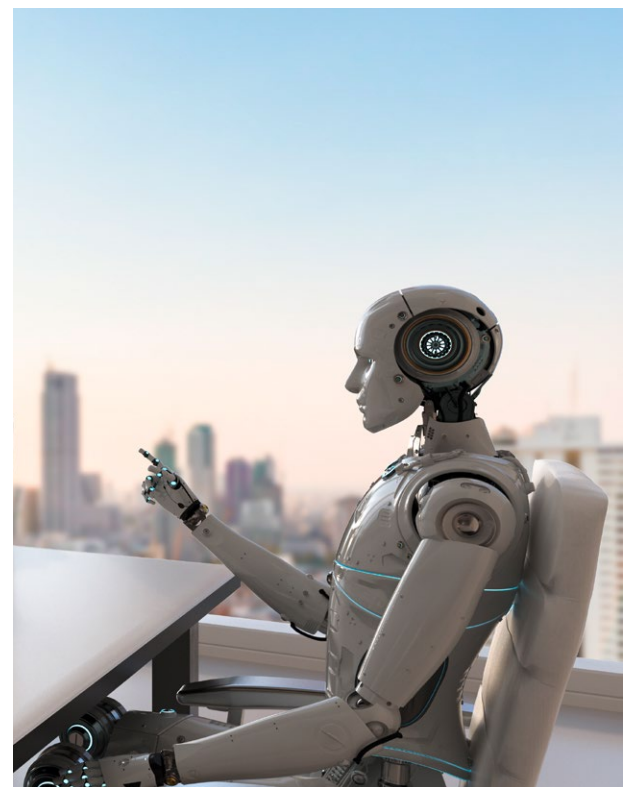


Boards in the Age of AI

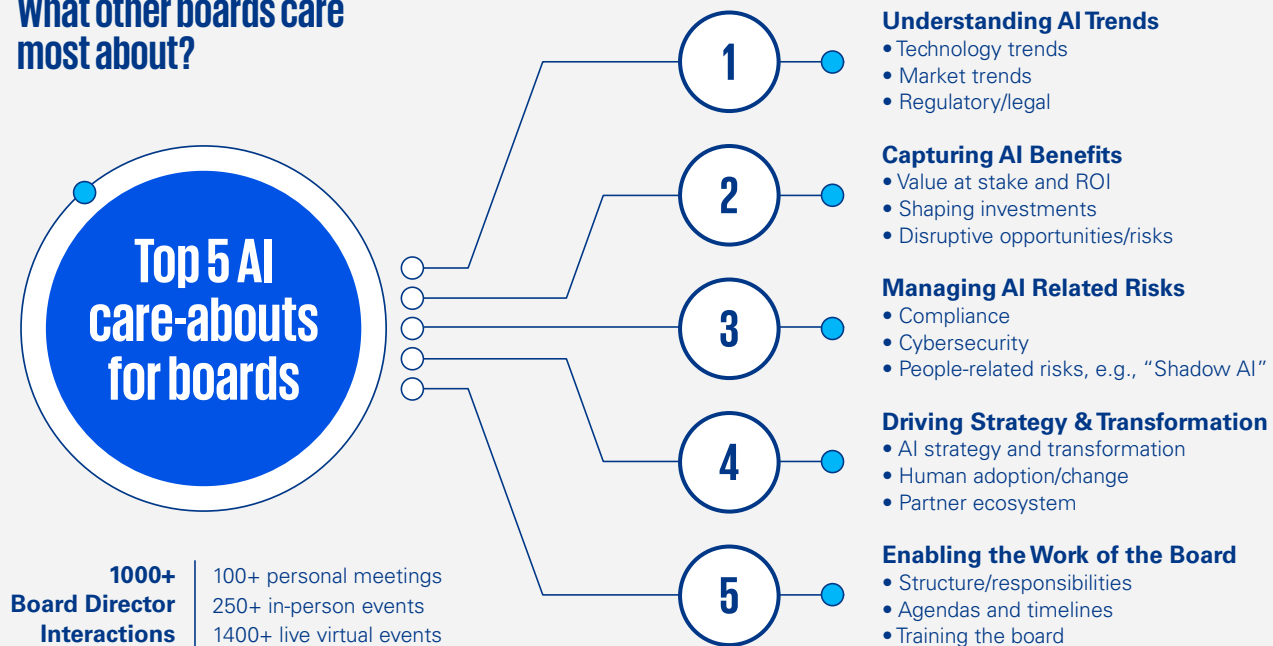
Perspective from Per Edin, former Board Committee Chair and AI Sales Acceleration Leader for KPMG LLP

As the world transitions from exploring AI to transforming and operating with AI, the role of the board has never been more crucial, nor more complex. AI offers significant opportunities for value creation but also significant risks, e.g., in cybersecurity. Aligning on a vision and strategy that balance both is proving difficult but, harder still, executing the enterprise-wide change required to make it happen. From a governance perspective, boards are struggling to navigate this journey. Directors face a triple governance challenge in dealing with the dizzying pace of AI development, its enterprise-wide impact, and potential to disrupt business models. Some are turning to AI to aid them in the journey.

Drawing on the author's interactions with over 1'000 board directors, this article outlines five AI priorities dominating boardroom agendas today. It also introduces an actionable AI governance framework – co-developed by KPMG and INSEAD – to help address them. The relevance for Swiss companies was evident at the recent FuW Corporate Governance Excellence Forum in Zurich.



What other boards care most about?



The top five AI care-about for boards

Over the last three years, the author has had the chance to interact with more than 1'000 board directors across the world on the topic of AI. This includes interactive virtual sessions with hundreds of board directors at a time, to in-person sessions with the full board, a committee, or individual directors. In parallel, he also served as a board director for KPMG LLP and chaired the Operations and Technology committee during a period when we had to make significant strategic decisions, major investment and change in the organization to accelerate AI transformation. While there are clearly differences across companies, most of the questions and challenges that board directors raise fall into one of the 5 following categories.

- How to make sense of the latest AI market trends and constantly evolving flavors of AI?
- How to quantify, prioritize and capture the many types of value AI can bring?
- How to prioritize and manage AI-related risks, particularly cybersecurity?
- How to evolve corporate strategy and shape a transformation program considering the above?
- How to evolve the work of the board itself to ensure excellence in the AI era?

The importance of these five areas, and their potential impact on Swiss companies, was also discussed at the recent Corporate Governance Excellence Forum in Zurich, organized by the Finanz und Wirtschaft Forum, with an excellent panel dialog² featuring Guy Gecht (Logitech and SolarEdge Technologies), André Kudelski (Kudelski Group, Innosuisse), Florian Schütz (Bundesamt für Cybersicherheit), and Marianne Wildi (Hypothesekbank Lenzburg AG, Finstar AG).

1. Understanding AI trends – from a board perspective

AI is evolving so rapidly that many directors struggle to keep up with the fast-moving trends in the underlying AI technology, its implication for market dynamics and evolving regulatory landscape.

Key technology trends to watch include the transition from "Generative AI" (e.g., chatbots that advise you what to do) to "Agentic AI" (that takes action independently on your behalf) and now "Physical AI" that interacts with the real world around us (e.g., industrial machinery and robots). Each transition significantly expands the addressable opportunity for AI (e.g., by enabling more work to be automated) but may also require more change- and risk management to succeed.

As for market trends, the demand for AI appears to be growing faster than AI capacity can be rolled out. As a result, major AI providers are investing at an unprecedented pace to expand capacity but also changing pricing strategies to charge for actual consumption, instead of per seat, which has led to increasing focus on the cost of using AI. At the same time, major AI providers are partnering with professional services firms and private equity players to accelerate enterprise adoption by deploying teams of “forward deployed engineers” inside their customers’ organization. From a governance perspective, this implies taking a fresh look at AI budgets and expected returns, plus making strategic choices on whom to collaborate with in the market.

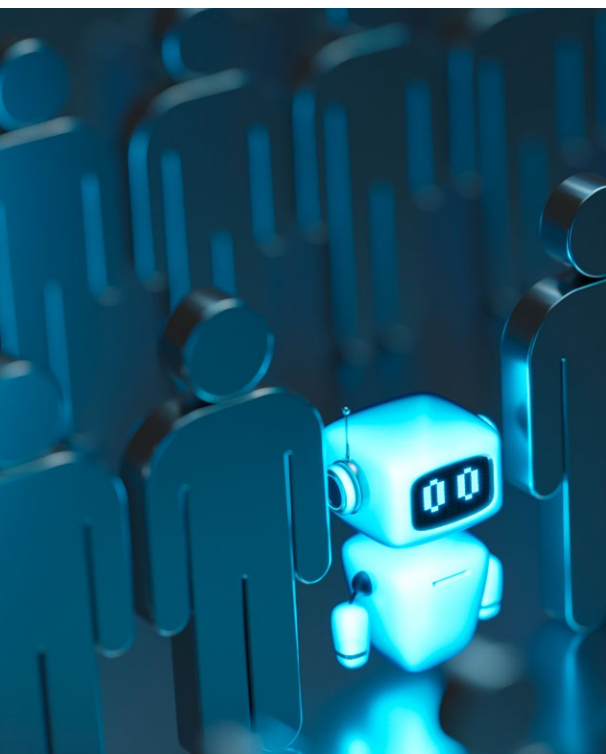
In terms of regulatory trends, the EU AI Act legally entered into force two years ago and most companies have been expected to comply since 2 August this year. In the US, there is no equivalent regulatory framework yet, but the debate is heating up, e.g., driven by cybersecurity concerns and recent examples of unexpected behaviors by AI agents during testing. From a board perspective, this makes governance complicated and warrants sufficient time to be built into board agendas.

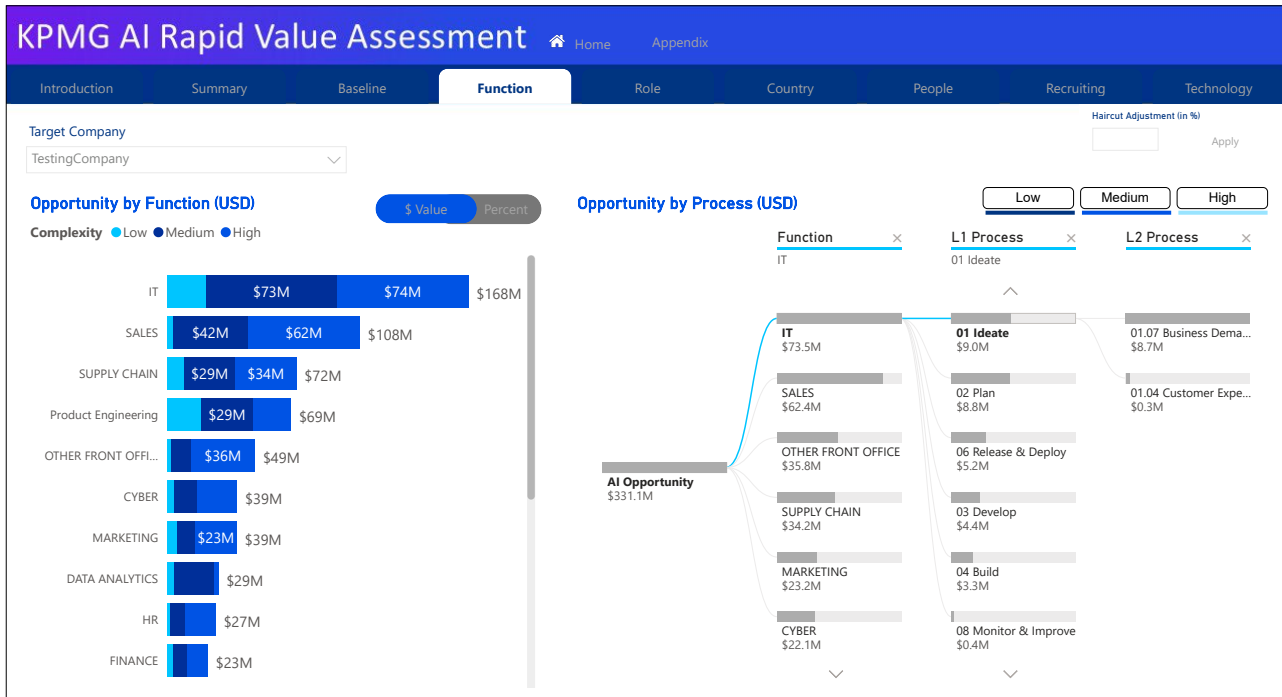
2. Capturing the benefits of AI

Understanding the potential value at stake for a company to adopt AI at scale, and where the biggest opportunities and barriers sit within the organization, are key considerations for boards to provide effective oversight. Without understanding the benefits, no risk is worth taking. If the benefits are significant enough to drive competitive advantage, not capturing this upside may be the biggest risk a company faces. The more granular this estimate is, the easier it becomes for directors to consider whether management is over- or under-investing in their AI transformation, if the design of their transformation is focused on the highest value opportunities, and if the projected costs are warranted given likely returns.

Of all the potential benefits AI can bring, the easiest benefit to quantify and measure today is improving labor productivity for the knowledge workers in the company. By enabling them to free up time with AI, thousands of hours may be re-invested, e.g., to drive more volume at similar cost, which results in gradual margin expansion in the P&L. While this represents only a small portion of the total value, it is often enough for a CFO to justify funding the transformation. However, it is very conservative and does not include benefits that are harder to quantify, like better decision support, faster time to market, more innovation, customer satisfaction, better quality, and accelerated growth.

To guide our clients on their AI value-creation journey, KPMG has developed a unique tool – the Rapid Value Assessment – and used this to quantify and benchmark the AI labor productivity potential for 17 million companies across the world. We built a “digital twin” of each organization and leveraged a portfolio of external data sources to quantify the value at stake by country, function, process, and role (see attached example). The model does not require any proprietary information from the target company itself and can be used free of charge by existing or potential KPMG clients.





3.Managing AI and cybersecurity risks

Of the many risk-related questions that boards grapple with, three currently stand out as most frequently top-of-mind, with cybersecurity rising to the very top of the list. Firstly, cybersecurity has always been a priority but has now risen to the top spot given the power of the latest frontier models that can now find vulnerabilities in many standard software packages enterprises use. AI is unfortunately having a triple effect in raising this risk, i.e., AI enables bad actors to run more attacks with the same effort, each attack may also become significantly more effective over time, and the more the target company uses AI, the more exposed it may be. At the same time, companies can use AI to also make their defenses more powerful.

Overseeing this “arms race” can be very challenging for a non-technical board member but common considerations include securing investments, talent and expertise (in-house or from third parties), and leveraging the latest technology solutions including AI in the defense. However, the risk of cyber attacks cannot be eliminated, hence increased focus on resilience measures and scenario planning becomes equally important. Looking ahead, there is also a rising risk that quantum computers become available that are able to break currently safe encryption algorithms within 1 - 3 years (i.e., within the average remaining tenure of most board members) thus may warrant consideration already today.

“No company transforms faster than the speed of trust.”

Samantha Gloede,
Global Head of Risk Services and
Global Trusted AI Leader, KPMG International

Secondly, linked to this, are the “shadow AI” risks driven by employees using unauthorized AI tools at work, outside corporate control. This significantly increases the risk for leaking proprietary and sensitive information outside the company and widens a common vector for cyber attacks. In a recent KPMG survey of more than 40,000 people, 44% responded that they have used AI in ways that conflict with corporate policies. Common remedies include ensuring all employees are given access to modern AI tools supplied by the company and doubling down on policy awareness and compliance training. Thirdly, AI increases the strain on the company’s governance and compliance processes, and the board plays a key role in overseeing that these are sufficiently updated and resourced. Common challenges include failing to embed state-of-the-art Trusted AI principles across the full company, treating AI as a stand-alone risk – not recognizing how much AI may impact many other risks tracked – and only relying on internal management interviews for enterprise risk assessments.

4. Driving corporate strategy and transformation

Drawing the implications of AI trends, opportunities and risks on a company's strategy is no easy feat for management and many directors struggle with how to provide appropriate oversight of this process.

A key AI governance challenge is how to consider the interlinkages between three tiers of impacts in the strategy formulation process: Firstly, how to use AI to improve company performance (AI strategy). Secondly, how to evolve the overall corporate strategy (in light of AI and other drivers). Finally, how AI may affect the entire market in which the company operates (e.g., business model disruption).

In formulating the AI strategy, it is important to ensure holistic coverage of at least five key areas, which are:

- how the company sells its products and services (go-to-market)
- what the company sells (portfolio)
- how offerings are delivered (supply chain)
- how AI will be used internally (operations)
- how the company's business model may need to evolve (to avoid being disrupted and/or to disrupt others).

A common bias is to focus disproportionately on the internal adoption of AI versus considering how the external conditions for success in the market may change, e.g., "if every customer, supplier, partner and competitor also transform with AI" at a similar or faster pace (which is likely).

Executing the AI strategy requires either designing a new transformation program or incorporating AI into a broader ongoing effort. Common considerations include what targets and budgets to set (e.g., 10-20% of the targeted annual AI productivity uplift), where to start in the organization (e.g., highest value and lowest risk areas) and if to appoint a Chief AI officer to strengthen focus and accountability.

5. Enabling the work of the board with AI

While almost never the first point addressed, this may be the area generating the highest interest among directors so far. A common practical dilemma is how to ensure good governance of AI, without de-prioritizing other important topics or adding more time for busy directors serving on many boards. Levers to explore include putting AI more frequently on the agenda (given that it is doubling in performance every few months), letting one or more committees off-load the full board (ideally not only the audit committee to avoid risk bias), accelerating board training (ideally as a group), and recruiting AI-savvy board members to increase board effectiveness.

The use of AI in the boardroom is also an increasing topic of interest. Common levers to explore include providing approved AI tools to help directors prepare for board meetings or to help management shape better board materials and even their board presentation. Some explore having AI as a boardroom participant (e.g., as an observer to avoid biases and blind spots) and, in rare cases, having AI act as a full voting board member. Researchers have even shown that a board consisting only of AI agents can significantly outperform human boards in simulated board meetings³.

AI Governance Principles for Boards

To help board members discuss and make practical decisions on AI oversight, KPMG co-developed the "AI Governance Principles for Boards"¹ together with the INSEAD Corporate Governance Centre and informed by the perspectives of experienced board members globally. These principles are designed to help boards ask the right questions, balance opportunity and risk, and strengthen oversight without stepping into management.

They can be accessed free of charge at <http://www.kpmg.com/AIBoardGovernance>





Each principle is designed to help translate governance intent into practical board oversight conversations for a key area of challenge. They are deliberately non-directive to allow boards to apply them in line with their own organizational context and jurisdictional requirements. The framework sets out five core principles to guide board-level oversight of AI:

1. Strategic oversight for long-term value creation

Boards are expected to ensure AI initiatives align to the organization's mission and contribute to sustainable value creation, overseeing how AI is integrated into business models, investment strategies and ecosystem partnerships.

2. Active technology and security oversight

Boards are expected to actively oversee strategic AI technology choices and expect appropriate consideration of critical parameters such as speed, cost, sovereignty, privacy, safety and security.

3. Workforce transformation and human accountability

AI will reshape roles, skills and culture. Boards must oversee how management prepares the workforce, ensuring human judgment remains central where necessary and ethical considerations are embedded in decision-making.

4. Building trustworthy AI

Boards are responsible for ensuring AI systems reflect organizational values and comply with legal and regulatory obligations, including fairness, transparency, inclusivity and accountability in ethical deployment.

5. The work of the board

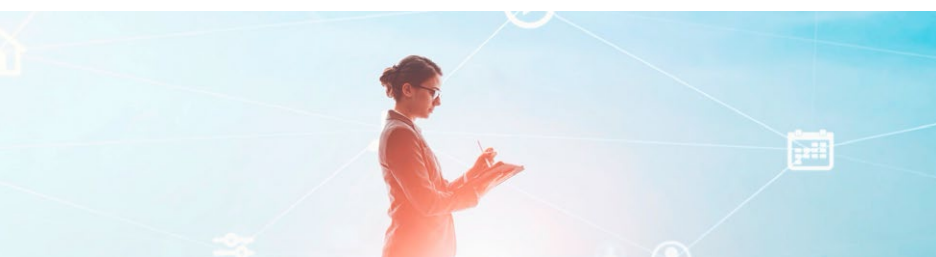
Boards must evolve structures, processes and capabilities to remain effective in the AI era, potentially updating committee charters, enhancing director expertise and integrating AI into board-level risk and performance oversight.

Collectively, these principles offer boards a structured starting point for overseeing AI in a fast-moving, uncertain environment – supporting informed decision-making, responsible innovation, and sustained trust among stakeholders. By applying these to the work of your boards, we hope to contribute to reinforcing board excellence in the era of AI at a pivotal moment for the world.

"These sector-agnostic principles have been guided by the latest research insights on technology governance and possess worldwide applicability. They are thus suitable for organizations regardless of their level of AI maturity, ready to be used by boards, along with local regulatory and cultural guidelines, as they build their own AI governance frameworks."

Annet Aris

Senior Affiliate Professor of Strategy
Academic Director of INSEAD Corporate
Governance Center





AI is advancing at unprecedented speed, reshaping business models, decision-making, and risks. For boards, the challenge is no longer whether AI matters – it is already at the top of the agenda and will likely stay there for a long time. It is rather, how to confidently, responsibly, and effectively oversee its use, with balance between opportunities and risks and a view to maximizing long-term value creation.

Author



Per Edin

Former Board Committee Chair and AI Sales Acceleration Leader for KPMG LLP

+1-650-605-5653



References:

¹Press release – Global AI Governance Principles for Boards (KPMG London, UK, 14 April 2026) in collaboration with the INSEAD Corporate Governance Centre.

See <http://www.kpmg.com/AIBoardGovernance>, [INSEAD Corporate Governance Centre | INSEAD](#)

²Conference presentation - Finanz und Wirtschaft Forum, Corporate Governance Excellence 2026 in Zurich on July 17 July 2026; Panel on “Boards in the digital age” featuring Guy Gecht, André Kudelski, Florian Schütz, Marianne Wildi and Per Edin (moderator). See [Corporate Governance Excellence 2026 - FuW Forum](#)

³Harvard Business Review, 5 November 2026 – “Can AI Boards outperform Human ones?” Referencing work performed by the Advanced Board Program at INSEAD and the Mack Institute for Innovation Management at Wharton Business School.

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The KPMG Board Leadership Center offers support and guidance to board members. We equip you with the tools and insights you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business. In addition, we help you to connect with peers and exchange experiences.

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