TietoEVRY on EU level AI regulation

- a position paper

tieto EVRY

About TietoEVRY

TietoEVRY creates digital advantage for businesses and society. We are a leading digital services and software company with local presence and global capabilities. Our Nordic values and heritage steer our success.

Headquartered in Finland, TietoEVRY employs around 24 000 experts globally. The company serves thousands of enterprise and public sector customers in more than 90 countries. TietoEVRY's annual turnover is approximately EUR 3 billion and its shares are listed on the NASDAQ in Helsinki and Stockholm as well as on the Oslo Børs.

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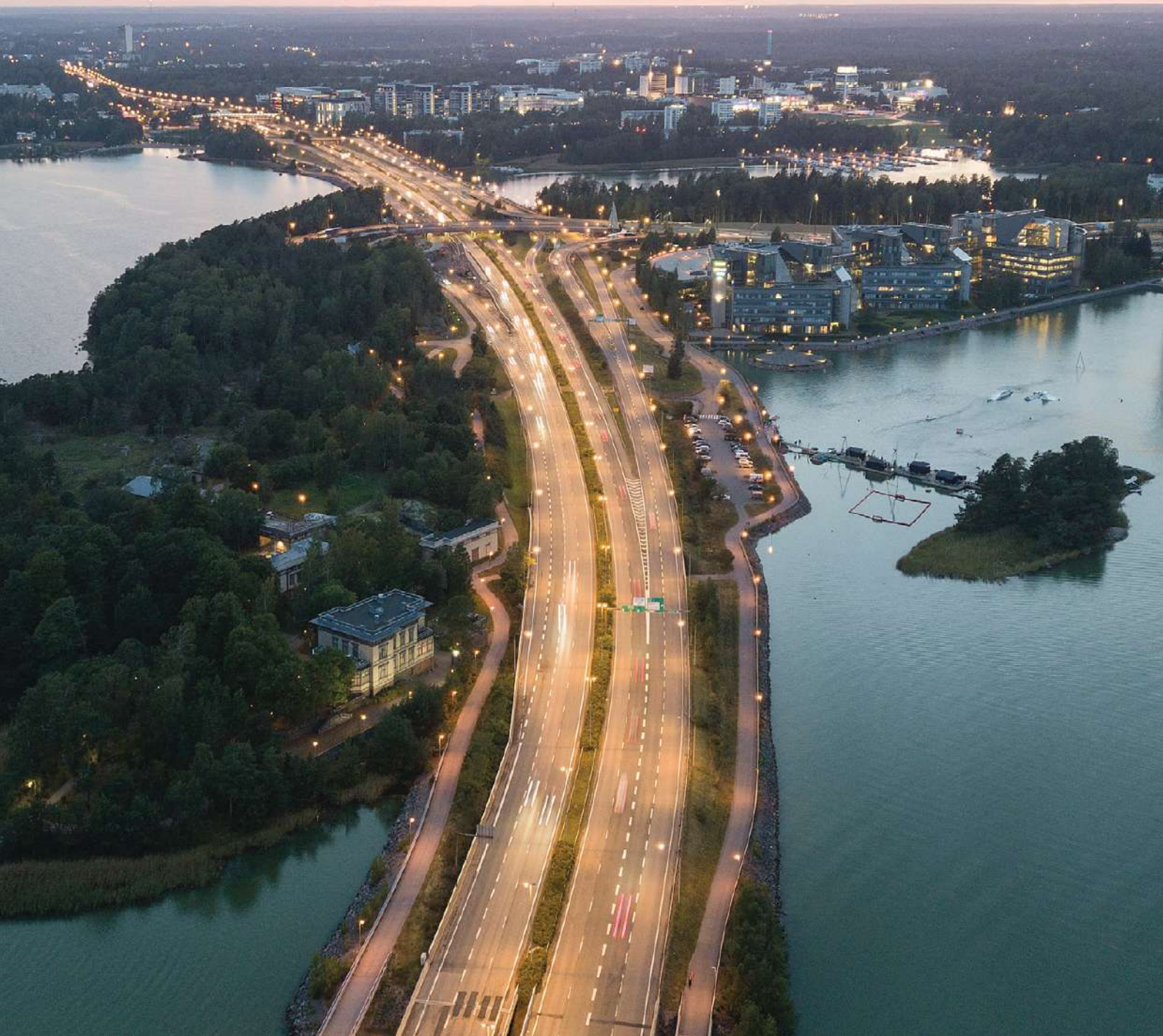

General principles about the EU-wide regulatory framework for Artificial Intelligence

TietoEVRY welcomes the European Commission's plan to advance the industrialisation of Artifical Intelligence in Europe and worldwide, as well as the single market minded and risk-based approach to regulation that the Commission has chosen. The challenge at hand is finding the right balance between ensuring that the development of Artificial Intelligence in Europe reflects European values and fundamental rights, on the one hand, and enabling innovation and enterprise opportunity on the other hand.

The upcoming **regulatory framework should be heavily driven by concrete applications and use cases of Artificial Intelligence.** The applications on which the regulation is based should be presented and analysed in a clear and concrete manner. An attempt to create an overarching and universal regulatory framework for Artificial Intelligence would likely end up seriously jeopardising the innovative opportunities in Europe, and thus impairing the competitiveness of European companies in the field.

While the Artificial Intelligence market is projected to grow rapidly worldwide, several barriers hinder its development in Europe. These barriers include unpredictability and the lack of incentives and data sharing. In order for industries and public bodies to invest in Artificial Intelligence, they need to see that there is a way forward from proof of concepts towards scalable and profitable applications. While full regulatory certainty is not a feasible goal, **predictability** (the ability of the industry actors to see where the on-going regulatory effort will eventually lead) **along with clear and forward-looking communication should be the guiding principles of the European Union.**

Innovative mindset towards regulation

TietoEVRY would like to encourage the adoption of a more innovative and entrepreneurial mindset towards regulation. **Regulation should facilitate a culture of utilizing and understanding the value of data as well as create incentives to innovate and share data,** thereby pushing companies and public bodies to move forward into new innovative technological solutions. It is still possible for Europe to become the leader in industry-focused applications and new emerging technologies, such as Edge Computing, although it may have missed the train in the development of consumer-focused Artificial Intelligence.

In TietoEVRY's view, the Commission's key goal of filling up the regulatory space in the spirit of the Digital Single Market is commendable, in order to avoid a fragmented situation where the Member States would start to implement their own regulatory frameworks. National protectionist frameworks would not help anyone in the long run, as they would make the scaling of technologies difficult. This would result in Europe lagging far behind in development and the more advanced solutions developed elsewhere taking over the European market.

Risk based approach

TietoEVRY welcomes the Commission's risk-based approach towards regulation, with a view to avoid unnecessary burden **for applications not considered involving significant risks.** However, the uncertainty on which applications are considered to be high-risk, as well as the inevitable grey area in between the clear cases, could create pitfalls in this approach. In principle, a prudent approach by the assessor could end up placing most Artificial Intelligence applications that have a meaningful impact on the society into the high-risk category. It would therefore be important for the EU to **minimize the additional costs to the industry associated with the upcoming new regulation and at the same time be clear and forward-looking in their communications** already early on during the process.

TietoEVRY would further **encourage the Commission and the other EU institutions to weigh the high risk of an application against the high opportunities and benefits** that it brings. If belonging to the high-risk category inevitably means sizeable upfront costs for new innovative projects, that could end up pushing companies that are currently investing in Artificial Intelligence out of the market and discouraging entrepreneurial mindset in the most crucial cases, where major benefits could be achieved for the citizens and the society.

Significant acquisition of talent will be needed by the public sector in Europe in order to implement, oversee and maintain the risk-based framework. The market for this talent is already extremely competitive, with companies from other continents also being eager to recruit highly skilled professionals from Europe. The risk is that Europe ends up with a heavy and inefficient regulatory architecture that will be costly, challenging and time-consuming to maintain and implement.

Singled-out approach to biometric identification

TietoEVRY welcomes and encourages wider discussion on how to advance the ethical use of specific AI applications. However, the Commission's decision to single out biometric identification and launch a broad European debate (with the implication that it could eventually lead even to a full ban of this type of technologies) **risks significantly slowing down investments** in Europe. Even the current regulatory situation in the EU with regard to biometric identification is extremely uncertain. As a specific example, **TietoEVRY (Tieto** at the time, prior to the merger with EVRY) carried out a project in Sweden where biometric identification was applied in a high school in order to track the attendance of students more efficiently and save teachers' time to teaching. Even though each student and their parents consented to the project and lawyers specialized in data protection carried out legal assessment beforehand, the Swedish Data Protection Authority eventually decided that the project was not in compliance with the **General Data Protection Regulation.** As a result, the high school was fined. The fact that this was the result, given the precautions taken, sends the message to the others considering investing in this type of technological solutions that there is a high regulatory risk involved.

The Commission's chosen approach to launch a broad debate on this subject instead of proposing an EU-level solution could cause prolonged regulatory uncertainty in Europe and eventually result in a fragmented market situation, where different Member States take different regulatory decisions on biometric identification. In the spirit of the Digital Single Market approach, **we would encourage the EU to adopt a clear Union-wide position in this regard as soon as possible.**

The right balance between protection of privacy and innovation

In regulating the use of anonymized personal data in areas where the clear overall societal benefits can be identified, the right balance should be struck between the protection of privacy and enabling innovation and societal benefits. A key concern is that if individual consent is required on **an opt-in basis** for the utilisation of a personal data, the gathering of these consents can in principle become extremely costly, if not impossible in some cases. **An opt-out based** system would offer a better opportunity for innovation and technological developments to prosper and yet an equal opportunity for citizens to protect their privacy. The threat is that **advanced innovations in the sectors where the utilization of anonymized personal data carries major opportunities are in the future made in other geographical locations** that have less strict restrictions.

Innovation and regulatory sandboxes

TietoEVRY encourages the Commission to integrate into the upcoming regulatory framework the use of regulatory sandboxes, through which companies can test innovative solutions and decision-makers can gain better understanding of the real-world implications and benefits of new technologies prior to regulating them. We would highlight the need of fully connecting regulatory sandboxes into the market so that proof of concepts could lead to scalable and profitable Artificial Intelligence solutions.

Conclusions

The planned EU-wide regulatory framework puts Europe now at a crossroad regarding its competitiveness in the Artificial Intelligence sector. The decisions made on this framework and its implementation will have far-reaching and long-standing implications for the willingness of organizations to invest in new innovative solutions. Regulation is needed not only to ensure European values and fundamental rights but also to incentivize data sharing and innovation as well as to facilitate a culture of understanding the value of data and utilizing it. Instead of a protectionist mindset, **TietoEVRY** recommends adopting an innovative and entrepreneurial one, whereby the EU decision-makers asses new technologies not only based on their associated risks but also the opportunities and benefits for the citizens and the society.

TietoEVRY is looking forward to being part of the discussions around the upcoming regulatory framework and contributing to it based on the experience gathered from concrete projects with the Nordic organizations that it has carried out.

AI cases by TietoEVRY

The City of Espoo

A unique experiment with Artificial Intelligence identified individuals in need of support
Case story

The City of Tampere

Pedestrian traffic safety - AI offers new possibilities for safer traffic
Case story | Press release

Skellefteå municipality test facial recognition in a high school in Sweden

Press release

Agile AI solution is speeding up research and making treatment more efficient and patient centric than before

Case story

Artificial intelligence enhances the treatment of stroke patients

Press release

DNB adopt artificial intelligence to stop fraud

Press release

Artificial intelligence for better identification of road traffic disturbances

Press release

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