Anyway Ventures

PE SPONSORS · PORTFOLIO MANAGEMENT TEAMS · 2026 EDITION

Technology exit readiness *checklist*.

What to fix in the technology and AI of a business 24, 18, 12, 6 and 3 months before a sale, so the buyer's due diligence finds nothing that moves the price. 97 items across 15 workstreams, each with the evidence buyers ask for, the time and cost to fix, an owner and a priority, plus a timeline, a vendor due diligence guide and a live Excel tracker.

PDF GUIDE | EXCEL TRACKER

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ONLINE, WITH DOWNLOADS

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CONTENTS

In this guide

1. Executive summary
2. How to use this checklist
3. How a buyer reads your technology
4. The timeline by months to launch
5. The checklist by workstream
6. Scoring readiness
7. Preparing the management team for technical due diligence
8. Vendor technical due diligence: when, scope and reliance
9. The data-room technology folder structure
10. Worked example
11. Common mistakes
12. Glossary
13. Sources and further reading
14. About this resource

About Anyway Ventures

WHO IT IS FOR

PE sponsors, operating partners, portfolio CEOs, CFOs and CTOs, owner-managers 12 to 24 months from a sale

ALSO AVAILABLE

PDF guide, Excel tracker at anywayventures.com/resources/exit-readiness-checklist

KEY TAKEAWAYS

The short version

1. The Anyway Ventures technology exit readiness checklist sets out 97 items across 15 workstreams, timed back from the launch of a sale process at 24, 18, 12, 6 and 3 months.

2. Before a sale, the slowest items set the clock: reducing key-person dependency takes six to 18 months, AI results need six to twelve months of measured data, and cloud savings need twelve months to show.

3. Fix the cheap, alarming items first, such as admin access held by one person, missing IP assignments, open pen test findings and open-source licence conflicts, because buyers turn them into conditions or indemnities.

4. EY's 2026 exit readiness study found 86% of GPs said exit preparation improved valuations, with the best results where preparation started 12 to 24 months before a sale.

5. A problem the seller found, costed and disclosed is a line in the report, but the same problem found by the buyer is a negotiation, so cost and disclose fixes that cannot finish before launch.

This is a complete technology exit readiness checklist: 97 things a sponsor and portfolio management team should fix, evidence or disclose in the technology and AI of a business before a sale, organised into 15 workstreams and timed back from the launch of the process at 24, 18, 12, 6 and 3 months. For every item it sets out what the buyer's technical adviser checks, the evidence to have ready, how long the fix takes, what it costs, who owns it and how much it matters. It is written for PE sponsors, operating partners and portfolio CEOs, CFOs and CTOs who want the buyer's due diligence to find nothing that moves the price, and the Excel companion turns it into a working tracker with a live readiness score.

86%

of GPs said exit preparation improved valuations; starting 12 to 24 months out worked best. EY, 2026

18%

of GPs named AI as a challenge in preparing companies for sale, up from 7% a year earlier. EY, 2026

68%

of 947 audited commercial codebases had open-source licence conflicts, up from 56%. Black Duck, 2026

9%

of PE leaders were very confident they could pass an AI governance audit in 90 days. Grant Thornton, 2026

1. Executive summary

1. **Count back from launch, not from completion.** Every date here is measured from the day the information memorandum and data room go to bidders. Completion is usually three to six months later, which is too late to fix anything. The clock is set by the slowest items: key-person dependency (six to 18 months), AI results (six to twelve months of measured data) and cloud savings (twelve months to show in the last twelve months' accounts).
2. **Do the cheap, alarming items first.** Admin access held by one person, missing IP assignments, open pen test findings and open-source licence conflicts cost little to fix 18 months out and a great deal once a buyer finds them. They routinely become conditions of completion or specific indemnities.
3. **Fix, cost and disclose, or leave alone.** Not everything should be fixed. A re-platform that cannot finish before launch should be costed and disclosed, not started. A problem you have found, costed and disclosed is a line in the report; the same problem found by the buyer is a negotiation.
4. **Evidence beats assertion.** An item is not done until the document a buyer will ask for exists, predates the process and is filed. The tracker scores "fixed, evidence not filed" at 70% for that reason.
5. **The AI story needs a year of data.** Buyers credit production usage, measured margin effect, clear data rights and governance they can check. Use cases you want credited need to be live 12 to 18 months before launch so six to twelve months of results exist. Grant Thornton found only 9% of PE leaders very confident of passing an AI governance audit in 90 days.
6. **KPIs are technology work.** EY found 60% of GPs still named a solid set of data and KPIs as the hardest finance challenge in exit preparation. Revenue retention, cohort and feature usage data come out of product systems, and buyers test them against the accounts.
7. **Prepare the people as well as the platform.** In EY's 2026 study, the first thing exited management teams said they would do differently was prepare the management team better. Run a mock technical due diligence six to eight weeks before launch.
8. **Use vendor due diligence deliberately.** A readiness baseline 24 to 18 months out finds the problems; a vendor technical due diligence report two to four months out, with reliance for the eventual buyer, presents them.

Running the first makes the second short and clean.

2. How to use this checklist

Who it is for. The sponsor's deal or operating partner owns the plan and the timetable. The portfolio CEO owns delivery, with the CTO, CFO and whoever handles legal and data protection owning individual items. Owner-managers selling without a sponsor can use it the same way, with the CEO in the sponsor's seat.

When to use it. Ideally at 24 months before the planned launch, as the frame for a readiness baseline. It still works at 12 months, but some items move from "fix" to "cost and disclose". At six months it becomes a disclosure and data room checklist.

How long it takes. A first pass, scoring every item from what management already knows, takes a CTO and CFO about a day. A buyer-grade baseline that tests each item against evidence takes two to three weeks with outside help. After that, a monthly review of 30 to 60 minutes with the sponsor keeps it moving.

Inputs you need. Repository access and commit history, the last two pen test reports, 24 months of cloud bills, contracts with employees, contractors, customers and key suppliers, the KPI pack and the definitions behind it, and any data on AI usage and cost.

How to read each item. Every item has an ID (IP-01 and so on), which matches the Excel tracker, and a final column with four things:

FIELD	MEANING
When	Start month and done-by month, counted back from launch. M18 to M6 means start 18 months before launch and finish by six months before.
Effort	Typical elapsed time to fix: days, weeks, months, or a range.
Cost band	£ under £5k; ££ £5k to £25k; £££ £25k to £100k; ££££ over £100k. External spend plus internal time at a loaded engineering cost of about £85k a year. Indicative for a business of 50 to 500 staff.
Owner, priority	The default owner, and how a buyer's adviser would rate the item if it were left: Critical (could stop the deal or become a condition of completion), High (likely to change price or terms), Medium (100-day plan or minor warranty), Low (note for the file).

The Excel companion. The workbook holds every item on a Tracker tab with dropdowns for status, priority, cost band and owner, a due date calculated from your launch date, and columns for evidence location and notes. A Dashboard rolls the statuses into a weighted readiness score by workstream with RAG ratings, open critical items, overdue items and a launch gate. A Timeline tab draws the plan as a Gantt chart by month, coloured by status, and a Data room tab tracks the technology folders. Example tabs show the whole thing filled in for the fictional business in the worked example.

3. How a buyer reads your technology

A buyer's technical adviser is not marking you against best practice (the requests they work from are in our technical due diligence checklist). They are trying to answer three questions for an investment committee: does the business own what it sells, can the technology carry the plan the buyer is paying for, and what will it cost to put right? Every finding is costed and routed somewhere: a price adjustment or debt-like item, a condition of completion, a specific warranty or indemnity, a structural protection such as retention or deferred consideration, the 100-day plan, or the file. That structure is set out in what a technical due diligence report should contain, and it is the right lens for preparation too. The question for each item on this list is which route it would take if a buyer found it, and whether you can move it to "the file" before they do.

That gives three choices for every item.

CHOICE	WHEN IT IS RIGHT	EXAMPLE
Fix and evidence	The fix finishes, and is evidenced, before launch	IP assignments, admin access, pen test findings, cloud waste
Cost and disclose	The fix cannot finish before launch, or would make the business look worse half-done	A re-platform, an ISO 27001 programme started late, a framework upgrade with a year to run
Leave alone	The work does not change what a buyer would pay	Cosmetic refactoring, features built to dress the roadmap, certifications no customer asks for

Insurers are reading technology more closely too. Warranty and indemnity insurers expect the buyer to test vendor reports rather than accept them, as Browne Jacobson's guidance on W&I insurance and sell-side due diligence explains, and in July 2026 the International Underwriting Association's Transactional Liability Committee warned that W&I risk analysis frequently skips penetration testing and technical validation. Thin technical evidence now tends to come back as an exclusion in the W&I policy as well as a question from the buyer.

4. The timeline by months to launch

The table is the plan on one page. The item IDs refer to the checklist that follows, and the score targets match the Excel dashboard.

WINDOW	WHAT HAPPENS	KEY ITEMS	GATE AT THE END
M24 to M18	Readiness baseline. Score every item against evidence, cost each finding, agree the fix, disclose or leave decision with the board. Start the slow items immediately.	IP-01 to IP-03, SE-05, KP-01, KP-02, TD-02, TD-03, AI-03 baselines, SE-04 decision	Board-approved plan; admin access and founder IP fixed; re-platform decision minuted. Score target 40% by M18.
M18 to M12	Fix the cheap, high-impact items. Run the open-source scan and remove cloud waste early enough to show in the LTM. Get AI use cases live with logging.	OS-01, OS-02, CC-01 to CC-03, PM-01, AI-01, AI-02, AI-04, DP-01 to DP-03, KP-05, KP-06	Scan done and copyleft plan agreed; cloud savings live; KPI definitions reconciled; AI live with usage logs. Score target 60% by M12.
M12 to M6	Prove it. Pen test with time to remediate and retest. Load test against the plan. Write the runbooks and test them. Let AI and cost results accrue. Decide on vendor due diligence.	SE-01 to SE-03, AR-01 to AR-06, DO-01 to DO-04, KP-03, KP-04, CT-01, CT-02, AI-05 to AI-08, AC-01 to AC-04	Pen test findings closed or dated; retention agreed with the sponsor; VDD adviser shortlisted. Score target 80% by M6.
M6 to M3	Assemble. Appoint the VDD adviser, build the data room technology folders, write the known issues list, draft the AI page of the IM.	DR-01, DR-04, DR-05, AI-09, OS-06, DP-07, KP-07	VDD fieldwork under way; data room folders populated; mock due diligence booked. Score target 90% by M3.
M3 to launch	Test and rehearse. VDD fieldwork and report, mock due diligence and management rehearsals, code access arrangements, final rescans.	DR-03, DR-06, DR-07, SE-02 retest, OS-01 rescan	Overall 95%, no open critical items, no red workstream.
Launch to signing	Answer questions, keep evidence current, run the bring-down if the process runs long.	DR-04, DR-07	Q&A turnaround held; VDD bring-down letter if needed.

> **Why it matters.** Three items set the critical path and none can be compressed by spending more: a second engineer who genuinely knows each critical system (KP-02), six to twelve months of AI results against a baseline (AI-02, AI-03), and twelve months of lower cloud cost in the trading history (CC-03). If you are reading this at M12, start those three this month and accept that some of the rest moves to "cost and disclose".

5. The checklist by workstream

Fifteen workstreams, in roughly the order a buyer's adviser reaches them. Each section opens with what usually goes wrong, then the items.

IP and ownership

The first question in every technical due diligence is whether the company owns the code it sells. Under section 11 of the Copyright, Designs and Patents Act 1988, copyright in work an employee creates in the course of employment belongs to the employer, but code written by contractors, agencies and founders before incorporation does not unless it has been assigned in writing. The gaps are almost always the agency that built version one and early freelancers, and a former contractor who learns the business is being sold has every reason to drive a hard bargain. Find them at M24.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
IP-01 Employee IP assignments	Every current and former employee who wrote code, designs or content has terms assigning IP to the company	IP register mapping every repository author to a signed contract; template clause; gaps list	M24 to M12 Weeks · £ · Legal **Critical**
IP-02 Contractor and agency assignments	Freelancers and the agency that built version one assigned their IP in writing, not just a licence	Signed assignments or confirmatory assignments; invoices matched to agreements	M24 to M12 Weeks to months · ££ · Legal **Critical**
IP-03 Founder and pre-incorporation code	Code a founder wrote before incorporation or while a contractor has been assigned to the company	Founder deed of assignment; date of incorporation against first commit date	M24 to M18 Weeks · £ · Legal **Critical**
IP-04 Trade marks, domains and app store accounts	Product names registered in key markets; domains and app listings held by the company, not a person	Trade mark schedule; registrar and app store account owner screenshots; renewal dates	M18 to M6 Weeks · £ · Legal **High**
IP-05 Acquired IP and chain of title	Code or products bought in earlier acquisitions came across cleanly with warranties	Asset purchase agreements, assignments and disclosure letters from prior deals	M18 to M6 Weeks · £ · Legal **Medium**
IP-06 Inbound commercial licences	Licensed SDKs, fonts, data sets and embedded components permit the current use and survive a sale	Register of inbound licences with term, scope, change-of-control and transfer terms	M18 to M6 Weeks · £ · CTO **High**

> **Tip.** Build the IP register from the commit history, not from the HR file. Export every author email from every repository, including the archived ones, and match each to a contract. The list of unmatched names is your work list.

Open source and licences

This is more common than most CTOs think. Black Duck's 2026 Open Source Security and Risk Analysis, based on 947 commercial codebases from audits that included 197 M&A transactions, found licence conflicts in 68% of them, up from 56% the year before, and components four or more years out of date in 92%. Replacing or isolating a component is straightforward with a year in hand and fraught under a deadline, so run the scan at M18, not M3.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
OS-01 Software composition analysis and SBOM	A scan of every repository, including mobile apps and infrastructure code, and a current bill of materials	SCA report less than three months old; SBOM in SPDX or CycloneDX format; repository list	M18 to M6 Weeks · ££ · CTO **Critical**
OS-02 Copyleft in distributed or hosted code	GPL in distributed software, AGPL or SSPL in hosted services, and whether obligations have been triggered	Licence findings with remediation status; architecture note showing isolation where kept	M18 to M6 Weeks to months · £££ · CTO **Critical**
OS-03 Outdated and unmaintained components	Components years out of date or with no maintainer, and frameworks out of security support	Upgrade backlog with versions, end-of-support dates and planned completion	M18 to M3 Months · £££ · CTO **High**
OS-04 Open-source policy and approval	A written policy, an approved licence list and a gate that stops new conflicts entering	Policy; CI scan configuration; approval log; OpenChain ISO/IEC 5230 alignment if claimed	M12 to M6 Weeks · £ · CTO **Medium**
OS-05 Source-available and relicensed components	Components moved from open-source to source-available licences that restrict competing or hosted use	List of affected components, licence version in use, and the replacement or licence decision	M12 to M6 Weeks · ££ · CTO **Medium**
OS-06 Attribution and notice files	Notices and licence texts shipped with distributed apps and on-premise software	NOTICE files; in-app acknowledgements screen; release checklist	M6 to M3 Days · £ · CTO **Low**

> **Red flag.** A modified AGPL component inside a hosted product, or GPL code inside software the business ships to customers, with nobody aware of it until the buyer's scan. Expect a specific indemnity and remediation before completion.

AI-generated code

This is the newest workstream and the one most sellers have not prepared for. Black Duck's same report found about 85% of organisations using AI coding assistants but only 54% evaluating AI-generated code for IP and licensing risk, and 76% of companies that prohibit AI coding tools acknowledging that developers use them anyway. Buyers' advisers now ask which tools were used, on what terms, and what stops licensed code being reproduced without its licence. The fixes are mostly settings and policy, which makes them cheap at M12.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
AC-01 AI coding tool inventory and terms	Which assistants engineers use, on which licence tier, and whether vendors may train on company code	Tool register; enterprise agreements; settings showing training opt-out; seat list	M12 to M6 Weeks · £ · CTO **High**
AC-02 Provenance controls for generated code	Duplicate-detection or public-code filters switched on, and scans for matches with licensed code	Admin settings export; SCA snippet-match results; conditions of any vendor IP indemnity	M12 to M6 Weeks · £ · CTO **High**
AC-03 Review standard for AI-written code	Human review and tests required before merge, whoever or whatever wrote the change	Branch protection rules; pull request template; coverage trend for 12 months	M12 to M6 Weeks · £ · CTO **Medium**
AC-04 Secrets and customer data in prompts	Rules and controls stopping credentials and personal data being pasted into assistants	Policy clause; secret-scanning reports; data loss prevention settings where used	M12 to M6 Weeks · £ · CTO **High**
AC-05 Share of code that is AI-generated	An honest estimate of how much of the codebase was generated, and in which areas	Method note and estimate by repository; any vendor usage analytics	M6 to M3 Days · £ · CTO **Low**

Security and pen testing

Buyers ask for the last two penetration test reports and what happened to the findings. Critical or high findings left open for a year tell a buyer more about the engineering culture than any certificate. On certification, choose by timetable and buyer pool. Cyber Essentials Plus, the NCSC-backed UK scheme with an independent technical audit, can be achieved in weeks and, alongside a clean pen test, answers most mid-market buyers. ISO 27001 and SOC 2 Type II both need many months of operating evidence before the audit, so start them at M24 or not at all: a programme started six months before launch reads as a scramble. If enterprise customers or a US buyer pool expect SOC 2, decide at the baseline.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
SE-01 Independent penetration test	A test of the production application and infrastructure by a CREST or equivalent tester in the last 12 months	Last two reports; scope letters; tester credentials	M12 to M6 Weeks · ££ · CTO **Critical**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
SE-02 Remediation and retest of findings	Critical and high findings closed and retested, with open items owned and dated	Findings tracker; retest letter; vulnerability SLA policy and performance	M12 to M3 Weeks · ££ · CTO **Critical**
SE-03 Cyber Essentials Plus	Current UK baseline certification, independently tested, renewed annually	Certificate and scope; assessor report	M12 to M6 Weeks · £ · IT lead **High**
SE-04 ISO 27001 or SOC 2 Type II	Whether enterprise customers or the buyer pool expect a certified ISMS or an audited control report	Certificate or report, scope statement, statement of applicability or bridge letter	M24 to M6 9 to 18 months · £££ · CTO **Medium**
SE-05 Identity and privileged access	MFA everywhere, single sign-on, leaver process, privileged access limited and reviewed	Access review records; MFA coverage report; leaver checklist samples	M24 to M12 Weeks · £ · IT lead **Critical**
SE-06 Incident history and response plan	Every security incident in three years, whether reportable ones were reported, and a tested plan	Incident log; ICO reports if any; plan; tabletop exercise record	M18 to M6 Weeks · £ · CTO **High**
SE-07 Backup and disaster recovery tested	Backups restored by someone other than their author, against stated recovery targets	Restore test records with dates and timings; RTO and RPO; DR plan	M12 to M6 Weeks · ££ · CTO **High**
SE-08 Secure development pipeline	Secret scanning, dependency scanning and protected branches in the build pipeline	CI configuration; scanning dashboards; branch rules	M12 to M6 Weeks · £ · CTO **Medium**
SE-09 Cyber insurance	Cover in place, limits, claims history and what the insurer required at renewal	Policy schedule; proposal form; claims history	M12 to M6 Weeks · £ · CFO **Medium**

> **Tip.** Commission the pen test at M12 rather than M6. You need time to fix the findings, retest, and have the retest letter in the data room before the VDD fieldwork starts.

Data protection

Buyers check UK GDPR compliance as a liability question and, increasingly, as a precondition for the AI story, because personal data flowing to AI vendors needs a lawful basis and a transfer mechanism. Personal data breaches that meet the threshold must be reported to the ICO within 72 hours; a buyer will compare your breach log with your incident log and with what the ICO was told.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
DP-01 Record of processing and data map	What personal data is held, where, why, on what lawful basis and for how long	Article 30 record; data flow diagram; system list tied to data categories	M18 to M6 Weeks to months · ££ · DPO **High**
DP-02 Customer and sub-processor terms	Data processing agreements with customers and suppliers, and a published sub-processor list	DPA templates and signed exceptions; sub-processor list with transfer basis	M18 to M6 Weeks · ££ · Legal **High**
DP-03 International transfers	A lawful basis for every transfer outside the UK, including to AI and hosting vendors	Transfer register; IDTA or UK Addendum; transfer risk assessments	M18 to M6 Weeks · ££ · Legal **High**
DP-04 DPIAs for higher-risk processing	Impact assessments for high-risk processing, including AI features that use personal data	DPIAs with sign-off dates; screening log	M12 to M6 Weeks · £ · DPO **Medium**
DP-05 Breach and rights request records	Personal data breaches, whether reported within 72 hours where required, and subject access performance	Breach log; ICO correspondence; DSAR log with response times	M12 to M6 Days · £ · DPO **High**
DP-06 Retention, deletion and test data	Retention applied in practice, and no live personal data in development or test environments	Retention schedule; deletion job evidence; test data approach	M12 to M3 Months · ££ · CTO **Medium**
DP-07 Privacy notices and cookies	Notices match actual processing; cookie consent meets PECR	Current notices; cookie audit; consent banner configuration	M6 to M3 Days · £ · DPO **Low**

Architecture and scalability

The buyer is paying for a plan, and the architecture question is whether the platform can carry it. The adviser looks for evidence: a current diagram the team drew, load tests at the volumes in the plan, the incident history and the delivery metrics. DORA's software delivery metrics are the most widely used way of putting numbers on delivery, and pulling them from the pipeline for twelve months is better evidence than any maturity score.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
AR-01 Current architecture diagram	A diagram drawn by the team, showing services, data stores, data flows and third parties	Diagram at context and container level, dated; system catalogue	M12 to M6 Weeks · £ · CTO **High**
AR-02 Load and performance evidence	Whether the platform carries the volume in the business plan, and what breaks first	Load test results against plan volumes; capacity model; performance dashboards	M12 to M6 Weeks · ££ · CTO **High**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
AR-03 Availability and incident record	Uptime, serious incidents, root causes and SLA credits paid over 24 months	Status page history; incident log with post-mortems; SLA credit ledger	M12 to M6 Days · £ · CTO **High**
AR-04 Single points of failure and resilience	Single region, single database, single person or single supplier failures that stop trading	Resilience review; hosting topology; remediation or accepted-risk log	M18 to M6 Months · £££ · CTO **Medium**
AR-05 Growth case mapped to platform limits	Whether new segments, geographies, enterprise needs or acquisitions in the plan need re-architecture	Short paper linking each plan assumption to the platform change it needs, with cost	M12 to M6 Weeks · £ · CTO **Medium**
AR-06 Delivery metrics	How fast and how safely the team ships: lead time, deployment frequency, change fail rate, recovery time	12 months of DORA metrics from the pipeline, not estimates	M18 to M6 Weeks · £ · CTO **Medium**

Technical debt

Every codebase has debt. What moves the price is debt nobody has costed, because the buyer will cost it for you, conservatively. A register with engineer-month estimates at a stated loaded rate turns an argument into arithmetic. The decision that matters most here is the re-platform: don't start one you can't finish before launch. A half-migrated system is two systems, both partly documented, and a buyer will price the risk of the second half going wrong.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
TD-01 Costed technical debt register	The material debt items, each with an engineer-month estimate and a cost at a stated loaded rate	Register with basis of estimate; prioritisation; budget in the plan	M18 to M6 Weeks · £ · CTO **High**
TD-02 End-of-life frameworks and runtimes	Languages, frameworks, databases or operating systems out of vendor security support	Version inventory with end-of-support dates; upgrade plan or completion evidence	M24 to M6 Months · £££ · CTO **Critical**
TD-03 Re-platform decision	Whether a rewrite or migration is under way, how far through, and whether it will finish before launch	Board paper choosing finish, pause or defer, with cost, timeline and risk	M24 to M18 Days · £ · CEO **High**
TD-04 Test automation and release process	Automated tests and deployments, and whether releases depend on manual steps by one person	Pipeline configuration; coverage trend; release log	M18 to M6 Months · ££ · CTO **Medium**
TD-05 Legacy products and customer-specific versions	Old versions or bespoke forks kept alive for a few customers, and what they cost to support	Product version census; revenue and cost per legacy line; sunset plan	M18 to M6 Months · ££ · CPO **Medium**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
TD-06 Engineering time allocation	The split between new features, maintenance and support, and how it has moved	12 months of time or ticket data by category	M12 to M6 Days · £ · CTO **Low**

Key-person risk and team

The hardest workstream, because it can't be fixed with a document. The tests a buyer runs are set out in key person risk in due diligence: commit concentration by system, who holds admin access, documentation someone else has used, and who resolves incidents. The access item takes days; the knowledge item takes a year or more. Start the second at M24 even though it finishes last.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
KP-01 Admin access and credentials	Critical accounts owned by the company with at least two named administrators and MFA	Access register for cloud, code hosting, domains, DNS, app stores, payments and identity	M24 to M18 Days · £ · CTO **Critical**
KP-02 Knowledge concentration by system	Commit and review history by area: billing, permissions, data model, integrations, infrastructure	Concentration analysis by area over 24 months; named second engineer per critical system	M24 to M6 6 to 18 months · £££ · CTO **Critical**
KP-03 On-call rota and incident handling	At least three people on call, and serious incidents resolved by different engineers	Rota for 12 months; incident log showing resolver	M12 to M6 Months · ££ · CTO **High**
KP-04 Retention of key people	Who is critical, what keeps them through the sale, and notice periods and covenants	Key-person list; agreed retention, rollover or MIP terms; contract summaries	M12 to M6 Months · ££££ · Sponsor **High**
KP-05 Contractor and agency dependency	Core code or operations held by contractors or an agency with no notice period or retention	Contractor list with roles; conversion or knowledge-transfer plan	M18 to M6 Months · ££ · CTO **High**
KP-06 Technology leadership for the next owner	Whether the CTO can carry the next plan and present to buyers, or a hire is needed	Leadership assessment; succession or hire plan agreed with the sponsor	M18 to M12 Months · £££ · Sponsor **High**
KP-07 Organisation, tenure and attrition	Org chart with tenure, contractors, open roles and two years of leavers	Org chart; leaver list with reasons; engineering hiring record	M6 to M3 Days · £ · People **Medium**

> **Red flag.** The founder CTO is about to receive a large cheque at completion, has no rollover, is the only person who has touched the billing service in two years, and is the sole owner of the cloud root account. Each of those is fixable; all four together will change the deal structure.

Documentation

Documentation speeds up diligence and shrinks the key-person finding, but only if someone other than its author has used it. Write it for the next engineer you hire. A buyer will find that version more useful than anything written for the data room.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
DO-01 Runbooks tested by a non-author	Deploy, rollback, restore and incident runbooks that someone other than the author has followed	Runbooks with last-used date and user	M12 to M6 Weeks · £ · CTO **High**
DO-02 Onboarding documentation	What the most recent engineering hire used in their first fortnight, and what was missing	Onboarding guide; new joiner feedback	M12 to M6 Weeks · £ · CTO **Medium**
DO-03 System catalogue and decision records	Each service with its owner, language, hosting and dependencies, plus the reasons for major choices	Catalogue; architecture decision records	M12 to M6 Weeks · £ · CTO **Medium**
DO-04 Security and IT policy set	Current, approved policies that match practice, with review dates	Policy index with owner, approval and review dates	M12 to M6 Weeks · £ · IT lead **Medium**
DO-05 API and integration documentation	Public and partner API docs, and how integrations with customers' systems work	API reference; integration list with volumes	M6 to M3 Weeks · £ · CTO **Low**

Cloud cost and unit economics

Buyers compare hosting cost growth with revenue growth and look for the gross margin effect. Flexera's 2026 State of the Cloud report, a survey of 753 cloud decision-makers, found respondents estimated 29% of their cloud spend was wasted, the first rise in five years, with AI workloads blamed. A saving removed at M18 is in the last twelve months' EBITDA by launch, where it is multiplied; the same saving removed at M3 is a run-rate adjustment the buyer's financial adviser will challenge. Capitalised development sits here too, because a buyer's quality of earnings work tests capitalised engineering time against engineering records.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
CC-01 Hosting cost history reconciled to the P&L	24 months of cloud and tooling spend, reconciled to the accounts, against revenue growth	Monthly bills by provider; reconciliation; hosting as a share of revenue	M18 to M6 Weeks · £ · CFO **High**
CC-02 Cost allocation and unit cost	Spend tagged by product, environment and, where possible, customer, giving cost per unit of delivery	Tagging policy; unit cost report; gross margin by product	M18 to M6 Months · ££ · CTO **High**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
CC-03 Cloud waste removed early	Unused environments, oversized instances and idle storage removed in time to show in the LTM	Savings log with dates and monthly run-rate effect	M18 to M12 Months · ££ · CTO **High**
CC-04 Commitments and minimum spends	Reserved capacity, savings plans, marketplace commitments and their terms on a sale	Commitment schedule with expiry and change-of-control terms	M12 to M6 Days · £ · CFO **Medium**
CC-05 AI inference cost in gross margin	Model and AI vendor costs per use, included in cost of sales, with the trend	Cost per AI transaction; vendor invoices; margin by AI feature	M12 to M6 Weeks · £ · CFO **High**
CC-06 Capitalised development and R&D claims	Capitalised engineering time and R&D tax claims supported by engineering records	Capitalisation policy; time records; project list matching claims	M18 to M6 Weeks · ££ · CFO **High**

Product metrics and KPIs

KPI quality is where exit readiness most often fails, and it is technology work because the numbers come out of product, billing and CRM systems. EY's 2026 study found 60% of GPs named developing a solid set of data and KPIs as their most challenging finance issue in exit preparation, down from 72% the year before but still top of the list, and noted the gap between internal tracking and the detail buyers need to underwrite the equity story. A net revenue retention figure that differs between the sales deck and the finance pack costs credibility on every other number.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
PM-01 KPI definitions reconciled to finance	ARR, net and gross revenue retention, churn and customer counts defined once and tied to the accounts	KPI dictionary; reconciliation of KPI pack to management accounts	M18 to M12 Weeks · £ · CFO **Critical**
PM-02 Cohort and segment retention	Monthly retention by cohort, segment and product for at least three years	Cohort tables from source systems; customer-level data cube	M18 to M6 Weeks · ££ · CFO **High**
PM-03 Feature usage analytics	Which features customers use, how often, and which ones correlate with retention	Product analytics exports by feature and segment; definitions	M18 to M6 Months · ££ · CPO **High**
PM-04 Roadmap delivery record	Last 12 to 24 months of roadmap commitments against what shipped	Dated roadmaps; release notes; variance commentary	M12 to M6 Days · £ · CPO **Medium**
PM-05 Reproducible KPI pack	Board metrics generated from systems, not a spreadsheet one person maintains	Data pipeline description; owner and backup owner; query definitions	M12 to M6 Months · ££ · Head of data **High**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
PM-06 Customer health and concentration	Revenue concentration, support volumes, satisfaction and at-risk accounts	Top customer list; support ticket trends; health scores	M12 to M6 Weeks · £ · CPO **Medium**

AI equity story evidence

Buyers pay for AI that has already changed a number in the accounts, and they test it with questions like those in our AI due diligence questions. EY's study puts it plainly: "A list of pilots or isolated productivity tools may not be enough to support valuation." In Grant Thornton's July 2026 article, Buyers are asking questions about AI, Chen Liu of Grant Thornton Stax says "buyers want to see evidence that AI has been used to improve the bottom line", and notes buyers examine whether proprietary data is used to train external models and whether it is segregated from other customers' data. The four kinds of evidence that move a buyer (production usage, measured margin effect, data rights and governance) are explained in will buyers pay for your AI?. The items below turn them into a work plan, with the disruption question alongside, because a buyer will ask it whether or not you do. The AI disruption risk scorecard gives a method for AI-06.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
AI-01 AI inventory	Every AI system and feature, the model or vendor behind it, the data it uses and its owner	Inventory with owner, vendor, data categories and status	M18 to M12 Weeks · £ · Head of data **High**
AI-02 Production usage data	Usage measured from logs over at least six months: users, volume, share of customers	Raw usage exports and charts per system, with definitions	M18 to M6 6 to 12 months · ££ · Head of data **Critical**
AI-03 Baselines and measured margin effect	A before-and-after measure on the same definition, and whether cost left the business	Baseline method; monthly measurement; P&L and headcount trace	M24 to M6 6 to 12 months · ££ · CFO **Critical**
AI-04 Data rights	Contracts allow the data use the AI story relies on; vendors may not train on company data; segregation	Contract clause review; vendor terms; customer consent or notice where needed	M18 to M6 Months · ££ · Legal **Critical**
AI-05 AI governance	Policy, tool register, training records, output error log and EU AI Act position	AI policy; register; training completion; incident log; regulatory position paper	M12 to M6 Weeks · £ · CEO **High**
AI-06 Evaluation and quality evidence	How AI output quality is tested, monitored and improved, and the error rates	Evaluation sets; quality dashboards; release gates for model or prompt changes	M12 to M6 Months · ££ · Head of data **Medium**
AI-07 AI disruption exposure	Where AI could compress pricing, demand or barriers to entry, and what management is doing	Written exposure assessment with revenue at risk and response plan	M18 to M6 Weeks · ££ · CEO **High**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
AI-08 AI key-person cover	Two people who can explain and demo every AI system; prompts and integrations documented	Named owners and deputies; documentation; demo script on live data	M12 to M6 Months · ££ · CTO **High**
AI-09 AI section of the information memorandum	One page in which every AI claim points to a document in the data room	Draft page with evidence references; independent challenge notes	M6 to M3 Weeks · £ · CEO **Medium**

> **Tip.** If the business sells into the EU, AI-05 should state its position under the EU AI Act. Prohibited practices have applied since February 2025 and Article 50 transparency duties since August 2026; the Digital Omnibus deferred high-risk obligations for standalone systems to 2 December 2027 and for AI in regulated products to 2 August 2028, as Gibson Dunn sets out. Those dates fall inside a buyer's hold period.

Contracts and third parties

Change-of-control clauses are the classic late surprise: a contract worth 8% of revenue that the customer can terminate on a sale. Critical suppliers matter as much, now including AI model vendors whose terms, pricing and data use can change faster than the hosting contracts most registers were built around.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
CT-01 Change of control and assignment clauses	Customer, supplier and partner contracts that terminate, need consent or reprice on a sale	Contract register with change-of-control flags and the revenue affected	M12 to M6 Weeks · ££ · Legal **High**
CT-02 Critical supplier register	Suppliers the business cannot trade without, including hosting, payments and AI model vendors	Register with spend, term, exit options and concentration	M12 to M6 Weeks · £ · CTO **High**
CT-03 Customer technology commitments	SLAs, security obligations, liability caps and audit rights promised to customers	Matrix of non-standard terms by customer; SLA performance	M12 to M6 Weeks · ££ · Legal **Medium**
CT-04 Software licence compliance	Counts of commercial licences against use, and any vendor audit history	Licence entitlement and deployment reconciliation; audit correspondence	M12 to M6 Weeks · ££ · IT lead **Medium**
CT-05 Outsourced development and managed services	Contracts with development partners and MSPs: IP, exit assistance, notice and staff transfer	Contracts; exit plans; key individuals at the partner	M12 to M6 Weeks · £ · Legal **Medium**
CT-06 Source code escrow commitments	Escrow given to customers and whether a sale or insolvency triggers release	Escrow agreements, beneficiaries and deposit verification records	M12 to M6 Days · £ · Legal **Low**

IT and internal systems

Internal IT is rarely where value is won, but it is where cheap findings pile up: unmanaged laptops, leavers with live accounts, no DMARC. Cyber Essentials Plus covers much of it in one exercise. If the business shares systems or people with a group or sponsor, the separation cost belongs in the plan at M18, because a buyer will need a transitional services agreement and will price it.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
IT-01 Endpoint security and device management	Managed, encrypted devices with endpoint detection and patching across the estate	Device inventory; MDM and EDR coverage reports; patch compliance	M12 to M6 Weeks · ££ · IT lead **High**
IT-02 SaaS inventory and spend	Every SaaS tool, who owns it, what data it holds and what it costs	SaaS register from finance and identity data; renewal calendar	M12 to M6 Weeks · £ · IT lead **Medium**
IT-03 Finance, CRM and ERP systems	Whether core business systems can produce the data a buyer will ask for without manual rework	System map; data extracts tested against the expected request list	M18 to M6 Months · ££ · CFO **Medium**
IT-04 Email and domain security	SPF, DKIM and DMARC in force; no lookalike or lapsed domains	DNS records; DMARC reports; domain register	M6 to M3 Days · £ · IT lead **Low**
IT-05 Shared services and separation	Systems, licences or people shared with a group or sponsor that would need a transitional services agreement	Shared services list; separation plan and cost	M18 to M6 Months · £££ · CFO **High**
IT-06 IT support model	Who supports staff systems, the MSP contract, service levels and ticket history	MSP contract; service reports; internal IT org chart	M6 to M3 Days · £ · IT lead **Low**

Data room preparation

The data room is where preparation becomes visible. A buyer's adviser notices dates: a policy approved last month, an architecture diagram created the week the data room opened. Evidence that predates the process is believed. The known issues list (DR-05) is the most important document in the technology section, because it lets the seller decide how each problem is presented.

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
DR-01 Technology folder index and owners	A complete technology section, numbered, with a named owner per folder	Folder index; owner list; upload tracker	M6 to M3 Weeks · £ · CTO **High**

ITEM	WHAT BUYERS CHECK	EVIDENCE TO PREPARE	WHEN, EFFORT, OWNER
DR-02 Evidence dated before the process	Documents that existed before the sale, rather than written for it	Version history; approval dates; board minutes referencing the documents	M12 to M3 Weeks · £ · CEO **Medium**
DR-03 Code access arrangements	How the buyer's adviser will scan and review code: read-only access, scanning, clean room terms	Access protocol; NDA terms; pre-run scan outputs	M6 to M3 Weeks · £ · CTO **High**
DR-04 Q&A process and prepared answers	Who answers technology questions, how fast, and draft answers to the predictable ones	Q&A owners; turnaround target; answer bank for the top 50 questions	M6 to M3 Weeks · £ · CTO **High**
DR-05 Known issues and disclosure list	Every known technology issue, costed, with a remediation plan, ready for the disclosure letter	Issue list with cost range, plan and status; agreed with legal advisers	M6 to M3 Weeks · £ · CEO **Critical**
DR-06 Clean team and redaction	Competitively sensitive data protected when a trade buyer is bidding	Clean team protocol; redaction log	M3 to launch Days · £ · Legal **Medium**
DR-07 Bring-down plan	How the evidence and the VDD report will be refreshed if the process runs long	Refresh calendar; named owners	M3 to launch Days · £ · CEO **Low**

6. Scoring readiness

The Excel dashboard scores readiness the same way for every workstream, so progress can be compared month to month and across a portfolio.

Status values. Each item takes one status. The value reflects how much of the buyer's concern it removes.

STATUS	VALUE	MEANING
Not started	0%	No work done
In progress	40%	Work under way, not finished
Fixed, evidence not filed	70%	The fix is done but the document a buyer will ask for is not in the data room
Costed and disclosed	80%	Deliberately not fixed before launch; costed, with a plan, and on the known issues list
Done and evidenced	100%	Fixed, and the evidence is filed and dated before the process
Not applicable	Excluded	Does not apply to this business; drops out of the score

Weights. Critical 5, High 3, Medium 2, Low 1. A workstream's readiness is the sum of weight times status value, divided by the sum of applicable weights. The overall score uses the same formula across all items.

RAG. Green at 80% and above, amber from 60% to 79%, red below 60%. Data room preparation will show red until about M6, because its items start late; read it against the timeline, not in isolation.

Targets. 40% by M18, 60% by M12, 80% by M6, 90% by M3 and 95% at launch. The dashboard compares the current score with the target for the months remaining.

The launch gate. Launch when three things are true: overall readiness of at least 80%, no critical item still not started or in progress, and no workstream red. If the gate fails at M3, the choice is between moving items to "costed and disclosed" (and briefing the VDD adviser) or moving the launch date. Moving the date is usually cheaper than a late discovery in exclusivity.

> **Why it matters.** "Costed and disclosed" scores 80%, not 100%, on purpose. Disclosure removes the surprise, which is most of the price risk, but the buyer will still deduct the cost. A plan full of disclosures can pass the gate; it will not get the same price as one full of fixes.

7. Preparing the management team for technical due diligence

In EY's 2026 study, the number one thing exited management teams said they would do differently in the sale process was better preparation of the management team. Technology is where that bites hardest, because the CTO is often the person in the room with the least practice at selling, and the buyer's technical adviser is usually the

most sceptical person on the other side.

The sessions to expect

A buy-side technical due diligence on a mid-market software business usually runs over two to four weeks, and the management sessions follow a familiar pattern.

SESSION	WHO ATTENDS	WHAT THE ADVISER IS TESTING
Technology section of the management presentation, 20 to 30 minutes	CEO, CTO	Whether the technology story matches the equity story, and whether the CTO can carry it
Technology deep dive, two to four hours	CTO, lead engineers, head of product	Architecture, delivery, debt, roadmap realism, cost to run
Security and data protection session	CTO or security lead, DPO	Pen test history, incidents, controls, UK GDPR
Product, data and AI session with live demo	CPO, head of data	Whether the AI exists, what it costs per use, whether customers use it
Engineer interviews, sometimes without the CTO	Two to four engineers	Whether the team tells the same story as its leader
Follow-up questions and code review	CTO, named deputies	The detail behind earlier answers

Preparation steps

☐ **M6: write the fact base.** A two-page technology summary and a sheet of the 30 or so numbers the team must know without looking: headcount by role, deployment frequency, change fail rate, uptime, hosting cost as a share of revenue, cost per AI transaction, test coverage, open pen test findings,

debt register total, retention metrics.

- [ ] **M6: agree who answers what.** One owner per topic, with a deputy. The CEO does not answer architecture questions; the CTO does not answer revenue questions.

☐ **M4: reconcile every claim.**
Read the IM, the VDD report and the management presentation side by side. Any number that appears twice must be the same number, from the same source, on the same definition.

☐ **M3: run a mock due diligence.**

Six to eight weeks before launch, have someone independent run the deep dive as a buyer's adviser would, including engineer interviews without the CTO. Record the answers that went badly and fix the evidence, not just the wording.

☐ **M3: rehearse the demo.**
On live data, by two different people, with a fallback if the network fails. A staged demo found out is worse than no demo.

☐ **M2: prepare engineers.**

Not with scripts, which advisers spot immediately. Tell them what the process is, that honesty is expected, and that "I don't know, but X does" is a good answer.

☐ **Launch: set up the question log.** Anything not answered in a session goes into the Q&A log with an owner and a turnaround target, typically two working days.

Questions to rehearse

QUESTION A BUYER'S ADVISER WILL ASK	WHO ANSWERS	WHAT A GOOD ANSWER CONTAINS
"If you left tomorrow, what would break first?"	CTO	A specific system, the named deputy, and when the deputy last ran it alone
"Show me last year's roadmap against what shipped."	CPO	The document, the variance and the reason, without excuses
"What would you rebuild if you started again?"	CTO	The debt register, with costs, and why it hasn't been done
"What does the AI feature cost per use, and who uses it?"	Head of data	The unit cost, the usage share and trend, from logs
"Can customer data be used to train models?"	CTO, Legal	What the contracts say, what the vendors' terms say, and the segregation in place
"Tell me about your worst incident in two years."	CTO	What happened, what the customer impact was, the post-mortem and what changed
"What is in the code you didn't write?"	CTO	The SCA result, the copyleft position and the remediation status
"How much of the code was written by AI tools?"	CTO	An honest estimate, the tools and terms, and the review standard
"Why has hosting cost grown faster than revenue?"	CTO, CFO	The cause, what has been removed and the unit cost trend
"Which of these KPIs would a new owner calculate differently?"	CFO	The KPI dictionary and reconciliation, and any known definitional choices

> **Tip.** Three rules for every session. Answer the question asked, then stop. Never use a number that isn't in the data room. Raise known issues before you are asked: a CTO who opens with "here are the three things you'll find, and what we've done about each" changes the tone of the whole diligence.

8. Vendor technical due diligence: when, scope and reliance

Vendor technical due diligence (VDD) is an independent review of the business's technology, commissioned by the seller and shared with bidders. It is distinct from the readiness baseline: the baseline is private, blunt and early; the VDD report is written for bidders, factual and late. EY's 2026 study excluded vendor due diligence from its definition of exit readiness, and that is the right way to think about it: the VDD report presents the preparation, it doesn't replace it. When it is worth commissioning, and what to fix before it, is covered in vendor technical due diligence.

When

POINT	WHAT HAPPENS
M24 to M18	Readiness baseline, private to the seller. Two to three weeks.
M9 to M6	Decide whether to commission VDD, based on the likely buyer pool, how central technology is to value and how clean the baseline now looks.
M6 to M4	Appoint the adviser. Agree scope, the reliance terms and the timetable. Choose an adviser the likely bidders recognise.
M4 to M2	Fieldwork, typically two to four weeks for a mid-market business, then a draft, management's factual accuracy comments and a final report.
Launch	Report in the data room, released to bidders under release letters. Optional Q&A session with bidders and the adviser.
Signing	Reliance letter to the winning bidder and, usually, its lenders. A bring-down letter if the process has run long.

Scope

Match the scope to the questions the likely buyers will ask, not to a standard template. For a software or tech-enabled business it should cover:

AREA	WHAT THE VDD SHOULD CONCLUDE
Architecture and scalability	Whether the platform carries the plan, what breaks first and what fixing it costs
Code, delivery and technical debt	How fast and how safely the team ships, and the costed debt
Team and key-person risk	Whether the product survives the departure of any one person
Security and data protection	Pen test status, incident history, UK GDPR position
IP, open source and AI-generated code	Whether the company owns what it sells, and the licence position from a scan
Cost to run	Hosting as a share of revenue, the trend and unit cost

AREA	WHAT THE VDD SHOULD CONCLUDE
AI	Whether the AI described in the IM exists, what it costs per use, and the disruption exposure
Known issues	Each with the cost range and management's remediation plan

Keep management's commentary separate from the adviser's findings, and do not edit findings. A report buyers distrust adds nothing, and one that reads like marketing gets ignored.

Reliance letters

Bidders usually see the report before any of them has a contractual relationship with its author. They receive it under a **release letter** (sometimes called a non-reliance or hold-harmless letter), in which they agree they cannot claim against the adviser. The eventual buyer, and often its lenders, then receive a **reliance letter**, which gives them the right to rely on the report as if they had commissioned it, subject to agreed terms. Points to settle when you appoint the adviser:

- ☐ Who may rely: the buyer, its lenders, and whether affiliates and the W&I insurer are included.
- ☐ The liability cap, and whether it is shared across all relying parties.
- ☐ The date the report speaks to, and whether a bring-down letter is available and at what cost.
- ☐ Who pays for reliance: usually the seller as part of the engagement, sometimes recharged.
- ☐ The scope and limitations section, which lenders and insurers read most carefully.

Reliance does not stop the buyer asking questions. Most buyers commission targeted confirmatory work on the areas their plan depends on, often security, scalability or AI, and W&I insurers expect them to. The realistic goal is that buyers trust the report enough to price from it and limit their own work to confirmation.

Cost

Our exit readiness readiness baseline is £15k to £25k over two to three weeks. A vendor technical due diligence report written for bidders, with reliance for the eventual buyer, is £25k to £40k over three to four weeks, depending on the size and complexity of the technology estate.

9. The data-room technology folder structure

Most data room indexes give technology one folder. It needs sixteen. Number them to fit your adviser's index; the structure below assumes technology is section 4, and the folder numbers match the evidence locations in the Excel example.

FOLDER	NAME	CONTENTS	OWNER
4.0	Technology overview	One-page technology summary; system catalogue; org chart; glossary of internal system names	CTO
4.1	IP and ownership	IP register; assignment templates and signed exceptions; trade marks and domains; inbound licences	Legal

FOLDER	NAME	CONTENTS	OWNER
4.2	Open source	SCA report; SBOM; remediation tracker; open-source policy	CTO
4.3	AI-generated code	Coding tool register and terms; provenance settings; review standard	CTO
4.4	Security	Pen test reports and retests; certificates; policies; incident log; DR test records; cyber insurance	CTO
4.5	Data protection	Article 30 record; data map; DPAs; sub-processors; transfer register; DPIAs; breach and DSAR logs	DPO
4.6	Architecture and operations	Diagrams; load tests; availability and incident history; DORA metrics; resilience review	CTO
4.7	Technical debt and roadmap	Costed debt register; end-of-life inventory; re-platform paper; roadmap and delivery record	CTO
4.8	Team	Engineering org chart; tenure; contractors; on-call rota; key-person analysis	People
4.9	Documentation	Index of runbooks and onboarding material with last-used dates	CTO
4.10	Cloud cost and unit economics	24 months of bills; reconciliation; unit cost; commitments; capitalisation policy	CFO
4.11	Product metrics	KPI dictionary; cohort tables; feature usage; customer health	CPO
4.12	AI evidence pack	AI inventory; usage exports; baselines and measurement; data rights; governance; exposure paper	Head of data
4.13	Contracts and suppliers	Contract register with change-of-control flags; critical suppliers; licence compliance; escrow	Legal
4.14	IT and internal systems	Device and SaaS inventories; Cyber Essentials scope; shared services; MSP contract	IT lead
4.15	Vendor reports and Q&A	VDD report; reliance and release letter templates; known issues list; Q&A log	CEO

> **Tip.** Put a one-page index at the top of each folder listing what is in it, its date and which checklist items it evidences. A buyer's adviser with an index asks fewer, better questions.

10. Worked example

> **Illustrative example.** Calderbrook Systems Ltd is a fictional company. The business, its sponsor, the findings and the figures are invented to show how the checklist and tracker work, and are not drawn from any real business or deal. Costs assume a loaded engineering cost of £85,000 a year.

Calderbrook Systems Ltd, a fictional target, sells workforce scheduling software to UK care-home groups. It has £17.5m of revenue, of which £15.2m is recurring, EBITDA of £4.1m and 160 staff, 31 of them in product and engineering. Hambleton Equity Partners, a fictional sponsor, invested in 2021 and plans to launch a sale in October 2027. The readiness baseline ran in October 2025, at M24.

What the baseline found

The baseline scored the business at 38%. The ten findings that mattered most, and what the board decided:

FINDING AT M24	DECISION	COST	STATUS AT M12
AWS root account registered to the founder CTO's personal email; sole administrator	Fix in days	Negligible	Done (KP-01)
The agency that built version one in 2017 never assigned the IP	Confirmatory assignment	£6k paid to the agency plus £3k legal fees	Signed, awaiting filing (IP-02)
Modified AGPL charting component inside the hosted reporting module	Replace	Two engineers for 2.5 months: 2 × £85k × 2.5 ÷ 12 = about £35k	60% done (OS-02)
Front end built on AngularJS, out of support since the end of 2021	Pause the rewrite, replace the riskiest screens, cost and disclose the rest	Five engineers for 12 to 16 months: £425k to £565k	Costed and disclosed (TD-02)
CTO behind 64% of changes to the scheduling engine in 24 months	Second engineer paired on every release; VP Engineering hire	About £150k including recruitment and overlap	CTO share down to 38%; hire starts January 2027 (KP-02, KP-06)
Last pen test 14 months old, four high findings open	New test and remediation	£14k test and retest plus engineering time	Three of four closed; retest booked (SE-01, SE-02)
Cloud cost up 41% year on year against revenue up 19%	Rightsizing, unused environments, savings plans	Engineering time	£214k a year removed by April 2026 (CC-03)
Net revenue retention reported as 111% by sales and 104% by finance	One definition, reconciled to the accounts	Internal time	106% on the agreed definition (PM-01)
AI rota auto-fill feature live but unmeasured; customer contracts silent on use of data to improve the product	Usage logging, baseline, new contract terms at renewal	Internal time plus legal review	22% of customer sites using it and rising; new terms on renewals since January 2026 (AI-02, AI-04)

FINDING AT M24	DECISION	COST	STATUS AT M12
No ISO 27001; Cyber Essentials had lapsed	Recertify Cyber Essentials Plus; do not start ISO 27001 before the sale	About £3k	Recertified July 2026; ISO 27001 roadmap costed and disclosed (SE-03, SE-04)

Two numbers explain why the sponsor started at M24. The £214k cloud saving was in place by April 2026, so by launch the last twelve months' accounts carry it in full; at an illustrative ten times EBITDA it is worth about £2.1m of enterprise value, and nobody has to argue about a run-rate adjustment. The scheduling engine dependency needed a year of paired releases before the commit history showed a real change, which no amount of money could have compressed into a pre-launch quarter.

The score at M12

By October 2026, twelve months before launch, the Example tabs in the workbook show:

WORKSTREAM	READINESS	RAG	OPEN CRITICAL
IP and ownership	76%	Amber	0
Open source and licences	68%	Amber	1
AI-generated code	69%	Amber	0
Security and pen testing	83%	Green	1
Data protection	55%	Red	0
Architecture and scalability	55%	Red	0
Technical debt	79%	Amber	0
Key-person risk and team	64%	Amber	1
Documentation	69%	Amber	0
Cloud cost and unit economics	74%	Amber	0
Product metrics and KPIs	69%	Amber	0
AI equity story evidence	49%	Red	3
Contracts and third parties	89%	Green	0
IT and internal systems	73%	Amber	0
Data room preparation	21%	Red	1
Overall	**65%**	**Amber**	**7**

The overall score is ahead of the 60% target for M12, but the dashboard points to three things the headline hides. First, AI equity story evidence is red with three open critical items: the auto-fill usage data needs six more months to show a trend, the support triage baseline was only taken in January, and data rights depend on renewals. That is the workstream to resource now, because it cannot be rushed later. Second, data protection is red because the rota auto-fill feature sends staff names and shift patterns to a third-party model without a DPIA (DP-04) and with the

transfer basis still being documented (DP-03), which also undermines the AI story. Third, the architecture work has not yet produced a load test at three times peak volume, which the buyer will ask for because the plan assumes the business doubles its customer sites. Data room preparation is red as expected at M12.

The board's actions from the M12 review: move the head of data's deputy onto AI evidence full time, complete the DPIA and transfer documentation by January, bring the load test forward to December, and shortlist VDD advisers in March for an April appointment.

11. Common mistakes

1. **Starting at six months.** Six months is enough to write a story and not enough to generate the evidence for one. EY found firms that began preparation less than six months before exit reported materially weaker outcomes than those that started 12 to 24 months out.
2. **Counting from completion instead of launch.** Bidders form their view in the first round from the data room. Anything fixed after launch is fixed in front of them.
3. **Starting a re-platform before a sale.** A rewrite 60% done with the lead engineer on notice is priced as the worst case. Cost it and disclose it instead.
4. **Chasing a certification late.** ISO 27001 or SOC 2 started at M6 won't finish and signals a scramble. Cyber Essentials Plus and a clean, retested pen test answer most mid-market buyers.
5. **Fixing without evidencing.** The IP assignments were signed but are in someone's inbox; the restore test happened but nobody wrote down how long it took. Undocumented work earns little credit.
6. **Writing documents for the data room.** Policies approved the month before launch and diagrams drawn for bidders are recognised as such. Evidence that predates the process is believed.
7. **Counting AI licences as adoption.** A Copilot rollout to 300 staff is a cost line unless usage and output data show it changed something.
8. **Leaving AI-generated code unexamined.** Buyers now ask which assistants wrote the code and on what terms. "We don't use them" is rarely true and easy to disprove.
9. **Two versions of the same KPI.** A retention figure that differs between the IM and the finance pack undermines every other number. Reconcile definitions at M18.
10. **Late cloud savings presented as run rate.** A saving made at M3 will be challenged as an adjustment. The same saving at M18 is simply in the accounts.
11. **Treating the CTO as the only key person.** The dependency that causes trouble is often one level down: the contractor who wrote the integrations, the analyst who builds the board pack, the engineer who wrote every prompt.
12. **A VDD report that ignores the readiness findings.** Commissioning a vendor report without first fixing what the baseline found produces a well-evidenced list of problems for bidders to price.
13. **Hiding things.** The buyer's scan, interviews and contract review will find them. A problem found by the buyer becomes a price chip, a specific indemnity or a W&I exclusion, and every other answer is then doubted.
14. **Under-preparing management.** Engineers contradicting the CTO, a demo that fails, numbers that don't match the data room. Each costs more credibility than the issue behind it.

12. Glossary

TERM	MEANING
Launch	The day the information memorandum and data room go to bidders; the reference point for every month in this checklist
M18, M12 and so on	Months before launch
VDD	Vendor due diligence: an independent report commissioned by the seller for bidders
Release letter	The letter under which bidders see a VDD report, agreeing they cannot claim against its author
Reliance letter	The letter giving the buyer, and usually its lenders, the right to rely on a VDD report, subject to a liability cap
Bring-down letter	An update confirming a report still reflects the business at a later date
SCA	Software composition analysis: a scan identifying open-source components, licences and known vulnerabilities
SBOM	Software bill of materials: a list of every component in the software
Copyleft	Licences such as GPL and AGPL that require derived code to be released under the same terms in some circumstances
LTM	Last twelve months of trading, the basis of most valuations
QoE	Quality of earnings: the financial due diligence that tests EBITDA and its adjustments
NRR, GRR	Net and gross revenue retention
DORA metrics	Software delivery measures: change lead time, deployment frequency, change fail rate and recovery time
Bus factor	The number of people who would have to leave before a system stalls
DPIA	Data protection impact assessment under UK GDPR
W&I	Warranty and indemnity insurance, which covers breaches of the seller's warranties
Condition of completion	Something that must be done before the deal completes and money moves

13. Sources and further reading

Statistics cited in this checklist:

- EY, Global PE Exit Readiness Study 2026, June 2026. Survey of 100 PE executives and 100 executives from recently exited portfolio companies, February to April 2026. Source of the 86% valuation finding, the 12 to 24 month timing, the 7% to 18% rise in AI as a challenge, the 72% to 60% KPI finding and management preparation as the top thing management would do differently.
- Grant Thornton, 2026 AI Impact Survey: private equity insights, 2026. Source of the 9% AI governance audit finding (22% across industries).

- Grant Thornton, Buyers are asking questions about AI, and it's impacting valuations, July 2026.
- Black Duck, 2026 Open Source Security and Risk Analysis and report page, 2026. 947 codebases from 197 M&A transactions; licence conflicts, outdated components and AI coding assistant findings.
- Flexera, 2026 State of the Cloud report press release, March 2026.
- International Underwriting Association report on cyber risk in W&I underwriting, as reported by Insurance Business, July 2026.
- Browne Jacobson, W&I insurance and sell-side due diligence.
- Copyright, Designs and Patents Act 1988, section 11; ICO guidance on reporting a breach; NCSC Cyber Essentials; DORA metrics; Gibson Dunn on the EU AI Act Digital Omnibus.

Other free resources worth reading, credited fairly:

- FE International, Sell-side due diligence checklist: a clear four-workstream view (financial, legal, technical, commercial) with a 90-day plan. Strong on financial preparation; technology is a short section and the timeline is three to six months.
- Arakyta, The 12-month IT exit prep playbook for portfolio companies: a useful quarter-by-quarter internal IT plan. Covers infrastructure and IT security well; little on product code, IP, open source or AI.
- Myerson, Selling a technology business checklist: a UK law firm's tick-box list covering corporate records, contracts, IP and data. Good on the legal side, without timings, owners or evidence.
- Freeths, Selling your start-up: is your IP in order?: a short, practical note on IP ownership and open source.
- M&A Community, Complete technology due diligence checklist: a buy-side list of about 70 questions across ten areas; useful for seeing the buyer's view.
- Peony, Sell-side due diligence scope matrix: a helpful matrix of which VDD workstreams suit which deal sizes, US-oriented.
- Ansarada, Technology due diligence checklist: a gated checklist from a data room provider.

Related Anyway Ventures articles: vendor technical due diligence, will buyers pay for your AI?, what a technical due diligence report should contain, key person risk in due diligence, technology due diligence checklist, technical due diligence questions, AI washing in due diligence and measuring AI ROI.

14. About this resource

Written by Anyway Ventures, the York technology and AI practice led by Brannan Coady, who has been through technical due diligence as a founder and CEO selling businesses and as an investor commissioning it. Version 1.0, October 2026. Free to use, adapt and share with attribution. Not legal, tax or investment advice.

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ANYWAYVENTURES.COM/TECHNICAL-DUE-DILIGENCE

AI due diligence

Whether a target's AI claims are real, defensible and theirs, and a costed AI value-creation plan for the IC.

ANYWAYVENTURES.COM/AI-DUE-DILIGENCE

AI disruption risk review

Is AI a threat to the business or its moat? One deal, or every holding in a portfolio ranked by exposure.

ANYWAYVENTURES.COM/AI-DISRUPTION-RISK

Technical due diligence for VCs

A two to three day check before the term sheet: the product tested on evidence, not the demo.

ANYWAYVENTURES.COM/VC-TECHNICAL-DUE-DILIGENCE

Retained AI operating partner

Senior AI capacity held by the fund and deployed into the company with the strongest AI value case.

ANYWAYVENTURES.COM/AI-OPERATING-PARTNER

Exit readiness and vendor technical due diligence

Find what a buyer's diligence will find, 12 to 24 months out, fix it, then publish a report buyers can rely on.

ANYWAYVENTURES.COM/EXIT-READINESS

FOR OPERATORS

AI audit and readiness assessment

Two to three weeks to a ranked, costed list of AI opportunities, the gaps to close and a 90-day plan.

ANYWAYVENTURES.COM/AI-AUDIT

Embedded AI delivery

Internal tooling, automation and AI agents in production inside your business, built with your team.

ANYWAYVENTURES.COM/EMBEDDED-AI-DELIVERY

Fractional Chief AI Officer

One senior person who owns AI on your leadership team, two to four days a month.

ANYWAYVENTURES.COM/FRACTIONAL-CHIEF-AI-OFFICER

Hands-on AI training

In-person training where every attendee builds a working tool on their own job.

ANYWAYVENTURES.COM/AI-TRAINING

Board and NED roles

Non-executive seats where technology, product and AI decide the outcome.

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Every enquiry starts with the same free 30-minute call.

A straight answer on whether we can help, what it would cost and how long it would take.

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