AI Cloud Council
(1st session: AI and Policy)
Future Transformed by AI and Cloud: Role of Legal and Compliance

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Opening Remarks
Alice Graham, Assistant General Counsel, Corporate, External and Legal Affairs, Microsoft Japan Co., Ltd.

AI & Ethics for the Enterprise
Michael McLoughlin, Director, Global Public Affairs, Corporate, External & Legal Affairs, Microsoft Corporation

Panel Discussion

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Yoko Arisaka, Senior Manager, Legal Section, Legal and Compliance Department, Sony Corporation

Satoshi Funayama, Senior Attorney, Corporate, External and Legal Affairs, Microsoft Japan Co., Ltd.

Opening Remarks
Alice Graham - Assistant General Counsel, Corporate, External and Legal Affairs, Microsoft Japan Co., Ltd.

Alice Graham delivered the opening remarks for the seminar, introducing the topic of Artificial Intelligence and regulations. "We hear about AI increasingly often. It is vital for us to discuss what AI is and what the risks surrounding AI are", said Graham who also shared results from a survey around AI.

Japan ranked high both when measuring the country's AI readiness and when measuring its positive perception.

"We hope that the discussions today will contribute to your thoughts surrounding this technology", Graham concluded.

AI & Ethics for the Enterprise
Michael McLoughlin - Director, Global Public Affairs Corporate, External & Legal Affairs Microsoft Corporation

Michael McLoughlin discussed the relationships between Artificial Intelligence & Ethics in the context of enterprises, starting by framing the concept of AI.

What AI is and what AI can do

AI is "software that can be trained to recognize patterns or make simple predictions as well as or even better than humans in certain limited domains". Examples of AI include pattern recognition (activities such as recognizing faces, identifying objects or classifying emotions) and prediction (translating sentences, answering questions, driving cars). With regards to some of the concerns voiced about AI, McLoughlin specified that at this stage AI is something that is not self-aware and is not likely to be self-aware anytime soon. AI today is about computer understanding world.

"The newer side is the cognition, the ability of taking information and drive insights. This is the result of increasing amount of access to data and high computational power", explained McLoughlin. "The development of the cloud is commonly regarded as our next effort at Microsoft to democratize this computational power", he added. The cloud represents the ability to have access to this computational power to

solve the world's problems and create new and better ways of doing things. To this extent, McLoughlin showed a video that illustrated examples of how AI is being applied to solving some of the pervasive problems across the world, such as global warming or world hunger.

AI and Ethics

Importantly and as demonstrated by several studies, AI is also poised to have a dramatic and lasting economic impact around the world. This impact on economy and world issues raises questions about AI Ethics. Every powerful new technology in history comes with risks and opportunities.

"At Microsoft we've thought deeply about AI Ethics, and we've come up with Six Basic Principles for Ethical AI", stated McLoughlin. The model was built with contributions from

Microsoft's internal experts as well as from thought leaders from various disciplines.

The Six Basic Principles are Fairness, Reliability & Safety, Privacy & Security, Inclusion, Transparency and Accountability. Microsoft's top priorities are the four categories of Fairness, Reliability & Safety, Privacy & Security, Inclusion. Underneath them there are the foundational considerations of Transparency and Accountability.

Fairness speaks to the need of understanding how bias can be introduced and affect recommendations. In the Reliability & Safety space, the stress is on evaluating training data, testing extensively, monitoring ongoing performances and being ready for the unexpected circumstances.

Privacy & Security are key for Microsoft. Privacy regulations help Microsoft to design products that respect privacy and meet local laws to protect data. Inclusiveness is an area of high interest as involves designing inclusive practices to address potential barriers that could unintentionally exclude people, as well as enhancing opportunities for those with disabilities.

At the basis of these categories there are two foundational considerations. "The first one is Transparency. It's crucial to be able to improve the work we are doing. The second one is Accountability. It's about ensuring that computers remain accountable to people and that people designing computers remain accountable to anyone else", said McLoughlin.

How AI can empower people

"15 percent of the world population have accessibility issues and can benefit from AI solutions – said McLoughlin – If computers are good at vision, imagine what that means for the people who have problems at seeing. AI is poised to help this community even more deeply than any other in the world together". To give this some concrete examples, McLoughlin showed a video about "Seeing Ai", an app designed for the low vision community.

Microsoft also focuses and invests on initiatives such as "AI for Earth", which is aimed at empowering people and organizations to solve environmental challenges by using artificial intelligence, or AI for Humanitarian action, which focuses on partnering with others using AI to help with disaster relief, the needs of children and helping with refugees and displaced people.

AI Ethics in the Enterprise

But what does AI mean for the enterprise? McLoughlin's opinion is that Ethical AI Expertise takes knowledge plus courage. First, you need expertise on laws and regulations, and that requires focus and commitment. Then, it takes courage: "At Microsoft we strive to lead when we can. Our president and chief legal officer Brad Smith a few months ago issued a call to the US government asking to regulate the use of face recognition software, for example", said McLoughlin.

Part of what Microsoft does as a technology company, he added, is working with governments and policy-makers to help them understand the technology. But it's also helping them develop laws that protect everyone and ensure people get the best out of the potential of AI. Finally, McLoughlin illustrated how Microsoft is organizing itself internally to focus on these issues. The company formed an internal group called the AETHER (AI and Ethics in Engineering and Research) committee, made up of experts across the company, that regularly reports to the board meetings quarterly. They have a standing agenda to talk about issues related to AI and Ethics. Microsoft has established that group as a way to provide clarity to leadership that would inform strategy.

To conclude his remarks, McLoughlin pointed to a few resources – books published by Microsoft that cover a range of AI related issue, aimed at helping professionals through these issues in their respected companies.

Panel Discussion

Michael McLoughlin - Director, Global Public Affairs, Corporate, External & Legal Affairs, Microsoft Corporation

Yoko Arisaka - Senior Manager, Legal Section, Legal and Compliance Department, Sony Corporation

Facilitator: Satoshi Funayama - Senior Attorney, Corporate, External and Legal Affairs, Microsoft Japan Co., Ltd.

A speech by Yoko Arisaka from Sony Corporation's Compliance Department introduced the panel discussion, providing some insights on Sony's activities surrounding AI, starting from its household entertainment robot "AIBO" in 1999. In 2016, Sony announced that it shifted back its focus onto AI and robotics technology as the core of its business. In 2017, Sony was the first Japanese corporation joining "The Partnership on AI", a non-profit organization aiming to provide collaborative opportunities to address social issues surrounding AI technology and in relation to ethics and innovation. Arisaka also provided some current examples of AI technology Sony is working on. As a business spanning different industries, Sony has developed its own AI ethics guidelines, published in September 2018, with the goal of accelerating AI development while having a shared

understanding of AI development within the company.

Panel Discussion

The panel was moderated by Satoshi Funayama and allowed for a lively discussion. "The issues revolving around AI cannot be solved by a single company or country. It is a vital time now for Microsoft and Sony to work together to tackle these issues", said McLoughlin. Arisaka noted that "Microsoft has published books such as "The Future Computed" from the legal and compliance department, demonstrating Brad Smith's strong leadership and Microsoft's deep knowledge surrounding AI."

Then, McLoughlin stated that while the issues and challenges surrounding AI and the solutions that are required continue to be unpredictable, the method of developing a framework for activities, as Sony has done, is vital. "Around 2001-2002, cybersecurity was a key issue within the technology space – he said – During this time, our CEO, Bill Gates, required all of us to make security a top priority, which drastically changed our culture of focusing on new features and better functionality. We can see a similar cultural change surrounding AI ethics."

Challenges and Role of the Legal Department in the Establishment of the Guidelines

Establishing AI ethics guidelines has its challenges, as illustrated by Arisaka: "As we announced that we would focus our attention on AI in 2016, the legal department brought to attention the need for ethics guidelines, but first we also needed to let everyone understand that the goal of the guidelines was to accelerate the development of AI technology".

McLoughlin shared his perspective: "When Microsoft established their principles, we received feedback and

participation from various stakeholders internally, including full-time developers. In addition to our legal and compliance department, senior business management were also vocal in addressing the importance of AI ethics, commenting on not only the humanitarian aspects of the principles, but also surrounding its contribution to the business."

Failure and Lessons

Funayama introduced the topic of failure and lessons that come with technological advancement recalling the launch of the ChatBot in 2016. "When a mistake occurs, it is important to be transparent about the mistake, to be willing to accept feedback, and to be able to learn from the mistake – said McLoughlin - Bravery is required in order to innovate and it is important to keep in mind that mistakes should not stop progress. With strategic preparation and shared principles, we believe that we are able to foster long-term trust in society."

Implementing the Guidelines and Impact on the Business

Subsequently, Arisaka discussed the implementation of the guidelines internally. "At Sony we have received global feedback in regards to the guidelines – she said – and have begun to rethink, improve, and evolve the rules and details surrounding AI product, service and content launch, based on the feedback and in cooperation with the AI developers and other departments. In addition, for technology such as the facial recognition Smile Shutter, we are pushing for deeper discussion surrounding research on how people smile and skin tones, as well as how to be accountable to the public."

Approaching the Next Generation of Legal Issues

Collaborating with governments in fields such as AI is key to approaching the new generation of legal issues. "Sony is working closely with the government, not only contributing to the policy discussion, but also providing opinions on the educational needs for supporting the coming AI society", said Arisaka.

McLoughlin also added that: "At the time when cybersecurity became a talking point, no one knew how to measure security. Fifteen years later, we all know how to measure and understand it. The same can be said for AI ethics. Currently, we are in the stage of discovering the unknown, but ten years from now, people won't be discriminated against through AI."

Legal and Compliance Department's involvement in the Global AI Discussion

In the end, McLoughlin commented on how legal and compliance departments should be involved in the global AI discussion, noting that each country or region has different approaches and perspectives on AI, as well as various stakeholders that provide their insight as well. In such a scheme, the legal department must be "the pioneer leading countries in developing regulations." Arisaka concluded the panel discussion commenting that "the reason Sony publicized the guidelines was to reach out to creators and promote AI as a tool for expanding creativity, and also to be transparent about how Sony views AI".