DR: [00:00] AI is a little bit of a Pandora's box. Once you open it up and let your org start using it, it can be hard to control. And so what are some tactics McKinsey advises companies to use to make AI available in a responsible way?

Ferry Grijpink: [00:13] I think there are amazing amount of risk if you don't control it. At the same time, you also don't want to hurt innovation. I think there's some real trade-offs to be made there.

Announcer: [00:26] This is “Telco in 20,” a podcast that helps telco execs achieve a competitive advantage with AI and the public cloud. It is hosted by Danielle Rios, also known as DR. Today we're talking to McKinsey & Company partner, Ferry Grijpink.

DR: [00:42] Hi, guys. I'm DR. It's no secret that artificial intelligence is moving at lightning speed and operators are rushing to become AI-first. But this breakneck scramble is creating a huge conundrum for telco boards and leaders. How to give your employees access to powerful AI tools to transform your operations while making sure the technology is used responsibly?

[01:04] If you're too restrictive, workers will be hamstrung by the rules. They'll either find ways around them or give up, and not make the transition to being AI-first. On the other hand, if you're too permissive, you risk exposing confidential data or damaging your company's reputation with an AI mishap.

[01:21] Global consulting firm, McKinsey & Company, sees execs grappling with this challenge and recently published a report called *Responsible AI: A Business Imperative for Telcos.*

[01:31] Today we're talking with one of the report's authors and one of our good friends, McKinsey Partner, Ferry Grijpink. We'll discuss what responsible AI means, how telcos can implement it without stifling innovation, and why your business vision and goals should dictate your AI risk tolerance. So, let's take 20.

[01:48] Ferry Grijpink is a partner at McKinsey & Company, focused on the telecom media and tech industry. Hi, Ferry, welcome back to “Telco in 20.”

Ferry Grijpink: [01:59] Thanks for having me again. Really appreciate it. And given it's the third time with you, I also now want to be the best-listened episode for the year, because, third time lucky.

DR: [02:09] Well, you're amazing. You've done two podcasts with me, and across both of those, you've gotten almost 7,000 listens. I think this episode will be even bigger, and you have such great insights.

[02:21] So, in October of last year, McKinsey put out a report called *Responsible AI: A Business Imperative for Telcos.* To start, what is responsible AI?

Ferry Grijpink: [02:30] Responsible AI is how to deploy AI in ways that are ethical, safe, transparent, and comply with regulation. That's a bit of a mouthful, but we saw more and more clients that were worried about all these AI tools that are coming about, are they compliant with what call promise to the regulator? Are they fair? Are they unbiased? Will they mess up my operation?

[02:50] And then, interestingly enough, the GSMA approached us and said, "Hey, telco clients are talking about this. Can we team up and develop something that telco operators can use to really look at the way they do AI, and do it in the best possible way?"

DR: [03:01] Yeah. And so when you talk to enterprises, where are the big issues? Is it more about how do I control use of AI? Or is it more about the ethics and safety?

Ferry Grijpink: [03:13] I think more the latter. I don't think it's safe. For example, there was this famous AI researcher, and she went to speak at a conference. She sent her headshot, and the headshot wasn't big enough. So somebody put it to an AI algorithm to make it a different size. But then her clothing changed, and she was very unhappy, and she made a bit of a riot about that. Fairly so.

[03:32] And that is a very simple example. This could be similar with if you do a credit scoring algorithm with machine learning, maybe that's a biased algorithm. Or certain customers don't get better connections because of an algorithm you program wrongly, so there is a lot of downside to get this right.

[03:48] And again, we are very excited at McKinsey about AI. I think it will deliver a lot of value. But doing it in the right way, taking a little bit of time to think about the safeguard to make sure the way you do it is appropriate, I think comes a long way to realize the value.

DR:

[04:04] Yeah, yeah. And so, as you mentioned, AI is advancing so fast. Every time I log into X.com, there's people talking about, "I can do this," "I can do that," "This new model came out," "This new tool has been developed by a startup that is taking over market share rapidly." And so, obviously, companies are implementing AI quickly internally.

[04:24] Let's talk about how you implement responsible AI within an organization. How are you advising telcos to balance being responsible with quick innovation? Not being too slow and still using AI, but not going so fast that you're being irresponsible with it?

Ferry Grijpink:

[04:40] To give you a couple examples, one of my clients is a chief AI operator, and they opened up their own LLM, in combination with OpenAI, together with Gemini. So, it's a two-model internal AI product. And within one day, they had $250,000 of tokens used. So they had to stop for a while.

[04:56] So you really need to think around how do you implement it? And it really starts with setting the vision. What do you want to achieve? And some of my clients want to be leaders. They want to take new things on very fast. And if that's my vision, then of course, I need to be much more savvy around that ethical AI. Because we think there's about 600 billion of value in the telco industry by 2040. That's far away. The telco industry will be about 2 trillion by then. So about 25% can be shaped by AI. And about half of that 600 billion, you require the highest AI standard for compliance and regulation. So let's first, you need to set a vision. They need to build an operating model. How do you operate it? How do we make decisions?

[05:36] But also, pinpointing people that take responsibility. We tell our clients, you need to really make sure that when somebody rolls out an algorithm, start using a use case, you can name a person. Then there needs to be some technical controls. How do you make sure the data is clean? You're only using data you're allowed to use. How do you test the models for risk? How do you put in some controls?

[05:56] And then what we did, and I think this is also a good contribution to GSMA, is we as telco operators buy a lot of stuff, from hardware to radio base stations, to switches. And of course, you also need to know what those products do, because they're sitting in your network, and it's your responsibility. And you need to make sure that what they do at AI also works.

[06:13] And the last point, which is incredibly important, is what do we do with communication? Do you change people? How do you change narrative? And so, to really make sure you get it right, we need a vision. You need an operating model, you need control. You need to make sure your third parties work the way you want, and you need to do change management. And that is really a cockpit and a small team you need at ExCo level that makes sure that all can happen.

DR:

[06:34] Yeah, I like your point there, in terms of what's your goal and what's your vision? Because I really do think it sets the pace that you're going to use AI. And so. If you're trying to become, like SK Telecom AI-first, you would imagine in that organization they're using a lot of AI, and trying to go very fast. And maybe they're a little bit more open and have a little bit more risk tolerance to achieve an end, versus a company that I sat next to at an executive briefing at AWS re:Invent, where that company is being super cautious. They created some sort of portal that everything that people are going to upload to an LLM goes through a scrubbing process. They're only using one LLM.

[07:17] And she was very frustrated because she was like, "One LLM doesn't fit all my needs. It's slow." So I think somewhere in the middle between these two points is probably where telcos will end up, either the far end, “I'm AI-first and going very fast,” and then there's going to be others that are super cautious and go very slow. But I like your point, that it starts from the CXO level, in terms of what are we trying to accomplish with the AI.

Ferry Grijpink:

[07:41] And that vision is incredibly important. But also the point you mentioned on regulation, where are you standing with the regulator? Because, again, Europe is more cautious, has much more rules in place. And if you run in Europe, you need to comply.

[07:54] And in certain markets, like China, Australia, regulation is being formed. So you really need to make sure that what you do fits. And again, as a regulated industry, like banking, we need to be even more cautious on doing it. And therefore, I think really having that vision, also having that open debate with not just the telco, but also the data regulator, to say what I want to achieve, I think it's important.

[08:15] That's why, I really like what the GSMA did on this maturity model, because then you can also explain what you're doing. Because it's going so fast that sometimes you might make

a mistake, but if you at least have a framework, and you show, this is what we tried to do, you identify the mistake earlier, you can course-correct. And you can also explain to the public that you are self-correcting. So I really do believe to set that vision and really have a good framework there protects you against many other risk you otherwise take.

DR: [08:42] Yep. And so, I've found that AI is a little bit of a Pandora's box. Once you open it up and let your org start using it, people can create anything. "I'm using it in this function, I'm using it to do this task. Can I buy this tool and try it out?" It can be hard to control. And so, what are some tactics McKinsey advises companies to use to make AI available in a responsible way?

Ferry Grijpink: [09:04] I love that question because there's so many stories around software engineers who start testing some code on one of the LLMs, and somehow that code leaks out. There was a famous case of a lawyer who wrote a brief which was full of nonsense quotes. So I think there are amazing amount of risk if you don't control it.

[09:21] At the same time, you also don't want to hurt innovation. So I think there's some real trade offs that have to be made there. And I think the first set is to really set a policy. What is our policy around it? Because many people don't know, many companies don't have a policy.

[09:34] Then the second is to create a bit of risk awareness with your enterprise, which is, again, in many enterprises now, when you go to an LLM, you got a pop-up, "Hey, are you sure?" And I think that's quite prudent. Then I think you need to create some options, because the reality is if you just say no, people will find a way.

[09:50] And when I was young, you had Shadow IT. And as McKinsey, we fought a lot of Shadow IT because it was costly and it typically had a lot of cyber risk. And now there's a lot of what we call Shadow AI. A lot of CIOs are looking at, how do we fight Shadow AI? So you need to make some models available in the way you want it.

[10:06] And then last, I think it's a lot around training so people know where to use it. And circling back to what you said about where do you create value, I see a bunch of telcos shut down some of the AI products because they create no value. So it's

also then tracking if value is being created and redeploying funds to say, "Hey, maybe I don't need a product that helps my staff to write better emails because that doesn't deliver it. I'd rather put that money in a chatbot or in optimizing offers on the website, or reducing energy in a network." And we see some very exciting use cases.

[10:36] So really setting the policy, really creating options, communicating well, and training people, and tracking. Do you create value? No? Then stop this experiment, move the money somewhere else.

DR:

[10:46] Yeah, it's so easy to get your hands on AI. Typically, IT tools and enterprise tools were prohibitively expensive or took time to install. But with AI, there's freemium models, there's this $20 per month. Startups are just putting it out there and seeing what's going to stick.

[11:04] And so it's pretty easy for workers to, as you say, Shadow AI, go around the firewalls, go around the policy, and use it. Obviously, you can't put it into your enterprise processes at scale, but it's not stopping people from testing it out and playing with it.

[11:21] And I think organizations can't sit back on AI and wait for things to settle down. Who's going to be the winner? Which software is the one that's going to really work? Because it's such a different way of approaching work. Like you mentioned in the change management, it's literally changing the way people do their jobs. And so, now what people work on will be the higher-order things that are much more difficult to get an AI to do. And so, balancing the responsibility and the pace with the transformation that your organization needs to go through, it's super important that you start now. You can't really ignore it.

Ferry Grijpink:

[11:57] No, and I think what is interesting is, to balance that risk review, also with the upside. And to give you one example, I had to give a presentation. And we have an internal LLM, what is the GDP per capita on certain European markets? And I was like, "Huh, it doesn't look great, so don't tell my boss." I looked also at ChatGPT, the numbers didn't match.

[12:14] And immediately I got frustrated, and I basically deleted both slides, and I called our research organization and they made the correct slide for me. But that means that I burned my fingers on AI. And the risk is that people don't come back. But

there's a lot of tasks they're amazing at. One of my friends works in HR. They go into a database, every time she has to write a policy, they download five template policies. She just has to change three or four things. Debate, indeed, what are the sensitivities to our company, which parts fit our company mission, and do it.

[12:40] So we need to show people the risks, but we also need to show people the incredible value. Otherwise, to your point, DR, you lose out on all the cool innovation and all the value creation.

DR: [12:48] Yeah, no, it's crazy. So yeah, my next question for you is with the ease of using AI to create applications, you mentioned this in one of your comments earlier, how can organizations track AI usage? Both just who's using it and what they're using it for, but also as you mentioned, the cost.

Ferry Grijpink: [13:04] I would advise CIOs and chief data officers to really put in monitoring tools, and there's a bunch of monitoring tools in the market, to really see, are people using it. I would argue that when people try to go to ChatGPT, put them a reminder website, to say, "Hey, you go into an LLM, make sure you're complying with our policy. So don't put any sensitive information or personal information."

[13:23] So really continue to remind people to do it without blocking it. Because if you block it, they will go to their mobile phone, they will go to their iPad and use it anyway. So I think large organizations that work with sensitive datas really need to have monitoring tools in place to say, "Where are people going? What are the people doing?"

[13:39] So you can also see a hotspot of activity. If you would see in your customer service department, a lot of people going into ChatGPT or one of the other LLMs, I would be quite worried. I would say, "Hey, we have a policy." Then we then start to educate and make sure that the staff knows what can be done and not. And then also quickly help them to get the tools they need, because that's so important. You're not Mr. or Mrs. No, but you really say, "Hey, this is what we don't want. But we have a product here. We have a tool here." Or even sometimes you can replace it with a non-LLM, just a database or something else. But therefore, help them with the tool that complies with policy and that creates the value they want to create.

DR: [14:15] As a startup, I obviously want my organization to be going as fast as possible with AI because it's such a game changer for us against maybe an incumbent vendor. And so what I've done is put in API calls. I have a little stub that I ask everyone to put into their AI apps, that then reports what's being used. And this helps us consolidate spend.

[14:39] We're like, “Oh, maybe we do need a relationship with Anthropic, or with OpenAI to reduce our costs,” because we can commit to a certain amount of spend. But we could also see what people are using.

[14:50] The other thing that we've done is we've installed monitoring software, as you mentioned, on people's computers, that's using vision to see what they're using, and incentivizing people actually to use more AI, but also to report, this is what we think you used. And we're just very open. And that's, like you said, it's part of my vision and what we want to do.

[15:10] But if you look at my credit card bill, personally, I'm paying for all the LLMs and other tools, as I try to play with it and really understand where that jagged edge of AI is. So I can't imagine in a hundred thousand-person organization, with variety of opinions of AI, from fear to absolute excitement, trying to control it would be kind of a nightmare.

Ferry Grijpink: [15:32] I agree. And again, therefore, where are the hotspots of use? I really love to push to say, "What are people doing with it?" Because then you can say, "Hey, if this is the type of question they ask, we should actually do something with our own tools." And often, using a specialized API call, or doing a contract with one of the LLMs, is much cheaper than doing it in a generic LLM tool. So, therefore, you also can optimize cost.

[15:53] I also personally pay for a lot of these LLMs myself, but I think the biggest user in my house are my kids for homework. They're quite useful to write reports and give first answers.

DR: [16:02] Yeah, no, absolutely. And so, Ferry, at the end of last year you posted a picture on LinkedIn of you wearing a scarf during a presentation. And you mentioned this is your trademark accessory. And so, I just have to ask you, what is the story behind your scarf?

Ferry Grijpink: [16:17] It's very, very stupid. I used to live in Asia, and there you go to hot climate and you go into the air conditioning. So I had a

continued cold for the first two years. And then, one of my doctors says, "You should wear a scarf." So I start wearing a scarf. But you look quite like an idiot when you wear a scarf at 39 degrees in Singapore. So I got known for being the guy who basically-

DR: [16:36] Wears a scarf.

Ferry Grijpink: [16:37] ... -5, or +45 Celsius, really hot to really cold, with a scarf. And even one of the COs said, "Ferry, it's 35 degrees Celsius today, why are you wearing a scarf?" But I must admit, my colds reduced by 80%. So I used to be the cough guy and now I'm the guy with the scarf. And I'd rather be the guy with the scarf.

DR: [16:54] Yeah, that's awesome. Well, my trademark accessory are my Golden Goose sneakers or trainers as they're called in Europe.

Ferry Grijpink: [17:00] I remember those.

DR: [17:01] Yeah, I wear them on stage. I counted, I have like seven pairs. But I love them. They have a wingtip, so I feel that it makes it business-y, but yet a sneaker. So that's my trademark accessory.

Ferry Grijpink: [17:13] I remember them from MWC. They're very cool.

DR: [17:15] Yeah, no, they're awesome. I get a lot of comments, as you do with your scarf. So Ferry, as always, such an enlightening conversation. So important, as we grapple with all the advances with AI. I'm sure everyone is super excited to learn about how to do it in their organization. And thanks so much for coming on the podcast.

Ferry Grijpink: [17:32] Thanks for having me a third time. And let's make sure this is the most listened to in 2025.

DR: [17:36] For sure. Awesome.

[17:41] Stick around, we end each podcast with a “Telco in 20” takeaway. I've got two minutes to tell you something you need to know.

[17:52] With AI moving so fast, it's not surprising that a lot of legal and IT teams are nervous. That's because it's so easy for

employees to upload company data to widely accessible AI tools and experiment with every new idea that pops up. Shadow AI usage is everywhere. It's the wild west. So I can totally see why departments that manage risk may want to put on the brakes. But telco execs, don't let these functional groups set your AI agenda. It's up to you to make the big decisions around transformative technologies like the public cloud and AI.

[18:23] Defining what responsible AI looks like in your organization is a C-suite decision. And as Ferry and I just discussed, your business goals will dictate your AI risk tolerance. For example, if your goal is to become AI-first, like SK Telecom, you may want to trade off risk for speed.

[18:40] On the other hand, if you're in charge of compliance in the EU, you might have a lower risk tolerance due to the regulatory fines you may incur if you screw up. It's not a one-size-fits-all approach. You should absolutely set policies and have guardrails, put monitoring tools in place, and track usage and costs. But match the guardrails and rules with the business goal. This is how you enable innovation instead of stopping it dead in its tracks.

[19:05] Want to talk more about how to balance innovation with responsible AI? Come see me at MWC in Barcelona. You can find me and team Totogi in Hall 2, as well as in the AWS space, showing off our latest AI-driven products. DM me on LinkedIn or X at TelcoDR to set up a time to meet. Until then, tune into more “Telco in 20” episodes. Like and follow and leave us a five-star review. Don't forget to sign up for my seriously amazing email newsletter on TelcoDR.com, and check out our awesome YouTube channel. It's great.

[19:37] Later, nerds.