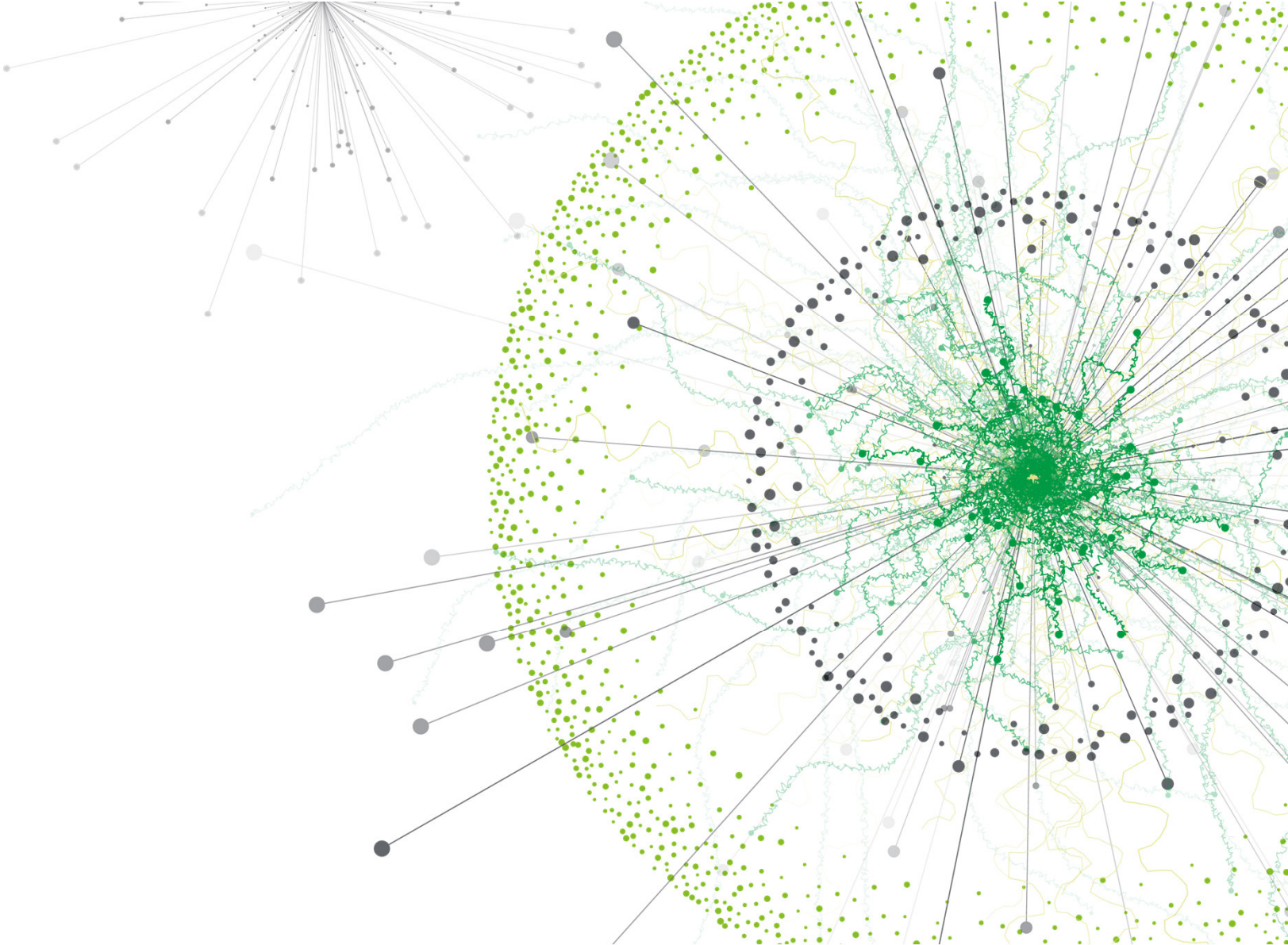


Deloitte.



AI Act Survey 2024

Survey on the Impact of the AI Act

September 2024

Foreword

The EU AI Act is here—what now?

The long struggle for AI regulation in the EU has come to an end, and the groundwork for the use of this new technology is laid. The AI Act officially came into force on August 1, 2024, and now the real work begins—implementation. Important questions arise: How is this new legislation being received by companies? How are they responding to the new requirements?

At first, a certain regulatory fatigue among companies is noticeable, which is not surprising. Given the numerous new legislative acts as part of the EU's digital strategy and other national regulations, companies have been required to implement a large number of regulatory requirements in a short period of time. This leads to a wide range of complex requirements, some of which are not yet fully clarified and leave a lot of room for interpretation, causing significant uncertainty among those affected.

Despite all the criticism: The AI Act establishes essential guardrails.

It is precisely the AI Act that has made it onto boardroom agendas because AI is such a critical topic for the future viability of companies. It is important to understand that the implementation of the EU AI Act is about more than just compliance. Rather, companies are confronted with their own AI ambitions and must think about how—and not whether—they want to use AI in the future.

In this sense, the AI Act triggers the innovation capability and adoption rate of AI by companies because they now need to "actively engage" with it. On the other hand, companies that treat the AI Act like any other regulatory requirement risk their innovation in the AI sector stalling. Pure compliance creates barriers under which innovation suffers. Progress requires a different approach!

Not much time left? Think again.

The obligation to implement the EU AI Act may seem far away. The current focus is often on implementing those legislative acts that will place significant demands on companies in the next six to twelve months. We see that the implementation of the NIS-2 Directive or the Digital Operational Resilience Act is already consuming many resources in companies, with budgets allocated accordingly. But the illusion of a distant deadline is misleading: the

first obligations under the EU AI Act will come into effect as early as February 2025.

The scope of the EU AI Act includes some of the most important regulatory requirements in recent years and is substantively new in many areas. It not only expands on already known regulatory areas but also creates entirely new requirements that companies must consider for the first time.

The significance for companies stems from three key points:

High impact: AI is already indispensable in everyday business. It should not be forgotten that the substantive scope of the EU AI Act goes far beyond generative AI, which is currently a hot topic.

High economic importance: The rapidly developing AI technology offers enormous opportunities—companies must prepare for its lawful use early on to avoid falling behind and suffering significant economic disadvantages.

High penalties: Reputational damage as well as monetary and non-monetary penalties are at stake. Violations of the EU AI Act are strictly sanctioned (up to €35 million or 7% of the total worldwide annual turnover of the previous financial year). Although not yet fully clarified, it seems likely that the companies penalized could also face legal recourse against their management for violating the so-called legality obligation.



Aligning with AI Regulation? Not rocket science.

Despite existing concerns—overregulation, hindrance to innovation, unclear regulations—and understandable skepticism, the EU AI Act offers many opportunities and possibilities for being "compliant" while simultaneously driving innovation with a rational approach.

For example, establishing a legally secure and efficient AI governance structure, which can be directly embedded into the organization's framework, can help avoid many pitfalls from the outset. Use cases can be identified, clearly defined, and solutions can be developed to then approach implementation with different stakeholders, assign tasks, and clarify internal responsibilities.

Furthermore, an iterative observation of technical, regulatory, and international developments is necessary—compliance must be ensured alongside adjacent regulations. Also, additional legal requirements must be considered from the outset and in all phases (e.g., data protection and IP regulations such as lawful model training, rights to training data and output, possible infringement of third-party rights, protection of secrets when using AI, labor law requirements such as co-determination rights, etc.). An appropriate checklist can be determined as part of an impact assessment, which creates a map of requirements under the aspects of the territorial spread of the product and the company's customers. This will then be harmonized within AI governance.

In contract design, many requirements need to be integrated—depending on the role in the value chain, in procurement, or in sales. It all sounds complex, and it is undoubtedly a significant task to bring organizations in line with the unique EU AI Act. But it is essential. And it's not rocket science!

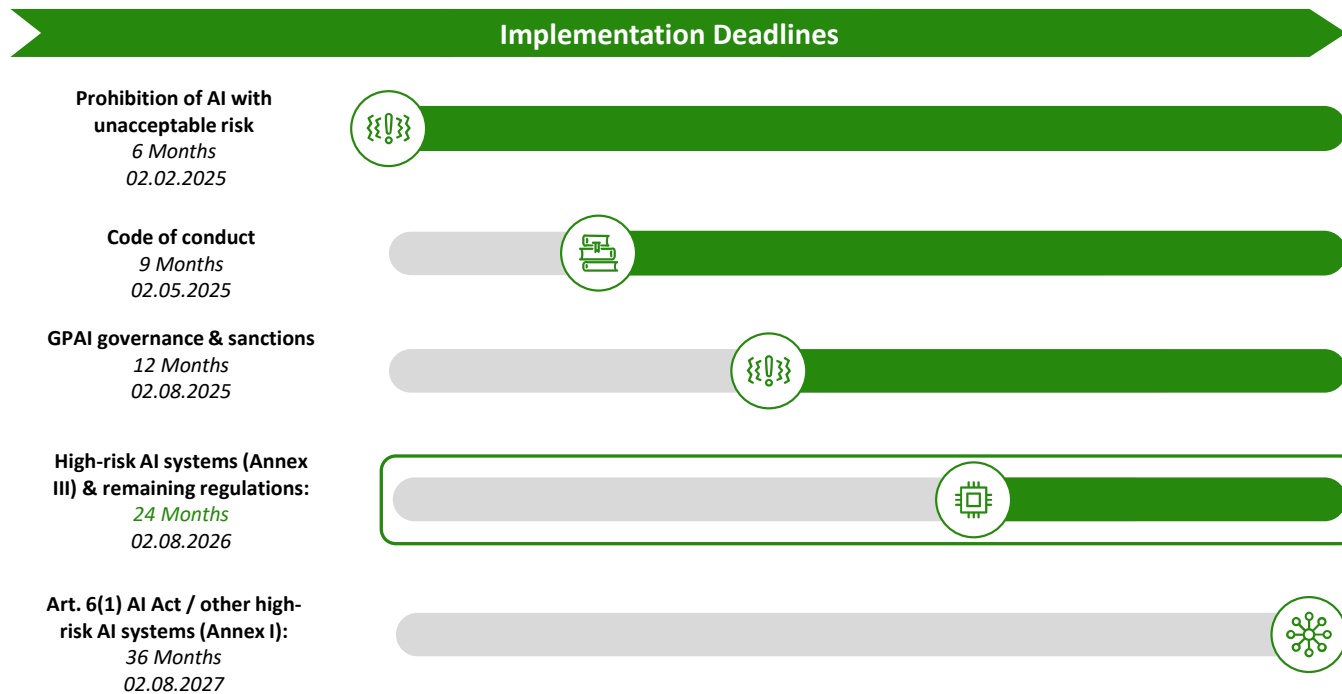


Dr. Sarah J. Becker
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Lead AI Ethics & Governance



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Lead Digital Law

Implementation Deadlines and Enforcement of the AI Act



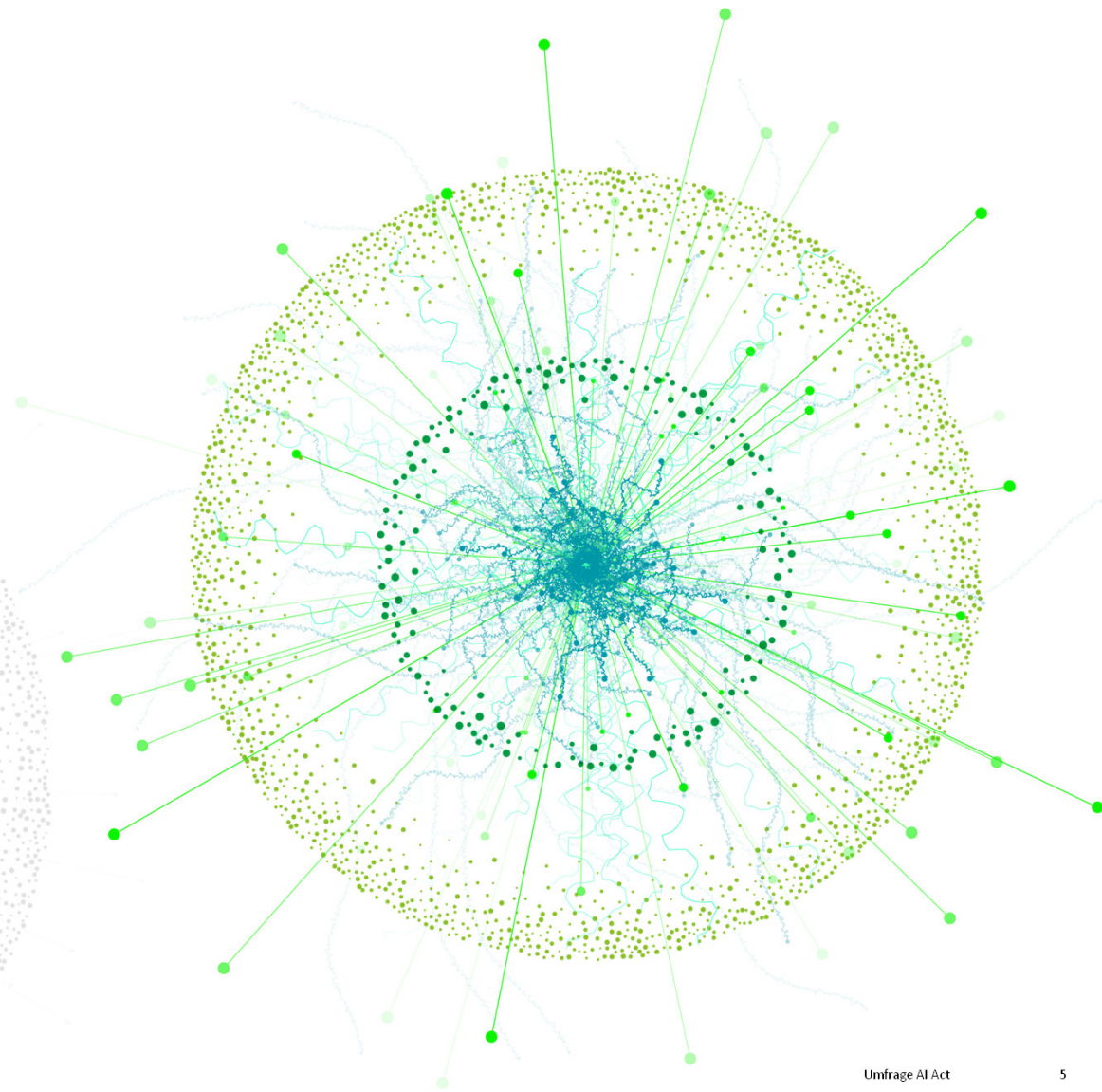
EU AI Act fully enforceable

The AI Act enters into force twenty days after its publication in the EU Official Journal.

It becomes fully applicable after a transition period of 6 to 24 months, exceptionally up to 36 months.

This means that after the regulation enters into force, its provisions will be gradually applied across Europe through staggered transitional periods of 6, 9, 12, 24, and 36 months.

Key Findings



Key Findings from the AI Act Survey 2024

01

The EU AI Act has come into force, yet almost half of the surveyed companies (48.6%) have not yet seriously engaged with preparation or implementation. Only a quarter (26.2%) has begun to address the issue.

02

Around one-third of companies (35.7%) feel well prepared to implement the AI Act's requirements. Another 30% see this partially. Nearly a fifth (19.4%) feel poorly prepared.

03

A majority of companies (52.3%) see their innovation capabilities in AI constrained by the regulation. Nearly a fifth (18.5%) believe the AI Act will have a positive impact on innovation opportunities.

04

On legal certainty, the picture is mixed: 39% expect more legal certainty in dealing with AI, while around 35% disagree. A quarter of respondents see little difference

05

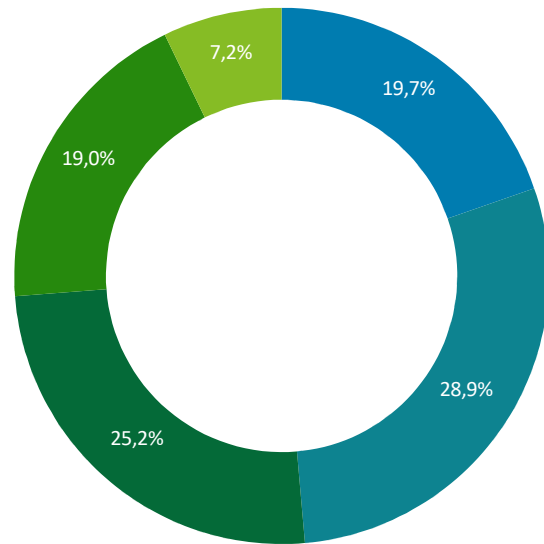
The impact on trust in AI is also debated: around a third (34.9%) expect a positive effect, almost as many (30.8%) do not.

06

Almost half of the respondents (47.4%) see the AI Act more as a hindrance to AI-based applications in the company. Only a quarter (24.1%) believe the new regulation will help.

On a scale of 1 to 5, how intensively is your company engaging with the "AI Act"?

1 = not at all 2 = little 3 = neutral 4 = intensively 5 = very intensively

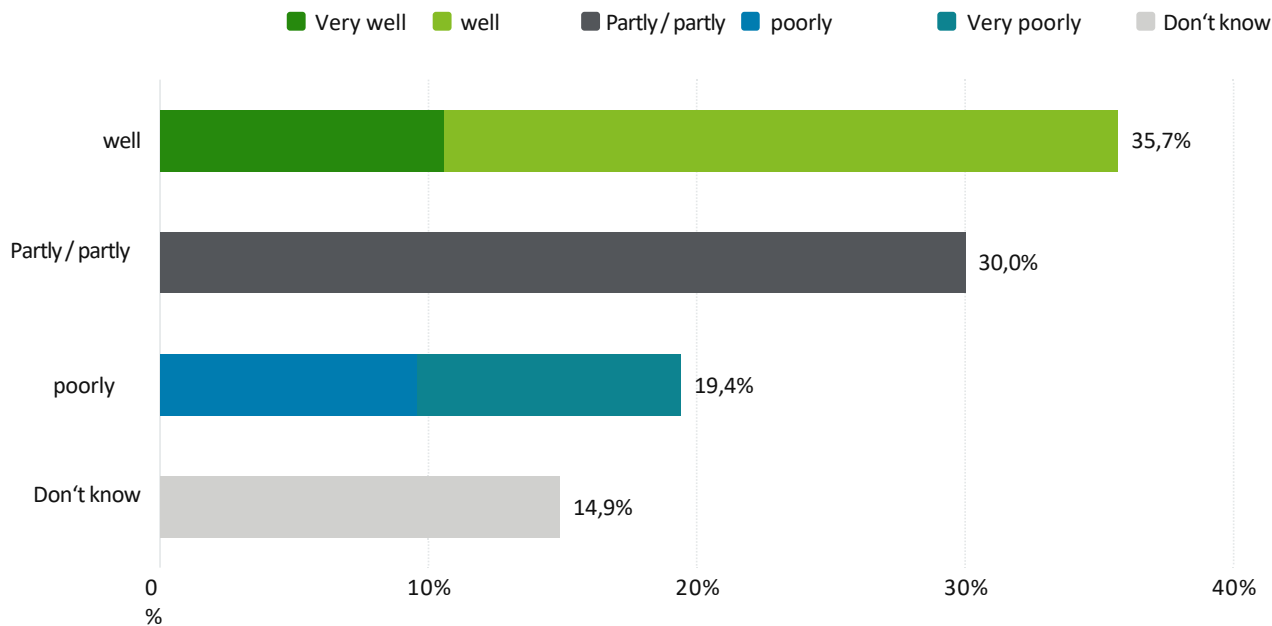


The EU AI Act has come into force, yet almost half of the surveyed companies (48.6%) have not yet seriously engaged with preparation or implementation.

Only a quarter (26.2%) has begun to address the issue.

“Delaying engagement with the EU AI Act is dangerous. The implementation of the requirements will, depending on the extent of AI usage in a company, involve significant effort. And many companies don't even know exactly how much AI they are using.” – Dr. Till Contzen

How well is your company, in your opinion, prepared to implement the requirements of the "AI Act" of the EU?

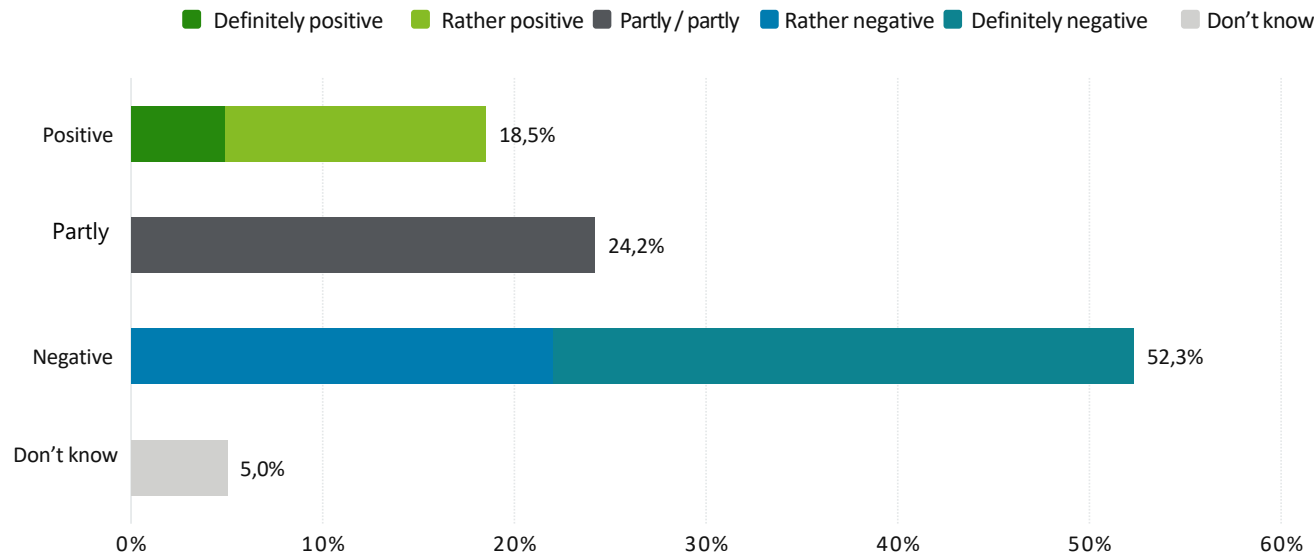


Around one-third of companies (35.7%) still feel well prepared to implement the AI Act's requirements. Another 30% see this partially.

Nearly a fifth (19.4%) feel poorly prepared.

“Especially in highly regulated industries such as the financial sector or the healthcare sector, German companies are accustomed to integrating regulations into compliance processes and systems, which become a fixed component of their framework conditions, even for innovations.” – Dr. Sarah J. Becker

How do you think the "AI Act" of the EU will affect innovation opportunities in the field of Artificial Intelligence?

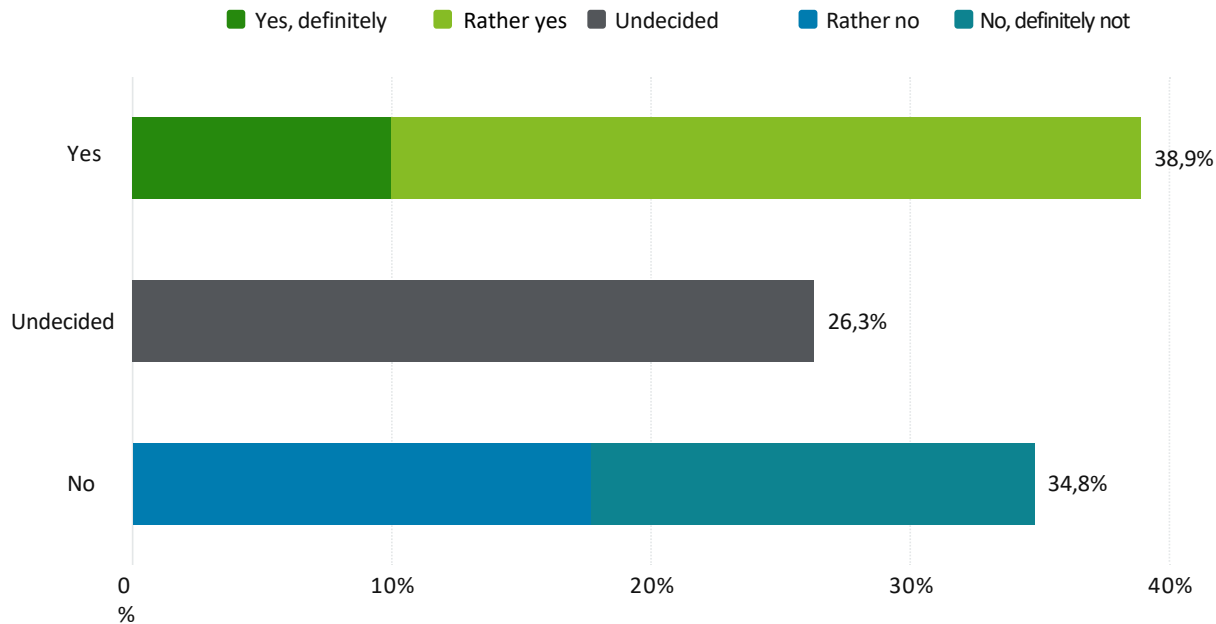


A majority of companies (52.3%) see their innovation capabilities in AI constrained by the regulation.

Nearly a fifth (18.5%) believe that the AI Act will positively impact innovation opportunities.

"Companies need innovation-friendly framework conditions. However, regulation initially means a slowdown, which explains the negative assessment of a large proportion of respondents. Nevertheless, almost a fifth take a positive view, explained by the fact that companies now know where they stand with the AI Act and can make decisions accordingly." – Dr. Sarah J. Becker

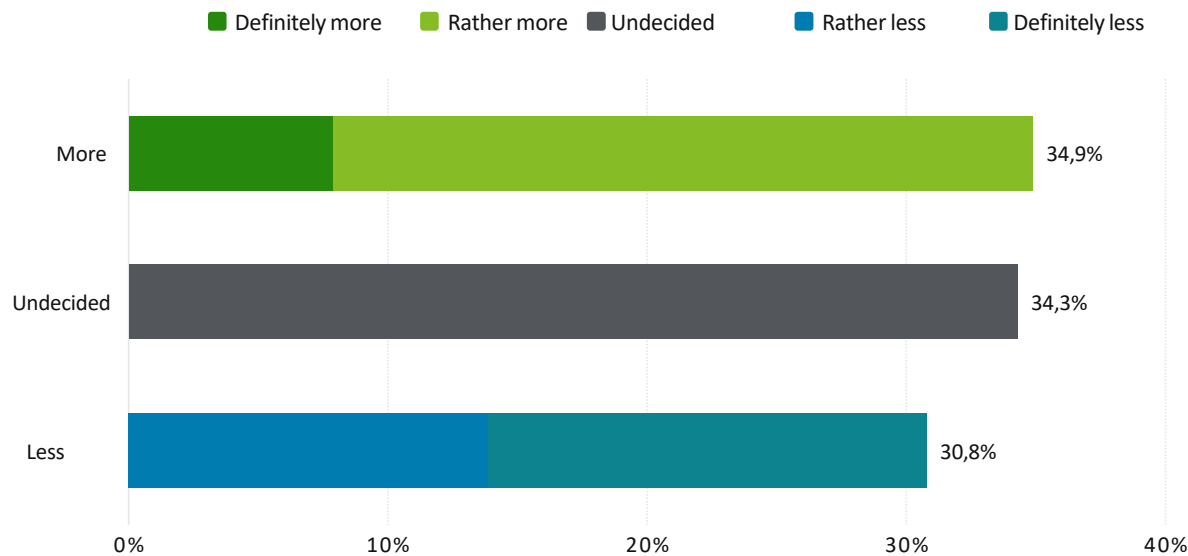
Do you think the "AI Act" of the EU will lead to more legal certainty in dealing with Artificial Intelligence?



On the topic of legal certainty, opinions are mixed: 39% expect more legal certainty in dealing with AI, while around 35% disagree. A quarter of respondents see little difference.

"The intentionally unclear regulations indeed make interpretation difficult at times. However, this must be weighed against the challenges of an unregulated state, where boundaries can only be guessed at and companies or industries are left to their own devices." – Dr. Till Contzen

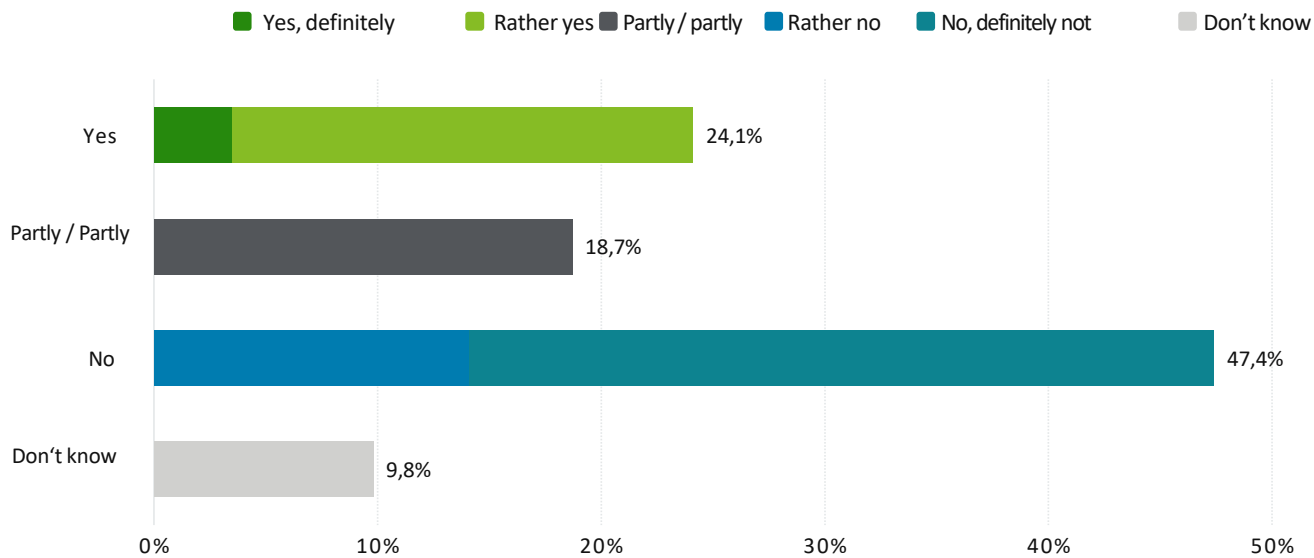
Do you think the "AI Act" of the EU will generally lead to more or less trust in Artificial Intelligence?



The impact on trust in AI is also debated: around a third (34.9%) expect a positive effect, almost as many (30.8%) do not.

“These numbers reflect three phenomena: How much do companies trust legislation? Do companies trust AI? And do customers trust companies that use AI? There is both a high expectation from the public for the benefits of AI use and great concern about its negative effects. Appropriate regulation can indeed build trust, but it can also stifle any innovation. Fundamentally, regulation, by setting a framework, is initially trust-building.” – Dr. Sarah J. Becker

Do you think the "AI Act" of the EU will help you and your company in the development and introduction of AI-based applications?

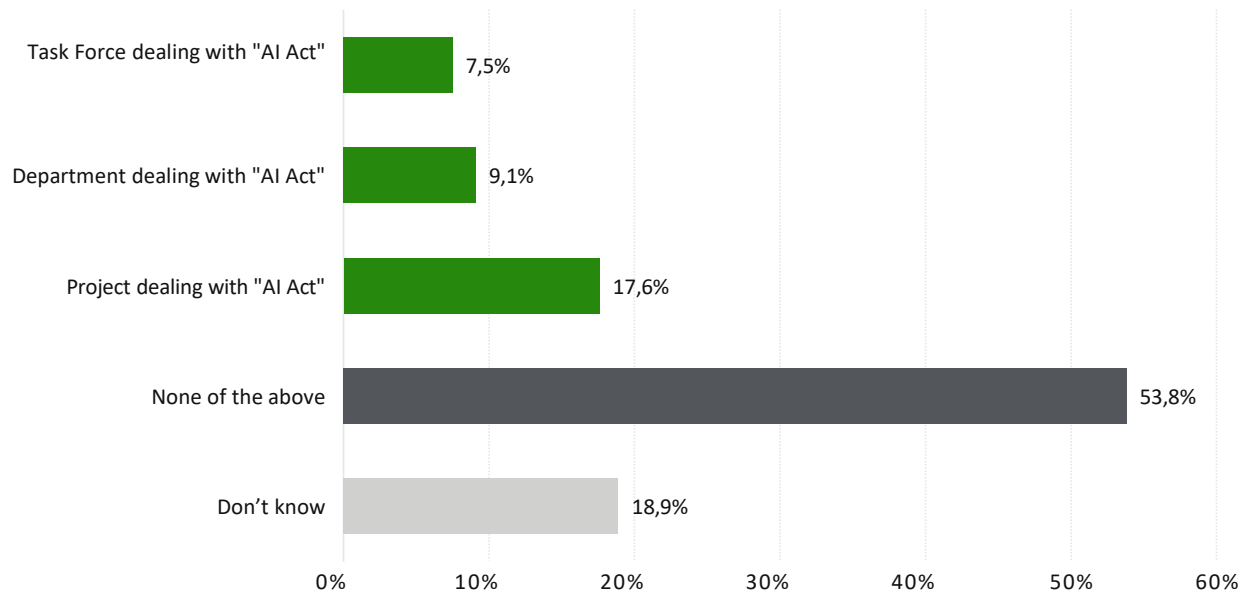


Almost half of the respondents (47.4%) see the AI Act more as an obstacle to AI-based applications in the company.

Only a quarter (24.1%) think that the new regulation will help.

"Responsibility for the AI Act does not lie primarily with compliance departments, as is usually the case. Rather, interdisciplinary and cross-functional task forces are being created, including data protection, security, HR, corporate strategy, and employee representatives. Reporting is done directly to one or more board members. This approach by many companies demonstrates that profound changes brought about by AI are on the horizon, which need to be addressed now." – Dr. Sarah J. Becker

Which of these measures is your company currently implementing to prepare for the "AI Act" of the EU?

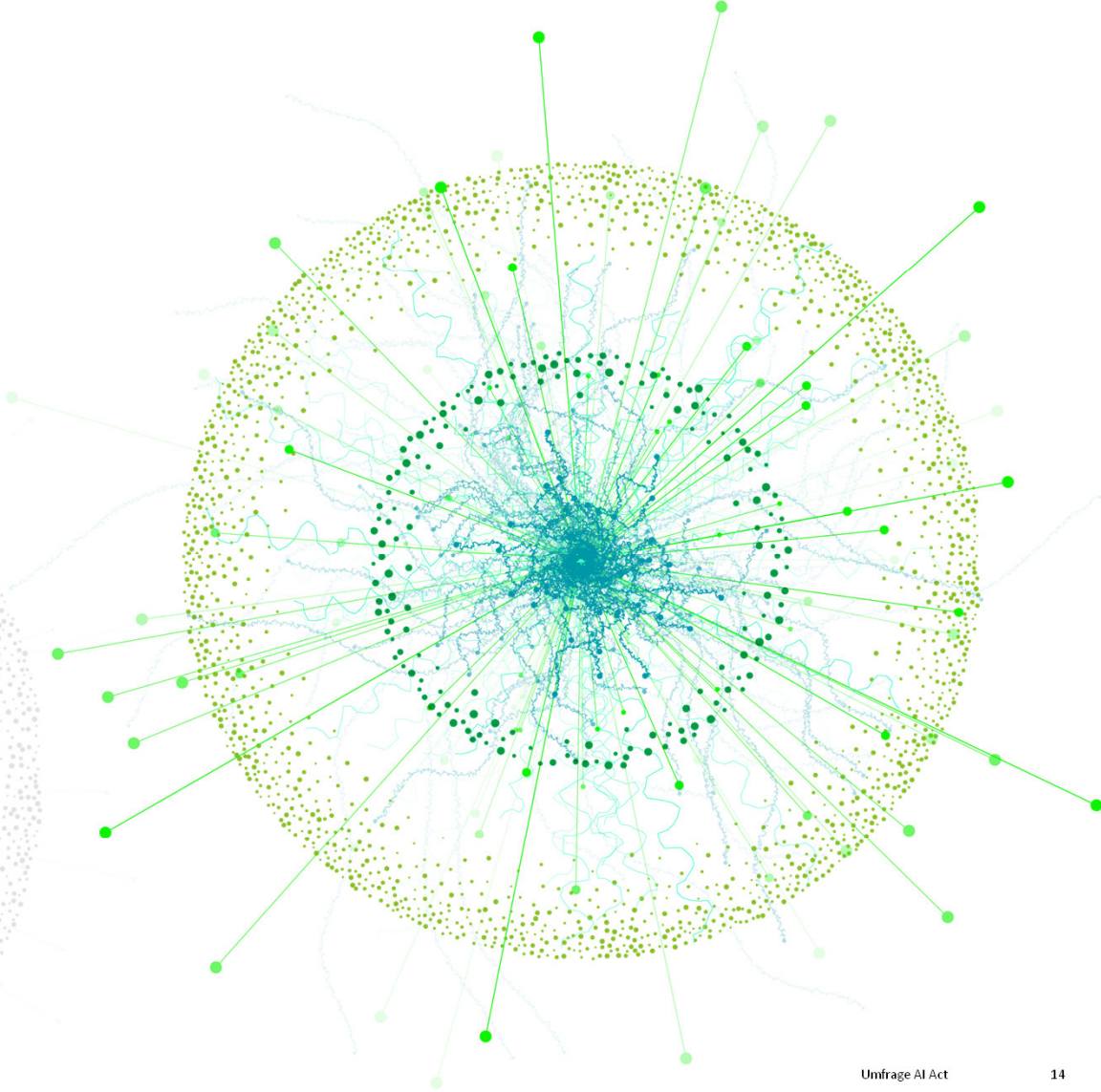


Currently, only a small proportion of the surveyed companies are implementing specific measures and responsibilities to prepare for the AI Act: only 7.5% have established a task force, 9.1% have assigned it to a department, and 17.6% have a specific project for the AI Act.

More than half (53.8%) are not implementing any of the mentioned measures.

Mehrfachantwort möglich

Survey Design





Methodology

Survey Period: July 24 to August 14, 2024

Survey Population (Sample Size):

Private-sector decision-makers who are involved with AI in their company and have heard of the AI Act.

Statistical Information in Publications:

Civey conducted an online survey for Deloitte from July 24 to August 14, 2024, involving 500 private-sector decision-makers who are involved with AI in their company and have heard of the AI Act. The results are representative due to quotas and weightings, considering a statistical error margin of 8.5 to 8.7 percentage points for the overall result. Further information on the methodology can be found [here](#).



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