

The crucial role of data governance

As AI's transformative journey continues, organizations should focus on data quality, good governance and trust

Around this time last year, we summarized the technology trends for 2023¹. That article focused on what's new, how to grasp the opportunity and why it is important to be aware of the risk and control implications in a timely manner. The year unfolded with its own dynamics, and it remains hard to predict the future; however, we have seen an ongoing step-up in the use of new technologies.

The situation again looks promising for 2024. The World Economic Forum in January 2024 focused on AI, positioning it as a solution in many areas. Generative AI is taking this to the next level by creating opportunities in the transformation of businesses and processes.

Gartner's Top 10 Strategic Technology Trends² for 2024 also puts AI strongly at the center of developments. AI could drive a business toward its goals faster. Also featured in the top 10 are trust, risk and security management as well as an ongoing cyber agenda around continuous threat exposure management.

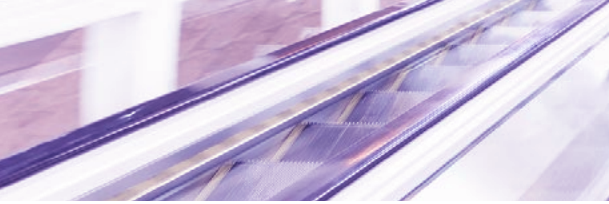
Forrester³ talks about exploration generating progress, i.e., that business leaders need to embrace the spirit of exploration. The AI inflection point is here, with no time for a "wait and see" approach. Forrester recognizes that the focus on AI is not the only dynamic as the macroeconomic picture remains cloudy, employee engagement is poised to slump, and political division is not going anywhere.

¹ Fijneman, Technology dynamics in 2023: How will it look like, Board Leadership news KPMG, edition 02/2023

² Gartner, October 2023, Detailed Guide to Gartner Top 10 Strategic Technology Trends 2024

³ Forrester, Predictions 2024 Guide





This is something the audit profession is also investigating. The tech-enabled audit is developing rapidly as AI tools extend and enhance the portfolio to make audits even more effective and efficient.

What can we learn out of all these trends and focus areas? They are fast moving, require agile steering and enough flexibility in overall corporate governance. It is not that easy to develop the right standards and budgets to help these trends come alive.

A common theme that emerges in the AI conversation is data quality. Data governance and data quality have been on the agenda for many years. Now, with the direct use of data, the rule sets linked to this data, learning and the generation of decisions make it all the more critical that the “raw” or “starting data” is correct.

Although data quality should have always been a focus area, there has previously been the possibility to review outcomes – supported by automated and user controls – before taking actions. This allowed scope for corrective actions when needed. Now the cycles are becoming interwoven, and the only way forward is with a clear set of data.

Data governance, as defined by Abraham et al.⁴, refers to the exercise of authority and control over the management of data. The purpose of data governance is to increase the value of data and minimize data-related cost and risk. This starts with the integrity of the data input based on well-defined data elements. The ownership of the data elements should be clear, implemented and safeguarded with explicit authorization rules reflecting the segregation of duties of the business. This requires an in-depth exercise looking at all relevant data elements. It may not be perceived as the most value-adding task and therefore often lacks budget and focus. However, if businesses want to embrace the data-driven opportunities and the full potential of AI, they must get the foundations right. The only way forward is to resolve any backlog in data quality – and then maintain it properly.

⁴ Abraham, Schneider, Vom Brocke, Data Governance: a conceptual framework, structured review, and research agenda, International Journal of Information Management, volume 49, December 2019





Many authors have described data as the “new gold” in recent years because it has become a critical raw material for producing digital products and services. The vast amount of data available has the potential to generate valuable insights and fuel innovation. In order to realize the full potential of data, it is important to store, organize and structure it in a way that makes it easy to access.

Launching the next wave of AI underpinned with good data governance seems to be the way forward. Taking the security, control and ethical standards on board from day one makes this journey a trustworthy⁵ and exciting one. Let’s see where we finish at the end of 2024.



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⁵ KPMG's Trusted AI framework

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