| Leo von Gerlach | Hello everybody and welcome to another edition of *The Influencers,* our podcast conversation on digital transformation and law. I am Leo von Gerlach and with me today is Axel Kessler.  Axel is head of data privacy at Siemens, one of the world's preeminent technology companies with an extremely wide array of product services applications spanning from energy, healthcare, transportation and so many other fields. Digital transformation and data privacy law implications play a major role in all these areas where Siemens is active, so it's really great to have you today, Axel. |
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| Axel Kessler | Thanks, Hi Leo. |
| Leo von Gerlach | Before speaking about Siemens and its strong presence in the digital field, perhaps we can cover som equestions about your role, Axel, and your team. What is your focus, what is the responsibility of data, data privacy, how does it relate to AI related task and how does it fit in the organization? |
| Axel Kessler | We all know that artificial intelligence covers many more topics than data privacy; therefore, your question is a really a good one. It is kind of funny that in a lot of companies put AI with the data privacy officer, funny enough because we as data privacy officers have already enough workload on our desks.  I mean to be fair, we play a vital part, but the big chunk of work of course lies with our tech and IT departments.  As a side note in bigger companies you usually find different departments such as IT for the infrastructure, which is very cost driven. Then you have cyber security, of course, not cost driven but only security driven, and then you have all the developers sitting in the businesses. And if you want to orchestrate something like AI governance you best not forget the right players.  So how did all this start? Siemens has long been involved in AI and recognizes the growing importance of Gen AI across various industries. In response, the Siemens managing board has initiated a thorough elevation of existing processes to determine the suitability to establish effective Gen AI governance. However, with the discussion about AI and the risks and how to cope with them, we explained to our stakeholders how we implemented them for data privacy requirements in our Siemens processes (at that time we called it data privacy by design). And the stakeholders said, "Oh this is fantastic, we need to implement the AI requirement in the very same way." |

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| | So to give you an example, when we want to include a certain data privacy feature in our internal processes, whether that is in HR tool or a marketing tool, this goes through certain internal processes and we said now let's just use the same processes for artificial intelligence. We need to do the same thing by going through our product life cycle management to all processes and wherever data privacy pops up we just expand the data privacy requirements with some artificial intelligence requirements, let's say from the new AI Act or from other requirements in that area. At the end AI is now covered by the same data privacy processes and therefore would play an important part herein. |
| Leo von Gerlach | So that makes total sense to me, so coming from data privacy by design going to AI governance by design necessitating the inclusion and interaction with many different fields, maybe that leads to the follow-up question is there then any technology solution used for doing all this, so in a sense do you also apply either AI solutions or at least any detect solution for doing that type of governance work. |
| Axel Kessler | We have some experience with GDPR at the time and we really wanted to find a promising tool at that time, especially for the record of processing activities, and so 2014 we really looked into that and we were not successful, which is probably this is the case for a lot of bigger companies. This is why at the end of the day they come up with their own solutions and they do not use off the shelf products, so for the GDPR we programmed our own tools, and if you ask me whether I am happy with that or not, I would be happy with a real off the shelf product of course, but simply speaking with so many stakeholders in the play it is sometimes better to program that on your own and now coming even now if you extend it to other artificial intelligence. I think it is easier to just extend our present tools so unfortunately we do not have any specific tool for AI so currently we are working along with excel sheets and of course we are integrating that in our processes and it looks a bit nicer than an Excel sheet, but to be honest it is an Excel sheet, but if you look to some market products, some are priced from market leaders it is also a bit like Excel sheets, but in a nice format, to be honest. |
| Leo von Gerlach | And is there any kind of leverage that you can use from the strong technology expertise that you have at Siemens your focus on digital platform building, data management for industries that just is as eventful for the legal application or are those two separate worlds? |
| Axel Kessler | It's separate. In 2014 when we had our own system programmed I had a lecture in Munich with like 200 XND's and I showed them our program and how we set this up. And you don't you wouldn't know how many calls I got after my speech and also law firms knocked at my door saying we want to buy that, it was quite charming but from my side I said no we are not going to sell this because a legal department is not a sales department and probably it would not be a good alternative. |

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| | The question relies on refers to could we use other Siemens sources like our software developers for that and when I told our Board that all these data subjects access requests they really get on my nerves because you could also use one from the market but that one needs API and interfaces with all our internal systems and if you just think about, lets say a marketing tool or our HR tool, they are connected with some many different tools and connecting an external tool with our internal ones I think this is probably not feasible. The Board said, "Why don't you use just mandates, this is a standard tool we are using also in other instances across the businesses and to connect the different systems?" So maybe in the future yes we can use our own resources more for that but we are not there yet. |
| Leo von Gerlach | Now that we are tapping already into the Siemens' world and Siemens' offerings, there is a lot to be read about what Siemens' is focusing on in building platforms for data, such as data infrastructures for industrial purposes but probably many more, is it possible in a few words to set this out what the focus is on the product offering on the digital side or is it just too complicated? |
| Axel Kessler | Most of it is almost too complicated also for me, but there is one cool new feature and we call it Industrial Co-pilot, so it is not like the Microsoft Co-pilot, the Big Brother, it is really meant for the BETA B area specifically speaking in the past we had to speak to machines in their language with a Siemens' industrial Co-pilot we can speak to machines now in our language with the help of Gen AI because that enables collaboration and optimizes all processes. In manufacturing, it can even improve and accelerate engineering processes, it can solve problems faster and avoid any system downtime. |
| Leo von Gerlach | How does that land with your customers, what is the level of readiness appreciation, how is the market side of that? |
| Axel Kessler | Oh they love it, they cited the industrial co-pilot of Siemens as one of the exceptions because this is already up and running. It is more for simpler things, but the development is now going on so fast and we have other very cool ideas in the AI area. For example of our trains, they should run maybe better, but we have some new ideas. For example, we have one about aggressiveness detection. So whereas a person lifting his suitcase is not seen by our AI so as an aggressive movement whereas other movements could be detected as an aggressive movement and then automatically the conductor or police could be called in. |
| Leo von Gerlach | Sounds cool and very pertinent, I mean given the times we live in. In addition speaking of the times we live in there is so much discussion now on return on investment and how much do you need to put in before you get something out. Is there a general feeling out there in the organization how that should be |

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| | approached, is it very much a case by case thing or how do you look at this return on investment beast in the context of deep digital technologies? |
| Axel Kessler | We are not the driver for that, we are more the gate keepers for that, so our Board really supports any initiatives in that area. We are not making a lot of profit in that area, but this is where the future lies and to be honest we are more the gate keepers to see what are the risks, which mitigation actions do you want to take, what about ethics, what about oversight and so forth, so we are not the drivers for any new ideas, so it is difficult to comment on that, Leo. |
| Leo von Gerlach | Absolutely, that is very well understood and speaking about the ethics of the use of those products, is that an even part of your work - not only looking at how the organization internally goes about data and AI use but also and in addition how compliant are those products you offer can be applied and used by others and putting those considerations into contractual terms? |
| Axel Kessler | Our business, when they want to have one answer and they would not be really happy if we say, yeah this could raise some other issues. I mean they have to go to our copyright lawyer and to our procurement lawyer, so they have to go to so many different places, so when it comes to AI they really want to have a really broad answer and so I include of course ethical topics. Human oversights bias is really a good example, and we have already had some funny outcomes here -- if we can say funny -- but it is really great and actually if you want to hire a data privacy lawyer these days, do you think you can attract him by saying, "Oh we have to look at the GDPR and this is our Bible," or you can convince him, "Hey we are also doing AI stuff, ethics, human oversight and bias topics," then he will bite in there and join us, so this is also a part of our recruitment topic really to have a more comprehensive attitude towards this. |
| Leo von Gerlach | That is a clever way and that brings me also to the question of how competitive products can be in a European legal environment, so in a way what role does law and regulation, European law and regulation, play in your product offerings in these fields and do you see any impact on competitiveness, well in particular in a world where we have strong offerings from other regions in the world? |
| Axel Kessler | This is a very good question. In discussions with the data protection authorities, if something comes up them saying, "So Axel, just give us an example where the GDPR was really an obstacle or hindering you in doing this and that," and then if I bring up a couple of examples they usually say "Yes, but if you look at this and if you have taken this mitigation effort, you could do it." But it is simpler in the U.S. and in China to do some research, and you get training data more easily, and so it is really a fight every time whether we want to keep it in Europe or whether we want to transfer some research stuff to the |

| | United States or to China or India as it is simply faster and less costly in such countries. One big thing is this topic of anonymization, because we have tried hard to anonymize a lot of data for our systems, such as medical devices or other companies about pharmaceutical research.  In China or U.S. they would accept things as anonymized where as in Europe it is still seen as pseudonymisation data so we are still stuck in the boundaries of the GDPR and there are more mitigation efforts for that in that regard. It comes to funny conclusions, I must say. |
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| Leo von Gerlach | Would you see the same risks for the AI Act as those that you have already seen for the GDPR so in a sense is it a problem that spills over into other digital legal areas or is that yet to be seen? |
| Axel Kessler | To be honest it is probably yet to be seen, I mean there are a couple of articles in the AI Act where I just think "Oh wow, I don't want to be a provider of gender ID software to procure that much information." And so let's see how hard such words are taken in the AI Act. It is still to be seen if it has a spill over effect. Maybe it has the frazzle effect, but as I just mentioned, still the training and research in other countries is easier than in Europe. |
| Leo von Gerlach | Interesting times ahead Axel, so thank you so much for this conversation it has been a pleasure and it has been really really insightful and thank you everybody for joining in and I hope you will tune in again for our next session of *The Influencers* that is coming up soon, for now goodbye and take care everybody |