
Professional Certificate in Artificial Intelligence Vendor Due Diligence Framework

Best Practices for AI Vendor Governance and Oversight

Artificial Intelligence (AI) Vendor Governance and Oversight are critical components of a successful AI deployment. The following key terms and vocabulary are essential to understanding best practices for AI vendor governance and oversight in the Professional Certificate in Artificial Intelligence Vendor Due Diligence Framework:

1. **Artificial Intelligence (AI):** AI refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions. AI can be categorized as either weak or strong. Weak AI, also known as narrow AI, is an AI system that is designed and trained for a particular task. In contrast, strong AI, also known as artificial general intelligence, is an AI system that has the ability to understand, learn, and apply knowledge across a wide range of tasks at a level equal to or beyond that of a human being.
2. **AI Vendor:** An AI vendor is a company that provides AI-based solutions or services to other businesses or organizations. AI vendors can be divided into three categories: AI platform vendors, AI solution vendors, and AI services vendors. AI platform vendors provide the infrastructure and tools needed to build, deploy, and manage AI applications. AI solution vendors provide pre-built AI applications that can be customized to meet the specific needs of a business or organization. AI services vendors provide AI-based services such as data labeling, model training, and deployment.
3. **AI Vendor Governance:** AI vendor governance refers to the processes and procedures that are put in place to manage the risks associated with using AI vendors. AI vendor governance includes the development and implementation of policies, procedures, and standards for vendor selection, evaluation, monitoring, and management. AI vendor governance also includes the establishment of clear roles and responsibilities for vendor management and the implementation of a vendor risk management framework.
4. **AI Vendor Oversight:** AI vendor oversight refers to the ongoing monitoring and management of AI vendors to ensure that they are meeting their contractual obligations and that the AI solutions or services they provide are operating effectively and efficiently. AI vendor oversight includes the monitoring of vendor performance, the identification and management of vendor risks, and the implementation of corrective actions when necessary.
5. **Vendor Due Diligence:** Vendor due diligence is the process of evaluating and assessing the capabilities, risks, and performance of an AI vendor before entering into a contract or partnership. Vendor due diligence includes the review of the vendor's financial stability, technical capabilities, security practices, and compliance with relevant laws and regulations.
6. **Vendor Management:** Vendor management is the process of selecting, evaluating, monitoring, and managing AI vendors to ensure that they are meeting their contractual obligations and that the AI solutions

or services they provide are operating effectively and efficiently. Vendor management includes the establishment of clear roles and responsibilities for vendor management, the development and implementation of policies, procedures, and standards for vendor selection, evaluation, monitoring, and management, and the implementation of a vendor risk management framework.

7. Vendor Risk Management: Vendor risk management is the process of identifying, assessing, and managing the risks associated with using AI vendors. Vendor risk management includes the implementation of a risk management framework, the identification and assessment of vendor risks, the implementation of risk mitigation strategies, and the monitoring and reporting of vendor risks.

8. Contract Management: Contract management is the process of managing the contracts between an organization and its AI vendors. Contract management includes the development and negotiation of contracts, the monitoring of contract performance, the identification and management of contract risks, and the implementation of corrective actions when necessary.

9. Data Governance: Data governance is the process of managing the availability, usability, integrity, and security of the data used by AI vendors. Data governance includes the development and implementation of policies, procedures, and standards for data management, the establishment of clear roles and responsibilities for data management, and the implementation of a data risk management framework.

10. Model Governance: Model governance is the process of managing the AI models used by AI vendors. Model governance includes the development and implementation of policies, procedures, and standards for model development, testing, deployment, and management, the establishment of clear roles and responsibilities for model management, and the implementation of a model risk management framework.

11. Performance Monitoring: Performance monitoring is the process of monitoring the performance of AI vendors and their solutions or services. Performance monitoring includes the collection and analysis of performance data, the identification and management of performance issues, and the implementation of corrective actions when necessary.

12. Risk Management: Risk management is the process of identifying, assessing, and managing the risks associated with using AI vendors. Risk management includes the implementation of a risk management framework, the identification and assessment of vendor risks, the implementation of risk mitigation strategies, and the monitoring and reporting of vendor risks.

13. Security Management: Security management is the process of managing the security of the AI solutions or services provided by AI vendors. Security management includes the implementation of security policies, procedures, and standards, the establishment of clear roles and responsibilities for security management, and the implementation of a security risk management framework.

14. Compliance Management: Compliance management is the process of ensuring that AI vendors comply with relevant laws, regulations, and standards. Compliance management includes the monitoring of vendor compliance, the identification and management of compliance issues, and the implementation of corrective actions when necessary.

15. Vendor Performance Metrics: Vendor performance metrics are the measures used to evaluate the performance of AI vendors. Vendor performance metrics can include measures such as response time, uptime, error rate, and customer satisfaction.

16. Vendor Risk Metrics: Vendor risk metrics are the measures used to evaluate the risks associated with using AI vendors. Vendor risk metrics can include measures such as the likelihood of a security breach, the potential financial impact of a security breach, and the potential reputational impact of a security breach.
17. Vendor Contract Metrics: Vendor contract metrics are the measures used to evaluate the contractual performance of AI vendors. Vendor contract metrics can include measures such as the percentage of contract deliverables completed on time, the percentage of contract deliverables completed within budget, and the percentage of contract deliverables that meet quality standards.
18. Data Governance Metrics: Data governance metrics are the measures used to evaluate the effectiveness of data governance processes and practices. Data governance metrics can include measures such as the percentage of data that is accurate, the percentage of data that is complete, and the percentage of data that is secure.
19. Model Governance Metrics: Model governance metrics are the measures used to evaluate the effectiveness of model governance processes and practices. Model governance metrics can include measures such as the percentage of models that are accurate, the percentage of models that are complete, and the percentage of models that are secure.

In conclusion, understanding the key terms and vocabulary associated with AI vendor governance and oversight is essential to ensuring the successful deployment and management of AI solutions and services. By implementing best practices for AI vendor governance and oversight, organizations can mitigate the risks associated with using AI vendors, ensure compliance with relevant laws and regulations, and maximize the value of their AI investments. Effective AI vendor governance and oversight require the implementation of policies, procedures, and standards for vendor selection, evaluation, monitoring, and management, as well as the establishment of clear roles and responsibilities for vendor management and the implementation of a vendor risk management framework. By monitoring vendor performance, identifying and managing vendor risks, and implementing corrective actions when necessary, organizations can ensure that their AI vendors are meeting their contractual obligations and that the AI solutions or services they provide are operating effectively and efficiently.