

AI FOR DUE DILIGENCE

AlixPartners Expert-Based AI Due Diligence Platform

THE CHALLENGE

Artificial Intelligence (AI) can be a powerful tool in the right hands, but a detriment used incorrectly.

What are some ways expert-based AI efforts can improve due diligence?

THE SOLUTION

The impact and value of GenAI increase dramatically when it is coupled with human expertise in PE due diligence. By strategically combining the latest, most-advanced GenAI capabilities with expert-level analysis of the findings, AI models grow smarter, and experts become more efficient. What are some ways expert-based AI efforts can improve due diligence?

1. Speed + Scale

Decreases total time and human-power spent on due diligence analysis.

2. Accuracy

Expert-based AI can grade and fact-check human output, while simultaneously recommending improvements.

3. Completeness + enhancements

Expert-based AI can fill in the gaps that humans may miss, including adding latent feature analysis that is challenging for humans to perform.

PRACTICAL APPLICATION



FINANCE

Evaluate the accuracy of financial statements to assess the company's financial health and uncover any potential risks or inconsistencies



OPERATIONS

Assess the efficiency and effectiveness of the company's operations, including supply chain, production processes, and quality control



TECHNOLOGY

Scrutinize the company's technology infrastructure, software, cybersecurity measures, and tech-related intellectual property



COMMERCIAL

Analyze market position, competition, customer base, and sales strategies to gauge the company's market potential and commercial viability



ORGANIZATION

Examine the company's organizational structure, talent management, company culture, and employee relations to understand workforce capabilities



THIRD PARTY SPEND

Review and evaluate the company's spending on third-party vendors and suppliers to ensure cost-effectiveness and alignment with strategic goals

HOW CAN AI BE LEVERAGED TO IMPROVE DUE DILIGENCE?



AI-Enhanced Due Diligence

Situation: A PE firm engaged AlixPartners to conduct due diligence on the acquisition of a business unit (BU) from a mid-market manufacturing portfolio company with \$700M in consolidated revenue. AlixPartners assessed the BU's financials, estimated at \$60 million in revenue, and its operational efficiency as a standalone entity.

Outcome: AlixPartners leveraged its AI platform to analyze large volumes of documents across areas such as commercial growth, manufacturing, and supply chain optimization, resulting in (1) the elimination of manual document search, (2) the retrieval of quick answers "on the fly" during client meetings, and (3) "fact packs" to support client deliverables.

By leveraging chat, AlixPartners improved productivity in meetings and data awareness for analysis.

Approach:

- AlixPartners ingested over 2,500 documents across various areas, such as commercial growth, manufacturing, supply chain optimization
- Our approach used the AI platform's chat feature for rapid answers which ensures the analyses are available for usage in final deliverables
- By integrating AI into our analysis process, consultants were able to receive analysis in real-time during meetings, reducing manual searches
- Overall efficiency improved as consultants focused on addressing data gaps, refining tone and granularity of deliverables, and reducing time spent on document review or cataloging



Third-Party Vendor Categorization using AI

Situation: AlixPartners received five spend cubes from clients, presenting the challenge of categorizing a substantial number of vendors. This task required a systematic approach to analyze diverse vendor data, enabling effective management and strategic decision-making in procurement.

Outcome: AlixPartners employed advanced AI-driven spend categorization to analyze accounts payable data from five distinct projects, resulting in a significant enhancement in categorization accuracy and a dramatic reduction in processing time.

By leveraging AI's rapid data-processing capabilities alongside our expert analysis, AlixPartners improved categorization precision and operational efficiency.

Approach:

- AlixPartners consolidated accounts payable data from five projects, encompassing 10,000 vendor transactions
- Our approach involved categorizing this extensive dataset using our advanced AI tools. The AI systematically categorized all 10,000 transactions, streamlining data organization and classification.
- By integrating AI into our spend categorization process, consultants significantly reduced manual processing time from 60-70 hours to 3 hours, improving overall efficiency by 90% allowing our team to focus more on generating actionable insights and enhancing operational strategies.

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