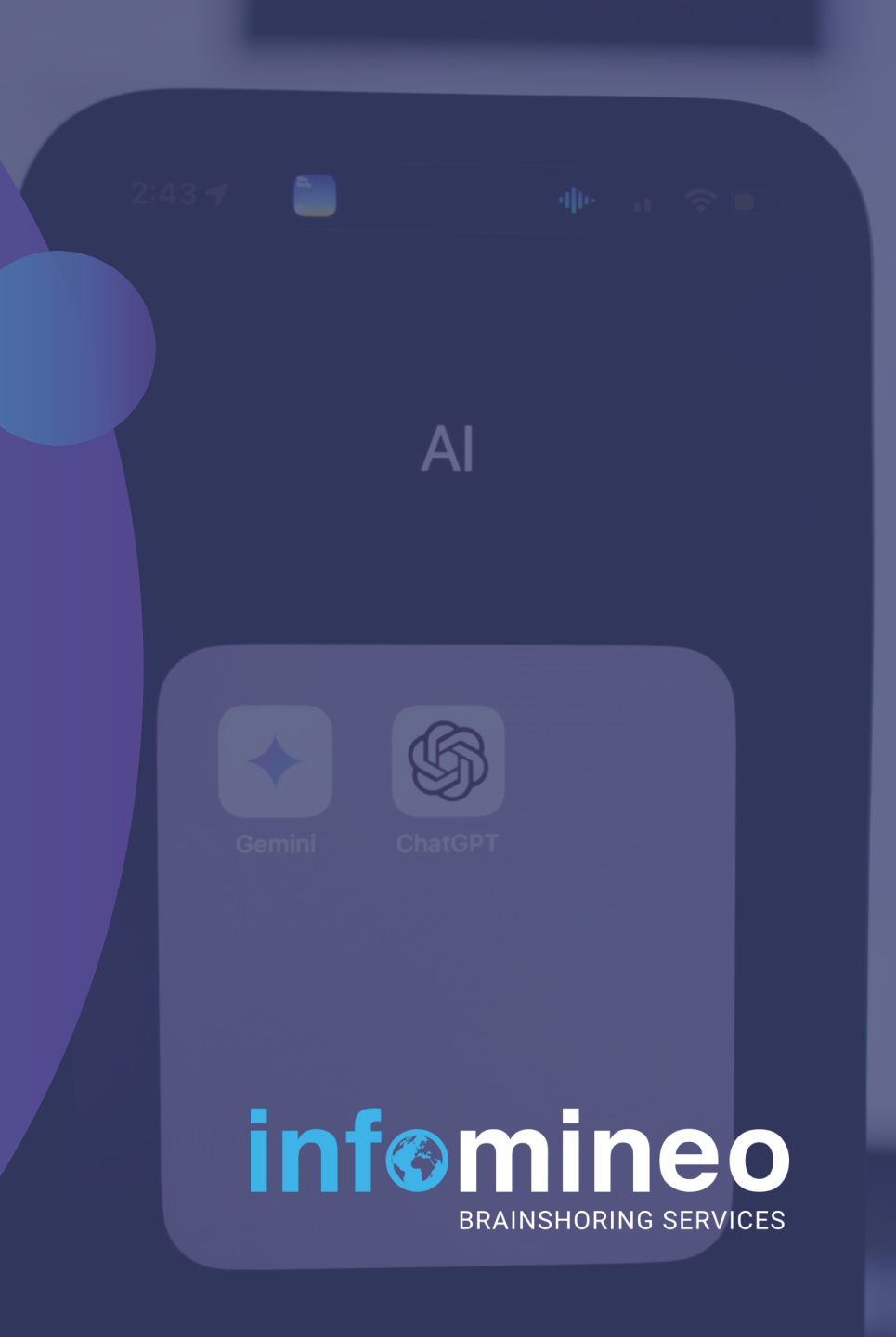
THE RISKS OF SHADOW AI IN THE U.S. WORKPLACE



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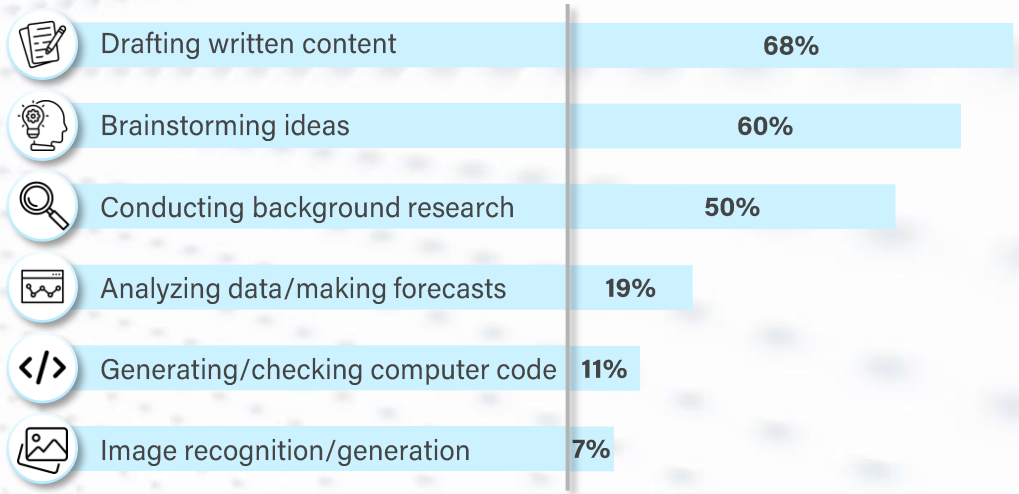
BRAINSHORING SERVICES

AI IS REVOLUTIONIZING U.S. WORKPLACES, BOOSTING POST-COVID PRODUCTIVITY TO LEVELS EQUIVALENT TO 47 YEARS OF AVERAGE U.S. GROWTH

- AI technologies are **revolutionizing workplaces**, altering how employees perform their tasks. In the U.S., **85% of workers**[1] have **used AI tools** in their daily work routine
- Employees primarily use gen AI tools for fundamental tasks, such as **drafting written content (68%), brainstorming (60%),** and **verifying information (50%)**
- By automating recurrent tasks, enhancing data analysis, and fostering innovation, AI significantly **increases productivity and efficiency**
- In fact, AI tools boosted workers' **daily task efficiency by 66%,** which is comparable to **47 years of typical U.S. productivity growth**, given the average annual labor productivity increase of 1.4%[2]

MOST COMMON USES OF AI IN THE WORKPLACE IN THE U.S.

BASED ON A SURVEY OF 1,100 AMERICAN EMPLOYEES



1 Insights were gathered from a survey of 3,000 employed Americans to gauge overall sentiment regarding AI in the workplace
2 Key studies found that AI tools increased task efficiency by 66% on average, with support agents handling 13.8% more inquiries, business professionals writing 59% more documents, and programmers coding 126% more projects. To put this in perspective, this 66% boost in productivity is equivalent to 47 years of natural productivity growth in the United States

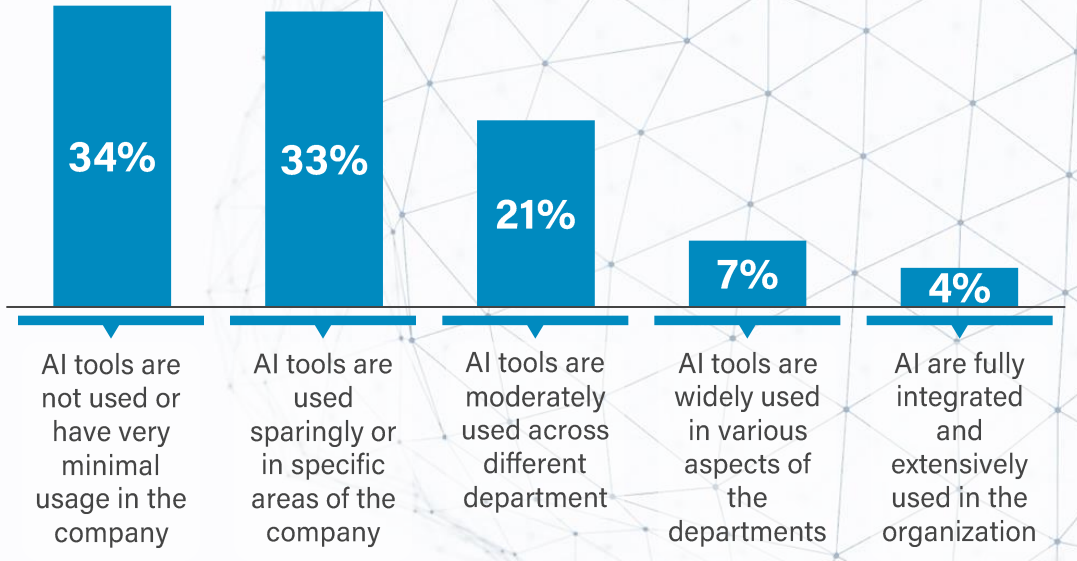
Source: The conference board "Majority of US Workers Are Already Using Generative AI Tools" (2024), Nielsen Norman Group "AI Improves Employee Productivity by 66%" (2024), Checkr "A Comprehensive Survey on AI in the Workplace" (2024), Press Search

SHADOW AI IS RAPIDLY INCREASING IN THE U.S. AS MORE EMPLOYEES SECRETLY USE UNAUTHORIZED AI TOOLS IN THE WORKPLACE, OFTEN WITHOUT THEIR EMPLOYERS' KNOWLEDGE

- Despite AI's benefits, many employees **use these tools without informing their company or managers**. Notably, a staggering **69% of U.S. workers**[1] are hesitant to disclose their AI usage at work
- This reluctance has given **rise to "shadow AI"**, where employees use **unauthorized AI tools** and put their companies at risk
- With **only 4.4% of U.S. companies fully embracing AI**, most employees are resorting to unsanctioned models
- As a result, employees are **recklessly feeding sensitive data** into public AI tools. Since ChatGPT's launch, **4.7%** of employees[2] have done so at least once
- **Sensitive data** comprises **11% of employees' input** into ChatGPT. While users retain ownership, ChatGPT may still use this data to improve its services

SHARE OF U.S. COMPANIES BY AI INTEGRATION LEVEL

BASED ON A SURVEY OF 1,000 U.S.-BASED BUSINESS LEADERS



1 Insights were derived from a survey of 3,000 employed Americans aimed at understanding overall sentiment toward AI in the workplace
2 Data was obtained from an analysis of ChatGPT usage among 1.6 million workers at companies across various industries that utilize the Cyberhaven platform

Source: Tech.co "The Impact of Technology on the Workplace" (2024), Checkr "A Comprehensive Survey on AI in the Workplace" (2024), CyberHaven "ChatGPT at Work" (2024), Press Search

SHADOW AI EXPOSES COMPANIES TO A RANGE OF RISKS, INCLUDING CYBERSECURITY VULNERABILITIES AND COMPLIANCE BREACHES

THE SAMSUNG CASE – A WAKE UP CALL

In 2023, **Samsung** experienced serious breaches **when employees leaked sensitive data** by using ChatGPT to resolve technical issues. One copied source code from a faulty semiconductor database, another shared confidential code to fix equipment, and a third uploaded meeting details for minutes. These incidents highlighted **the severity of shadow AI to several companies**, revealing dangers like **data poisoning, compromised projects, and significant security threats**. Such risks not only endanger company reputation but also expose critical data to competitors, potentially causing substantial financial losses:

MISINFORMATION

- Senior leaders are worried about **large language AI models generating false data**
- Errors in AI-powered legal briefs illustrate this risk, potentially leading to **poor decisions, reputational damage, and financial losses**

EXPOSED DATA

- Many users are unaware that **AI providers often record their inputs**
- **Sharing sensitive company** data can lead to **unintentional exposure**, risking privacy violations, loss of competitive advantage, and legal problems

CYBERSECURITY RISK

- **Misusing AI for coding** can introduce bugs or security flaws that **hackers may exploit to introduce malware**
- This poses **significant cybersecurity risks**, potentially **compromising system integrity** and leading to **data breaches** or operational disruptions

COMPLIANCE FAILURES

- With **increasing AI regulations**, companies must **ensure compliance**
- Without dedicated staff to oversee adherence, employees might **unintentionally breach regulations**, risking investigations, fines, legal issues, and reputational damage

Source: Press Search

MAJOR COMPANIES ARE RESTRICTING OR BANNING AI TO ADDRESS SHADOW AI CONCERNS, BUT THESE MEASURES ONLY LIMIT THE RISKS, NOT ELIMINATE THEM

Due to concerns over AI risks, many companies have imposed **strict measures**, such as **bans on generative AI tools.** These restrictions are primarily driven by fears of **data leaks** and **insufficient tracking of data subject to legal or industry-specific regulations**. However, these bans don't fully address the underlying issues. Notable companies[1] that have heavily restricted or banned AI include:

COMPANIES THAT FULLY BANNED AI TOOLS

Apple
verizon
NORTHROP GRUMMAN
JPMORGAN CHASE & CO.
SAMSUNG
citi

COMPANIES THAT WARN EMPLOYEES ON AI USAGE

amazon
IBM
Alphabet
Microsoft

COMPANIES THAT BUILT AN IN-HOUSE AI TOOL

Deloitte.
pwc
Walmart
McKinsey & Company
Meta
EY

1 These are examples of companies that have adopted a specific AI restriction, but they may also fall into other categories (e.g., a company might have an in-house AI solution while still prohibiting the use of external tools)

Source: Press Search

WHILE RESTRICTING AI SHOULD THEORETICALLY REDUCE ITS RISKS, EMPLOYEES ARE LIKELY TO SEEK OUT AI REGARDLESS, MAKING IT NECESSARY TO DEVELOP A COMPREHENSIVE MITIGATION STRATEGY

Although banning or heavily restricting AI in the workplace may mitigate risks, employees will still find ways to access unauthorized AI tools, such as using their personal devices or non-company networks. To effectively address this challenge, organizations must first pinpoint the sources of Shadow AI within their operations. Once identified, a comprehensive, multi-faceted approach is crucial:

DETECTION PHASE

- **Open Communication:** Encourage discussions across the organization to raise awareness about rogue AI risks, fostering a culture of trust where employees feel safe sharing their AI usage
- **Technical Monitoring:** Use tools like internet gateways and firewalls to collect data that may reveal shadow AI instances. Companies can even monitor "Sign-in with Google" activity or similar tools to detect unauthorized app usage
- **Specialized Detection Solutions:** Implement third-party solutions to more accurately detect shadow AI and shadow IT within the organization
- **Regular Audits and Monitoring:** Implement regular audits and continuous monitoring of AI tool usage to detect unauthorized applications early

MITIGATION PHASE

- **Establish Clear Policies:** Develop and enforce clear policies that define authorized vs. unauthorized AI applications, outline the approval process for new tools, and specify consequences for using unauthorized AI. Currently, 50% of U.S. companies are updating their internal policies to govern AI tool usage
- **Enhance Official AI Solutions:** Provide secure and user-friendly AI tools through official channels to reduce employees' temptation to seek unauthorized AI. These tools should be regularly updated and improved to meet evolving business needs
- **Employee Training and Awareness:** Educate employees on shadow AI dangers and the importance of adhering to organizational policies. The benefits of using approved AI tools should also be emphasized

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As AI becomes increasingly integral to business operations, **Infomineo** is already assisting numerous organizations in refining their AI practices through comprehensive benchmarking of AI tools, policies, and regulatory frameworks. **Infomineo** can help your company detect and manage shadow AI with the right technologies, while providing strategic insights to establish robust AI policies and effective employee training programs

CONTACT US

Source: Press Search

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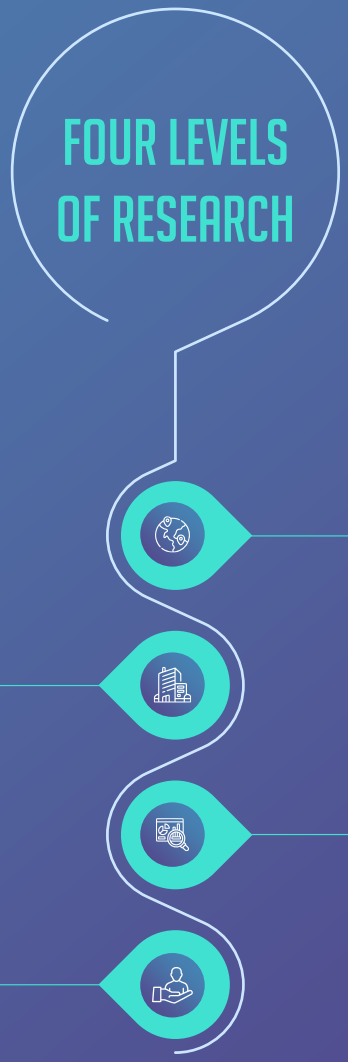
OUR RESEARCH SERVICES

FOUR LEVELS OF RESEARCH



COUNTRY
Country selection, demographics, economy, doing business etc.

COMPANY/ENTITY
Financials, strategy, organization supplier/ client identification etc.

MARKET
Market sizing, competitive landscaping, road to market/value chain mapping etc.

CONSUMER/EXPERT
Getting insights from social listening, organizing expert interviews

THREE TYPES OF SUPPORT

AD-HOC

Answering research requests to support project execution, proposal development or internal discussions

TRACKING

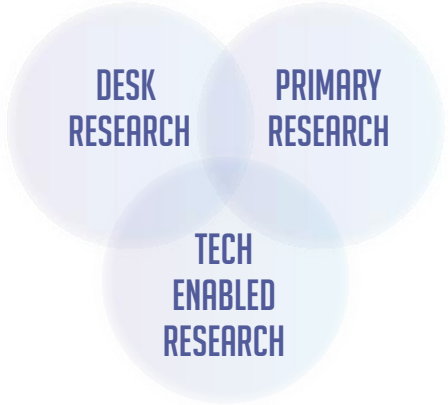
Preparing newsletters, regular benchmarking, tracking competitive moves etc.

CONTENT DEVELOPMENT

Database creation, thought leadership

COMBINATION OF APPROACHES

Open sources and paid sources such as Orbis, Capital IQ and Factiva



Cold calling and expert interviews

Social listening, web scraping

WHAT MAKES US DIFFERENT

HIGH-QUALITY IMPACTFUL INSIGHT

Answering research requests to support project execution, proposal development or internal discussions

THOUGHT PARTNERSHIP

Answering research requests to support project execution, proposal development or internal discussions

STREAMLINED PROCESS INTEGRATION

Answering research requests to support project execution, proposal development or internal discussions

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+ KUALA LUMPUR
COMING SOON...

+350
EMPLOYEES

25
NATIONALITIES

+80% OF OUR BUSINESS
ON A RETAINER BASIS

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