

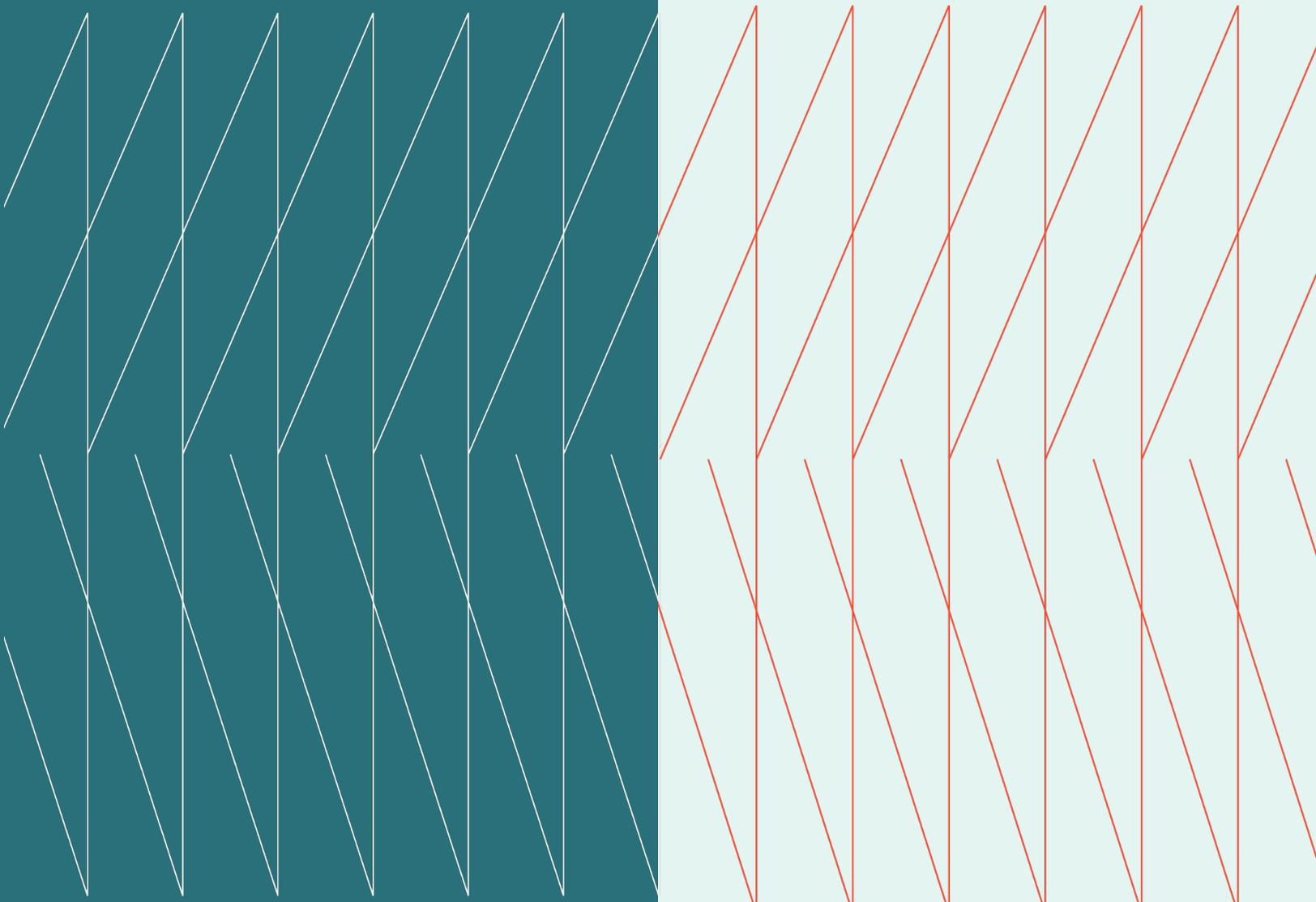
CIO

# Expert Exchange

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## Executive Summary



**Host:**

**Karen Cheng**

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## Overview

“AI is the answer, what is the question?”

The Kyndryl Canada CIO Expert Exchange brought together technology leaders across various industries, and once again, the adoption and operationalization of artificial intelligence were top of mind. The conversation built upon previous exchanges, centering on the balance of internal efficiency plays versus AI-enhanced products and services, preventing “shadow AI” and rising concerns over cloud and data sovereignty.

## Expert exchange themes

- Balancing internal productivity gains versus embedding AI in products and services
- Preventing “shadow AI”
- Cloud and data sovereignty

## Balancing internal productivity gains versus embedding AI in products and services

- Executives noted that AI adoption often starts with productivity gains in back-office functions, then progresses to embedding AI in customer-facing products and services as confidence grows.
- One organization achieved measurable results by using generative AI to enhance its software development lifecycle, resulting in a 15-20% net improvement, from concept to production. Evaluating the end-to-end process was key, as greater efficiency in one area created bottlenecks in others.
- Another organization is utilizing agentic AI to transform its customer care process by analyzing historical customer data to provide human agents with rapid, contextualized recommendations for claims processing. This initiative aims to resolve claims faster and support customer retention, particularly during periods of high volume.
- An academic institution is exploring AI to automate routine student inquiries (about 80%), freeing staff for complex issues while ensuring safeguards to prevent incorrect information.
- Governance teams are using AI tools to achieve significant time savings in content analysis or summarization. For example, a review of System and Operational Controls (SOC) reports now takes hours, not weeks.
- “How would we measure productivity gains from other ubiquitous technologies, such as the internet or smartphones?” This question was raised when the discussion shifted to executive commitments to bold, aggressive cost reduction targets directly tied to AI adoption.

## Preventing “shadow AI”

- Scaling AI requires phased adoption with strong governance, standardized tools, human oversight, and careful measures to prevent “shadow AI.”
- In one organization, security monitoring detected hundreds of unsanctioned AI websites being accessed by employees, prompting the IT department to block, or in limited cases, approve usage.
- Providing authorized tools like Copilot Studio and Power Automate supports low-code “citizen developer” innovation while minimizing the risk of accidentally sharing sensitive data externally.
- One company used agentic AI to make recommendations to human agents, and monitored how often the recommendations were overridden before granting the AI greater decision-making freedom.
- Another company mandated a peer review for projects with automated decision-making to assess their impact on users.
- One company integrates AI into project management to flag policies, helping staff address issues before compliance breaches occur.

## Cloud and data sovereignty

- Data sovereignty hinders AI adoption, as Canadian firms limit data storage abroad and lack affordable local alternatives. With new AI services often launched first in the United States, organizations may need to compromise on data location to access cutting-edge tools.
- It is challenging for sovereign solutions to compete financially because global players invest trillions of U.S. dollars in research and development, creating scale and service offerings that smaller, local competitors cannot easily match.
- Concerns extended beyond the location of data to operational sovereignty, in other words, who ultimately has access to the data, even if the data is stored locally.
- Some organizations are avoiding cloud exposure for their most sensitive workloads by investing in their own internal, isolated compute clusters, housed within their own walls.
- According to the recently published **Kyndryl Readiness Report**, 60% of surveyed respondents stated that geopolitical tensions have already prompted them to modify their cloud strategies. A significantly higher number stated that they arrived at their current cloud environment by accident, rather than by design.

To learn more about the Kyndryl Canada CIO/CTO Expert Exchange or to become a member of this community, please visit this [website](#).

The logo for Kyndryl, featuring the word "kyndryl" in a lowercase, sans-serif font. The letters are a vibrant red color. The 'y' has a distinctive shape with a long descender.

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