AI-Action required

How you should prepare your business for the AI act

heyData GmbH

heydata.eu

About heyData

Founded in	**2020**
Headquarters in	**Berlin**
Colleagues with different nationalities and backgrounds	**50+**
Satisfied customers	**1,000+**
Consultations with our customers	**10,000+**

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1. What is the AI Act and why is it important?

EU legislation to regulate AI

Directly applicable in all EU member states

If you don't comply: fines up to **35.000.000€** // 7% of annual revenue

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1. What is the AI Act and why is it important?

June 2024

AI Act becomes law

Jan 2025

Ban of most risky systems

June 2025

Law enters into force

June 2027

Rules for high risk systems take effect

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1. What is the AI Act and why is it important?

- Eu regulation sets global standards
- No competing frameworks in other regions

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1. What is the AI Act and why is it important?

- Customers are going to demand fair and safe AI
- Investors will only support compliant companies

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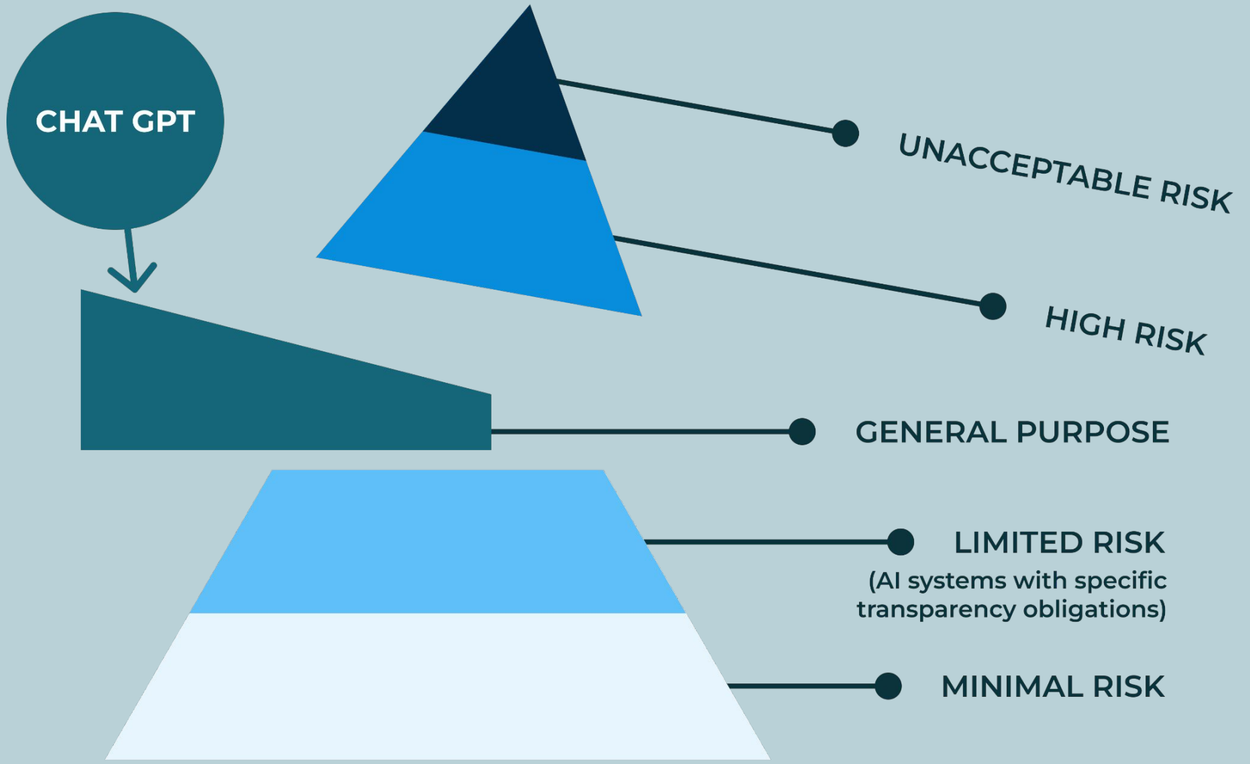
2. What is the risk level of my system?



Source: European Comission

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2. What is the risk level of my system?

Unacceptable Risk systems:

- Biometric categorization or real time surveillance in public
- Emotion detection in workplace/education
- Indiscriminate scraping for facial recognition databases
- Crime prediction
- Social scoring
- Exploitation/manipulation of people to cause harm

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Rule of thumb:

Malicious systems that cause harm will likely be seen as unacceptable risk.

2. What is the risk level of my system?

Minimal risk systems:

- Spam filters
- Computer games
- Strictly creative applications (script writing etc)

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2. What is the risk level of my system?

Limited risk systems:

- Generative AI that can create deep fakes
- Conversational AI which can seem to be human

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2. What is the risk level of my system?

High Risk systems:

- Usage in Critical Infrastructure
- Access to or outcome of Education
- Access to or evaluation in the Workplace
- Access to essential Services
- Migration, Asylum and Border Control
- Justice System and Democratic Process

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3. What steps need to be taken for compliance?

The Act differentiates between different types of actors:

- **Providers** develop systems and place them on the market
- **Deployers** put systems into service that are provided to them
- **Importers** and **Distributors** only place systems on the market

If you make substantial changes or put branding on a system, you become a provider yourself!

Your company can be a combination of these roles!

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3. What steps need to be taken for compliance?

Compliance duties for limited risk systems

Providers

Art. 50 (1)	Inform users they are interacting with AI
Art. 50 (2)	Mark AI content in machine readable form

Deployers

Art. 50 (4)	Mark AI content as artificially generated

3. What steps need to be taken for compliance?

Main compliance duties for providers of high risk systems

System related compliance duties

Art. 9	Risk Management System
Art. 10	Data and Data Governance System
Art. 11	Technical Documentation
Art. 12	Record-Keeping
Art. 13	Transparency and provision of information for deployers
Art. 14	Enabling of human oversight
Art. 15	Accuracy, robustness and cybersecurity

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Main compliance duties for providers of high risk systems

Company related compliance duties

Art. 4	AI literacy
Art. 17	Quality management system
Art. 20	Corrective actions and duty of information
Art. 43	Conformity Assessment
Art. 47	EU declaration of conformity
Art. 49	Registration in AI database
Art. 72	Post-market monitoring system

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3. What steps need to be taken for compliance?

Main compliance duties for deployers of high risk systems

System related compliance duties	
Art. 14	Enabling of human oversight
Company related compliance duties	
Art. 4	AI literacy
Art. 26	Implement organizational measures to ensure compliance
	Ensure system is used according to their instructions
	Ensure only relevant input data is being used
	Keep automatically generated logs
Art. 72	Post-market: provider whenever necessary
Art. 35 GDPR	Conduct a data protection impact assessment

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Important to remember:

Even if you are low risk, you need to classify your system!

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3. What steps need to be taken for compliance?

Total recurring compliance cost per year: about 30.000€ (source: CEPS)

HIGH RISK PROVIDERS

		BUSINESSES	
		One-off	Recurrent
BASIC COMPLIANCE	Direct costs	€ 6000 - 7000 per application	€ 5000 - 8000 per application
	Indirect costs		
VERIFY COMPLIANCE	Direct costs	€ 3000 - 7500 per application	
	Indirect costs	Audit QMS € 1000 - 2000 per day, depending on complexity	Renew audit, € 300 per hour, depending on complexity

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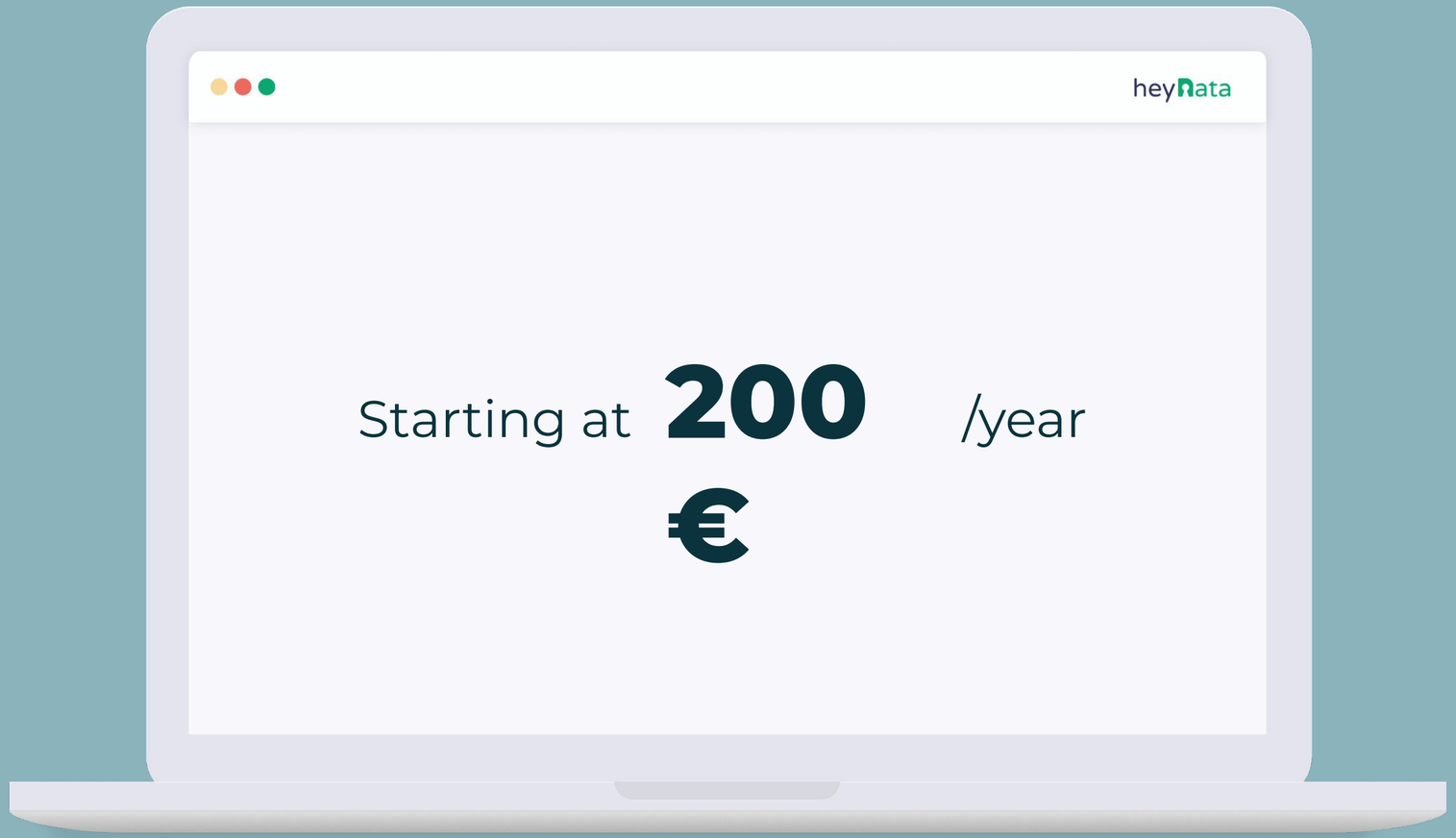

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Let us know if you wanna **learn more!**

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