

Board Perspectives

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AI in the Boardroom: 10 Questions ... and Answers

AI governance is one of the most complex and significant issues for boards and executive teams today, with discussions varying depending on the organisation's AI deployments and governance maturity. These conversations often centre on ROI and responsible deployment. Following are 10 questions we hear raised frequently. The first six are general in nature, and the last four relate specifically to the board's oversight.

Q: Why is the AI buildout taking so long, and how will we know when it is finished?

A: The massive investments of hyperscale cloud providers in data centres/infrastructure and the challenges they face have commanded most of the attention with respect to this question. But the time-to-buildout question is not limited to hyperscalers. For other companies, integrating AI technologies into existing systems and workflows can be challenging, necessitating substantial time and resources to ensure compatibility and functionality. AI systems rely heavily on high-quality data.

Many organisations face challenges in collecting, cleansing and structuring their data, which can delay implementation. The

shortage of skilled professionals in AI, machine learning and data science can hinder development and deployment efforts, while the need to upskill existing employees to realise fully the value proposition underpinning AI technologies can generate further project delays. In addition, there are regulatory and ethical considerations, cultural resistance, and budgetary constraints to consider. Finally, technical debt can slow the progress of implementing and adopting AI systems as integration with legacy systems and data platforms increases the complexity of these efforts.

Hyperscalers generally consider a data centre “complete” only when it is construction-ready, operationally prepared, compliant, and able to serve customers reliably, securely and at scale. For other companies, an AI buildout is harder to declare “finished” because AI adoption is inherently iterative and evolves with business needs, technology advances and market dynamics. Rather than a fixed endpoint, completion is best viewed as a level of maturity in which strategic integration, operational stability and workforce readiness are achieved, along with capacity for ongoing optimisation under the auspices of robust governance. Thus, AI is not a project but a sustained capability federated within a company’s organisation.

For many companies, investing in AI may feel like jumping on a high-speed train like the Eurostar bound for Paris. Making the decision to jump on often takes time, and by the time alignment and approval have been achieved, things have changed dramatically.

Too often, we see companies waiting for the crystal-clear, incredibly high-value use case to take on before allocating resources toward AI deployment. Pursuit of perfection does not allow companies to build their AI “muscle” through less complex use cases.

Furthermore, we continue to notice that stakeholders expect too much from their first AI model deployments. Like with any sport, practice and learning under fire with real processes and real data is required before meaningful improvements can be achieved.

Q: What does ‘effective AI governance’ look like in practice, including ownership, decision rights, accountability across management, risk, compliance and internal audit, and the awareness needed to support responsible AI use, cyber resilience and information confidentiality?

A: Effective AI governance ensures that AI models are selected, developed, deployed and monitored ethically, transparently and in a manner aligned with business objectives. It requires several

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attributes that support scalable operating models, secure and reliable AI, regulatory readiness, and the talent strategies needed to sustain long-term value and help accelerate AI adoption without sacrificing quality, trust or control.

First, resource allocation prioritises the AI strategies, use cases and data foundations that drive measurable return on investment (ROI), along with ethical guardrails to address bias, fairness, accountability, transparency, privacy, and compliance with societal and legal expectations. Second, cross-functional collaboration among technical, legal, ethical, risk management and business stakeholders is essential to address AI's broader impacts, while robust risk management practices identify, assess, monitor and mitigate operational, reputational and compliance risks. Third, transparency and explainability are critical to enabling users and decision-makers to understand and rely on AI outputs. Next, accountability mechanisms define responsibility for AI performance and adherence to governance policies. Additionally, AI-specific data governance focuses on ensuring data quality, privacy, security and representativeness, laying the foundation for building trust in effective AI systems.

Effective AI governance requires clear ownership and accountability across executive leadership; an AI governance committee (or its equivalent); line management (first line); legal, cybersecurity, risk management and compliance teams (second line); and internal audit (third line). Executive leaders set the AI strategy, allocate resources and promote ethical use, while a cross-functional governance committee oversees policy, risk and compliance. Line management is responsible for AI development, operations and adherence to policies.

Risk management and ethics teams develop governance policies, assess risks and monitor implementation, while compliance ensures regulatory alignment. Internal audit provides independent assurance on governance effectiveness, with regular reporting to leadership and the board. This structure relies on collaboration, clear reporting lines, joint training and feedback loops to ensure all stakeholders understand their respective roles and drive continuous improvement. It enables ethical, responsible and resilient AI use while enhancing cyber resilience to protect against threats like adversarial attacks, data breaches and model manipulation.

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Q: How do we ensure that AI governance doesn't become a bureaucracy that slows the business down, e.g., that the governance process is flexible enough to handle rapid and ongoing change around AI?

A: AI governance should serve as a routing mechanism rather than a speed bump, enabling organisations to differentiate between low-risk and high-risk scenarios while applying the appropriate rigor at the right times — such as during intake, tiering, approvals, development, testing and monitoring. This approach allows for agility, enabling the organisation to accelerate innovation while maintaining the necessary oversight. A well-executed AI governance framework includes a use case inventory, a risk-tiering methodology and clearly defined decision rights among stakeholders, fostering a shared understanding of the rules governing innovation, risk and compliance. Everyone contributing to the deployment of AI solutions should understand that innovation is the organisation's lifeblood. Thus, no one at the decision-making table should function as the “department of no.”

To ensure adaptability in the rapidly evolving AI landscape, organisations should establish a cross-functional advisory board (such as the AI governance committee discussed above) to regularly assess emerging market trends and regulatory changes, allowing for timely updates to governance policies. The governance framework should be dynamic, with customisable guidelines that can be adjusted quickly in response to new insights, risks or opportunities. Organisations should also carefully measure and monitor critical KPIs such as time to deploy critical AI solutions to ensure that the governance model is not slowing down the innovation efforts. The objective is to promote a culture of collaborative decision-making and encourage feedback from all levels so that the organisation can move fast when it should and slow down when it must. Prioritising ongoing training and upskilling in AI tools and ethical considerations equips employees to navigate necessary changes effectively, ensuring that governance remains relevant and supportive of strategic objectives.

Q: What's the right way to talk about AI ROI with senior executives and board members who are fatigued with discussions of AI hype without tangible results?

A: It may be best to approach this matter directly. Many of the outcomes currently delivered represent incremental improvements — resulting in enhancements in efficiency for certain tasks but

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falling short of fundamentally transforming the business and its processes. This reality has led to considerable frustration in boardrooms and C-suites. What directors and leaders see may be something tantamount to a science project. What they want is a controlled growth engine.

The solution is to define ROI through measurable, specific elements such as time savings, error reduction, minimised manual controls, decreased cycle times, revenue generation increases, new customers, fewer exceptions and expedited issue resolution. These metrics should be linked to a comprehensive roadmap that updates both data and process infrastructure. Without effective measurement, discussions will continue to focus on speculative hype rather than substantive progress.

Q: What are the primary considerations for measuring ROI from the deployment of AI tools, services and infrastructure? How are total costs estimated?

A: Measuring ROI from AI deployments involves evaluating several factors that reflect the effectiveness and value of these investments. Key return drivers include cost savings from automation and efficiency gains, reduced error rates and optimised resource use (e.g., fuel savings through route optimisation), as well as revenue growth through personalised marketing, customer experience enhancements and AI-enabled product offerings. In addition, employee productivity improves through streamlined workflows, faster decision-making and reduced repetitive tasks, while quality enhancements reduce complaints, defects and rework. AI also enables scalability, allowing organisations to grow operations without proportional cost increases, thereby boosting profitability.

Cost considerations play a critical role in measuring ROI, encompassing both upfront investments and ongoing expenses. Key costs include AI infrastructure (hardware, software, cloud services and data storage), development and deployment (hiring experts and deploying models), and data management (acquiring, cleaning and governing data). In addition, companies are having to quickly adjust strategies and budgets based on rapidly rising token consumption and increasing cost rates associated with tokens. Other factors include cost of upskilling employees to leverage AI tools, energy costs for computational resources, and ongoing maintenance for system updates and support. Added compliance costs ensure adherence to regulations and ethical protocols, while change management initiatives address communication, stakeholder engagement and resistance to change during AI

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adoption. Together, these costs influence the profitability and sustainability of AI initiatives.

Additionally, companies need to understand the AI capabilities being used from their different ecosystem/platform providers and ensure solutions are being orchestrated between different providers and, when done well, become a multiplier versus standalone solutions not integrated with the wider AI capabilities.

In addition to direct financial returns, several “soft” benefits can significantly influence ROI and should be considered when building the business case for AI investments. Examples include increased customer satisfaction and retention; enhanced brand reputation; faster time-to-market for new offerings; improved risk mitigation; greater innovation leading to new business models, processes or markets; higher employee engagement through increased emphasis on more strategic tasks; and the opportunity cost of choosing AI over alternative investments.

A balanced approach weighs measurable financial returns, total lifecycle costs and the strategic benefits to determine if AI investments are the best use of resources compared to alternative strategic initiatives. Organisations should have a defined AI portfolio management approach to their AI and data initiatives that includes critical evaluation of requests. In this way, organisations can achieve a more comprehensive understanding of the financial implications of their AI deployments.

For many companies, ROI measurement requires particular attention. In Protiviti’s latest global survey of CFOs and finance leaders, two-thirds ranked the finance organisation’s ability to measure ROI from AI technologies and programs to be less than effective.

Q: How does management ensure customers clearly understand when they are interacting with AI, and what impact does that have on trust, satisfaction and conversion?

A: Organisations should prioritise transparency by explicitly communicating the use of AI in customer interactions through clear labelling and messaging. This could involve informing customers at the outset of their engagement that they are interacting with an AI system, along with providing insights into the capabilities and limitations of AI. Such transparency fosters trust, as customers feel more informed and in control of their interactions. When customers understand that they are engaging with AI, it can enhance their

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satisfaction by setting realistic expectations and reducing frustration from misinterpretations of AI responses. Ultimately, this clarity can lead to higher conversion rates of customers completing desired actions, as they are more likely to engage positively with a service that they perceive as transparent and trustworthy.

Board oversight questions

Q: In conjunction with the AI governance process, how should the board engage with management?

A: Directors should ensure that they are sufficiently educated about AI so that they are positioned to engage the CEO and senior executives in strategic conversations regarding AI strategy and risks. This is particularly important given stakeholder demands to generate sufficient measurable returns from AI initiatives and ensure the technology is deployed responsibly. To that end, following are action items for boards to consider when engaging with management during the AI oversight process:

- **Understand how “successful integration” of AI is defined and measured.** Boards should constructively engage and, if necessary, challenge management on where AI is being deployed, how outcomes are measured and whether AI initiatives are delivering consistent, scalable value rather than one-off, localised gains.
- **Emphasise ethical and responsible AI as an enterprise governance priority.** Defined accountability and risk oversight should be integrated into the organisation’s broader governance framework. Directors should gauge management’s confidence in responsible AI deployment.
- **For organisations early in their AI journey, encourage management to shift focus.** Over time, the board should transition the conversation beyond process efficiencies, cost savings and productivity gains to a more transformative emphasis, e.g., improvements in customer experiences, products and services that drive revenue growth and market share.
- **Evaluate whether the nature, extent and timing of the board’s oversight of management’s AI governance framework is fit-for-purpose.** In this assessment, the board should consider the scope and scale of the company’s AI deployments. For example, is there evidence that the governance framework is periodically recalibrated as the

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organisation becomes more AI-mature? Also, the board should ask about alignment with such available frameworks as ISO 42001 and how the organisation is assessing its efforts against such frameworks.

- **Ensure that management has formalised AI risk governance and integrated it into the ERM process.**
Ensure regular board-level visibility as AI initiatives scale. Assessments of AI value creation opportunities should be integrated with periodic risk discussions, rather than treated as an afterthought.
- **Evaluate management's end-to-end AI roadmap that links AI aspirations to enabling, ongoing investments in technology infrastructure and workforce capabilities.**
Progress against the approved AI roadmap should be monitored, with emphasis on the technology modernisation and capability enhancement milestones.

Q: In conjunction with the AI governance process, how should the board improve its oversight process?

A: Organisations in the early stages of their AI journey struggle more with tactical obstacles such as planning and identifying impactful use cases. While the emphasis on initial quick wins is understandable given their relative AI immaturity, sustainable long-term ROI is best realised when ethical considerations, transparency and trust are consistently integrated throughout the AI lifecycle. Accordingly, it is incumbent upon the board to reinforce the importance of focusing on strategic-level obstacles that, once addressed, will enable the organisation to advance more effectively its AI transformation journey toward achieving value. Following are three suggestions for directors to consider maximising their AI governance impact:

- **Make AI a standing board agenda item linked explicitly to enterprise strategy, value creation, innovation, priorities and competitive positioning.** Pay attention to management's ability to articulate how AI initiatives support strategic objectives, innovation priorities and competitive positioning through a consistent reporting cadence. Over time, AI discussions should shift from ad hoc and reactive updates to forward-looking strategic dialogues.
- **Calibrate the board's AI oversight priorities with the maturity of the organisation's AI capabilities and ability to deliver expected ROI, adjusting discussion topics as**

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these factors evolve. High ROI organisations focus on integrating AI into strategy, innovation and competitive position. By contrast, low ROI organisations concentrate on identifying opportunities and use cases and establishing governance frameworks, likely because foundational elements are not yet in place. The board should focus on how discussion time in the boardroom is allocated across AI strategy and competitive positioning, AI implementation progress and measures of success, and governance frameworks and foundational capabilities.

- **Evaluate the executive accountability framework for AI transformation and the board-management engagement model and, if necessary, take steps to strengthen them.** The board oversight model used (full board vs. distributed committee model) should be aligned with AI's strategic importance to the organisation. Board members should demonstrate the appropriate AI fluency through regular management briefings, independent learning and ongoing board education.

Q: What information should boards and designated board committees expect regarding AI governance, risk and performance to effectively fulfill their oversight responsibilities?

A: To ensure robust governance, the full board or a designated board committee should receive regular updates on AI strategy, risks and performance. If a designated committee (audit, technology or risk committee) receives updates, the full board should receive periodic reporting on AI-related matters in conjunction with strategy updates. Directors need a clear understanding of the organisation's AI strategy and maturity relative to peers; how AI initiatives align with business goals; the ethical principles in place for guiding responsible deployment; and accountability structures to ensure sufficient human oversight. Foundational topics relevant to the board's oversight include the AI governance framework; the work of cross-functional committees; defined roles and escalation protocols; management of the AI lifecycle; strategic technology decisions; compliance across jurisdictions; and updates on policy changes.

Boards should also be briefed periodically on AI-specific risk identification and assessment processes, including findings from internal and external audits and regulatory notifications. These updates should cover compliance and security incidents, the

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effectiveness of AI-specific controls and incident response mechanisms, vendor risk management practices, ongoing monitoring of high-risk models, and the status of remediation actions. Performance reporting should provide both operational and responsible deployment metrics — e.g., model reliability, fairness assessments, compliance incidents and financial impact — so directors can evaluate whether AI initiatives deliver value, remain compliant, and align with organisational strategy and core values.

Q: How should AI risks be communicated to the board or a designated board committee?

A: AI risks should be communicated to the board or its designated committee in a clear, concise and structured manner aligned with the organisation's risk management framework. Reporting should focus on the potential impact of AI risks on strategic objectives, operations, reputation and compliance, using plain language and leveraging dashboards to highlight emerging risks, trends and regulatory changes. Key risks — such as algorithmic bias, regulatory non-compliance, data privacy concerns, cybersecurity vulnerabilities and third-party exposures — should be prioritised for boardroom discussion, including mitigation strategies, ongoing monitoring efforts and any gaps existing in key controls. AI governance frameworks such as ISO 42001 provide a defined structure to communicate status and items needing board of director attention.

Get more: Protiviti's AI Governance FAQ

While we hope the responses to the above 10 questions are helpful, we acknowledge that these questions are not the only ones being discussed by directors and executives. There are other questions that span the enterprise, engaging not only boards but also CFOs, CIOs, CISOs, CROs, compliance and legal leaders, internal audit, human resources, operations, and marketing — often simultaneously.

To address these evolving concerns, Protiviti has developed a comprehensive [Guide to AI Governance – Frequently Asked Questions](#). In it, we provide practical, cross-functional perspectives on the governance of AI systems and data, while also addressing broader implications across compliance, cybersecurity, finance, people and culture, customer experience, operations, internal audit, and board oversight. The questions are designed to surface the issues leaders are confronting as AI moves from experimentation to embedded, enterprise-wide use.

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