



Voice of the CIO

A recurring conversation with CIOs
on IT-related issues



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CIOs experience the perils and promises of generative AI

Generative artificial intelligence (GenAI) is still receiving a great deal of hype about its potential for businesses. But for many chief information officers (CIOs), GenAI has already become a reality they need to grapple with. For CIOs we've spoken with, the challenges with this emerging

technology are currently outweighing the benefits. CIOs are facing headwinds with a second wave of GenAI adoptions. There are new risks with data governance. Also, GenAI productivity solutions have been a CIO conundrum. The collective feeling among CIOs? We're muddling through it.

On the CIO agenda

GenAI adoption 2.0

Pilots and turbulence

Data governance

Retention policies and access rights

GenAI productivity solutions

Budgeting and provisioning

GenAI adoption 2.0

Pilots and turbulence

Adopting and implementing GenAI is not an easy task for CIOs, who face several challenges along the way, from gung-ho CEOs and boards to security issues with the new technology.

“CEOs go to conferences and hear about other companies doing something amazing with GenAI,” said a CIO with a financial-technology company. “What I hear is we need to do this faster. We’re behind.”

For a financial services CIO, it’s a battle of the buzzwords. “Everyone is focused on the buzzwords, and then you’re fighting these buzzwords all day long.”

For some, it’s FOMO—the fear of missing out. For others, it’s wondering where’s the return for the dollars invested. Either way, organizations feel pressured to act despite the risks that are top of mind with CIOs. A car parts

manufacturer CIO has hit on a strategy that affirms executive enthusiasm but with an actionable framework.

“I try to pull leadership back from GenAI’s potential by advising them to start with financing pilots and having a dedicated business person accountable for measurable results. That filters down quickly and shows I’m being fully supportive of it.”

Despite the internal push, CIOs are focused on information technology (IT) security with GenAI, like ensuring this emerging technology goes through the same protocol as any other app in the tech stack. It’s all about ensuring there are guardrails to protect against potential liabilities.

“I’m fighting buzzwords all day long.”

Financial services CIO

Data governance

Retention policies and access rights

Much of the discussions among CIOs we talk to center on data governance that would mitigate the risks when using GenAI tools. One CIO sees their role akin to providing bumpers to bowlers that prevents them from throwing gutter balls. The bumpers keep the ball rolling toward the pins instead of going in the gutter. “Bowlers [users] can’t throw a gutter ball [create a risk], thanks to the

bumpers. It’s up to users on how many pins they knock down each time they use a GenAI tool.”

The topic turns to data retention policies where GenAI has given rise to new concerns. One CIO posed the question, “What is the retention policy for meetings with AI-generated transcripts, and does it differ between AI-generated and AI generation with human review?”

Another CIO delivers on a common GenAI use case involving the call center. The issue is the recordings that may contain personally identifiable information. “With a flick of a button, we’ve added a ton of risks to the company that I have partial or no control over.”

For CIOs, the issue is going from the known to the unknown with all these GenAI applications. With documents

and recordings residing on shared servers, it’s easy to inadvertently provide people with access to information they shouldn’t have—like board minutes or recordings of executive calls. These are all new risks brought about by adopting GenAI.

“Data governance and retention rules will need to be ironed out in controls, policies, and procedures before incidents occur with potentially damaging results.”

Marcus Murph, KPMG Principal, CIO Advisory

GenAI productivity solutions

Budgeting and provisioning

With any of the new GenAI productivity solutions, the recurring issue is funding their provisioning. CIOs are trying different tactics, like charging back to various departments.

The CIO of a biopharmaceutical company is treating a GenAI product like an added productivity tool that would come out of department budgets. “Business users, if you see real value and utility with the new GenAI tool, I’ll negotiate it for you, but you will need to pay for the capability.”

Many CIOs are of the mind that GenAI spending requires more certainty in terms of results and being disappointed when products fail to

deliver. One CIO reports having an aspiration of a 30 percent boost in productivity with a GenAI tool; the reality being closer to mid-single digits.

Companies used to create their own products when they were not happy with existing ones. With GenAI, there are new and industry-specific SKUs every week. Murph suggests that the CIO’s thinking around “buy versus build” has to be revised. Instead, it’s just “what do I buy,” and CIOs will need to thoroughly evaluate the pros and cons of each product they’re considering. That means it’s a budget outlay,

rather than a part of a developer’s budget. So, it’s understandable that CIOs want more proof of results, as well as confirmation from business stakeholders.

Any product can also have its own data governance challenges with access and retention. “There is a lot of concerns with data accessibility within our data lake,” said the CIO of a building materials supplier. “That accessibility may go too far, giving access to roles who may not or should not have it.”

Issues with cost and access with GenAI productivity solutions will only continue to grow as tech giants, as

well as dominant business applications, continually update and expand their own large language models for company use cases.

The CIO’s job isn’t getting any easier when it comes to GenAI. From CEOs who need their enthusiasm curbed to the pressures of operationalizing this emerging technology in the workplace, the CIO is being pulled in every direction. Adopting yet another GenAI productivity solution sounds straightforward, but CIOs know there’s always more to it.

Brace yourself for what’s to come. Murph knows: “As we move forward, the technology landscape will only become more complex.”

“There are a lot of concerns with data accessibility.”

Building materials supplier CIO

Considerations

- Socialize with stakeholders and develop a plan for enterprise AI productivity applications that meets CIO approval.
- Audit controls, policies, and procedures for new demands with data governance.
- Align your AI value management strategy with the business's strategy.

Additional resources

[The CIO's path to driving value with generative AI
2023 KPMG Generative AI Survey](#)

[Responsible AI and the challenge of AI risk
Becoming a CIO of the future](#)



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