

The Questions That Don't Get Asked in PE Tech Due Diligence

Key takeaways from IDR's live panel with senior technology operators and AI transformation leaders.

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Technology due diligence has become a core pillar of private equity investing. Yet as AI reshapes software, workflows and enterprise value creation, investors may still be asking the wrong questions.

In IDR's recent panel discussion, two senior operators, [Armando Viteri](#), President and CEO at Neubloc and [Prask Sutton](#), Head of Product at Round Treasury, explored what private equity firms consistently underestimate during tech diligence and where AI creates both opportunity and risk.

1. Due diligence must move beyond technology assessment to operational reality

Traditional tech diligence often validates what exists today: product roadmaps, architecture, code quality and dashboards. But investors risk missing a more important signal — whether the business can continue to execute and improve post-deal.

Panelists argued that investors should spend more time assessing the operating layer of a company:

- Is leadership aligned on priorities?
- Does the product and engineering function make strong decisions?
- Can teams execute under pressure and adapt to change?
- Are workflows mature enough to support scale?

The consensus: strong technology alone does not create value. Execution capability does.

2. Investors should shift from backward diligence to “forward diligence”

A recurring theme was the difference between assessing existing AI capability and evaluating future transformation potential.

Many firms still assess AI through a backward-looking lens — asking what has already been implemented. A more valuable approach is to evaluate what a company *could become* under an AI-enabled operating model.

For investors, this means asking: *“What value could AI unlock across workflows, margins and growth over the hold period?”*

AI was compared to the digitisation wave of the 1980s and 1990s — but with significantly larger implications. Unlike early computing, AI has the potential to redesign workflows, operating models and cost structures at a fundamental level.

3. AI adoption is not AI maturity

Panelists cautioned against viewing AI as a feature, a moat or a simple cost lever. Nearly every company claims an AI strategy. The real differentiator is AI maturity — the ability to redesign workflows and generate measurable business outcomes.

Investors were encouraged to look beyond AI narratives and instead ask:

- Which workflows are being redesigned?
- How is success measured?
- What controls exist when systems fail?
- Where does value appear on the P&L?

The message was clear: AI should be measured by commercial impact, not ambition.

4. Culture is the biggest risk to AI transformation

One of the strongest themes from the discussion was that AI transformation rarely fails because of technology — it fails because of culture.

Management resistance, internal fear and poor change leadership often derail implementation. Employees frequently see AI as a threat rather than a productivity enabler, creating friction inside organisations.

For PE firms, cultural readiness may become as important as technical readiness. Investors should ask whether management teams can lead organisational change and whether incentives are aligned to support adoption.

5. AI talent scarcity remains a near-term constraint

While AI opportunity is significant, execution remains constrained by talent. High-quality AI expertise remains scarce and expensive, making implementation difficult for many businesses.

The panel highlighted that firms need realistic strategies to access technical capability, often through global talent pools and external expertise rather than relying solely on in-house hiring.

The investor takeaway

- **The biggest risk in tech diligence today is mistaking an AI story for an AI strategy.**
- **Private equity firms should move beyond validating current technology and instead assess operational capability, cultural readiness and the realistic potential for AI-driven transformation.**
- **The key question is no longer: “Does this company have AI?” It is: “Can this company operationalise AI in a way that compounds enterprise value?”**