

The Dentons logo consists of the word "DENTONS" in a bold, white, sans-serif font, enclosed within a white arrow-shaped graphic pointing to the right. The background of the slide is a vibrant purple with a large, abstract, colorful splash of paint in shades of blue, cyan, and magenta on the right side.

DENTONS

AI Agents Are Here! Is Your Business Ready?

Peter Stockburger
Dentons
San Diego Managing Partner
US AI Advisory Lead

Rebecca Hanovice
Topgolf Callaway Brands Corp.
Senior Director, Global Privacy

November 7, 2024

Grow | Protect | Operate | Finance

Discussion

- ❖ How did we get here?
- ❖ What are AI agents?
- ❖ What are emerging legal risks associated with AI agents?
- ❖ Key takeaways for deployment.



The background features a complex, abstract pattern of overlapping, swirling lines in various shades of teal and dark green. The lines are thin and create a sense of motion and depth, resembling a stylized, organic form or a digital data visualization. The overall effect is a textured, layered appearance with a central point of convergence.

How did we get here?

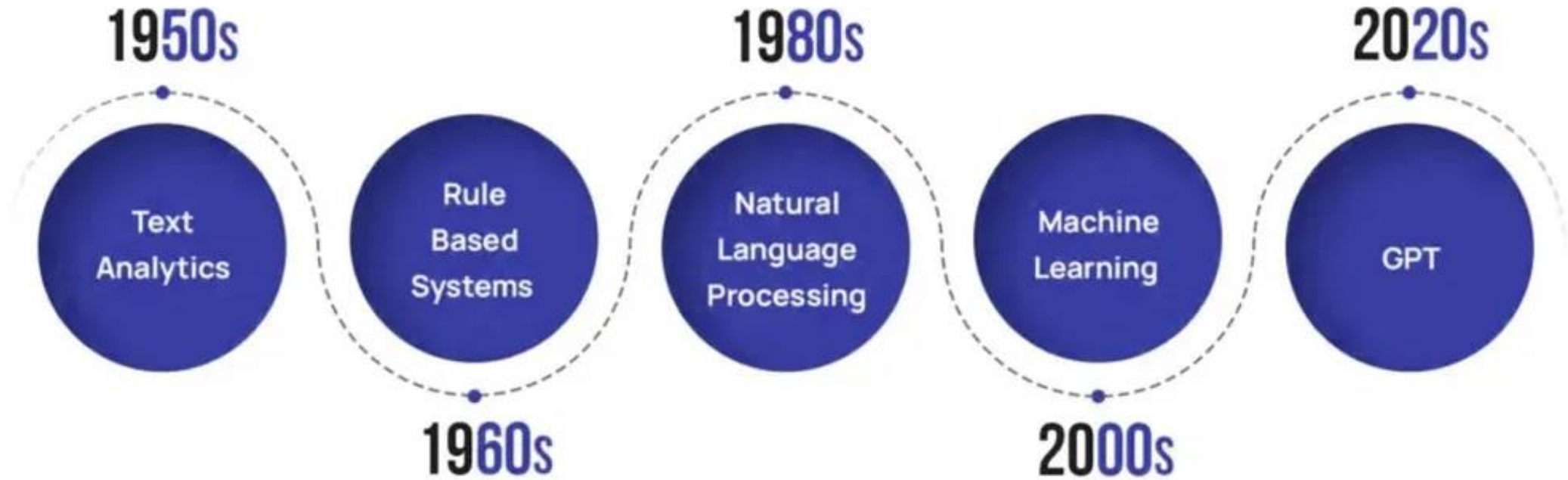
What is AI?

An engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

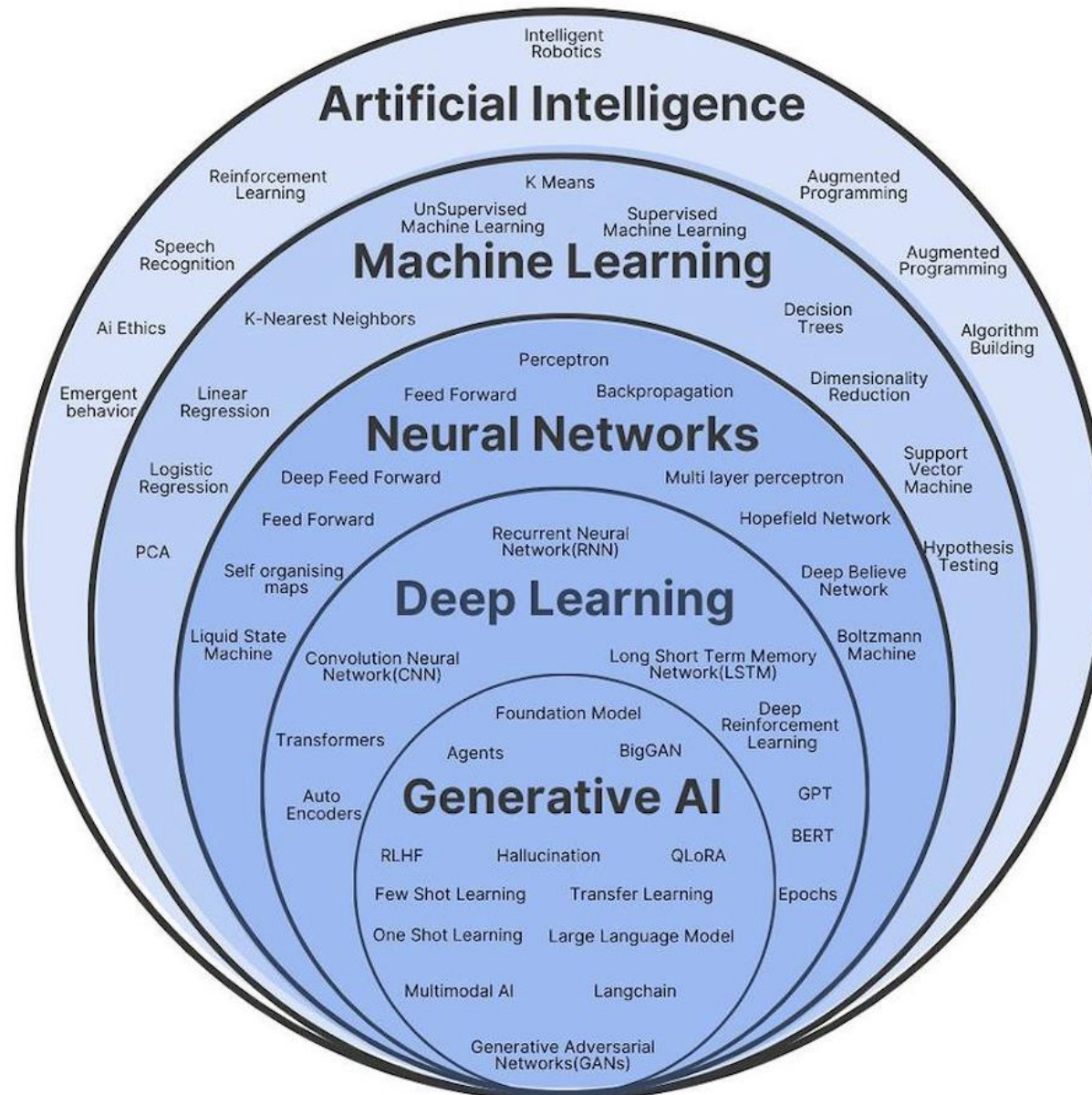
California AB 2885

AI History (1950-2024)

How we got here



What are the different types of AI?





What are AI Agents?

What is an “AI Agent”

An AI agent is generally defined as a machine-based application that tries to achieve a goal by using planning, reasoning, and tools at its disposal.

AI agents can be powered by generative AI, or other cognitive computing models.

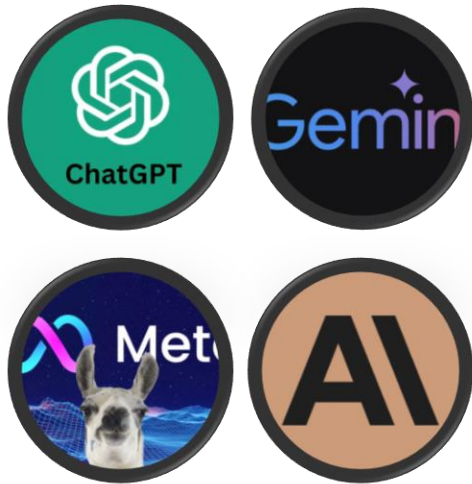


Divergent AI Paths

Generative v. Non-Generative AI

Generative AI

- Foundation models, largely dominated by large language models.
- Transformer architecture focused.
- Dominating the AI space at the model and infrastructure level.



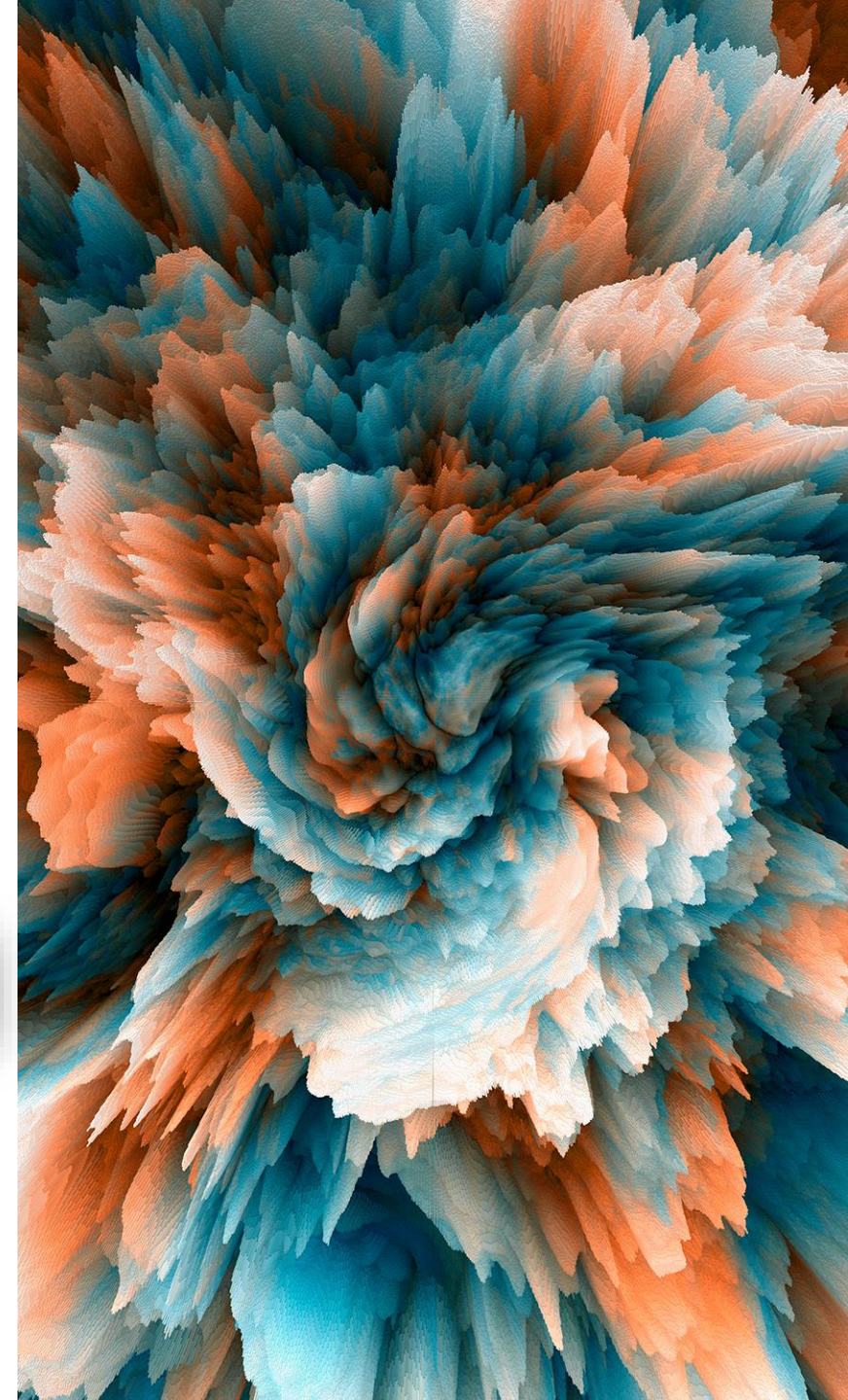
Non-Generative AI

- Emerging companies focused on spatial computing, inference-based AI. Looking at grounding AI in the physical world.
- Limited data and compute power needed.
- Spatial Web Standards and Hyper-Spatial Modeling Language may be disruptive in this space.

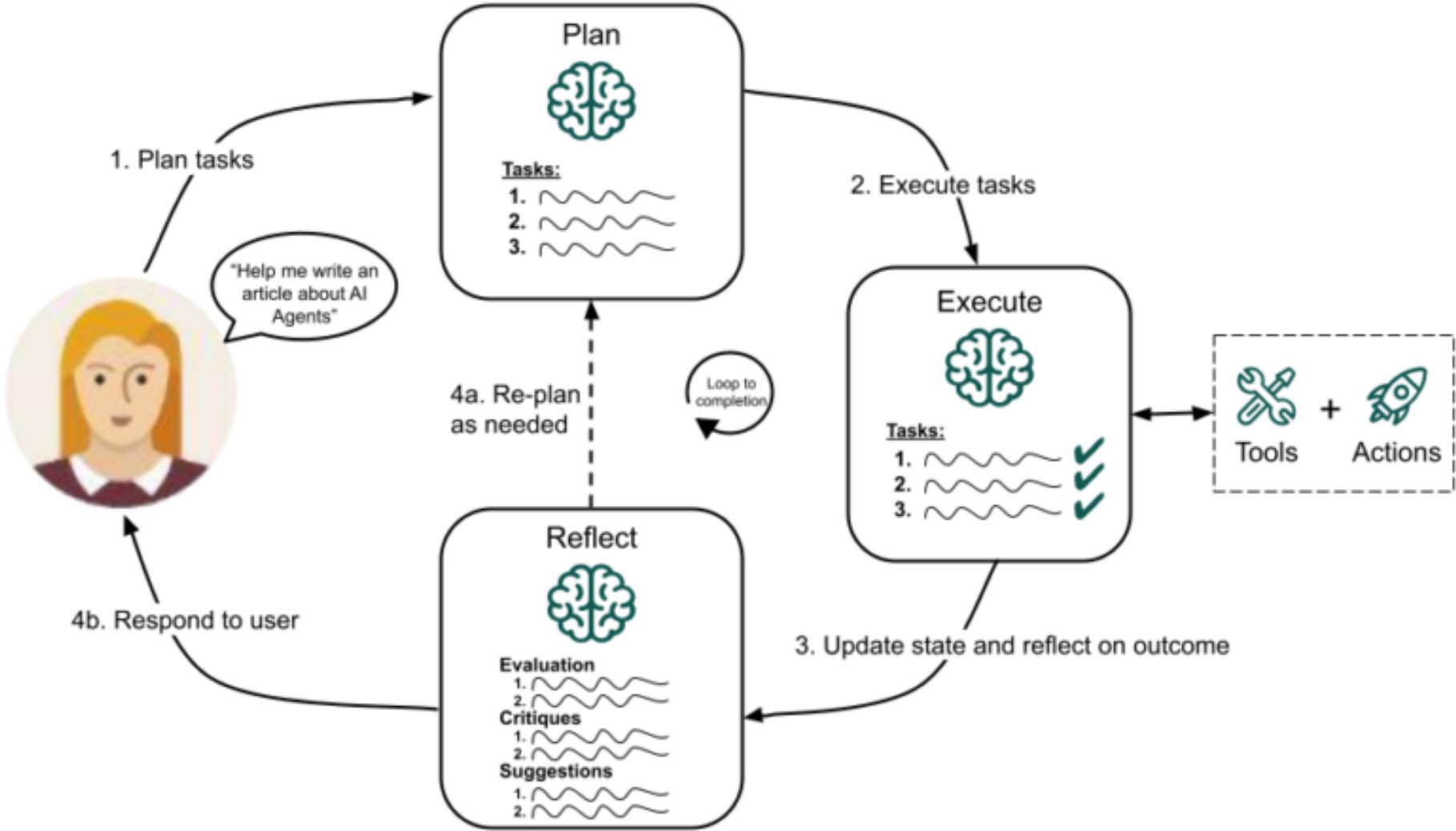
Exclusive: Stanford AI leader Fei-Fei Li building 'spatial intelligence' startup

What the IEEE spatial web standard means for embodied AI - teaching AI to see the world

VERSES and Volvo Cars Demonstrate Pedestrian Vehicle Safety Advancement



Generative AI Agents



Credit: LangChain

AI Agent – Customer Chat



AI Agent – Personal Assistant



ceejay
www.tryceejay.com

AI Agent – Computer Use (Operations)



AI Agent – Computer Use (Coding)





Agents in the Wild

Commercial Deployment Explodes

- **Big Players Enter The Race.** Salesforce, Microsoft, OpenAI, Anthropic, and Google are all releasing agents, agent-building platforms, and agent resources.
- **Interoperability and Orchestration.** Issues of interoperability and orchestration are becoming top-of-mind. OpenAI announced Swarm. Spatial Web standards are on the verge of being released. Are we looking at another IoT?
- **Applications Continue To Explode.** Applications are being built across different use cases and sectors. Sequoia believes this is the real opportunity – potentially replacing SaaS?

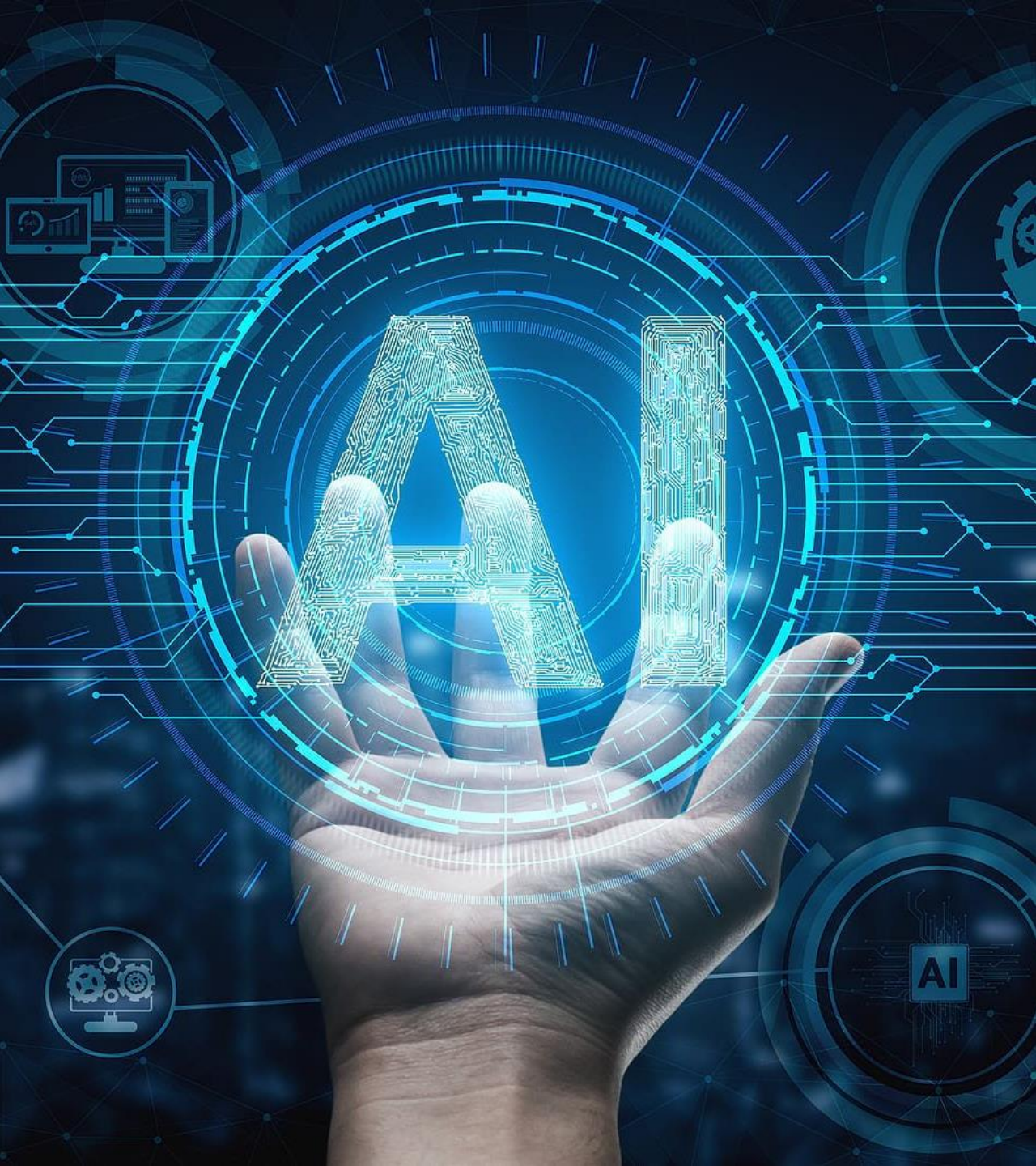


AI Agent Legal Risk

Customer Service Agent Hypothetical

- **The Opportunity.** Customer service is bogged down with mistakes, and inefficient workflows. A new AI agent tool promises to increase customer trust, improve accuracy, and reduce spend.
- **The Vendor.** The vendor offering the solution is not a big player (i.e., not Salesforce). They are early stage, but have promising capabilities. Their contracting is not ideal. The agent tool is powered by generative AI.
- **The Challenge.** You are asked to assess the risk and build out an MSA / SOW for this tool. You've looked at generative AI solutions in the past (i.e., Harvey for legal, etc.) but this feels different due to autonomy.





AI Agent Risk

Generative AI Risk Compounded

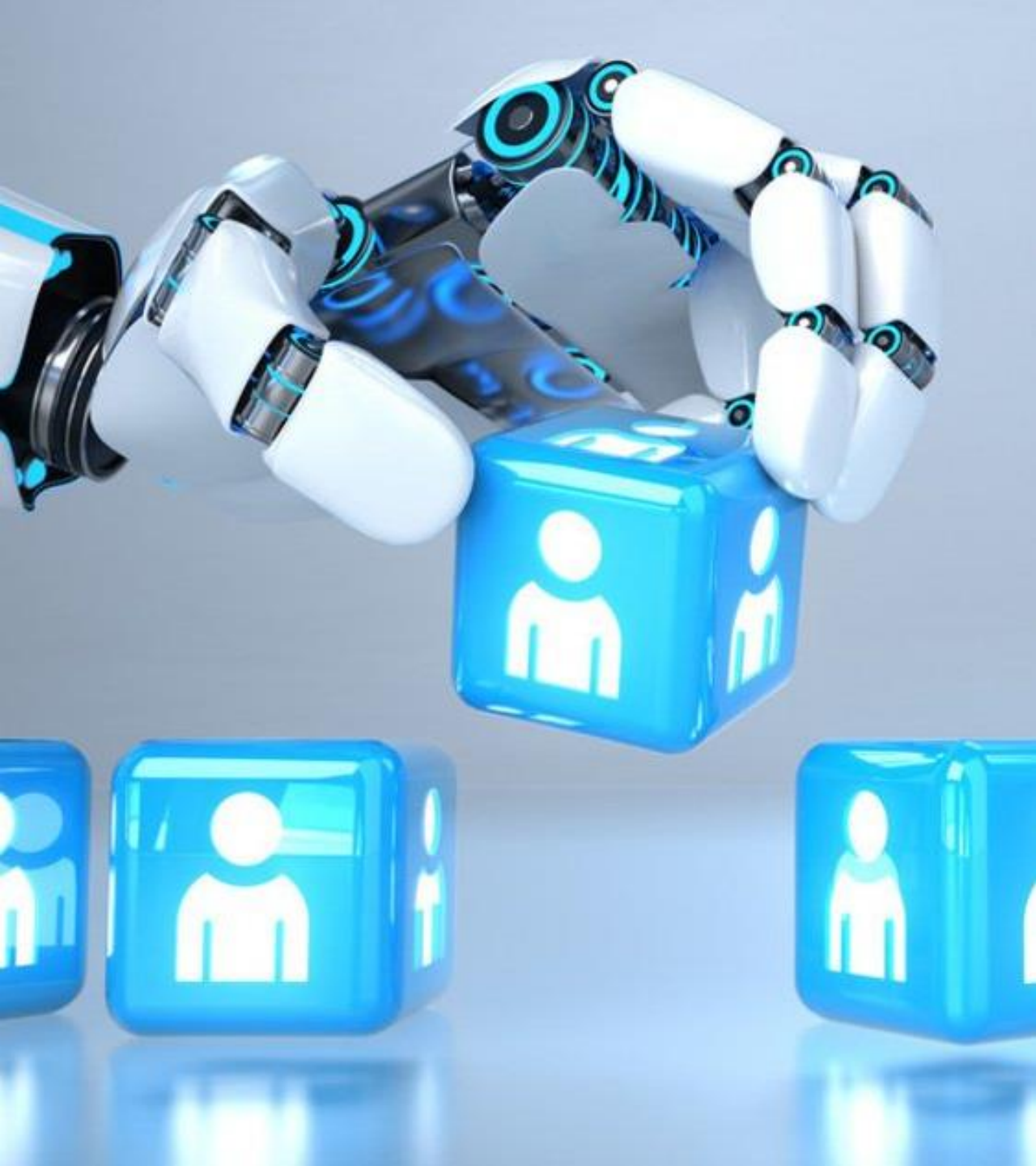
- **Generative AI Challenges Have Not Disappeared.** Generative AI powered agents are reliant on the same technology underpinning generative AI applications. Will the problem become amplified – Titanic hitting the iceberg?
- **Data Flows Become More Complex.** The inherent data governance challenges surrounding generative AI become more complex with multi-AI agent systems and limited human oversight. API call example.
- **Security Risks Increase.** With multiple AI agents potential operating in your ecosystem, security controls, permissions, and risks of infiltration increase.
- **Environmental Risk** . How will this impact your ESG / environmental promises? Board risk?

AI Agent Risk

Accountability & Control

- **Increased Autonomy**. AI agents are defined by their autonomy. As autonomy increases in the ecosystem, accountability and control will become larger issues. What will the liability regime be? Who is contractually responsible?
- **API Access Becomes Critical**. AI agents need access to tools to complete tasks. What tools are they permissioned? How do you control highly restrictive API calls, and how is that being documented? How dialed in is security and IT?
- **Generative AI Agents & Accuracy**. As AI Agents are making representations to individuals, who is accountable? How can accuracy be ensured (i.e., human-in-the-loop) when the purpose of an AI Agent is to take the human out of the loop?





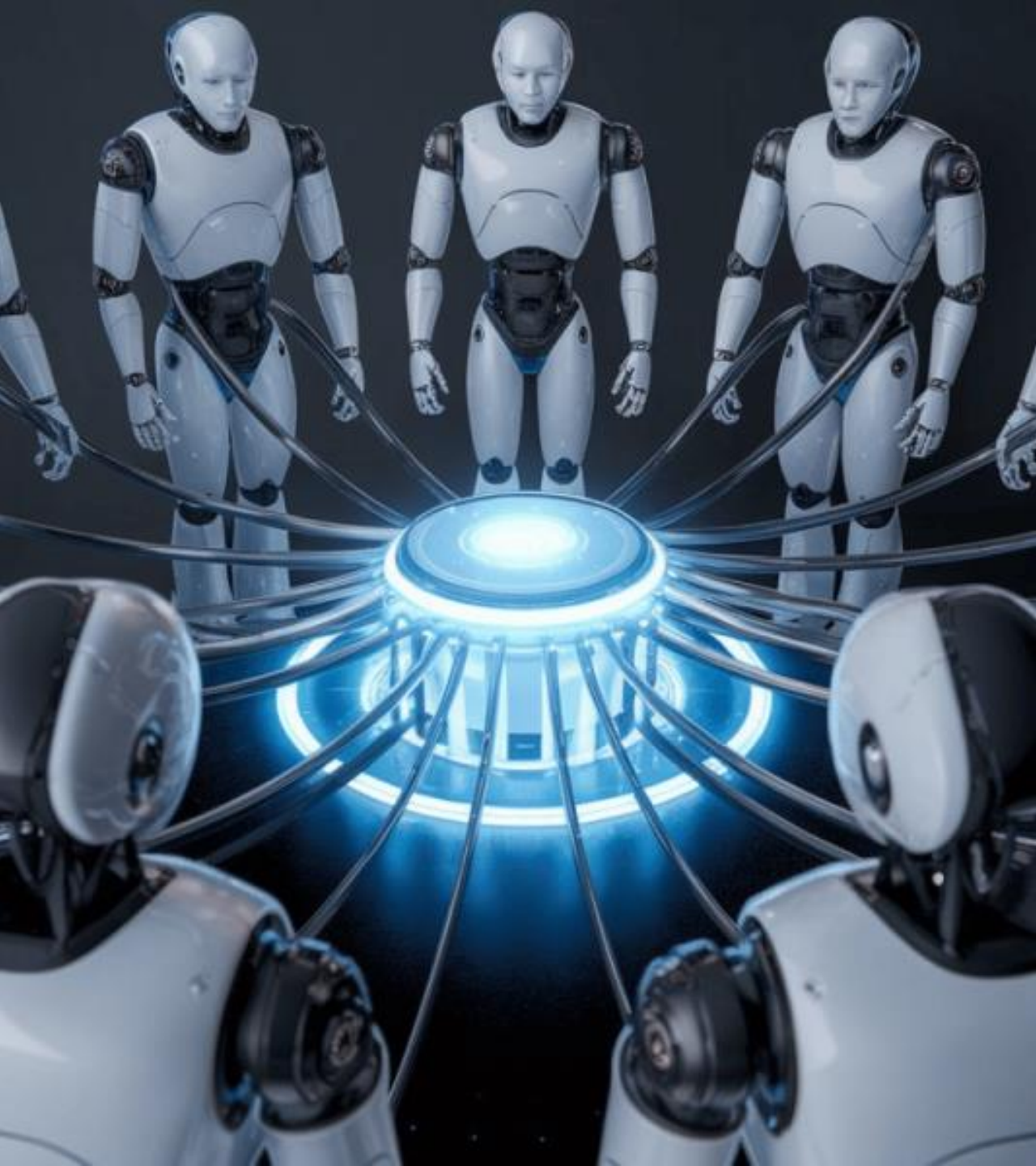
AI Agent Risk

Labor Disruption

- **Front-Line Jobs At Risk.** Salesforce CEO said AI Agents will take jobs. Which ones? Customer service? HR? Cybersecurity?
- **Mapping An AI / Labor Impact Strategy.** What is your organization's AI strategy as it relates to your workforce?
- **DOL Guidance.** The DOL recently released guidance advising on how the workforce should be consulted, marginalized communities should be provided notice and have a channel for feedback, and methods to ensure the wellbeing of the workforce in the age of AI.



Deploying AI Agents



Deploying AI Agents

Leverage AI Governance

- **Be Responsible.** Regulators, stakeholders, and law makers across the globe are looking for deployers of AI (including AI agents) to do so “responsibly” and in alignment with leading AI governance frameworks. Vet your vendors. Due your diligence. Formulate your policy and strategy.
- **Focus on accountability and permissions.** As AI agents are being deployed, ensure the appropriate teams have built in accountability / review processes that are explainable and reasonable. Ensure data permissions, API permissions, and other technical controls are thought through.
- **Consider non-generative AI agents in your procurement.** Companies are getting bombarded with agentic AI at the edge of everything. How do you differentiate the leaders from the fluff?
- **Educate your workforce.** IT, marketing, legal, and HR may be presented with opportunities. Educate on the technology.

AI Governance Frameworks

	Safety & Security	Robustness / Reliability	Transparency & explainability	Fairness	Human-centred	Accountability & governance	Contestability and redress	Privacy Enhanced
OECD AI Principles	✓	✓	✓	✓	✓	✓		
EU AI Act	✓	✓	✓	✓	✓	✓	✓	✓
US Executive Order on Safe, Secure, and Trustworthy Development and Use of AI	✓	✓		✓		✓		✓
NIST AI Risk Management Framework	✓	✓	✓	✓		✓		✓
G7 - International Guiding Principles for Developing Advanced AI Systems	✓		✓		✓	✓		✓
Emerging Frameworks	✓	✓	✓	✓		✓	✓	✓



Common Pain Points

- **Contracting**. Most AI solutions are driven by vendors and are not built internally. Ensuring appropriate contractual protections are in place for AI agents, and deep diligence is conducted, becomes paramount.
- **Don't Get Distracted By The Edges**. AI doomsayers and hypers are on two extremes of the spectrum. The real opportunity / risk is in the mundane and everyday use cases. Identify what could go wrong and work backwards. If the use case is in a highly regulated space (i.e., employment, financial decision-making, etc.), proceed with caution. If the AI model is based on an LLM and generative AI, understand the inherent risks with that technology that may never be resolved and get comfortable in the gray.
- **Stay Informed**. As computer use evolves, and agents become nimbler, stay aware of the new model developments. Watch for plateauing, and potentially a shift in underlying model architecture. The big question - are we in a bubble, or on the verge?

DENTONS

Thank you!

Dentons is designed to be different. As the world's largest global law firm with 12,500+ professionals in over 160 locations in more than 80 countries, we can help you grow, protect, operate and finance your business. Our polycentric and purpose-driven approach, together with our commitment to inclusion, diversity, equity and ESG, ensures we challenge the status quo to stay focused on what matters most to you. www.dentons.com.

© 2024 Dentons. Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This publication is not designed to provide legal advice and you should not take, or refrain from taking, action based on its content. Please see dentons.com for Legal Notices.