfoundland, Canada

This is the Captain of a US Navy ship.
I say again, divert YOUR course.

No. I say again,
YOU divert YOUR course.

Transcript of a radio conversation of a US naval ship with Canadian authorities off the coast of Newfoundland in October 1995.
Radio conversation released by the Chief of Naval Operations 10-10-95.

Urban Legend

- 1995 -

Coast of Newfoundland, Canada

THIS IS THE AIRCRAFT CARRIER USS LINCOLN, THE SECOND LARGEST SHIP IN THE UNITED STATES' ATLANTIC FLEET.

WE ARE ACCOMPANIED BY THREE DESTROYERS, THREE CRUISERS AND NUMEROUS SUPPORT VESSELS.

I DEMAND THAT **YOU** CHANGE **YOUR** COURSE 15 DEGREES NORTH, THAT'S ONE FIVE DEGREES NORTH, OR COUNTERMEASURES WILL BE UNDERTAKEN TO ENSURE THE SAFETY OF THIS SHIP!!!

...

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Urban Legend

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Moral of the Story

Even large, reputable, tech-intelligent organizations can lose a sight of things and fail to make a good judgment.

The story highlights the danger of making assumptions without having all the facts and serves as a reminder of the importance of proper communication, humility, and the need to assess situations accurately before reacting.

Major Corporate Scandals and Crises

Siemens Bribery Scandal
2008

The Siemens Bribery Scandal involved the company paying over $1.4 B in bribes for global contracts, resulting in over $1.6 B in fines and penalties.

Deepwater Horizon Oil Spill
2010

The Deepwater Horizon oil spill occurred when an explosion on BP's offshore drilling rig led to a massive oil leak in the Gulf of Mexico, becoming one of the worst environmental disasters in U.S. history.

Theranos Scandal
2015

Theranos, a biotech company, falsely claimed to have developed revolutionary blood-testing technology leading to criminal charges against the company's leadership for massive fraud.

Major Corporate Scandals and Crises

Wells Fargo Fake Accounts Scandal

2016

Wells Fargo bank employees created millions of unauthorized accounts and credit cards without customers' knowledge to meet aggressive sales targets, resulting in legal actions and significant reputational damage.

Equifax Data Breach

2017

Massive cybersecurity breach exposing sensitive personal information of nearly 147 million people, including social security numbers, birth dates, and other personal information.

The Boeing 737 MAX Crisis

2019

The Boeing 737 MAX Crisis involved two fatal crashes due to flaws in its MCAS system, leading to a global grounding of the fleet and significant scrutiny of Boeing's safety practices and regulatory oversight.

Major Corporate Scandals and Crises

- CONSEQUENCES -

- Financial penalties
- Legal consequences
- Damaged reputation
- Loss of market share position
- Management overhaul
- Increased scrutiny
- Regulatory changes
- Investor distrust
- Operational distrust
- Compromised culture
- Supplier and Partner relations strain
- Trade restrictions
- Loss of customer trust
- Employee morale and retention issues
- Impact on future business opportunities
- Long-term recovery efforts
- ++

Why is it that these large corporations were not able to prevent these situations from happening?

Navigating Business Challenges

- Regulatory Compliance
- AI
- Cybersecurity Threats
- Reputation
- Customer Expectations
- Market Dynamics
- Technological Advancements
- Health and Safety
- Hyperinflation
- Supply Chain Disruptions
- Competition
- Economic Fluctuations
- Cultural Diversity and Inclusion
- Sustainability and Social Responsibility
- Globalization
- Crisis Management
- Geopolitical Risk
- Cancel Culture
- Talent Acquisition and Retention
- Innovation and Adaptation
- Fake News

Navigating Business Challenges

Challenges need to be managed from **Performance Perspective** to **Maximize Creating Value**

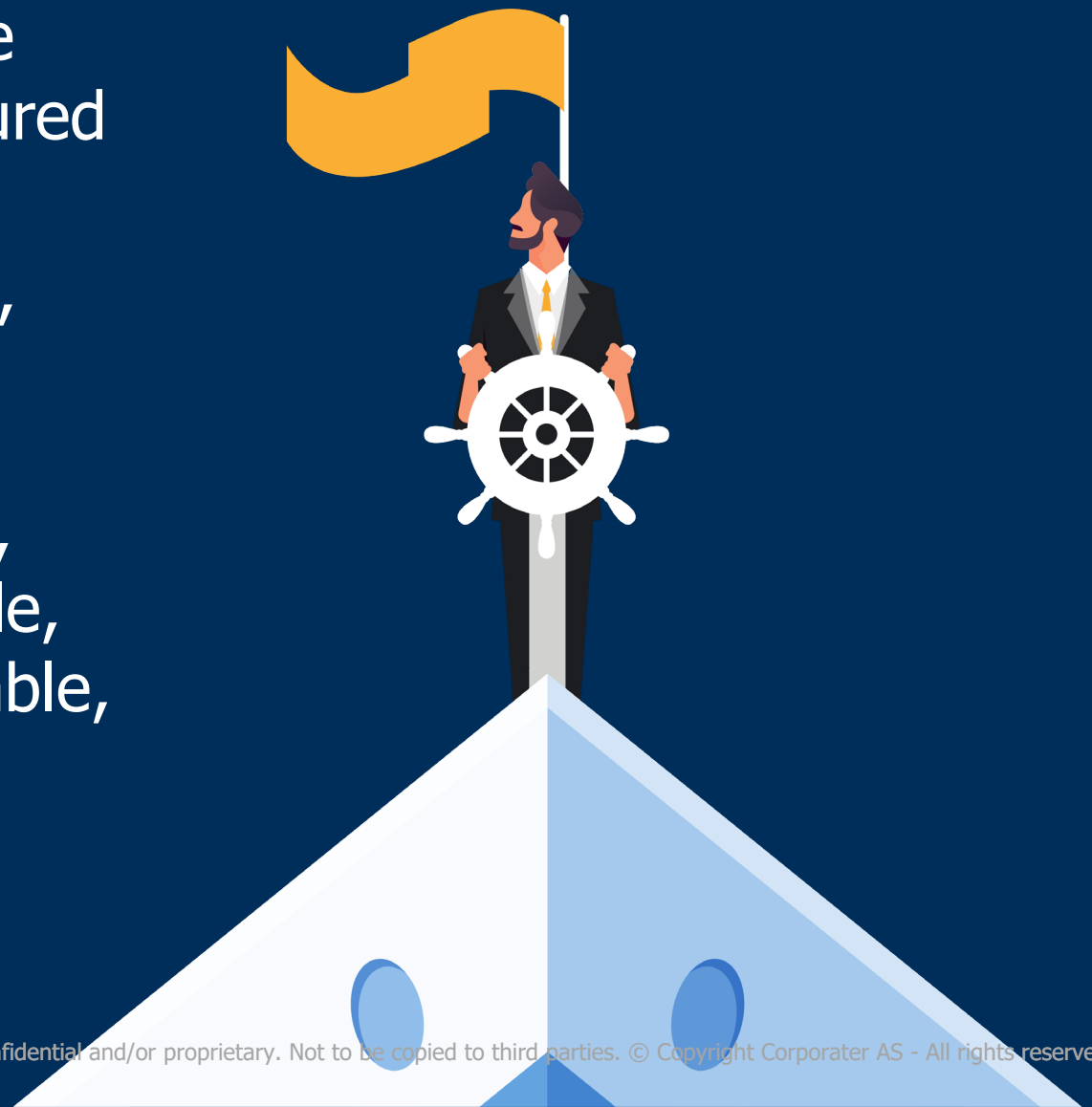
Challenges need to be managed from **Risk and Compliance Perspective** to **Minimize Losing Value**

Navigating Business Challenges

Organizations are constantly pressured to become:

- more efficient,
- more secure,
- more agile,
- more resilient,
- more profitable,
- more sustainable,

etc.



Navigating Business Challenges

Organizations are constantly pressured to become:

- more efficient,
- more secure,
- more agile,
- more resilient,
- more profitable,
- more sustainable,

etc.

How can you keep your organization prepared and on course towards strategic excellence?

5 Key Tools for Navigating Business Challenges

Navigating Business Challenges

- THE TOOLS -

1. Competence

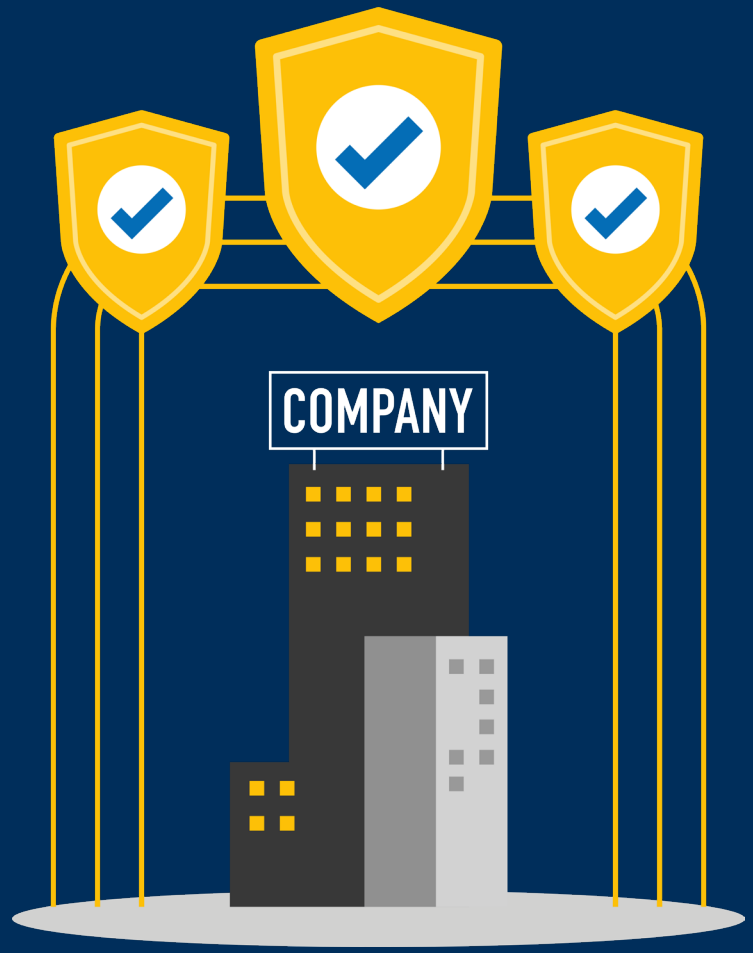
- Knowledgeable and committed staff that possess the skills, abilities, and expertise required to effectively perform their roles and responsibilities

Navigating Business Challenges

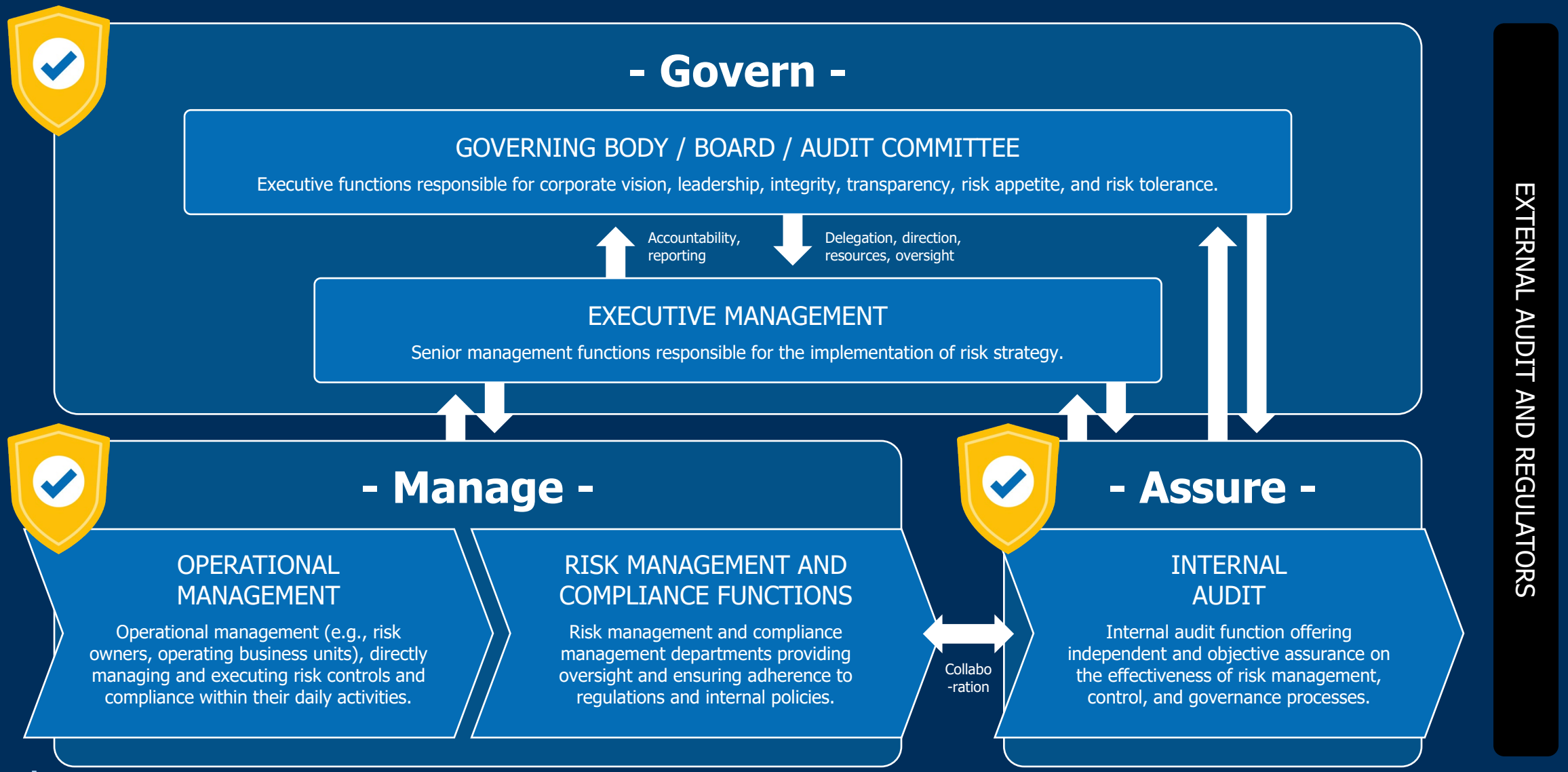
- THE TOOLS -

2. Govern-Manage-Assure Lines of Responsibility

- Framework used by enterprise organizations to establish a structure for separate lines of responsibility and accountability
- It clearly outlines functions responsible to:
  - **Govern** – Governance / Strategy
  - **Manage** – Management / Execution
  - **Assure** – Assurance / Audit



Govern-Manage-Assure Lines of Responsibility

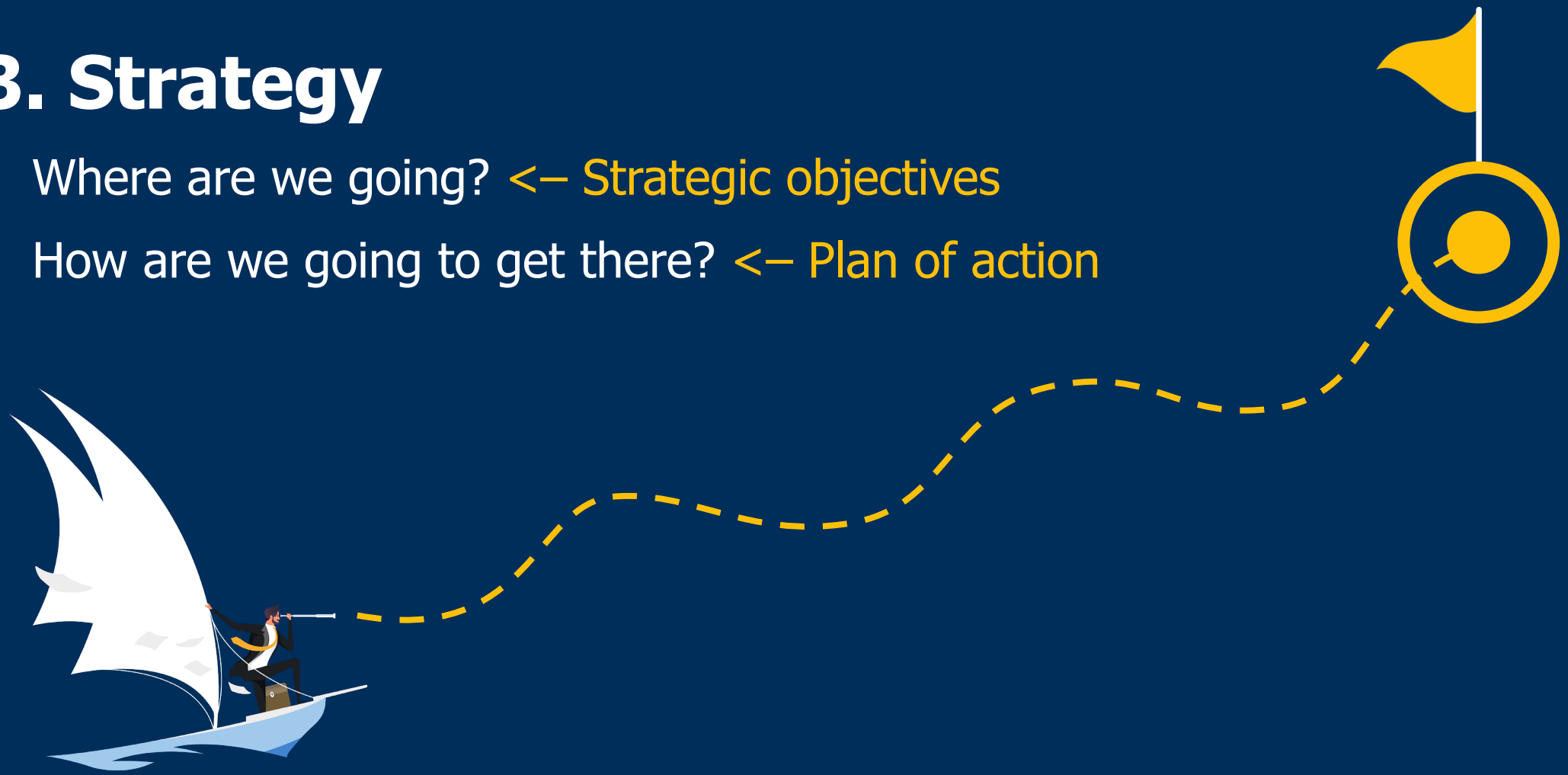


Navigating Business Challenges

- THE TOOLS -

3. Strategy

- Where are we going? <– Strategic objectives
- How are we going to get there? <– Plan of action



"You can't manage what you can't measure."

Peter F. Drucker

"You can't manage what you can't **describe**."

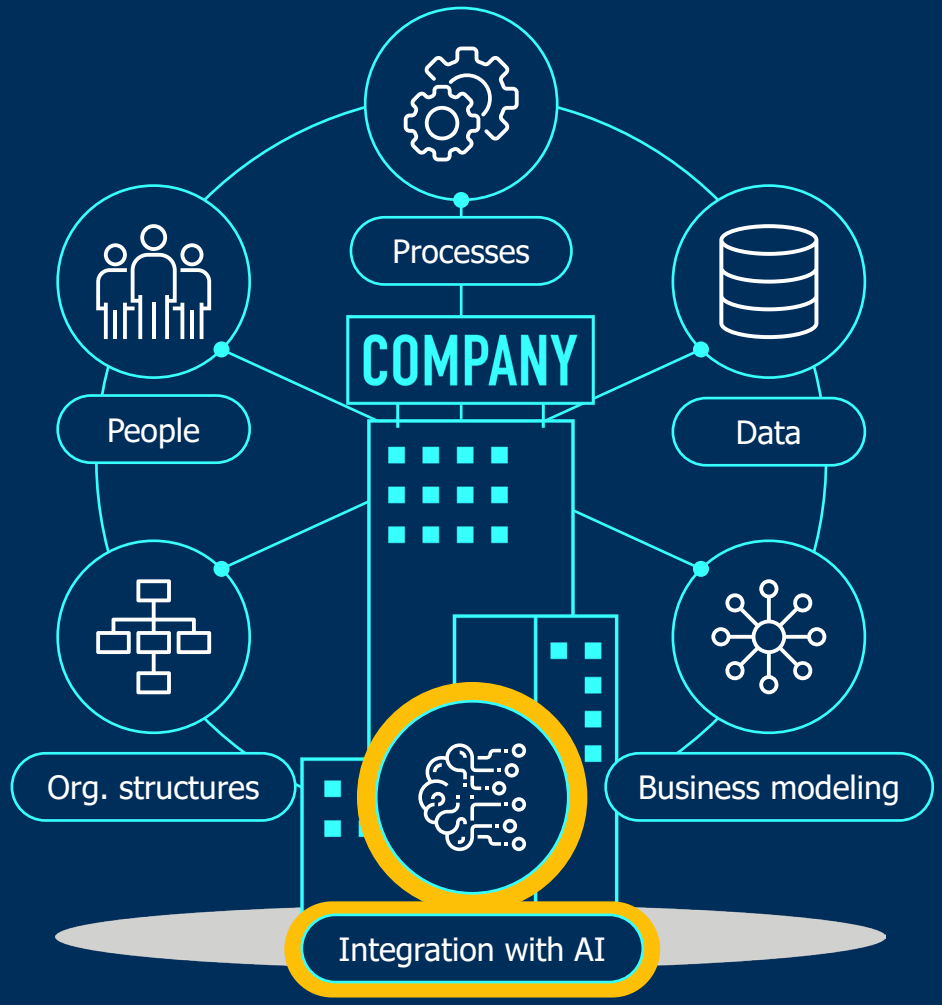
Tor Inge Vasshus

Digital Twin of an Organization

Physical Organization

Digital Twin of an Organization

Physical Organization



Digital Twin of an Organization

Corporater is listed as a Representative Vendor in 2021 Gartner® Market Guide for Technologies Supporting a Digital Twin of an Organization

Navigating Business Challenges

- THE TOOLS -

4. GPRC Overview

Holistic oversight of:

- **Governance** <- Govern your business
- **Performance** <- Manage performance
- **Risk** <- Address risks
- **Compliance** <- Assure compliance

Enabling us to continuously steer course towards our strategic goals and objectives.

Corporater G[P]RC Framework

Efficiently Govern, Manage, and Assure your Performance, Risk, and Compliance

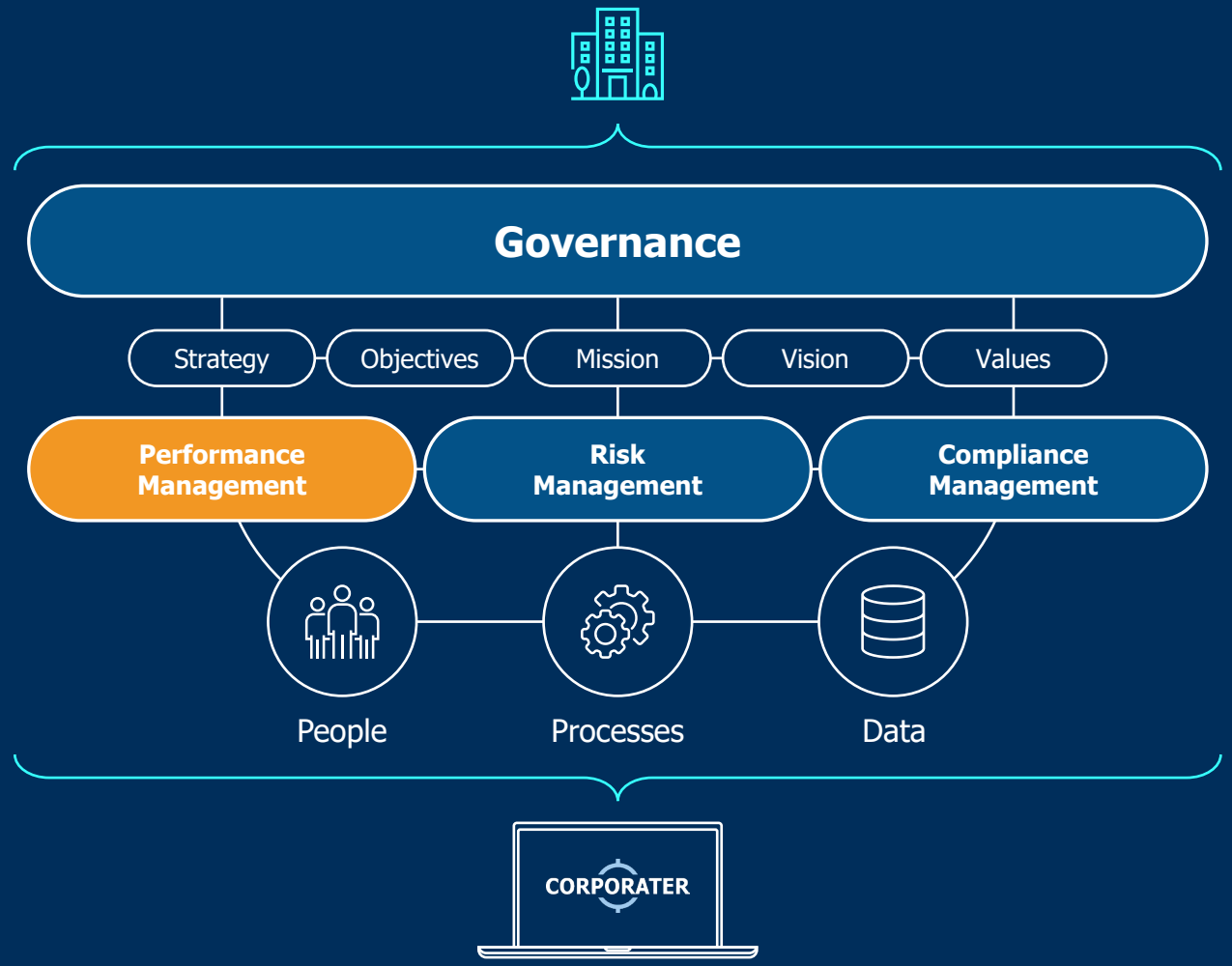
CORPORATER GPRC Matrix	P Performance	R Risk	C Compliance
G Govern	• Ambition level • Targets • Objectives • Strategic direction	• Risk context • Risk appetite • Risk strategy	• Policies • Objectives • Responsibilities
M Manage	• Performance of your business • Performance of your employees	• Risk identification • Risk assessment • Risk treatment • Risk reporting	• Manage regulatory change & compliance • Org. program mgmt. • Internal controls
A Assure	• Benchmarking • Operational audit • Continuous improvement	• Risk control self-assessment • Effectiveness of internal controls	• Internal audit • External audit • Continuous improvement

Navigating Business Challenges

- THE TOOLS -

5. Technology that can support you on your journey

- Create a digital twin of your organization
- Interconnect your people, processes, and data
- Align performance with strategy, objectives, mission, vision, and values
- Manage risk
- Assure compliance
- Govern your business as a connected enterprise



Navigating Business Challenges

- TOOLS SUMMARY -

1. Competence
2. Govern-Manage-Assure Lines of Responsibility
3. Strategy
4. GPRC Overview
5. Technology that can support you on your journey

5 Key Tools for Navigating Business Challenges

What does it look like in reality?

1. Competence

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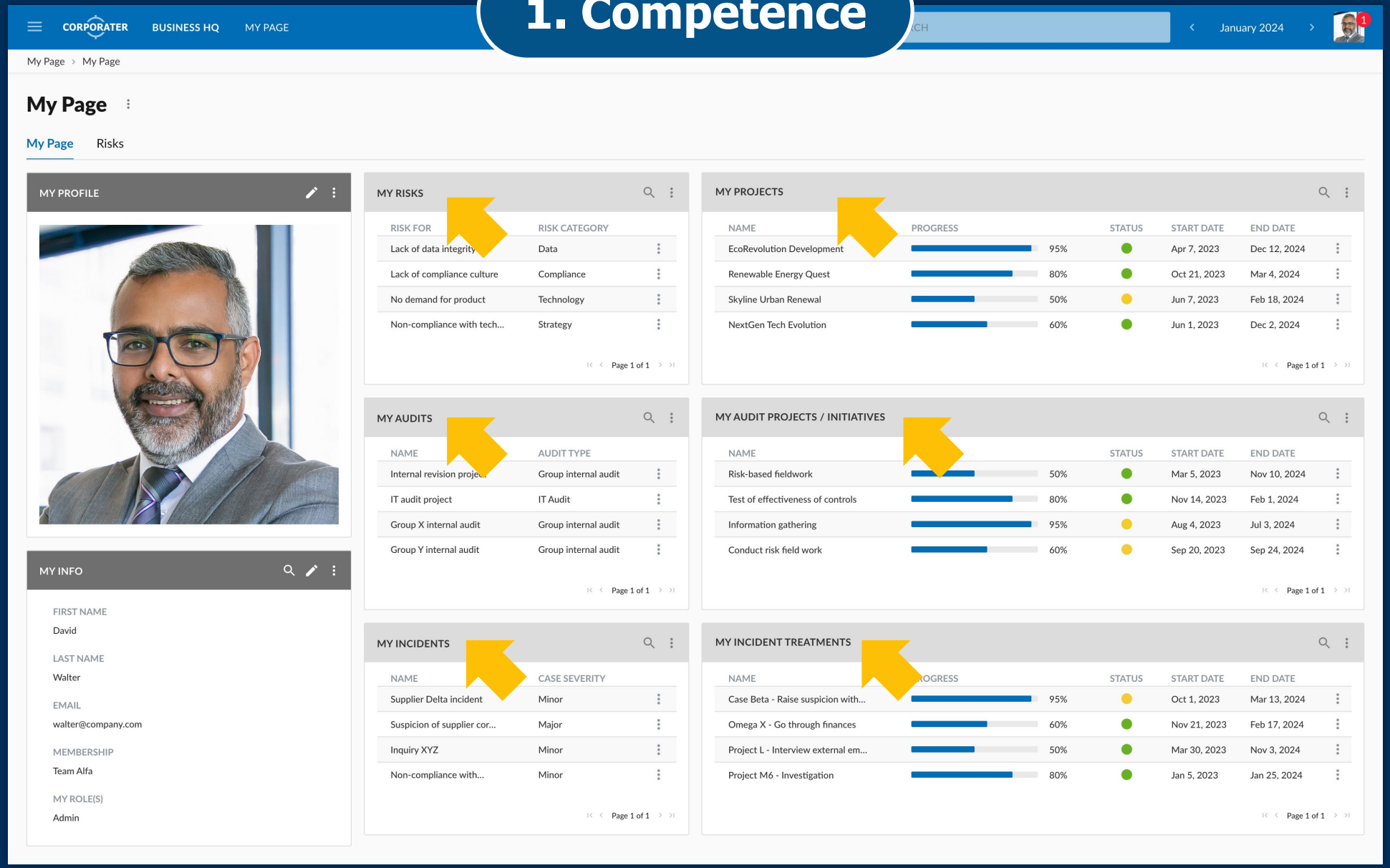
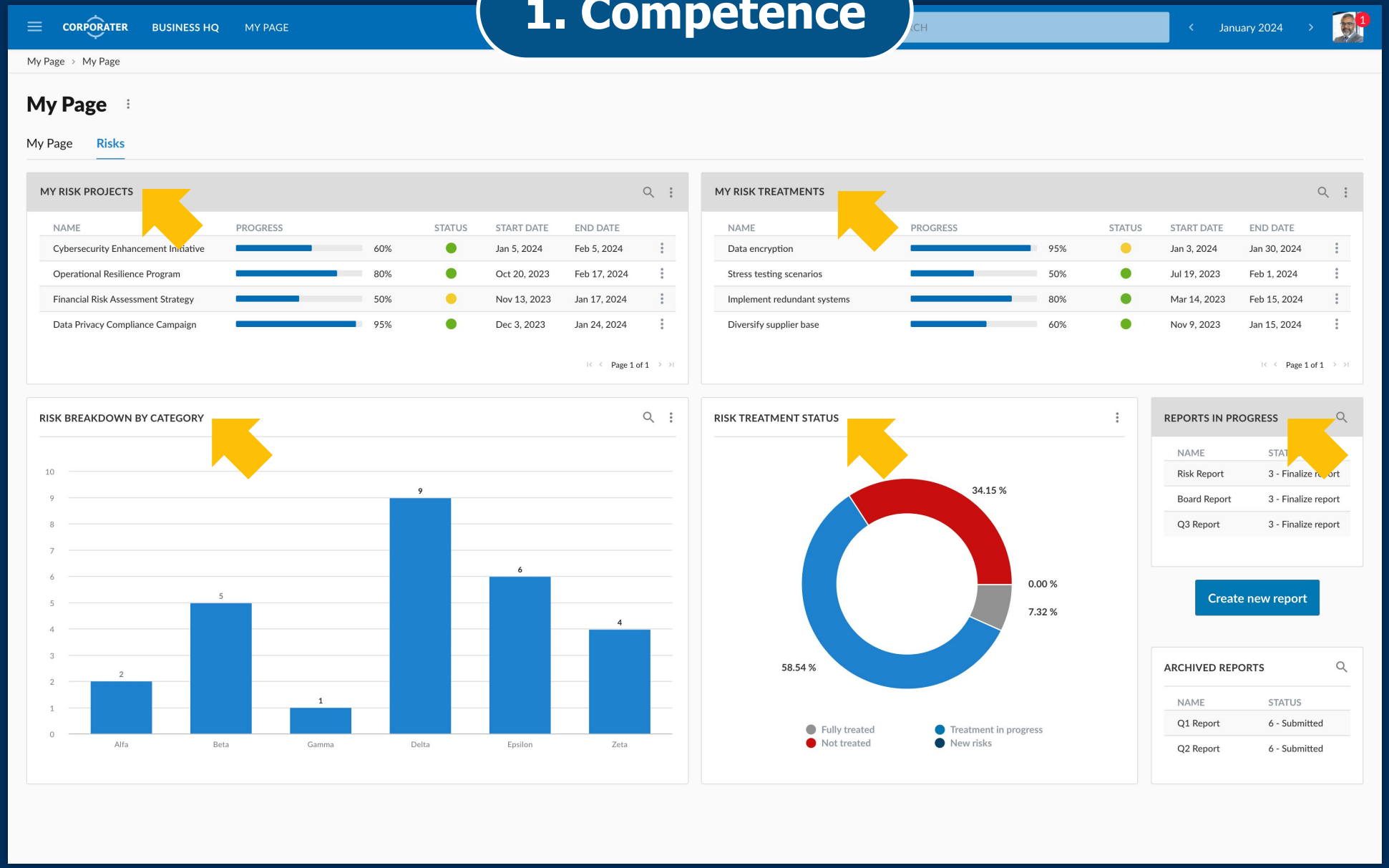
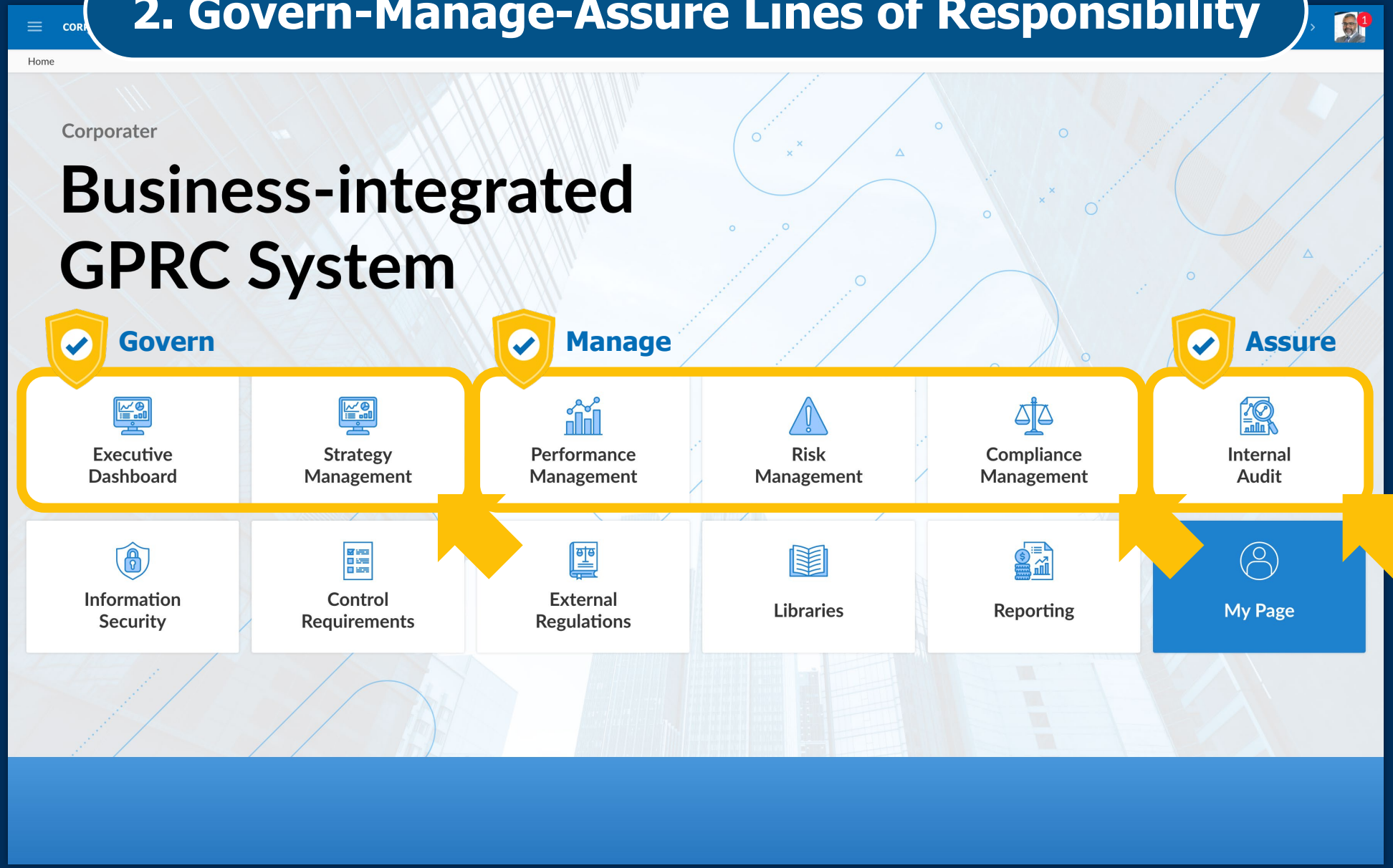


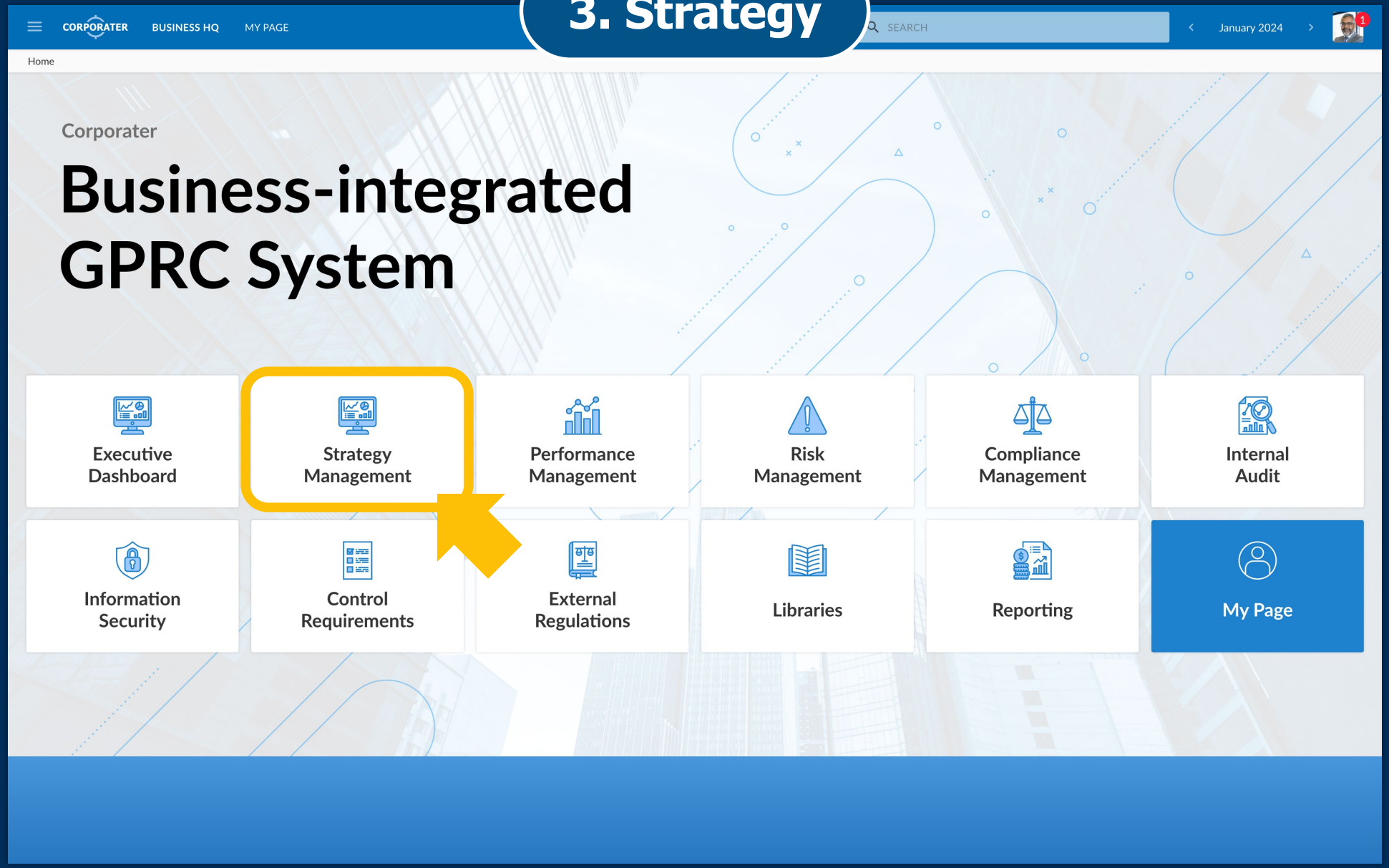
1. Competence



2. Govern-Manage-Assure Lines of Responsibility



3. Strategy



3. Strategy

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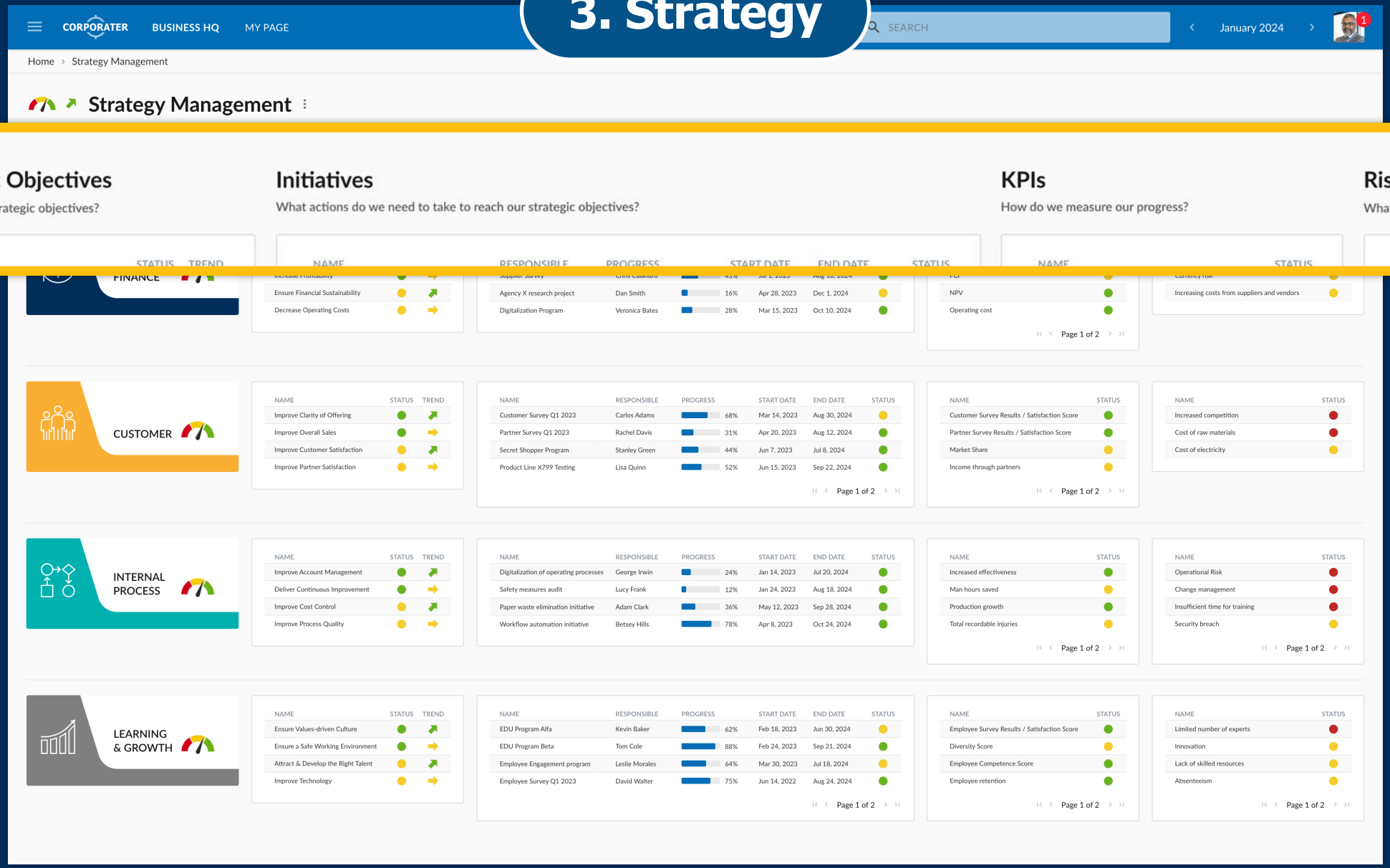
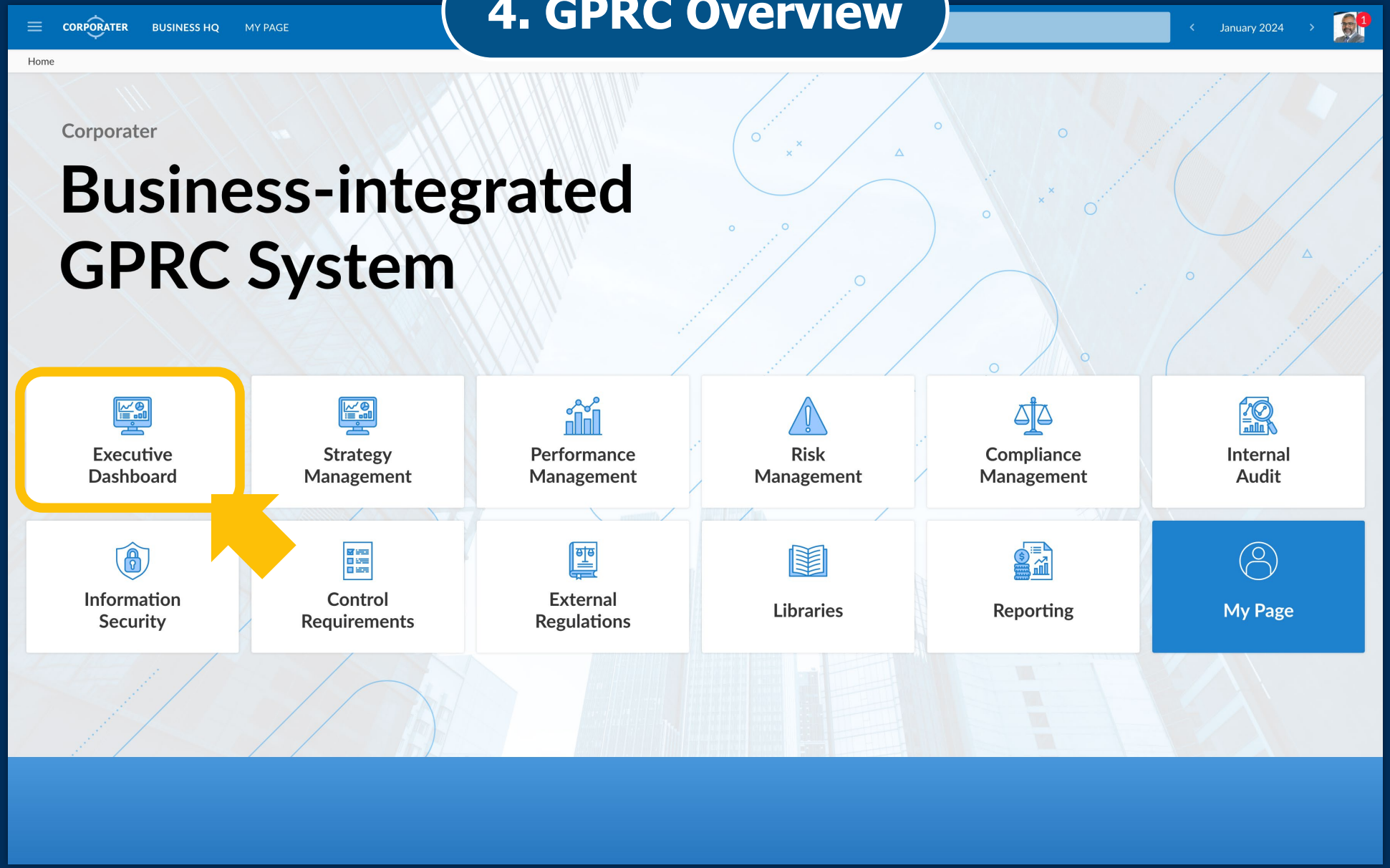


4. GPRC Overview



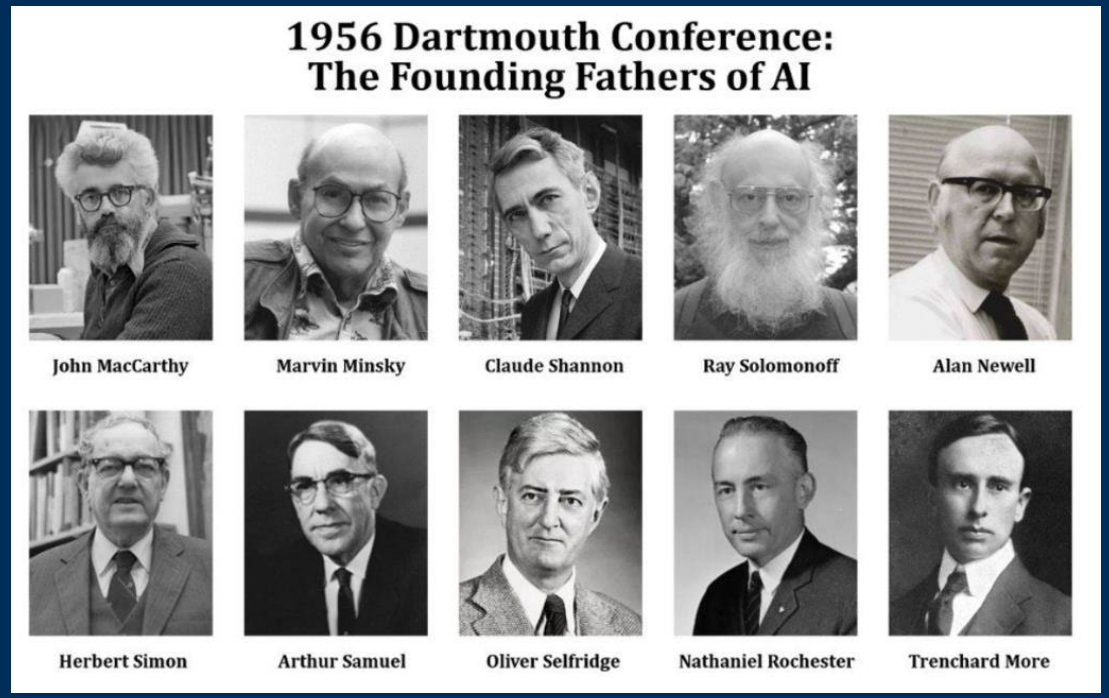
4. GPRC Overview

5. Technology that can support you on your journey

Business Management Platform

Where does AI fit into all this?

AI is Not New



FIRST USE OF THE TERM "ARTIFICIAL INTELLIGENCE"

FOUNDING OF ARTIFICIAL INTELLIGENCE AS A RESEARCH DISCIPLINE

"To proceed on the basis of the conjecture
that every aspect of learning or any other feature of intelligence
can in principle be so precisely described that a machine can be made to simulate it."

A Proposal for the

DARTMOUTH SUMMER RESEARCH PROJECT ON ARTIFICIAL INTELLIGENCE

June 17 - Aug. 16

We propose that a 2 month, 10 man study of artificial intelligence be carried out during the summer of 1956 at Dartmouth College in Hanover, New Hampshire. The study is to proceed on the basis of the conjecture that every aspect of learning or any other feature of intelligence can in principle be so precisely described that a machine can be made to simulate it. An attempt will be made to find how to make machines use language, form abstractions and concepts, solve kinds of problems now reserved for humans, and improve themselves. We think that a significant advance can be made in one or more of these problems if a carefully selected group of scientists work on it together for a summer.

The following are some aspects of the artificial intelligence problem:

1) Automatic Computers

If a machine can do a job, then an automatic calculator can be programmed to simulate the machine. The speeds and memory capacities of present computers may be insufficient to simulate many of the higher functions of the human brain, but the major obstacle is not lack of machine capacity, but our inability to write programs taking full advantage of what we have.

2) How Can a Computer be Programmed to Use a Language

It may be speculated that a large part of human thought consists of manipulating words according to rules of reasoning

The Aim of AI

The aim of AI is to become equal or better than humans.

Content creation -
Automated journalism -
Legal document analysis -

Write

Voice assistants -
Language translation -
Language learning apps -
CS chatbots -

Talk

Speech recognition -
Emotion recognition -
Audio surveillance -
Music composition -

Listen

Autonomous vehicles -
Space exploration rovers -
Agricultural robots -

Move

$=$

$<$

See

- Facial recognition
- Medical imaging analysis
- Retail customer analysis

Think

- Decision support systems
- Game playing
- Predictive analytics
- Personalized learning

Sense

- Smart homes
- ESG monitoring
- Wearable health monitors

Smell

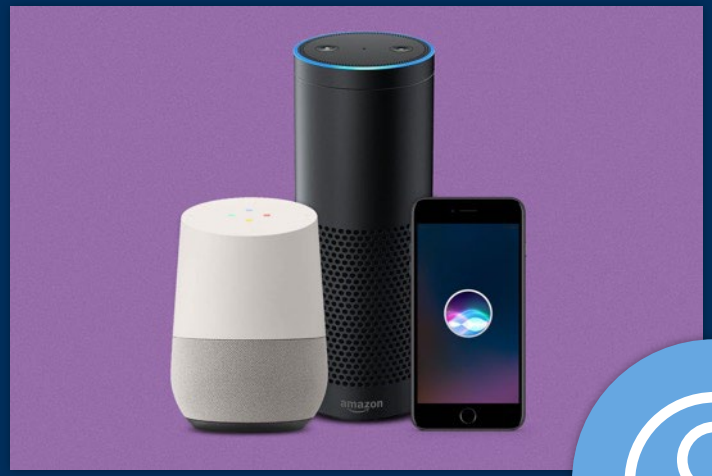
- Disease detection
- Food quality control
- Chemical detection for safety

AI is now all around us

Integrated into our daily lives

Smart Assistants

E.g., Siri (Apple), Alexa (Amazon), Google Assistant, and Cortana (Microsoft) use AI to understand voice commands, answer questions, perform tasks, and control smart home device.

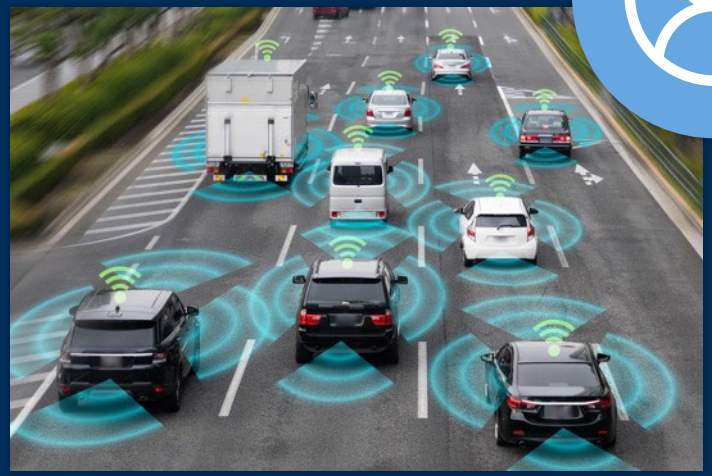


Recommendation Systems

E.g., platforms such as Netflix, Amazon, Spotify, and YouTube employ AI algorithms to suggest personalized content, such as movies, products, music, and videos, based on user preferences and behaviors.

Autonomous Vehicles

E.g., companies such as Tesla, Waymo (Alphabet), and Uber are developing AI-powered systems that perceive surroundings, navigate routes, and make driving decisions.



Advanced Analytics

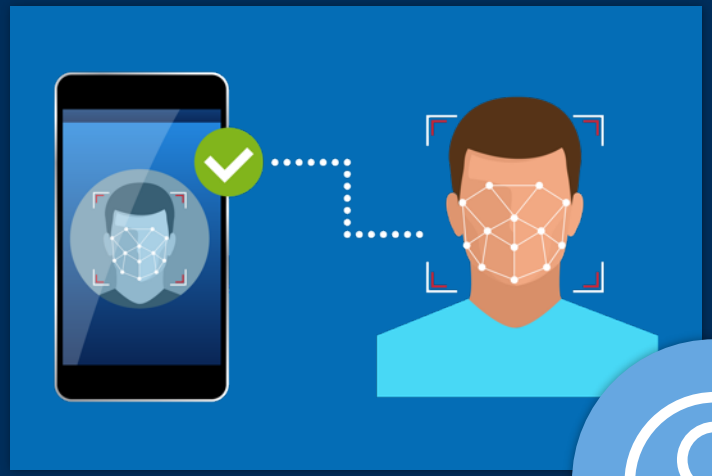
AI and machine learning are used extensively in data analysis across industries. E.g., in finance, AI algorithms help detect fraud, predict market trends, and optimize investment strategies.

AI is now all around us

Integrated into our daily life

Computer Vision

AI-driven computer vision technologies are employed in facial recognition systems, object detection in security cameras, augmented reality applications, quality control in manufacturing, and medical imaging analysis.

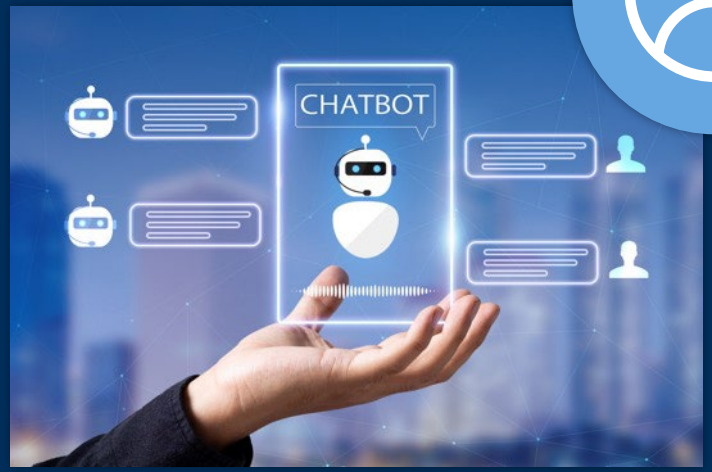


Smart Home Devices

AI is integrated into devices such as smart thermostats (e.g., Nest), smart appliances, lighting systems, and security cameras, enabling automation and remote control based on user behavior and preferences.

Customer Service Chatbots

AI-powered chatbots use natural language processing to understand and respond to user queries, providing quick and efficient assistance 24/7 without the need for human intervention in every interaction.



Natural Language Processing (NLP) Applications

NLP, a subset of AI, powers language-based applications such as language translation tools (Google Translate), sentiment analysis in social media monitoring, and voice recognition technologies.

Integrating AI into Business Operations

For organizations, AI integration may often feel overwhelming.

How do we do it? Where do we start?

Integrating AI into Business Operations

There is also fear and resistance

	EXPECTATION	REALITY
 Employee	General Fear: AI is here to replace me.	AI is here to make me more efficient.
 Organization	We will be just fine if we do nothing.	**Organizations that embrace AI will outperform those that do not.**

Understanding AI

Types of Artificial Intelligence

In general, AI can be broadly categorized **based on capabilities**:

Narrow AI

Artificial Narrow Intelligence (ANI)

This type of AI is designed and trained for a specific task or set of tasks.

It operates within a limited context and doesn't possess general intelligence or understanding.

E.g.,

- Chatbots
- Chat GPT
- Virtual assistants (Siri, Alexa, and Google Assistant)
- Recommendation systems (Netflix, Amazon, Spotify)
- Autonomous vehicles
- Image or speech recognition systems.
- ++

General AI

Artificial General Intelligence (AGI)

AGI, or Strong AI, refers to AI systems with generalized human cognitive abilities.

These systems would understand, learn, and apply knowledge across different domains, similar to human intelligence.

They can perform a wide range of tasks, learn from experiences, and adapt to new situations.

AGI hasn't been achieved yet and remains a theoretical concept.

DOESN'T EXIST YET

Super AI

Superintelligent AI

This is a hypothetical form of AI that surpasses human intelligence across all domains and activities.

It represents a level of intelligence that could potentially outperform humans in every aspect.

There's ongoing debate and speculation about the implications and feasibility of achieving superintelligent AI.

DOESN'T EXIST YET

Additionally, AI can also be categorized **based on functionalities**:

Reactive Machines

These AI systems operate based on predefined algorithms and do not form memories or learn from experiences.

They react to specific inputs but do not retain information from past interactions.

E.g., Deep Blue (IBM's Chess-Playing Computer)

Limited Memory AI

AI systems that are designed and trained for specific tasks and do not possess the broad range of cognitive abilities found in humans.

E.g., Chat GPT, virtual assistants (Siri, Alexa), chatbots, recommendation systems (Netflix, Amazon, Spotify), autonomous vehicles, image recognition systems

Theory of Mind AI

This category involves AI systems that can understand, interpret, and respond to human emotions, beliefs, and intentions.

This level of AI doesn't exist yet but is an area of active research.

DOESN'T EXIST YET

Self-aware AI

This is a theoretical level of AI where machines possess consciousness and self-awareness, similar to human beings.

This level of AI is purely hypothetical and remains a subject of philosophical debate.

DOESN'T EXIST YET

Integrating AI

With Business Management Solutions

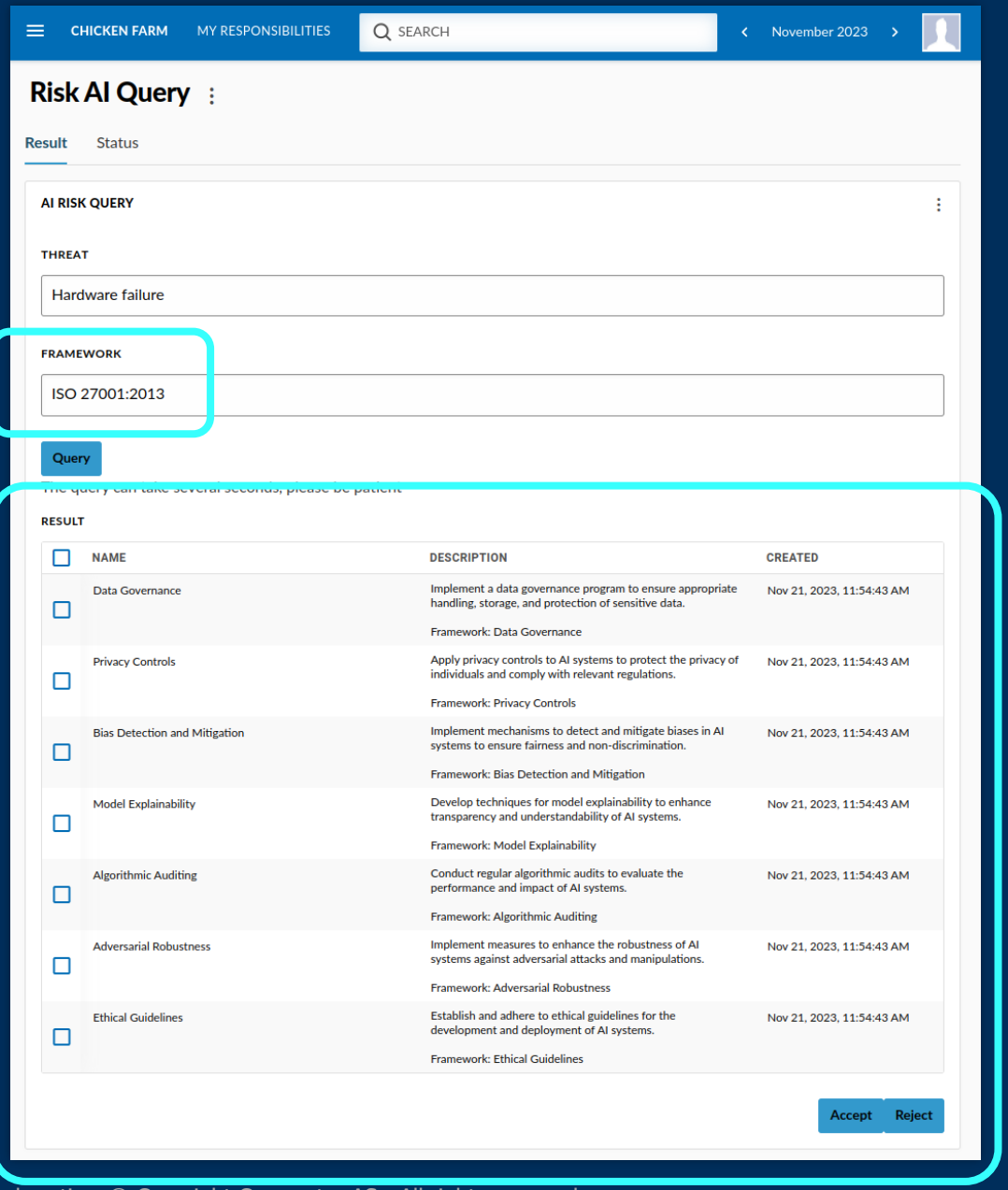
AI Plug-in Framework

- output -

Concept: Review and accept or reject **results** from the AI query.

- Web-based
- Allows users to accept or reject recommendations

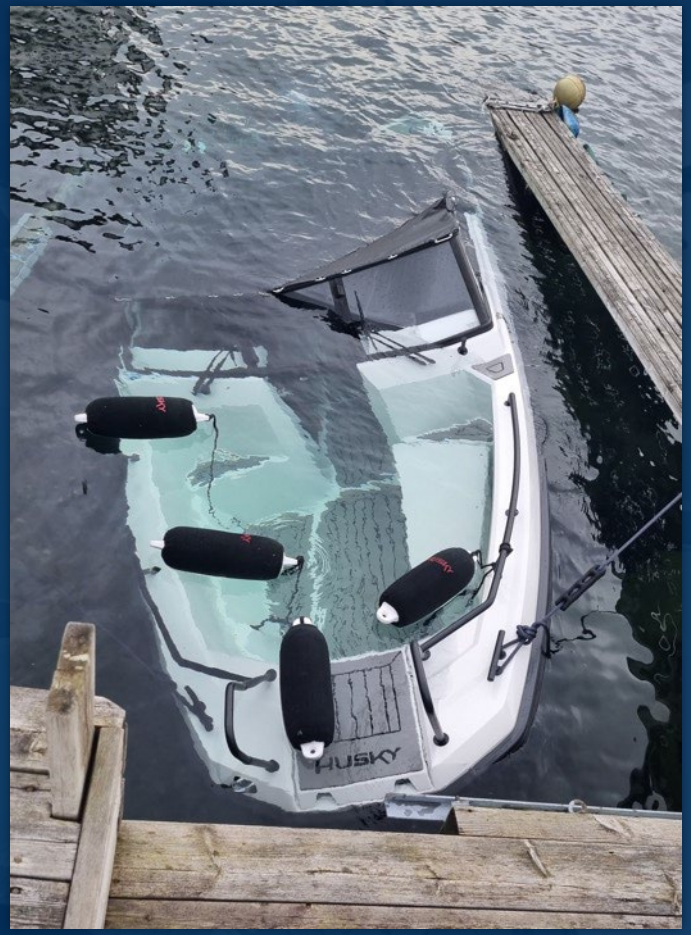
This use case shows integration with ChatGPT as an example.
Other AI systems may also be used.



True Story

- 2023 -

Stavanger, Norway



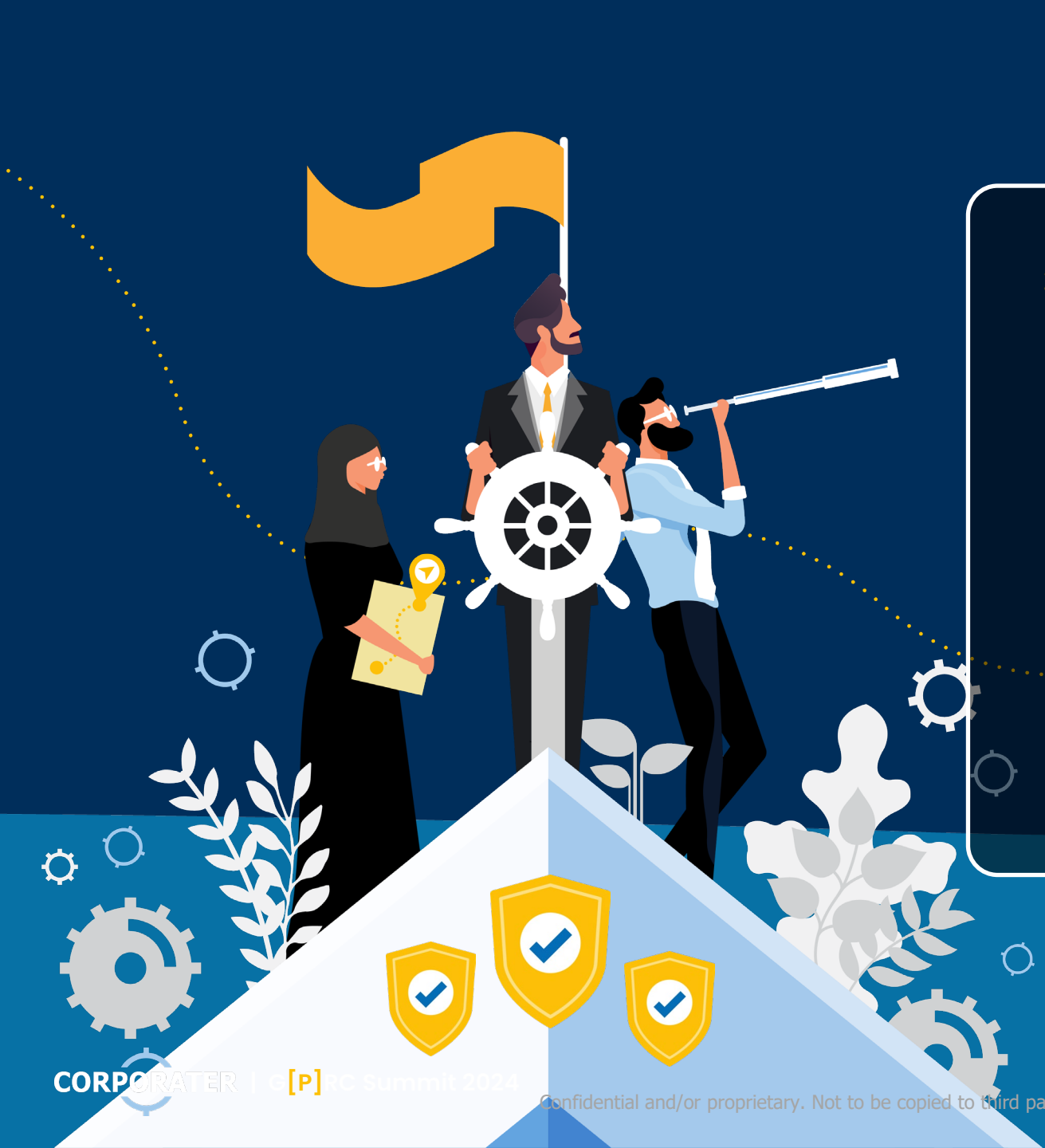
Navigating Business Challenges

- Geopolitical Risk
- Market Dynamics
- Customer Expectations
- Hyperinflation
- Globalization
- Health and Safety
- Fake News
- Supply Chain Disruptions
- Hyperinflation
- Regulatory Compliance
- Economic Fluctuations
- AI
- Competition
- Innovation
- Cybersecurity Threats
- Technological Advancements
- Talent Acquisition and Retention
- Cancel Culture

With the right people, strategy, and G[P]RC technology, you can keep

- your boat -

prepared for the unexpected and on course towards achieving strategic excellence.



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Thank you

Tor Inge Vasshus

Founder & CEO

CORPORATER