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AI GOVERNANCE

Managing AI: How to build up a future-proof AI governance

Content

AI is transforming industries and driving innovation while raising expectations for transparency, accountability, and trust. With regulations like the EU AI Act emerging, companies must ensure their AI systems are both cutting-edge and ethically sound.

AI governance is key to creating a strong foundation for future competitiveness, enabling responsible adoption and scalable innovation. This whitepaper presents a practical, future-proof approach to integrating AI governance into existing processes, roles, and tools, following valantic‘s principle of „no new governance“.

WHY

The growing importance of AI

Artificial intelligence (AI) is no longer the future – it is part of our lives and the driving force behind today's digital transformation. From autonomous driving and personalized medicine to intelligent financial systems, AI permeates all areas of our lives and promises unimagined possibilities. But with great potential comes great responsibility.

What happens when an algorithm makes decisions that no one understands? What if an AI system discriminates against people without us noticing? And what is at stake if companies are not prepared for upcoming regulations, such as the EU AI Act?

Moreover, AI agents are rapidly becoming more prominent. These intelligent tools are transforming industries by automating complex workflows and engaging directly with customers. However, their autonomy raises even greater concerns around transparency, accountability and ethical use, making the role of AI governance more critical than ever. Without proper oversight, these agents could inadvertently amplify biases, make non-transparent decisions, or breach compliance standards.

The answer is clear: AI must not only be powerful, but also trustworthy, transparent and compliant. This is exactly where AI governance comes in. It's not just about using AI, but about steering it in a targeted manner: as a strategic tool that prioritizes innovation and responsibility in equal measure.

The establishment of governance structures for AI and data is one of the top success factors in the use of AI. With the right governance, companies ensure the ethical and transparent use of intelligent applications.

According to data from the Handelsblatt Research Institute and valantic (2026), more than 80 percent of respondents indicate that companies that invest in ethical, transparent and well-managed AI will be more successful by 2030 than those that focus solely on speed and automation.

This whitepaper shows why companies can no longer afford to hesitate and how building a robust AI governance structure can become an opportunity for sustainable success.

Practical challenges

Despite the potential of AI, companies face a variety of practical challenges. A key problem is **the lack of transparency in many AI models**, especially in so-called black box approaches, where the internal decision-making process of the model is opaque. Although these models often deliver impressive results, the decisions they make are frequently difficult to explain and understand. This can undermine confidence among customers and partners, especially in sensitive areas of application.

Another problem lies in **discrimination and unconscious bias within AI systems**. These systemic distortions often arise from flawed or incomplete training data and can have serious social and legal consequences.

In addition, new legal requirements, such as the EU AI Act, present companies with **the challenge of meeting strict regulatory requirements**. The EU AI Act defines specific risk levels for AI systems and requires companies to implement comprehensive documentation, risk assessments and monitoring processes to ensure compliance (European Parliament and Council, 2024).

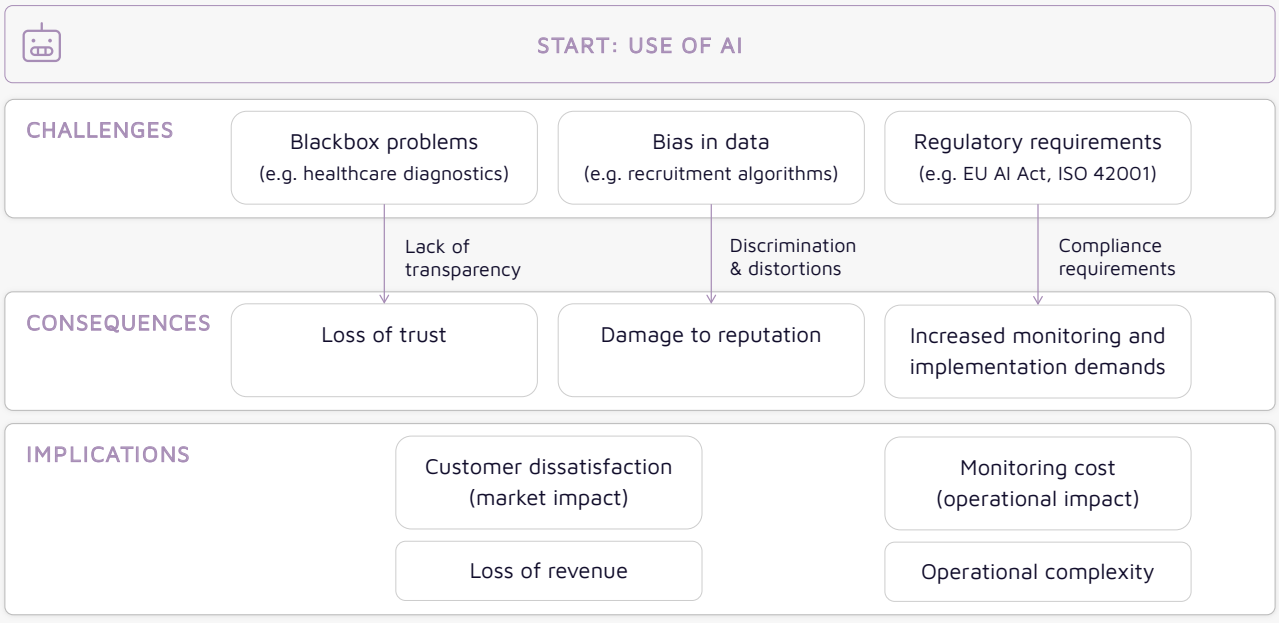

Fig. 1 Challenges, implications and impacts

The essential role of AI governance

AI technologies like the upcoming scaling of AI agents are transforming industries, but their use brings significant challenges. Without proper governance, businesses risk amplifying biases, making non-transparent decisions and violating ethical or regulatory standards. Consequences include reputational damage, loss of trust among customers and stakeholders and severe penalties such as fines of up to €35 million or 7% of global annual turnover, as outlined in the EU AI Act (European Parliament and Council, 2024).

To mitigate these risks, companies need robust AI governance structures that ensure compliance and promote transparency and ethical use. Governance frameworks, such as the EU AI Act and ISO 42001, provide clear guidelines for embedding responsibility into AI systems. Early adoption of these principles offers businesses a strategic advantage, positioning them as pioneers of trustworthy AI while safeguarding innovation and sustainability.

The latest development of AI and the challenges it poses highlight the critical need for a practical and effective AI governance in organizations.

This is exactly where valantic steps in: with a practical understanding of AI governance and a clear framework that supports companies in development and implementation. The next chapter outlines concrete steps for implementing effective AI governance and the principles for success.

HOW

Definition, objectives and derived requirements

AI governance is defined as a comprehensive framework of roles, responsibilities, policies, processes and tools designed to ensure the ethical, responsible and effective development, deployment and use of AI. It encompasses strategic, operational and regulatory measures to promote transparency, accountability and fairness in AI technologies. By integrating societal values, legal standards and organizational objectives, AI governance provides the necessary structure to mitigate risks while maximizing the benefits of AI innovation.

In short, the AI governance framework needs to enable the organization to navigate the complex regulatory landscape and build trust with stakeholders in a rapidly evolving technological environment. In the following, two major objectives are outlined: **fostering trustworthy AI to ensure reliable technology utilization and in addition to this, driving innovation and scaling for sustainable technology development.** By doing so, product compliance will be achieved – yet another aim to strive for, also providing for competitive advantages.

Trustworthy AI refers to the creation and deployment of AI systems that are ethical, transparent, reliable and operate securely and aligned with societal values, regulatory requirements and organizational goals. It is important to minimize risks and build confidence among users and stakeholders. These characteristics also reinforce innovation and scaling, to implement cutting-edge advancements that deliver efficiency and impact to more and more business activities.

To reach the named objectives, the AI governance framework must address the AI lifecycle

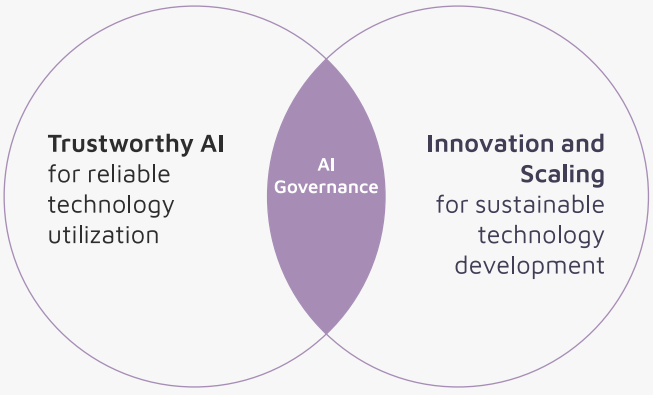

Fig. 2 Objectives of AI governance

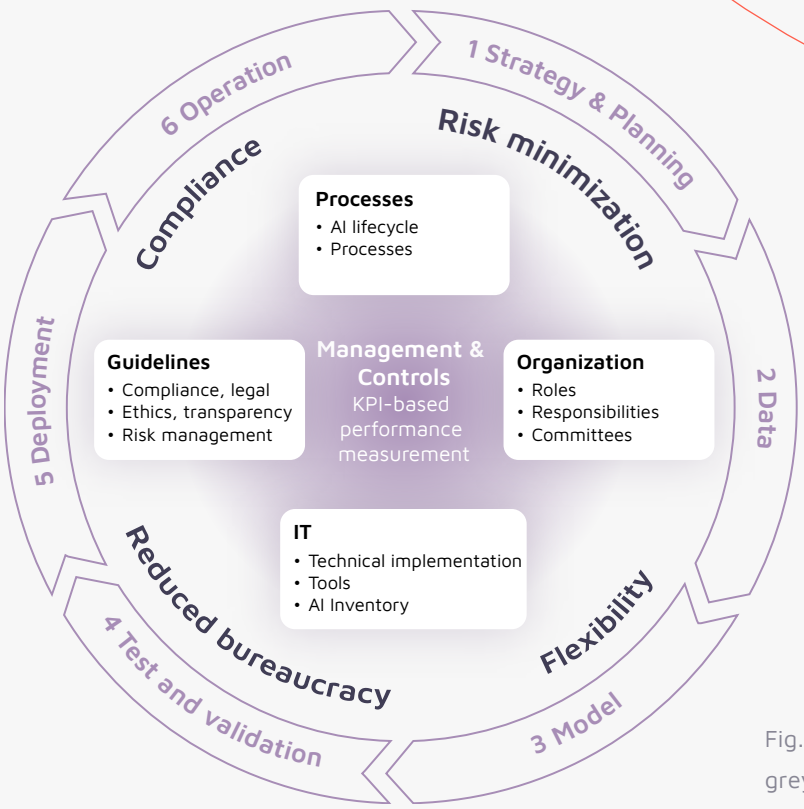

Fig. 3 AI lifecycle (purple font), requirements (dark grey font) and fields of action (white boxes)

during all its phases. Consequently, every implementation field such as policies/guidelines, roles/responsibilities, processes and tools that are connected to the different phases of the AI lifecycle must consider the overarching requirements of AI governance.

These requirements include ensuring compliance and minimizing all operational as well as strategic risks, while maintaining maximum flexibility, primarily by significantly limiting bureaucracy/efforts.

Compliance involves adherence to legal and regulatory requirements, such as those outlined in the EU AI Act, guaranteeing the lawful and principled operation of AI technologies. On the other hand, risk minimization refers to implementing mechanisms that prevent algorithmic bias, enhance the security of AI systems and guard against misuse, ensuring safe and ethical deployment. Organizations must conduct risk assessments to recognize and address ethical, operational and reputational risks posed by their AI initiatives. This includes analyzing bias, transparency and unintended consequences in algorithms.

Even though bureaucracy is often used to address compliance and risk minimization, it is very important to set it to a low level. A low level of bureaucratic efforts supplemented by a technology-oriented vision and highly competent employees brings strongly required flexibility to the company.

The successful combination of these requirements is a major success factor in enabling companies to adapt quickly to new technologies as a company – without being paralyzed by lengthy approval and decision processes. The elements make AI governance a strategic enabler for responsible technology use and sustainable innovation in an increasingly complex digital environment.

valantic approach

At valantic, we recognize the complexity of building a business environment that meets these demands. To tangibly support and positively influence this, we follow a guiding principle we refer to as 'no new governance'.

Following the principle, we don't ask for additional organizational and process structures and we don't see an ultimate solution in implementing new roles. Our idea is to integrate required measures into existing organizational and process structures as well as into existing roles. Of course, it always depends on the company size – there is for sure a certain size that requires new roles or processes. However, implementing a new role or process should always be well thought out and justified – and never taken for granted.

Consequently, there are main fields of implementation (or better fields of adjustment), companies should focus on. As already highlighted above, these are:

- **Processes**
- **Roles/Responsibilities with strategic and operational tasks**
- **Tools**
- **Policies/Guidelines**

In a first step, processes need to be expanded to include the necessary activities and measures required for implementing AI governance. This involves evaluating existing processes and, where appropriate, making reasonable adjustments by, for example, enhancing and refining existing templates, checklists and procedures to enable their continued use. Building on this, roles and responsibilities can also be discussed and reviewed. In many cases, even the existing roles can be meaningfully expanded with relatively little additional effort. The next step focuses on the technical implementation. If governance tools are already in use, it should be assessed whether they can also reflect AI governance measures. If this is not the case, it must be analyzed - depending on the company size and AI maturity level - whether a tool-based solution can be beneficial. Some of these also reflect the requirements of ISO 42001, which can likewise be considered as a guideline for AI governance. In a final step, existing policies and guidelines (e.g. regarding access controls or real-time permissions) need to be updated to ensure that the established framework remains current and the adjusted parts become effective.

Embedding AI governance without adding complexity

Actual state analysis

Actual analysis

- Analysis of the existing (data) governance structure
- Collection of stakeholder feedback
- Identification of existing AI systems and AI use cases
- Recording and classification of identified AI systems in the AI inventory

Derivation of requirements

- Definition of regulatory requirements, in particular from the EU AI Act and GDPR
- Identification of organizational requirements

Conception

- Identification of areas for action through target/actual comparison
- Definition of the target vision along the AI life cycle
- Clarification and adaptation of processes and roles
- Expansion of risk management and control mechanisms

Implementation

- Anchoring in the organizational and operational structure
  - Processes
  - Roles
  - Policies/guidelines
  - Checklists
- Employee training

Operation

- Auditing
- Regular evaluation and reassessment
- Continuous improvement process

The valantic AI governance framework can be implemented by considering a structured procedure model with four phases: **actual state analysis, conception, implementation and operation.** Each phase outlines critical actions to ensure compliance, operational efficiency and continuous improvement.

The actual state analysis focuses on analyzing the current (data) governance framework, including identifying existing AI systems and deriving regulatory and organizational requirements. The conception phase defines strategic goals, adjusts processes and roles and extends given risk management and control mechanisms. In the implementation phase, processes, roles and guidelines are operationalized. Checklists are finalized and published. Furthermore, staff are trained to ensure effective use and management. Finally, the last phase of operation emphasizes auditing, regular evaluations and continuous improvement to sustain AI governance and adaptability over time.

Our procedure model enables organizations to systematically align their AI governance as well as connected AI systems with compliance standards, such as the EU AI Act, while fostering innovation and scalability. It ensures that AI technologies are implemented responsibly and remain adaptable to evolving regulatory and organizational needs.

Given the number of requirements and necessary actions, the following chapter outlines where organizations should begin.

WHAT

First steps to get started

To effectively incorporate AI governance within organizations, a structured approach is essential. This section outlines practical measures and first steps to establish AI governance in your organization.

Organizations must adopt a proactive stance to build AI governance capabilities that are both legally compliant and prepared for the future. The following five-point action plan outlines how companies can start preparing immediately:

1. Analyze your AI readiness

Assess the functionality, efficiency and implications of all existing AI applications and processes and the current state of the organization. This analysis should aim to identify potential risks, inefficiencies, or misalignments with ethical and regulatory standards. Focus on building a trustworthy and accessible data foundation as a necessary requirement for using your company data for AI use cases and models.

2. Build your AI strategy

As an important prerequisite for AI governance, develop a comprehensive AI strategy with clear goals that integrate regulatory requirements, ethical considerations and operational needs. Ensure this strategy builds on your company's overarching strategy and aligns with existing principles, yet is scalable, allowing adjustments for evolving regulations and technological developments. Without an AI strategy, organizations lack guidance on how to manage AI effectively.

3. Appoint core responsibilities

Assemble a core team and appoint a leader for AI governance as central roles ("AI Hub"). This central team is responsible for developing and scaling AI governance (roles, responsibilities,

processes and standards) for the organization, while ensuring that AI governance is well integrated in existing data and technology governance models and decision making. For the rollout and operation of AI governance capabilities in all business domains, decentralized AI governance roles should be selected and enabled ("AI ambassadors", "AI product owners" among others).

4. Develop an AI Inventory

Establish a comprehensive inventory of all AI systems currently in use or under development to comply with the EU AI Act. This creates a foundation for evaluating their risk, impact and necessary measures. For larger or more mature organizations, AI governance tools like trail-ml can help to build up a sustainable AI governance along the lifecycle. However, implementing AI governance tools requires robust foundations, including defined roles, responsibilities, standards and processes first.

5. Upskill teams and leaders

Invest in innovative training programs such as leadership bootcamps, AI hackathons or training on prompt engineering that equip business teams and leadership with the necessary knowledge to handle AI responsibly. Create an AI community with ambassadors in your business units, leading AI adoption within their departments. This includes education on legal and ethical AI principles, technical basics and the organization's AI strategy and capabilities and promote the identification, adoption and usage of generic ready to use and specialized or custom-built AI applications integrated in processes to simplify work and generate business value for the organization. Actively build trust in AI tools by systematically monitoring their adoption and performance.

Building and maintaining legally sound and future-proof AI governance requires attention but is not overly complex. valantic offers expertise to guide organizations through this journey. Contact valantic today to explore how we can help you implement tailored AI governance solutions that ensure compliance while maintaining a competitive advantage. **valantic is your trusted partner for building and implementing AI governance, ensuring the safe, transparent and future-proof use of AI in your organization.**

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About us

valantic is one of the fastest growing digital solutions, consulting and software companies on the market. More than 500 blue chip clients rely on valantic, including 33 of 40 DAX companies and many leading international companies as well. With more than 4,300 specialized digitalization experts and net sales of approx. EUR 650 million in 2026(e), valantic is represented in 20 international locations around the globe.

More than 2,000 digitalization projects over the past five years have shown that valantic understands the business challenges of its customers. From strategy to tangible implementation, they have the necessary expertise to accompany projects from start to finish and make them successful. In this, valantic combines technological expertise with industry knowledge and the human touch.

valantic consults companies on all challenges of digital transformation, helps them to better manage their corporate performance and leverage the potential of data and artificial intelligence. In addition, valantic supports its customers in optimally shaping the customer experience, profitably using core digitalization technologies and optimizing company processes from end to end.

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Is your company ready for the new EU AI Act requirements?

Take action now to ensure timely compliance with all regulatory provisions. Schedule a free consultation now.