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AI APPLIED INSIDE THE FUND

The Private Equity AI Playbook.

A repeatable playbook for the workflows that run a fund: **deal sourcing, diligence, fund operations, and exit prep.**

The Challenge

Nearly every firm uses AI. Very few have operationalized it. Analysts summarize CIMs and partners draft memos, but the leaders embed AI in the deal cycle itself, sourcing through exit prep, with measured output.

ADOPTION VS. EXECUTION

PE firms using AI somewhere in the firm
PE STACK 2026



95%

Firms that have operationalized AI into workflows
BAIN 2025



~20%

The tools are on desks. For most firms, it stops at the chat window.

35–85%

productivity gains on diligence tasks for the firms that have made the jump from chat window to workflow.

THIRDBRIDGE
2026

The fund that runs AI inside its deal cycle **sees more deals, screens them in days, and exits on its own timing.**

INSIDE THIS PLAYBOOK

03 Where AI fits, stage by stage, across the deal cycle

04 Deal sourcing that screens in days, not weeks

05 Diligence acceleration and institutional knowledge

06 LP reporting and compliance at AUM scale

07 Exit timing and portfolio intelligence

08 Where to start, the Compoze model, and the economics

The AI Deal Cycle

Every stage of the investment lifecycle has named use cases and a measured result. This playbook covers the three stages the fund itself runs.

DEAL SOURCING & ORIGATION

20–30% more deals evaluated

same team, wider funnel

Market mapping, CIM analysis, relationship intelligence, and automated outreach.

01

DILIGENCE & KNOWLEDGE

35–85% productivity gains

on diligence tasks

Data room analysis, financial model extraction, IC memo repository, and DDQ drafting.

02

FUND OPERATIONS

40% less reporting time

with a full audit trail

Portfolio monitoring, compliance automation, LP reporting, and knowledge management.

03

PORTCO VALUE CREATION

2–4% incremental EBITDA

inside the hold period

Revenue uplift, operational benchmarking, product innovation, and process automation.

04

[Get the Portfolio Edition →](#)

This playbook covers stages one through three: **the workflows the fund itself runs**. Stage four gets its own edition.

Sources: PE Stack, Bain PE Report 2025, McKinsey PE Ops 2025, PwC PE AI 2026, Everest Group PE AI

Deal Sourcing & Origination

Origination moves from weeks to days: an always-on engine replaces the static target list, and pre-screening compresses from two weeks to two.

30%

improvement in deal origination productivity

MCKINSEY 2025

2 wks → 2 days

pre-screening timeline compression

AFFINITY 2026

01 Proactive Market Mapping

Structured and unstructured market data ingested continuously to surface thesis-fit targets before they reach a banker's list.

02 CIM Analysis & Red-Flag Surfacing

CIMs summarized, financial inconsistencies extracted, and key value drivers surfaced before formal diligence begins.

03 Relationship Intelligence

AI layers on the CRM to capture relationship signals, score transaction likelihood, and surface the best introduction path to a seller.

04 Automated Outreach

First-touch sequences drafted from relationship context, reviewed by the deal team before anything sends.

Sourcing is the most common first build: data the fund already owns, a workflow every partner touches, and a **result that shows up in the pipeline numbers.**

Diligence & Institutional Knowledge

Diligence gets faster, and institutional knowledge compounds instead of walking out the door with an analyst. Two systems, one shared foundation.

DILIGENCE ACCELERATION

Data Room Analysis
A data room ingested in hours: contract terms extracted, unusual clauses flagged, structured summaries generated

Financial Model Extraction
Automated extraction into deal templates, with anomaly detection and cross-validation against prior periods

Virtual IC Agents
Deal materials reviewed, risks surfaced, structured recommendations fed into investment committee decisions



KNOWLEDGE MANAGEMENT

IC Memo Repository. Centralized AI search across past deals, decisions, and thesis rationale. Query it in natural language.

Automated DDQ Drafting. DDQ responses generated from historical fund data: hours of manual work cut to minutes, with sourced, auditable answers.

Relationship Intelligence. Warm introductions and deal-relevant connections surfaced across the firm's whole network.

35–85%
productivity gains on diligence tasks

60–70%
reduction in DD time for financial workstreams

30–40%
of IC discussions now focus on AI strategy

Sources: ThirdBridge DD Guide 2026, Glean PE Research 2026, Accenture Agentic AI in PE 2026

Fund Operations

AUM grows without a matching headcount line. Four systems carry reporting season, and every answer ships with its sources attached.

DOCUMENT INTELLIGENCE · Unstructured portco reports

01

200–page PDFs, read in full tables, footnotes, EBITDA calcs

AI contextually understands portfolio company reports, extracting the financial tables and footnotes that defeat traditional OCR.

AUTOMATED LP COMMUNICATIONS · Quarterly fund reporting

02

Reports drafted from data with a full audit trail

Fund reports and portfolio updates drafted from standardized data, with narrative commentary benchmarked against prior periods.

COMPLIANCE MONITORING · Form PF · ESG · third-party oversight

03

Filings on autopilot with live regulatory tracking

AI-driven platforms automate filings and track regulatory change as it happens, keeping the firm ahead of evolving requirements.

INVESTOR RELATIONS INTELLIGENCE · LP queries · fund history

04

LP questions, answered with sources instant and auditable

Historical fund performance and prior LP communications indexed, so complex LP queries get sourced answers in seconds.

Measured result: 40% less reporting time, on a data foundation that diligence and exit prep reuse.

Sources: PwC PE AI Transformation 2026, CLA PE Predictions 2026, BDO AI Use Case Portfolio 2026



Exit Readiness

With 16,000+ PE-backed companies held four-plus years, exits are the bottleneck of the cycle. Continuous monitoring turns exit prep from a scramble into a standing capability.

Continuous Portfolio Monitoring

- **Live KPI tracking** across portfolio companies, with drift detection and early-warning alerts
- **Anomalies surfaced early:** revenue softness, margin compression, and churn caught before the quarterly report
- **Value creation plan scoring** tracked per company: Deploy → Reshape → Invent

Exit Timing Intelligence

- **Exit windows forecast** from historical transactions, market trends, and IPO activity
- **AI readiness scoring** shows which investments can carry a premium, tech-enabled narrative
- **Exit prep automated** from monitoring data: financial data rooms, management presentations, buyer targeting

16,000+

PE-backed companies held 4+ years, the highest backlog on record

60%

of PE managers attribute revenue increases to AI

\$200B+

estimated AI opportunity across PE-backed portfolios

The same monitoring foundation answers the board question and the buyer question: how is this company doing, and how do we prove it.

Sources: Bain PE Report 2025, Pictet AI Survey 2025, Everest Group PE AI Research 2026, EY PE Value Creation 2026

Where to Start

Three phases over eighteen months. Prove the model on fund workflows the firm controls end to end, then extend it across the deal cycle and out to the portfolio.

1

Foundations MONTHS 0-3

Audit fund workflows for AI readiness, deploy AI on LP reporting and compliance, set data governance standards, and pilot knowledge management tools.

✓ First measured win inside fund operations

2

Acceleration MONTHS 3-9

Scale to sourcing and diligence automation, build the IC memo repository with AI search, launch portfolio monitoring dashboards, and identify 3-5 use cases per portco.

✓ AI running across the deal cycle

3

Transformation MONTHS 9-18

Deploy AI value creation across portfolio companies, replicate patterns through cross-portfolio benchmarking, and add AI-enabled product features to the exit narrative.

✓ Firm-wide AI operating model

Phase 1 wins live inside fund operations: **reporting and compliance results that prove the model** before a single portco build.

Source: Compoze Labs prioritization framework, April 2026

Why Compoze

One full-stack team owns the work end to end: strategy, data, engineering, and production, with no handoffs in between.

01 End-to-End Ownership

Strategy, data, engineering, and production from one team that owns the work from first idea through launch. No handoffs.

02 Co-Built with Your Teams

We build alongside your deal team and fund operations staff, with full capability transfer: your team owns it when we leave.

03 Auditability by Default

Sourced, traceable answers for anything LP- or regulator-facing: DDQs, fund reports, compliance filings.

04 Cross-Workflow Patterns

Document intelligence built for diligence extends to LP reporting and exit prep. One foundation, many workflows.

05 Fund-Native Governance

Access controls and approval gates built for how a deal team handles confidential information.

06 AI-Native by Default

The same AI-native workflow we run internally powers your builds, turning weeks of estimated work into focused hours.

One full-stack team, embedded with your deal team, shipping **production systems** inside the fund.

The Economics



A \$35K readiness assessment of fund workflows, then a \$75K–\$150K flagship build per workflow that ships to production inside 16 weeks.

\$35K

Readiness Assessment

2 weeks, fixed scope
Fund workflow scan, ranked
roadmap



\$75K– \$150K

Flagship Build

12–16 weeks to production
Per fund workflow

MEASURED RETURNS (REPORTED ACROSS PE AI DEPLOYMENTS)

Sourcing

**30% more
productive**

origination
output per
deal team

Pre-Screening

2 wks → 2 days

evaluation
timeline
compression

Diligence

**60–70% less DD
time**

on financial
workstreams

LP Reporting

**40% less
reporting time**

with a full
audit trail

DDQ Drafting

Hours → minutes

sourced,
auditable
answers

Compare: \$500K+ strategy retainers produce roadmaps. \$75K–\$150K Compoze engagements produce working systems inside the fund's own workflows.

Sources: McKinsey 2025, Affinity 2026, ThirdBridge 2026, PwC 2026, Compoze Labs Research. Returns reported in select deployments.

Your Fund Runs on Workflows. AI Makes Each One Faster.

Three stages, one repeatable model, working systems in production.

1

Assess & Prioritize

WEEKS 1-4

Fund workflow scan, use cases ranked by hours saved and cycle-time impact, a roadmap the partnership signs off on.

2

Build & Deploy

WEEKS 4-16

Flagship workflow build with measured KPIs, integration with fund systems, and production deployment.

3

Monitor & Replicate

ONGOING

Cycle-time and accuracy tracking, auditable reporting, and replication across the next fund workflow.

Schedule a Conversation →

meetings.hubspot.com/nathan-mcclatchey/private-equity

ABOUT COMPOZE LABS

Compoze Labs builds the software your business runs on. AI, custom applications, and data platforms, designed, shipped, and run by one Minneapolis-based team that stays accountable for the outcome.

Also in this series: **The Portfolio Edition**, covering AI value creation across portfolio companies.

[Get the Portfolio Edition →](#)