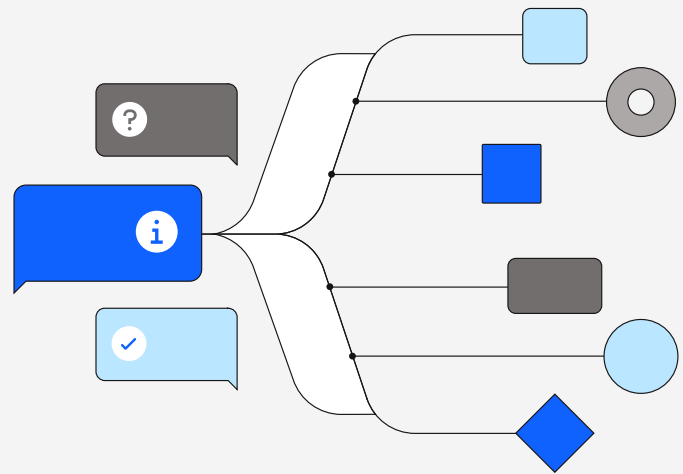# What the EU AI Act means for you—and how to prepare

4 key takeaways

The EU AI Act is considered the world's first comprehensive AI law, driving new levels of oversight and regulation. The law aims to build trust and ensure protection among users throughout this period of innovation and discovery. What does it mean for you and your business?

First, a quick primer. The EU AI Act:

– Applies to businesses operating within the EU, including those based outside the EU if their AI, or the outputs of the AI, are used in the EU
– Regulates AI systems based on risk level.
  Some of the most important provisions include - a prohibition on certain AI practices, standards for developing and deploying high-risk AI systems, transparency obligations for certain types of AI, and rules for general-purpose AI models
– Defines obligations for multiple operators in the AI value chain, including for creators (providers) and for users (deployers) of AI systems
– Provisions will phase in over a period of 6–36 months, depending on the provision
– Outlines fines as follows:
  • Up to 7% of global annual turnover or EUR 35 million for prohibited AI practices
  • Up to 3% of global annual turnover or EUR 15 million for most other violations, including non-compliance with high-risk system requirements
  • Up to 1% of global annual turnover or EUR 7.5 million for supplying incorrect, incomplete or misleading information
  • Any individual can make non-compliance complaints

1. Help drive AI risk mitigation
Engage early to understand the process, data governance, privacy and other risks associated with AI while safely taking full advantage of its value and opportunities for your business. People from diverse backgrounds and roles should all have a seat at the table when creating an AI strategy that's transparent and responsible.

2. Preparation is key to setting your organization up for success
We expect that similar legislation will be adopted by many regulators globally. Here's some action you should start thinking about taking now to stay ahead:

– Determine your role(s) in AI value chain as defined by the EU AI Act, e.g. deployer, distributor etc.
– Create an overview of the AI already in use in your company, regardless of whether your organization or a third-party has created it.
– Perform a risk assessment to categorise the AI based on the categories in the EU AI Act and other risks relevant to your organization.
– Introduce end-to-end, cross-company AI governance frameworks to help meet your obligations for existing and future AI.
– Verify that your suppliers are meeting their obligations, which may be a requirement for your organization to meet its obligations.
– Consider extending existing compliance programs to incorporate new regulatory requirements.
– Establish clear responsibilities and organizational structures for AI governance and AI ethics, like an AI Ethics Board.

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3. To balance compliance with innovation and opportunity, focus on building trust

An AI strategy that adheres to strong, responsible practices will ultimately protect people while also promoting innovation in this exciting space. What should an AI strategy look like?

- Customize approach: Establish different rules for different risks. Remember, it's not a one-size-fits-all approach.
- Be transparent: AI systems that directly interact with people should clearly inform users when they are interacting with artificial intelligence.
- Be explainable: Be prepared to demonstrate how data is obtained and how AI is trained.
- Auomate workflows: Doing this whereever possible helps ensure compliance is not taking more time from development and other business teams than needed.

4. Look for AI governance tools that align with your AI strategy

Ultimately, a 3-pronged approach to AI governance that includes compliance, risk management and lifecycle governance can help you to achieve compliance with the changing regulatory landscape.

[IBM® watsonx.governance™](#) is an AI governance toolkit built to address all 3 of these pillars.

Direct, manage and monitor your organization's AI activities whether they are created or deployed on an IBM platform, third-party platform or even embedded in business applications.

Want more support with the EU AI Act?

IBM can help you prepare for the changing regulatory landscape by weaving a responsible, transparent AI strategy into your business and helping you enact that strategy on a day-to-day basis.

Request a strategy session →

Explore the AI governance toolkit →