



AI product company

tsf.tech were appointed by three co-investors to undertake a due diligence assessment on an AI product company, focused on their product and technology development practices.

The company was seeking growth capital to continue to build and enhance their existing product strategy, developing the organisation capabilities re depth and capabilities of their AI and ML strategy. The company was well placed in a growth market with strong brand positioning, domain knowledge, and an experienced leadership and technology team.

The scope of the review was to focus on the four primary areas detailed below, the objective being to provide a clear assessment of the current capabilities, integrity of scaling and growth plans, and the risks within the engineering function regarding people, process, and culture:

- Technology: team leadership, structure and hiring plans to deliver growth plans
- Engineering: processes and tools to deliver and manage scaling of operations
- Project management and delivery processes: organisation of work streams, communication, and tools used for scope, cost, time, and risk management
- Product: review product roadmap, development process, product maturity and validity of AI/ML approach to build uniqueness and defensibility of IP

Our report highlighted the following:

Technical Leadership: The company evidenced a high level of strategic commercial leadership, underpinned by the product and technical knowledge of the founder, supported by an experienced Head of Engineering ('HoE'). However, the company currently lacks depth and breadth in AI knowledge and capabilities. We recommended the hiring of a CTO which was accepted.

Business leadership: The growth plan provided for an 80% uplift in headcount in the next 18 months. We recommended a board level appointment of a Head of Culture, People and Talent to enable culture and talent management strategies to be developed which we consider to be critical to long term success for a technology-based business. This recommendation was actioned.

Product Development There was insufficient focus on a strategic roadmap. This was probably the biggest shortfall our due diligence review has identified. The current practice of a having a roadmap focused on the next three months has been sufficiently agile, but we recommended hiring of a product owner and a specific roadmap planning tool, Roadmunk and a 24 month focus on the product development horizon. This recommendation was actioned.

Hiring Strategy: The hiring strategy was clearly documented and planned to support the delivery of known projects in the near term. At the time of our review, there were new hires planned for



strategic positions but in our experience both the hiring process and expectations on required skills should be improved. The capacity and capability to drive implementation and simultaneously innovation should be reviewed. This recommendation was actioned.

Estimation and Resource Planning: The resource planning process was effective given the agile nature and size of the team. However, there was not enough diligence to estimation and planning as projects scale and become more complex, a more strategic approach should be considered. This recommendation was actioned.

Knowledge & Skills Transfer: Due to the rapid growth, the organisation resourcing and structure had defaulted to a delivery focus. This risked the emergence of silos reflecting the project focus, and thus skills and knowledge are not shared across the entire organisation. We recommended a 'Show and Tell' knowledge sharing strategy delivered by cross-functional 'Lunch and Learn' events showcasing different project teams and functions to colleagues. This recommendation was actioned.

The above findings and recommendations were put into a categorisation of risks and corrective actions as to red-amber-green as follows:

- **High risk:** Major issue puts the implementation of the business plan at risk of failure; must be resolved prior to investment
- **Medium risk:** Secondary issue impacting the implementation of the business plan; can be resolved during the initial 100-day post-investment period
- **Low risk:** Can be addressed after the initial 100-day post investment period; will secure growth and scaling ambitions

They were also rated on the following five themes:

- Fit for purpose for the foreseeable future
- Scalable from current position with good foundations
- Business risk impact - H M L
- Priority to fix - H M L
- Growth impact (ROI) – H M L