

EXIT DD READINESS LEDGER

Related Chapter: AI Exit Due Diligence – *What Sophisticated Buyers Will Examine-And How to Be Ready*

PURPOSE & OVERVIEW

This comprehensive checklist ensures that companies claiming significant AI capabilities are prepared for the sophisticated due diligence scrutiny they will face from potential buyers. Modern AI due diligence goes far beyond technical validation, it encompasses business validation, financial attribution, legal compliance, and integration readiness.

Companies unprepared for AI-focused due diligence risk valuation discounts, deal delays, or transaction failures when sophisticated buyers discover gaps between claims and reality. This ledger provides a systematic approach to preparation, ensuring that every aspect of the AI story can withstand rigorous examination.

The checklist is organized to mirror how sophisticated buyers structure their due diligence process, making preparation more efficient and comprehensive.

HOW TO USE THIS CHECKLIST

Preparation Timeline: Begin 12-18 months before anticipated exit process to allow time for documentation and gap remediation.

Cross-Functional Requirement: This preparation requires coordination across all business functions, not just technical teams.

Documentation Standards: Each item requires not just completion but proper documentation that can withstand buyer scrutiny.

Continuous Updates: Maintain this documentation continuously rather than scrambling to create it during a transaction process.

External Validation: Consider third-party validation for critical claims before buyer due diligence begins.

PREPARATION FRAMEWORK

Company: **Preparation Date:**

Prepared By:

Completion Instructions:

- Check items only when comprehensive documentation exists and can be immediately accessed
 - Note the location and quality of supporting documentation
 - Identify responsible parties for incomplete items with target completion dates
 - Prioritize gaps based on materiality to the AI value proposition
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SECTION 1: EXECUTIVE SUMMARY PREPARATION (10 Items)

Purpose: Create compelling, defensible summary of AI value proposition that anchors the entire due diligence narrative.

1.1 Strategic AI Value Proposition

Clear articulation of AI's role in business strategy

- *What this requires:* Written strategic narrative connecting AI capabilities to competitive advantage and business model
- *Documentation needed:* Strategic planning documents, board presentations, AI strategy documentation
- *Evidence quality standards:* Must demonstrate AI as strategic pillar, not add-on feature
- *Common gaps:* Generic AI claims without specific strategic connection
- *Who owns this:* CEO/Chief Strategy Officer with AI technical leadership

Quantified business impact with supporting metrics

- *What this requires:* Specific, measurable impacts from AI initiatives with before/after comparisons
- *Documentation needed:* Impact analysis reports, KPI dashboards, financial attribution analysis
- *Evidence quality standards:* Must show causal relationship between AI and business improvements
- *Common gaps:* Correlation claims without causation proof, inflated impact estimates
- *Who owns this:* CFO with business unit leaders and AI technical team

Competitive differentiation through AI capabilities

- *What this requires:* Analysis of how AI creates sustainable competitive advantages versus alternatives
- *Documentation needed:* Competitive analysis, differentiation assessment, market positioning studies

- *Evidence quality standards:* Must demonstrate defensible advantages that competitors cannot easily replicate
- *Common gaps:* Generic differentiation claims, lack of competitive benchmarking
- *Who owns this:* Chief Strategy Officer with competitive intelligence and AI teams

Market positioning and customer value statement

- *What this requires:* Clear statement of how AI enhances customer value proposition with supporting evidence
- *Documentation needed:* Customer value analysis, market research, customer feedback documentation
- *Evidence quality standards:* Must connect AI capabilities to measurable customer outcomes
- *Common gaps:* Technology-focused positioning without customer value demonstration
- *Who owns this:* Chief Marketing Officer with product management and customer success

Future roadmap and expansion opportunities

- *What this requires:* Credible roadmap for expanding AI capabilities and market opportunities
- *Documentation needed:* Technology roadmap, market expansion plans, investment requirements
- *Evidence quality standards:* Must balance ambition with realistic implementation timelines
- *Common gaps:* Overly aggressive roadmaps without resource planning
- *Who owns this:* Chief Strategy Officer with AI technical leadership and product management

1.2 Financial Impact Summary

AI-related revenue attribution documented

- *What this requires:* Clear methodology for attributing revenue improvements to specific AI initiatives

- *Documentation needed:* Revenue attribution models, baseline comparisons, statistical analysis
- *Evidence quality standards:* Must use rigorous methodology isolating AI impact from other factors
- *Common gaps:* Overstated revenue attribution, weak analytical methodology
- *Who owns this:* CFO with finance analytics and AI technical teams

Cost savings and efficiency gains quantified

- *What this requires:* Documented cost reductions and efficiency improvements from AI implementation
- *Documentation needed:* Cost analysis reports, efficiency studies, process improvement documentation
- *Evidence quality standards:* Must account for full cost of AI implementation including hidden costs
- *Common gaps:* Gross savings claims without implementation cost accounting
- *Who owns this:* CFO with operations and AI technical teams

Investment history and ROI calculations

- *What this requires:* Complete history of AI investments with realistic ROI calculations
- *Documentation needed:* Investment tracking, ROI models, cost allocation methodology
- *Evidence quality standards:* Must use consistent methodology across all AI investments
- *Common gaps:* Cherry-picked ROI examples, inconsistent calculation methodology
- *Who owns this:* CFO with finance planning and AI technical teams

AI-related capital and operational expenditures tracked

- *What this requires:* Comprehensive tracking of all AI-related spending across categories
- *Documentation needed:* Expense tracking systems, cost allocation models, budget documentation

- *Evidence quality standards:* Must capture all direct and indirect AI costs
- *Common gaps:* Incomplete cost tracking, missing indirect costs
- *Who owns this:* CFO with accounting and procurement teams

□ **Financial projections incorporating AI growth**

- *What this requires:* Forward-looking financial models incorporating AI capability expansion
 - *Documentation needed:* Financial projections, scenario modeling, sensitivity analysis
 - *Evidence quality standards:* Must be based on realistic assumptions with proper risk adjustment
 - *Common gaps:* Overly optimistic projections without risk consideration
 - *Who owns this:* CFO with financial planning and AI strategic teams
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SECTION 2: TECHNICAL DOCUMENTATION (20 Items)

Purpose: Provide comprehensive technical documentation enabling buyer validation of AI capabilities and architecture.

2.1 AI Architecture & Infrastructure

System architecture diagrams and documentation

- *What this requires:* Current, accurate architectural diagrams showing AI system components and relationships
- *Documentation needed:* Architecture diagrams, system documentation, component specifications
- *Evidence quality standards:* Must be current, detailed, and technically accurate
- *Common gaps:* Outdated diagrams, missing component details, high-level only
- *Who owns this:* CTO/Technical Architecture team with AI technical leadership

Technology stack inventory and dependencies

- *What this requires:* Complete inventory of technologies, platforms, and dependencies supporting AI systems
- *Documentation needed:* Technology inventory, dependency mapping, version documentation
- *Evidence quality standards:* Must include all dependencies with version numbers and update status
- *Common gaps:* Incomplete dependency mapping, missing version information
- *Who owns this:* CTO/Infrastructure team with AI technical team

Cloud infrastructure and deployment configurations

- *What this requires:* Documentation of cloud infrastructure supporting AI workloads including scaling and security
- *Documentation needed:* Infrastructure documentation, deployment configurations, scaling procedures
- *Evidence quality standards:* Must include capacity planning and security configuration
- *Common gaps:* Missing capacity planning, incomplete security documentation

- *Who owns this:* CTO/Infrastructure team with cloud operations

Integration points with existing systems mapped

- *What this requires:* Detailed mapping of how AI systems integrate with existing business systems
- *Documentation needed:* Integration diagrams, API documentation, data flow mapping
- *Evidence quality standards:* Must show complete integration landscape with data flows
- *Common gaps:* Missing integration details, incomplete data flow documentation
- *Who owns this:* CTO/Integration team with AI technical team

Scalability and performance characteristics documented

- *What this requires:* Performance testing results and scalability analysis for AI systems
- *Documentation needed:* Performance test results, capacity planning, scalability analysis
- *Evidence quality standards:* Must include stress testing and growth capacity analysis
- *Common gaps:* Limited performance testing, missing scalability planning
- *Who owns this:* CTO/Performance engineering with AI technical team

2.2 Model Documentation

Model cards for all production AI systems

- *What this requires:* Standardized documentation for each AI model including purpose, performance, and limitations
- *Documentation needed:* Model cards, performance metrics, limitation documentation
- *Evidence quality standards:* Must follow industry standards with comprehensive coverage
- *Common gaps:* Missing model cards, incomplete performance documentation
- *Who owns this:* AI technical team with data science leadership

☐ **Training methodologies and data sources**

- *What this requires:* Documentation of how models are trained including data sources and methodologies
- *Documentation needed:* Training procedures, data source documentation, methodology descriptions
- *Evidence quality standards:* Must be detailed enough for replication and validation
- *Common gaps:* High-level descriptions, missing data source details
- *Who owns this:* AI technical team with data engineering

☐ **Performance metrics and validation results**

- *What this requires:* Comprehensive performance metrics for all models with validation methodology
- *Documentation needed:* Performance reports, validation procedures, benchmark comparisons
- *Evidence quality standards:* Must include multiple metrics with statistical validation
- *Common gaps:* Cherry-picked metrics, weak validation methodology
- *Who owns this:* AI technical team with quality assurance

☐ **Model versioning and change history**

- *What this requires:* Complete history of model versions with change documentation and performance impact
- *Documentation needed:* Version control records, change logs, impact analysis
- *Evidence quality standards:* Must show evolution and improvement over time
- *Common gaps:* Poor version control, missing change impact analysis
- *Who owns this:* AI technical team with development operations

☐ **Retraining schedules and procedures**

- *What this requires:* Documented procedures for model retraining including schedules and performance monitoring
- *Documentation needed:* Retraining procedures, schedules, monitoring protocols
- *Evidence quality standards:* Must show systematic approach to model maintenance

- *Common gaps:* Ad hoc retraining, missing monitoring procedures
- *Who owns this:* AI technical team with operations

2.3 Data Assets Inventory

Complete data asset catalog

- *What this requires:* Comprehensive catalog of all data assets used in AI systems
- *Documentation needed:* Data catalog, asset descriptions, usage documentation
- *Evidence quality standards:* Must be complete, current, and detailed
- *Common gaps:* Incomplete catalogs, missing asset descriptions
- *Who owns this:* Data governance team with AI technical team

Data sources, lineage, and quality metrics

- *What this requires:* Documentation of data sources with complete lineage and quality measurements
- *Documentation needed:* Data lineage documentation, quality metrics, source validation
- *Evidence quality standards:* Must trace data from source to model with quality validation
- *Common gaps:* Incomplete lineage, missing quality metrics
- *Who owns this:* Data engineering team with data governance

Data ownership and licensing agreements

- *What this requires:* Legal documentation of data ownership and usage rights for all AI training data
- *Documentation needed:* Licensing agreements, ownership documentation, usage rights analysis
- *Evidence quality standards:* Must provide clear legal rights for commercial AI use
- *Common gaps:* Missing licensing documentation, unclear usage rights
- *Who owns this:* Legal team with data governance and procurement

Data privacy and protection measures

- *What this requires:* Documentation of privacy controls and data protection measures for AI systems
- *Documentation needed:* Privacy policies, protection procedures, compliance documentation
- *Evidence quality standards:* Must demonstrate comprehensive privacy protection
- *Common gaps:* Incomplete privacy documentation, missing protection procedures
- *Who owns this:* Privacy officer with information security and legal

Data retention and deletion policies

- *What this requires:* Clear policies for data retention and secure deletion with implementation procedures
 - *Documentation needed:* Retention policies, deletion procedures, compliance tracking
 - *Evidence quality standards:* Must comply with all applicable regulations
 - *Common gaps:* Unclear policies, missing implementation procedures
 - *Who owns this:* Legal team with data governance and information security
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SECTION 3: BUSINESS VALIDATION (15 Items)

Purpose: Provide independent validation of AI business value through customer evidence and market validation.

3.1 Customer Evidence

Customer case studies and success stories

- *What this requires:* Detailed case studies showing specific AI value delivery to customers
- *Documentation needed:* Case study documentation, customer interviews, success metrics
- *Evidence quality standards:* Must show quantified value with customer attribution
- *Common gaps:* Generic case studies, missing quantified value
- *Who owns this:* Customer success team with marketing and sales

Usage analytics and adoption metrics

- *What this requires:* Comprehensive analytics showing customer usage of AI features and adoption rates
- *Documentation needed:* Usage dashboards, adoption tracking, engagement metrics
- *Evidence quality standards:* Must show sustained usage with growth trends
- *Common gaps:* Superficial usage metrics, missing adoption analysis
- *Who owns this:* Product analytics team with customer success

Customer satisfaction scores for AI features

- *What this requires:* Specific satisfaction measurements for AI-powered features and capabilities
- *Documentation needed:* Satisfaction surveys, NPS scores, feedback analysis
- *Evidence quality standards:* Must isolate AI feature satisfaction from overall product satisfaction
- *Common gaps:* Generic satisfaction scores, missing AI-specific measurement
- *Who owns this:* Customer success team with product management

Customer testimonials and references

- *What this requires:* Willing customer references who can speak specifically about AI value
- *Documentation needed:* Reference agreements, testimonial documentation, contact information
- *Evidence quality standards:* Must have customers willing to speak directly with buyers
- *Common gaps:* Generic testimonials, unwilling references
- *Who owns this:* Customer success team with sales and marketing

Net Promoter Score (NPS) data for AI capabilities

- *What this requires:* NPS measurements specifically related to AI features and capabilities
- *Documentation needed:* NPS surveys, trend analysis, benchmarking data
- *Evidence quality standards:* Must show positive NPS trends with AI-specific attribution
- *Common gaps:* Generic NPS without AI attribution
- *Who owns this:* Customer success team with product analytics

3.2 Market Validation

Competitive analysis and positioning

- *What this requires:* Comprehensive analysis of competitive AI capabilities and market positioning
- *Documentation needed:* Competitive analysis reports, positioning studies, feature comparisons
- *Evidence quality standards:* Must be objective, current, and comprehensive
- *Common gaps:* Biased analysis, outdated competitive information
- *Who owns this:* Product marketing with competitive intelligence

Market research and customer demand evidence

- *What this requires:* Independent market research validating demand for AI capabilities
- *Documentation needed:* Market research reports, demand studies, customer surveys
- *Evidence quality standards:* Must use independent research with statistically valid methodology
- *Common gaps:* Internal research only, weak statistical methodology
- *Who owns this:* Marketing research with product management

Industry analyst reports and recognition

- *What this requires:* Recognition from industry analysts and inclusion in relevant reports
- *Documentation needed:* Analyst reports, industry studies, recognition documentation
- *Evidence quality standards:* Must include independent analyst validation of AI capabilities
- *Common gaps:* Missing analyst coverage, limited industry recognition
- *Who owns this:* Marketing/PR team with analyst relations

Awards and certifications received

- *What this requires:* Industry awards and certifications specifically recognizing AI capabilities
- *Documentation needed:* Award documentation, certification records, evaluation criteria
- *Evidence quality standards:* Must be from recognized industry organizations with credible evaluation
- *Common gaps:* Minor awards with limited credibility, missing documentation
- *Who owns this:* Marketing team with compliance for certifications

Press coverage and thought leadership

- *What this requires:* Media coverage and thought leadership positioning around AI capabilities

- *Documentation needed:* Press clippings, thought leadership articles, speaking engagements
 - *Evidence quality standards:* Must demonstrate market recognition and credible positioning
 - *Common gaps:* Limited coverage, lack of thought leadership positioning
 - *Who owns this:* Marketing/PR team with executive leadership
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SECTION 4: OPERATIONAL READINESS (20 Items)

Purpose: Demonstrate operational maturity and sustainability of AI capabilities through team, process, and operational documentation.

4.1 Team & Talent Documentation

AI team organizational chart and roles

- *What this requires:* Current organizational structure showing AI team roles and reporting relationships
- *Documentation needed:* Org charts, role descriptions, reporting structures
- *Evidence quality standards:* Must show clear structure with appropriate skill coverage
- *Common gaps:* Unclear structure, missing role definitions
- *Who owns this:* HR with AI technical leadership

Key personnel resumes and backgrounds

- *What this requires:* Detailed resumes and background information for critical AI team members
- *Documentation needed:* Resumes, background checks, skill assessments
- *Evidence quality standards:* Must demonstrate relevant experience and qualifications
- *Common gaps:* Incomplete background documentation, missing skill validation
- *Who owns this:* HR with recruiting and AI technical leadership

Team retention and knowledge transfer plans

- *What this requires:* Plans for retaining critical AI talent and transferring knowledge to reduce key person risk
- *Documentation needed:* Retention strategies, knowledge transfer procedures, succession planning
- *Evidence quality standards:* Must address key person dependencies with concrete mitigation
- *Common gaps:* Missing retention planning, inadequate knowledge transfer

- *Who owns this:* HR with AI technical leadership and executive team

Training and development programs

- *What this requires:* Formal programs for developing AI capabilities across the organization
- *Documentation needed:* Training curricula, development programs, competency frameworks
- *Evidence quality standards:* Must show systematic approach to capability building
- *Common gaps:* Ad hoc training, missing competency development
- *Who owns this:* HR with AI technical leadership and learning & development

Succession planning for critical roles

- *What this requires:* Identified successors and development plans for critical AI leadership roles
- *Documentation needed:* Succession plans, candidate identification, development timelines
- *Evidence quality standards:* Must reduce business risk from key person departure
- *Common gaps:* Missing succession planning, undeveloped successor candidates
- *Who owns this:* HR with executive leadership

4.2 Process Documentation

AI development and deployment processes

- *What this requires:* Documented processes for developing, testing, and deploying AI systems
- *Documentation needed:* Process documentation, workflow diagrams, approval procedures
- *Evidence quality standards:* Must be detailed enough for replication and validation
- *Common gaps:* High-level processes, missing approval procedures
- *Who owns this:* AI technical leadership with project management

Quality assurance and testing procedures

- *What this requires:* Comprehensive QA procedures for AI systems including testing methodologies
- *Documentation needed:* QA procedures, testing protocols, validation requirements
- *Evidence quality standards:* Must ensure reliable, accurate AI system performance
- *Common gaps:* Weak testing procedures, missing validation requirements
- *Who owns this:* Quality assurance team with AI technical team

□ **Incident response and troubleshooting guides**

- *What this requires:* Procedures for responding to AI system issues and performance problems
- *Documentation needed:* Incident response procedures, troubleshooting guides, escalation protocols
- *Evidence quality standards:* Must enable rapid response to system issues
- *Common gaps:* Missing incident procedures, unclear escalation paths
- *Who owns this:* Operations team with AI technical support

□ **Change management and version control**

- *What this requires:* Formal change management for AI systems with version control and approval processes
- *Documentation needed:* Change management procedures, version control systems, approval workflows
- *Evidence quality standards:* Must prevent unauthorized changes and maintain system integrity
- *Common gaps:* Weak change control, missing approval processes
- *Who owns this:* Development operations with AI technical team

□ **Operational runbooks and procedures**

- *What this requires:* Detailed operational procedures for maintaining and monitoring AI systems
- *Documentation needed:* Runbooks, operational procedures, monitoring protocols
- *Evidence quality standards:* Must enable consistent operational management

- *Common gaps:* Missing runbooks, incomplete operational procedures
 - *Who owns this:* Operations team with AI technical team
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SECTION 5: COMPLIANCE & GOVERNANCE (15 Items)

Purpose: Demonstrate comprehensive compliance and governance framework suitable for sophisticated buyer requirements.

5.1 Regulatory Compliance

Regulatory compliance assessment and documentation

- *What this requires:* Comprehensive assessment of AI regulatory compliance with supporting documentation
- *Documentation needed:* Compliance assessments, regulatory mapping, gap analysis
- *Evidence quality standards:* Must cover all applicable regulations with current compliance status
- *Common gaps:* Incomplete regulatory coverage, missing compliance documentation
- *Who owns this:* Legal/Compliance team with regulatory affairs

Industry-specific compliance requirements

- *What this requires:* Documentation of compliance with industry-specific AI regulations and standards
- *Documentation needed:* Industry compliance analysis, sector-specific documentation, certification records
- *Evidence quality standards:* Must address all relevant industry requirements
- *Common gaps:* Missing industry-specific analysis, incomplete certification
- *Who owns this:* Legal/Compliance team with industry regulatory experts

Data protection and privacy compliance (GDPR, CCPA)

- *What this requires:* Comprehensive data protection compliance including GDPR, CCPA, and other privacy laws
- *Documentation needed:* Privacy compliance documentation, data protection procedures, audit results
- *Evidence quality standards:* Must demonstrate full compliance with privacy regulations

- *Common gaps:* Incomplete privacy compliance, missing audit documentation
- *Who owns this:* Privacy officer with legal and compliance teams

Audit trail and documentation requirements

- *What this requires:* Complete audit trails for AI decisions and comprehensive documentation for compliance
- *Documentation needed:* Audit logging systems, documentation standards, compliance tracking
- *Evidence quality standards:* Must support regulatory examination and compliance validation
- *Common gaps:* Incomplete audit trails, missing documentation standards
- *Who owns this:* Compliance team with IT operations

Third-party compliance certifications

- *What this requires:* Relevant third-party certifications validating AI compliance and security
- *Documentation needed:* Certification records, audit reports, compliance validation
- *Evidence quality standards:* Must include recognized certifications with current status
- *Common gaps:* Missing certifications, outdated compliance validation
- *Who owns this:* Compliance team with information security

5.2 Risk Management

AI risk assessment and mitigation strategies

- *What this requires:* Comprehensive risk assessment for AI systems with documented mitigation strategies
- *Documentation needed:* Risk assessments, mitigation plans, monitoring procedures
- *Evidence quality standards:* Must identify and address all material AI risks
- *Common gaps:* Incomplete risk assessment, weak mitigation strategies
- *Who owns this:* Risk management team with AI technical team

Security measures and access controls

- *What this requires:* Comprehensive security controls for AI systems including access management and data protection
- *Documentation needed:* Security policies, access control procedures, security audit results
- *Evidence quality standards:* Must protect AI systems and data from security threats
- *Common gaps:* Weak access controls, missing security documentation
- *Who owns this:* Information security team with AI technical team

Business continuity and disaster recovery plans

- *What this requires:* Business continuity plans specifically addressing AI system failures and recovery
- *Documentation needed:* Continuity plans, recovery procedures, testing documentation
- *Evidence quality standards:* Must ensure business continuity during AI system disruptions
- *Common gaps:* Missing AI-specific continuity planning, untested recovery procedures
- *Who owns this:* Business continuity team with AI technical team

Insurance coverage for AI-related risks

- *What this requires:* Appropriate insurance coverage for AI-related risks including errors, omissions, and cyber liability
- *Documentation needed:* Insurance policies, coverage analysis, risk assessment
- *Evidence quality standards:* Must provide adequate coverage for identified AI risks
- *Common gaps:* Inadequate coverage, missing AI-specific policies
- *Who owns this:* Risk management team with insurance and legal

Legal and regulatory risk analysis

- *What this requires:* Analysis of legal and regulatory risks from AI operations with mitigation strategies

- *Documentation needed:* Legal risk assessment, regulatory analysis, mitigation plans
 - *Evidence quality standards:* Must identify and address all material legal risks
 - *Common gaps:* Incomplete legal analysis, missing regulatory risk assessment
 - *Who owns this:* Legal team with compliance and risk management
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SECTION 6: FINANCIAL DOCUMENTATION (15 Items)

Purpose: Provide comprehensive financial documentation enabling buyer validation of AI investment and return claims.

6.1 AI Investment Tracking

Historical AI investments and expenditures

- *What this requires:* Complete history of AI-related investments including capital and operational expenditures
- *Documentation needed:* Investment tracking, expenditure records, cost allocation documentation
- *Evidence quality standards:* Must include all direct and indirect AI costs with proper allocation
- *Common gaps:* Incomplete cost tracking, missing indirect cost allocation
- *Who owns this:* CFO with accounting and finance teams

Current AI-related operational costs

- *What this requires:* Detailed breakdown of ongoing operational costs for AI systems and teams
- *Documentation needed:* Cost center analysis, operational expense tracking, resource allocation
- *Evidence quality standards:* Must provide complete picture of AI operational cost structure
- *Common gaps:* Missing cost center detail, incomplete resource allocation
- *Who owns this:* CFO with accounting and operations teams

ROI calculations and business case documentation

- *What this requires:* Rigorous ROI calculations for AI investments with supporting business case documentation
- *Documentation needed:* ROI models, business cases, financial impact analysis
- *Evidence quality standards:* Must use consistent methodology with conservative assumptions
- *Common gaps:* Optimistic ROI calculations, weak business case support

- *Who owns this:* CFO with finance planning and AI teams

Budget allocations for future AI investments

- *What this requires:* Forward-looking budget allocations and investment plans for AI capability expansion
- *Documentation needed:* Budget documentation, investment plans, resource requirements
- *Evidence quality standards:* Must align with business strategy and demonstrate realistic planning
- *Common gaps:* Unrealistic budget projections, missing resource planning
- *Who owns this:* CFO with strategic planning and AI leadership

Cost allocation methodologies for AI initiatives

- *What this requires:* Clear methodologies for allocating AI costs across business units and projects
- *Documentation needed:* Cost allocation procedures, methodology documentation, allocation tracking
- *Evidence quality standards:* Must provide fair and consistent cost allocation
- *Common gaps:* Inconsistent allocation methods, missing methodology documentation
- *Who owns this:* CFO with accounting and AI teams

6.2 Revenue Attribution

AI-driven revenue tracking and attribution

- *What this requires:* Systems and methodologies for tracking revenue directly attributable to AI capabilities
- *Documentation needed:* Revenue tracking systems, attribution models, analytical procedures
- *Evidence quality standards:* Must isolate AI impact from other business drivers
- *Common gaps:* Weak attribution methodology, overstated revenue claims
- *Who owns this:* CFO with sales analytics and AI teams

□ **Customer lifetime value impact from AI**

- *What this requires:* Analysis of how AI affects customer lifetime value with supporting data
- *Documentation needed:* LTV analysis, customer analytics, impact studies
- *Evidence quality standards:* Must show statistical significance of AI impact on LTV
- *Common gaps:* Weak statistical analysis, missing customer impact data
- *Who owns this:* CFO with customer analytics and AI teams

□ **Pricing strategy for AI-enhanced products**

- *What this requires:* Documentation of pricing strategies and premiums for AI-enhanced products and services
- *Documentation needed:* Pricing analysis, market research, competitive positioning
- *Evidence quality standards:* Must demonstrate pricing power from AI capabilities
- *Common gaps:* Missing pricing analysis, weak competitive validation
- *Who owns this:* Product management with pricing and marketing teams

□ **Upsell and cross-sell metrics for AI features**

- *What this requires:* Metrics showing AI features' impact on upsell and cross-sell performance
- *Documentation needed:* Sales analytics, conversion metrics, feature impact analysis
- *Evidence quality standards:* Must show clear connection between AI features and sales performance
- *Common gaps:* Missing feature-specific analytics, weak conversion tracking
- *Who owns this:* Sales operations with AI and analytics teams

□ **Market share gains attributable to AI**

- *What this requires:* Analysis of market share improvements directly related to AI competitive advantages
- *Documentation needed:* Market analysis, competitive studies, share tracking

- *Evidence quality standards:* Must demonstrate causal relationship between AI and market gains
 - *Common gaps:* Weak market analysis, missing competitive attribution
 - *Who owns this:* Marketing with competitive intelligence and strategy teams
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SECTION 7: LEGAL & INTELLECTUAL PROPERTY (10 Items)

Purpose: Ensure comprehensive legal protection and clear intellectual property rights for AI assets.

7.1 IP Portfolio

Patent applications and grants related to AI

- *What this requires:* Complete portfolio of AI-related patents including applications and granted patents
- *Documentation needed:* Patent documentation, filing records, prosecution history
- *Evidence quality standards:* Must provide meaningful protection for AI innovations
- *Common gaps:* Weak patent portfolio, missing filing documentation
- *Who owns this:* Legal/IP team with AI technical team

Trade secrets and proprietary algorithms

- *What this requires:* Documentation and protection of trade secrets including proprietary algorithms and methods
- *Documentation needed:* Trade secret identification, protection procedures, access controls
- *Evidence quality standards:* Must provide effective protection for proprietary AI assets
- *Common gaps:* Inadequate trade secret protection, missing access controls
- *Who owns this:* Legal team with information security and AI technical team

Copyright and trademark registrations

- *What this requires:* Relevant copyright and trademark protections for AI-related assets and branding
- *Documentation needed:* Registration records, filing documentation, protection procedures
- *Evidence quality standards:* Must protect key AI-related intellectual property
- *Common gaps:* Missing registrations, incomplete protection
- *Who owns this:* Legal/IP team with marketing

Trade secret protection measures

- *What this requires:* Comprehensive measures to protect AI trade secrets including policies and procedures
- *Documentation needed:* Protection policies, access procedures, employee agreements
- *Evidence quality standards:* Must prevent unauthorized disclosure of proprietary AI information
- *Common gaps:* Weak protection measures, missing employee agreements
- *Who owns this:* Legal team with HR and information security

IP licensing agreements and restrictions

- *What this requires:* Documentation of IP licensing agreements affecting AI capabilities and any restrictions
- *Documentation needed:* Licensing agreements, restriction analysis, compliance documentation
- *Evidence quality standards:* Must ensure clear rights to use and commercialize AI capabilities
- *Common gaps:* Missing licensing documentation, unclear usage rights
- *Who owns this:* Legal team with procurement and AI technical team

7.2 Contracts & Agreements

Customer contracts with AI-related terms

- *What this requires:* Customer contracts including AI-specific terms, warranties, and liability provisions
- *Documentation needed:* Contract templates, AI-specific terms, customer agreements
- *Evidence quality standards:* Must provide appropriate protection and clear AI service terms
- *Common gaps:* Missing AI-specific terms, inadequate liability protection
- *Who owns this:* Legal team with sales and customer success

Vendor and technology licensing agreements

- *What this requires:* Complete documentation of vendor and technology licensing supporting AI capabilities
- *Documentation needed:* Vendor contracts, licensing agreements, compliance documentation
- *Evidence quality standards:* Must ensure continued access to critical AI technologies
- *Common gaps:* Missing vendor documentation, unclear licensing terms
- *Who owns this:* Legal team with procurement and AI technical team

Employee agreements and IP assignments

- *What this requires:* Employee agreements including IP assignment and confidentiality provisions for AI work
- *Documentation needed:* Employment agreements, IP assignments, confidentiality agreements
- *Evidence quality standards:* Must ensure company ownership of employee-created AI assets
- *Common gaps:* Missing IP assignments, weak confidentiality provisions
- *Who owns this:* Legal team with HR

Partnership and collaboration agreements

- *What this requires:* Agreements with partners and collaborators including AI development and commercialization
- *Documentation needed:* Partnership agreements, collaboration terms, IP sharing arrangements
- *Evidence quality standards:* Must protect company interests while enabling productive partnerships
- *Common gaps:* Unclear IP ownership, missing collaboration documentation
- *Who owns this:* Legal team with business development

Data sharing and processing agreements

- *What this requires:* Agreements governing data sharing and processing for AI applications including privacy protection

- *Documentation needed:* Data processing agreements, sharing contracts, privacy compliance
 - *Evidence quality standards:* Must comply with privacy regulations and protect data rights
 - *Common gaps:* Missing privacy protections, unclear data usage rights
 - *Who owns this:* Legal team with privacy officer and data governance
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SECTION 8: INTEGRATION READINESS (15 Items)

Purpose: Demonstrate readiness for smooth post-acquisition integration minimizing buyer risk and maximizing value preservation.

8.1 Technical Integration Planning

System integration requirements and dependencies

- *What this requires:* Documentation of technical requirements and dependencies for integrating AI systems
- *Documentation needed:* Integration requirements, dependency mapping, technical specifications
- *Evidence quality standards:* Must enable accurate integration planning and risk assessment
- *Common gaps:* Incomplete dependency documentation, missing technical requirements
- *Who owns this:* CTO with AI technical team and enterprise architecture

Data migration and compatibility assessment

- *What this requires:* Assessment of data migration requirements and compatibility with buyer systems
- *Documentation needed:* Data compatibility analysis, migration procedures, integration testing
- *Evidence quality standards:* Must ensure data integrity during migration and integration
- *Common gaps:* Missing compatibility analysis, untested migration procedures
- *Who owns this:* Data engineering team with AI technical team

API documentation and integration guides

- *What this requires:* Comprehensive API documentation enabling integration with external systems
- *Documentation needed:* API documentation, integration guides, code examples
- *Evidence quality standards:* Must enable efficient integration with minimal technical debt

- *Common gaps:* Incomplete API documentation, missing integration examples
- *Who owns this:* AI technical team with technical documentation

Testing and validation procedures

- *What this requires:* Procedures for testing AI systems during and after integration processes
- *Documentation needed:* Testing procedures, validation criteria, acceptance testing
- *Evidence quality standards:* Must ensure AI system performance during integration
- *Common gaps:* Missing integration testing, weak validation procedures
- *Who owns this:* Quality assurance team with AI technical team

Performance benchmarking and optimization

- *What this requires:* Baseline performance benchmarks and optimization procedures for post-integration
- *Documentation needed:* Performance benchmarks, optimization procedures, monitoring setup
- *Evidence quality standards:* Must maintain AI system performance through integration
- *Common gaps:* Missing performance baselines, incomplete optimization procedures
- *Who owns this:* AI technical team with performance engineering

8.2 Organizational Integration

Change management and communication plans

- *What this requires:* Plans for managing organizational change during AI integration including communication
- *Documentation needed:* Change management procedures, communication plans, stakeholder mapping
- *Evidence quality standards:* Must minimize disruption and maintain team productivity
- *Common gaps:* Missing change management, incomplete communication planning

- *Who owns this:* HR with change management and executive leadership

Training and onboarding programs

- *What this requires:* Programs for training buyer personnel on AI systems and integrating teams
- *Documentation needed:* Training curricula, onboarding procedures, competency frameworks
- *Evidence quality standards:* Must enable effective knowledge transfer and team integration
- *Common gaps:* Missing training programs, incomplete onboarding procedures
- *Who owns this:* HR with AI technical team and learning & development

Cultural integration considerations

- *What this requires:* Analysis of cultural factors affecting AI team integration with buyer organization
- *Documentation needed:* Cultural assessment, integration strategies, team dynamics analysis
- *Evidence quality standards:* Must facilitate smooth cultural integration and team retention
- *Common gaps:* Missing cultural analysis, weak integration strategies
- *Who owns this:* HR with executive leadership and AI team

Retention strategies for key personnel

- *What this requires:* Specific strategies for retaining critical AI personnel through integration process
- *Documentation needed:* Retention plans, incentive structures, career development paths
- *Evidence quality standards:* Must minimize key talent loss during integration
- *Common gaps:* Generic retention strategies, missing incentive planning
- *Who owns this:* HR with executive leadership and compensation

Knowledge transfer and documentation

- *What this requires:* Comprehensive knowledge transfer procedures and documentation for AI capabilities
 - *Documentation needed:* Knowledge transfer procedures, technical documentation, training materials
 - *Evidence quality standards:* Must enable effective transfer of AI knowledge and capabilities
 - *Common gaps:* Incomplete knowledge transfer, missing technical documentation
 - *Who owns this:* AI technical team with documentation and training teams
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OVERALL READINESS ASSESSMENT

COMPLETION SUMMARY

SECTION	ITEMS COMPLETE	TOTAL ITEMS	COMPLETION READINESS %	LEVEL
Executive Summary Preparation	___/10	10	___%	
Technical Documentation	___/20	20	___%	
Business Validation	___/15	15	___%	
Operational Readiness	___/20	20	___%	
Compliance & Governance	___/15	15	___%	
Financial Documentation	___/15	15	___%	
Legal & Intellectual Property	___/10	10	___%	
Integration Readiness	___/15	15	___%	
TOTAL DD READINESS SCORE	___/120	120	___%	

READINESS CLASSIFICATION

Score: 108-120 Items (90-100%) - FULLY READY

- **Status:** Complete documentation ready for sophisticated due diligence
- **Characteristics:** Comprehensive preparation across all areas
- **Risk Level:** Very Low - Well-prepared for buyer scrutiny
- **Timeline:** Ready for immediate due diligence process

Score: 96-107 Items (80-89%) - MOSTLY READY

- **Status:** Strong preparation with minor gaps requiring 2-4 weeks completion
- **Characteristics:** Solid foundation with some documentation gaps
- **Risk Level:** Low - Minor gaps easily addressed

- **Timeline:** Ready for due diligence with brief preparation period

Score: 84-95 Items (70-79%) - PARTIALLY READY

- **Status:** Good foundation requiring 1-2 months additional preparation
- **Characteristics:** Core elements in place but significant gaps in documentation
- **Risk Level:** Medium - Noticeable gaps requiring systematic completion
- **Timeline:** 6-8 weeks additional preparation recommended

Score: 72-83 Items (60-69%) - NEEDS PREPARATION

- **Status:** Basic elements present but extensive preparation required
- **Characteristics:** Major gaps across multiple critical areas
- **Risk Level:** High - Substantial preparation required to avoid buyer concerns
- **Timeline:** 3-6 months intensive preparation needed

Score: Below 72 Items (<60%) - NOT READY

- **Status:** Fundamental preparation required before considering exit process
- **Characteristics:** Critical gaps across most areas of due diligence
- **Risk Level:** Very High - Significant risk of valuation discount or deal failure
- **Timeline:** 6+ months comprehensive preparation required

CRITICAL GAP REMEDIATION PLAN

HIGHEST PRIORITY GAPS (Complete First):

1. **Gap:** _____ **Section:** _____

Business Impact: High/Medium/Low

Completion Effort: _____ weeks

Owner: _____ **Target Date:** _____

2. **Gap:** _____ **Section:** _____

Business Impact: High/Medium/Low

Completion Effort: _____ weeks

Owner:

Target Date:

3. Gap:

Section:

Business Impact: High/Medium/Low

Completion Effort: _____ weeks

Owner:

Target Date:

MEDIUM PRIORITY GAPS (Complete Second):

1. _____

2. _____

3. _____

LOWER PRIORITY GAPS (Complete Third):

1. _____

2. _____

3. _____

PREPARATION EXECUTION PLAN

PHASE 1: CRITICAL FOUNDATION (Weeks 1-4)

- Complete highest priority gaps affecting core AI value proposition
- Establish basic documentation framework and evidence collection
- Secure executive sponsorship and resource allocation
- Begin third-party validation for critical claims

PHASE 2: COMPREHENSIVE DOCUMENTATION (Weeks 5-12)

- Complete technical documentation and architectural materials
- Finalize business validation and customer evidence
- Implement governance and compliance documentation
- Prepare financial attribution and ROI validation

PHASE 3: INTEGRATION PREPARATION (Weeks 13-16)

- Develop integration readiness materials and procedures
- Complete legal and IP documentation review
- Finalize knowledge transfer and training materials
- Conduct mock due diligence exercise with external advisors

PHASE 4: FINAL VALIDATION (Weeks 17-20)

- Third-party validation of critical claims and documentation
 - Executive presentation preparation and rehearsal
 - Final documentation review and quality assurance
 - Due diligence readiness confirmation
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