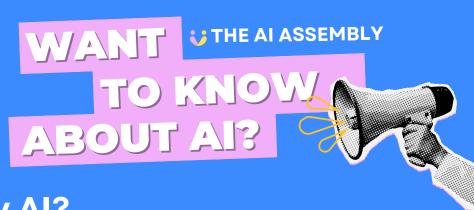# WANT TO KNOW ABOUT AI?

What is Shadow AI?

And why does it matter to you...

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What is Shadow AI?
And why does it matter to you...

What is it?

Think of "Shadow AI" as the unauthorised use of AI tools. It happens when people—employees, students, or even teachers—use tools like ChatGPT or Gemini for work or school tasks without getting approval from their company, organisation, or school.

In fact, a recent Datacom report found that 52% of New Zealand business leaders are already worried about Shadow AI in their workplaces.

Why is it a problem?

Even though people are just trying to be more productive, Shadow AI creates three big risks for an organisation or school:

- **Data Leaks:** A person might accidentally put private information—like a client list, a new product idea, or sensitive student records—into a public AI tool. This can expose that information to a third party and lead to a data breach.
- **Security Risks:** Unapproved AI tools might not be as secure as a company's own systems, creating new ways for hackers to get into a network.
- **Compliance Issues:** Many organisations and schools have strict rules about how confidential data is handled. Using a non-compliant AI tool can lead to legal problems, big fines, or academic penalties.

How to stop it?

Instead of just banning AI, the best approach is to manage it proactively by educating people.

Educate Everyone: The most effective way to combat Shadow AI is by creating a culture of awareness. Explain to employees and students why there are risks, such as data leaks and security threats, so they understand the importance of following the rules. This is more effective than a simple ban, which often just drives the behaviour underground.

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