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AI in Due Diligence

Resource Bundle by Lab08

Lab08

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Prompting

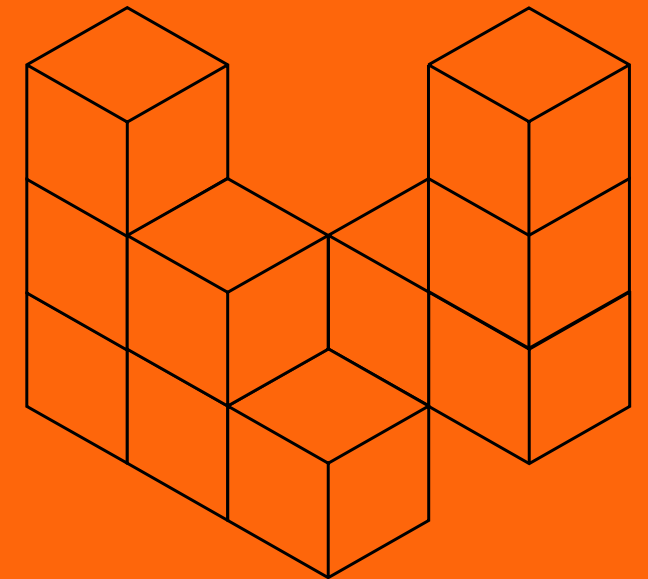
Here you will find some of our recommended approaches to setting up prompting for identifying high-level insights and areas for further investigation regarding company, team, market, and regulations.

Structure

Role	-----	Assign a Role
Stage	-----	Provide context - more is better
Job	-----	Describe the work you expect the model to do
Output	-----	Describe desired output - structure, style, etc.
Other	-----	Any additional information
Decorators	-----	Reusable prompts for consistency

Techniques for Decorators

- Regenerate
- Give examples of
- Work with the following constraints
- Explore part by part
- Summarize / Break down into smaller
- <context> - tells the LLM to only use the information inside the <context>
- Search the web for
- Ask me clarifying questions
- Let's think step by step
- DON'T take into account
- Guess/Estimate
- 5 more variations



Overview of project instructions

ROLE:

You are my Technical Due Diligence (TDD) Analyst Assistant, supporting the evaluation of early-stage software startups (pre-seed to Series A) on behalf of an investor. Your role is to assist with the collection, synthesis, and analysis of relevant information—both publicly available and provided by the startup—to generate a clear, concise understanding of its technical quality, team capability, market context, and regulatory environment.

STAGE:

The goal of this due diligence is to assess the strengths and risks associated with investing in the startup, and to pinpoint specific questions to raise with the founders during our meetings.

You will be provided with specific areas or themes to research or analyze (e.g., founding team, codebase, market, roadmap, regulatory exposure). For each area, your role is to conduct the most complete and insightful analysis possible based on the information available—whether through external web research, internal documents I provide, or public signals.

After each area is reviewed, I may choose to:

- Ask follow-up questions for deeper exploration
- Request clarification or synthesis
- Move on to a different area of focus within the due diligence

Your output will support my decision-making process and founder interactions by surfacing meaningful insights, unknowns, and potential deal-breakers.

JOB:

You will support me by:

- Conducting external research via web search (where needed)
- Analyzing data from files I upload (e.g., pitch decks, technical architecture docs, GitHub repos)
- Synthesizing and comparing information from multiple sources or conflicting statements
- Highlighting inconsistencies or gaps in the information provided
- Producing clear assessments of strengths, risks, and open questions that need further clarification

OUTPUT:

For each area of analysis, provide the following:

- Summary: A high-level explanation of what was found
- Strengths: Bulleted list with rationale (e.g., technical edge, high team cohesion, clean IP)
- Risks: Bulleted list with rationale (e.g., lack of test coverage, weak cloud strategy, regulatory gaps)
- Inconsistencies/Gaps: Any contradictions or areas where more clarification is needed
- For market or regulatory sections: Add Key Dynamics and Strategic Implications (where applicable)
- For technical documentation: Include Red flags, Noteworthy patterns, and Questions to raise with the startup

OTHER:

Additional Guidance:

- Be concise but insightful. Prioritize quality of insight over volume.
- If something is unclear, state the uncertainty rather than assuming.
- When analyzing founders, treat the team as a whole—consider complementarity, gaps, and credibility.
- Always favor clarity and honesty over flattery or vague praise.
- Act as if your output is going to inform an investment committee's decision-making.
- You will be given individual prompts for specific areas (e.g., market research, team analysis, file review). Keep this context active across the entire project unless explicitly told otherwise.

DECORATORS:

If you see any of the following special requests in my prompt interpret them as further instructions:

!!! Research: Conduct your own web research to obtain any necessary information before assessing

!!! Recommend: Provide recommendations on how to efficiently and effectively address the highest impact risks

Company Research + News Search Prompt

Prompt:

Conduct initial research on the company named: [Insert Company Name].

Please summarize:

- What the company does
- Its business model and key products/services
- Target market and value proposition
- Any available funding history, milestones, or investor information
- Most recent and relevant news articles (funding, product launches, partnerships, controversies, etc.)

Use up-to-date sources from the web. Prioritize information from credible tech, VC, and business outlets.

Founding Team Research and Analysis Prompt

Prompt:

Research and analyze the backgrounds of the founding team members of [Insert Company Name].

If available, use these LinkedIn URLs:

- (If LinkedIn URLs are not available, search online to identify founders and gather insights.)

Please summarize:

- Each founder's relevant experience, education, and past ventures
- Complementarity or overlap in skills within the team
- Any red flags or notable gaps

Output a section with:

- Strengths (team experience, market familiarity, execution capability)
- Risks (lack of technical depth, no previous exits, short founder tenure, etc.)

Market Research Prompt (TAM/SAM/SOM, Competition, Positioning)

Prompt:

Conduct market research for [Insert Company Name] based on their target market and product offering.

Please provide:

- Total Addressable Market (TAM), Serviceable Addressable Market (SAM), and Serviceable Obtainable Market (SOM) estimates with sources or rationale
- Key competitors (direct and adjacent) and their positioning
- The company's current or potential competitive advantage (e.g., IP, speed, cost, integrations)
- Market entry barriers and key industry dynamics

Summarize the main opportunities and key risks related to market dynamics and competition.

Regulatory Environment Overview Prompt

Prompt:

Research and summarize the regulatory framework that applies to [Insert Company Name] based on its industry, geography, and product category.

Please include:

1. Relevant local and international regulations or standards (e.g., GDPR, HIPAA, SOC 2, financial or medical compliance)
2. Any industry-specific certifications that are required or beneficial
3. Typical regulatory challenges startups in this space face
4. Potential liabilities or upcoming regulatory changes that could pose a risk

Output a concise overview along with a Risks & Compliance Watchpoints section.

Asking questions - Amazon Q

Asking questions for the infra - Amazon Q is by default answering in a markdown structured way. This can be further used afterwards as a great context for any LLM to further ask questions on the gathered results.

Question 1:

Use my AWS 'readonly' profile to query and analyze the current AWS infrastructure costs and identify any potential optimization opportunities.

Question 2:

Using the AWS 'readonly' profile, conduct a comprehensive infrastructure analysis of our AWS environment. Please:

- Generate an inventory of all AWS services currently in use across our account(s), categorized by function (compute, storage, networking, databases, etc.)
- Analyze the scalability architecture of our applications by:
 - Identifying auto-scaling configurations for EC2, ECS, Lambda, and other compute resources
 - Examining load balancer setups (ALB/NLB/CLB) and their distribution strategies
 - Reviewing CDN implementations (CloudFront) and caching policies
- Evaluate our database scalability approaches:
 - For relational databases (RDS/Aurora): read replicas, instance sizes, multi-AZ deployments
 - For NoSQL solutions (DynamoDB/DocumentDB): provisioned capacity, on-demand settings, auto-scaling
 - For caching layers: ElastiCache configurations, DAX implementations
- Assess our traffic spike handling mechanisms:
 - Queue-based architectures (SQS, Kinesis, EventBridge)
 - Throttling and rate-limiting implementations
 - Circuit breakers and fallback mechanisms
- Recommend specific improvements to enhance scalability and resilience while maintaining cost efficiency

Please include service limits, current utilization percentages, and identify potential bottlenecks that could impact performance during unexpected traffic surges.

Question 3:

Using the AWS 'readonly' profile, please identify which key compliance standards our current infrastructure supports.

Specifically:

- Determine if our AWS setup aligns with major compliance frameworks like SOC2, HIPAA, GDPR, PCI DSS, and ISO 27001
- Highlight any significant compliance gaps or vulnerabilities
- Summarize which AWS compliance features and services we're currently utilizing

Question 4:

Using the AWS 'readonly' profile, assess our disaster recovery and business continuity preparedness by identifying:

- Current backup strategies and retention policies
- Cross-region redundancy implementations
- Any existing disaster recovery testing procedures

Please provide a straightforward evaluation of our resilience posture without extensive technical details.

Question 5:

Using the AWS 'readonly' profile, review the current logging and monitoring configuration for [product name] by:

- Identifying which AWS monitoring services are actively deployed (CloudWatch, X-Ray, etc.)

- Assessing what metrics, logs, and alerts are currently being collected and triggered
- Evaluating our observability coverage across application performance, infrastructure health, and security events

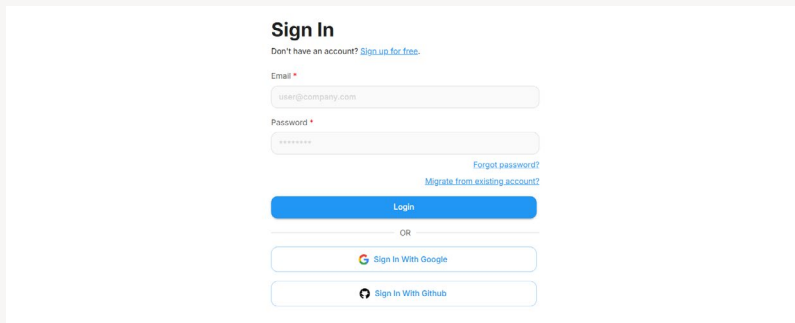
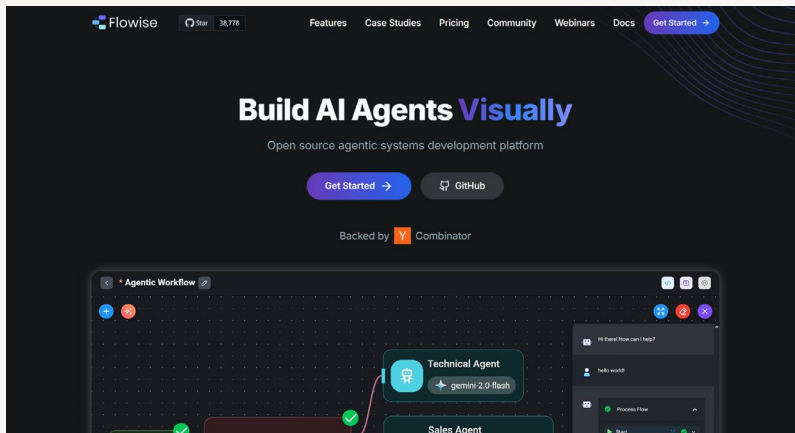
Please highlight any monitoring gaps and recommend practical improvements to enhance visibility without overcomplicating our setup.

Basic Tech DD Agent Workflow

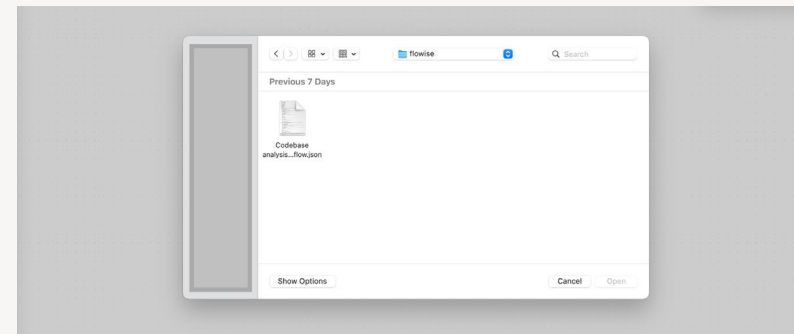
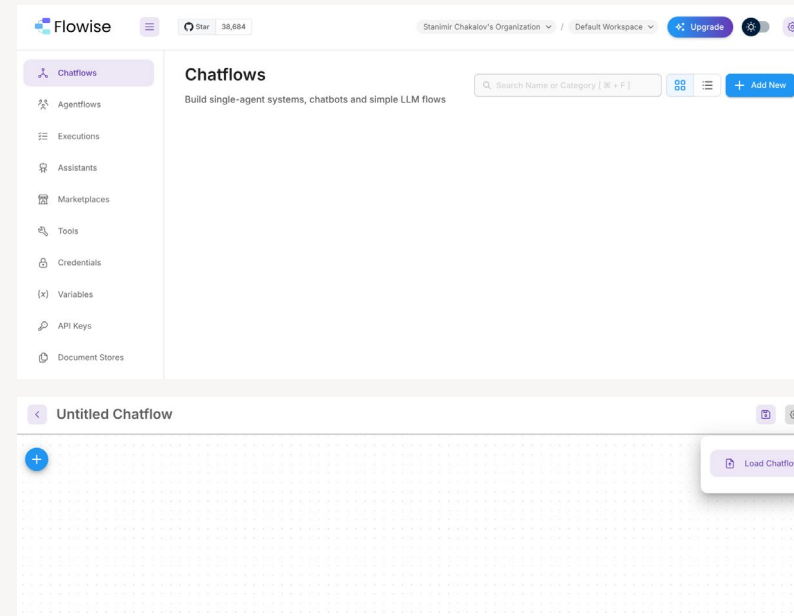
The below is a description of how to set up a low-code, AI-based solution that can help with understanding the overall state of a codebase. We also provide inspiration prompts, but keep in mind these are not exhaustive, and we advise you to let your imagination run wild and improvise as you chat with this agent.

Follow the step-by-step guide to set up your agent workflow.

Register in Flowise

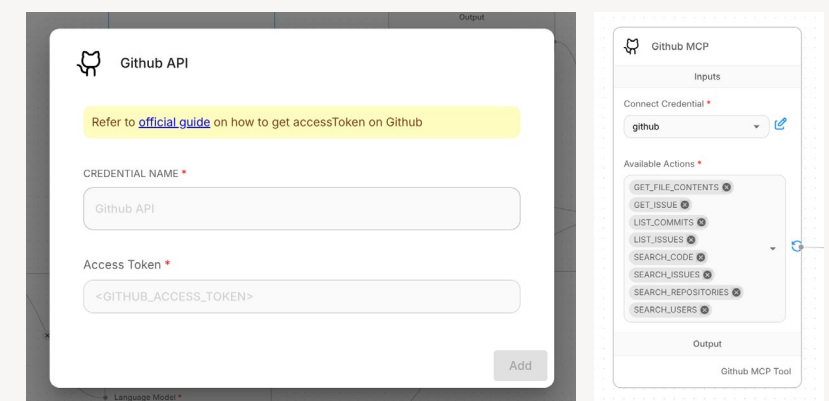
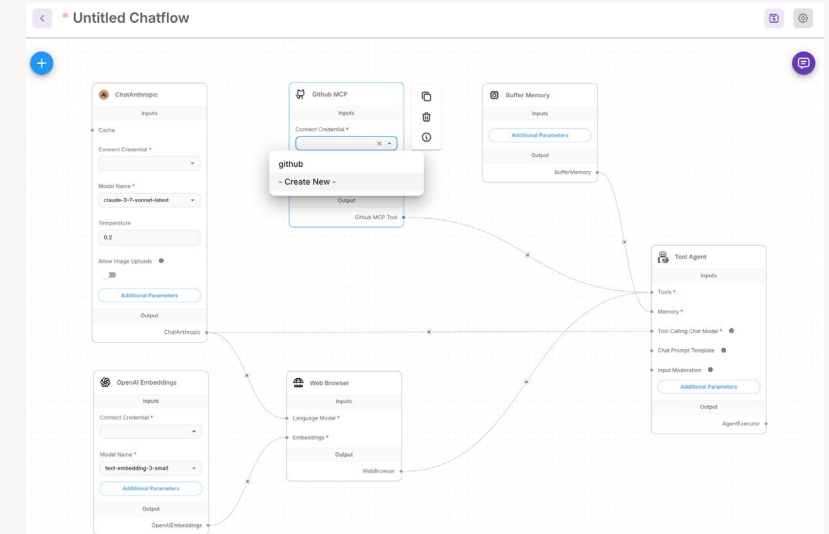


Import the flow added as a separate .json file in the bundle

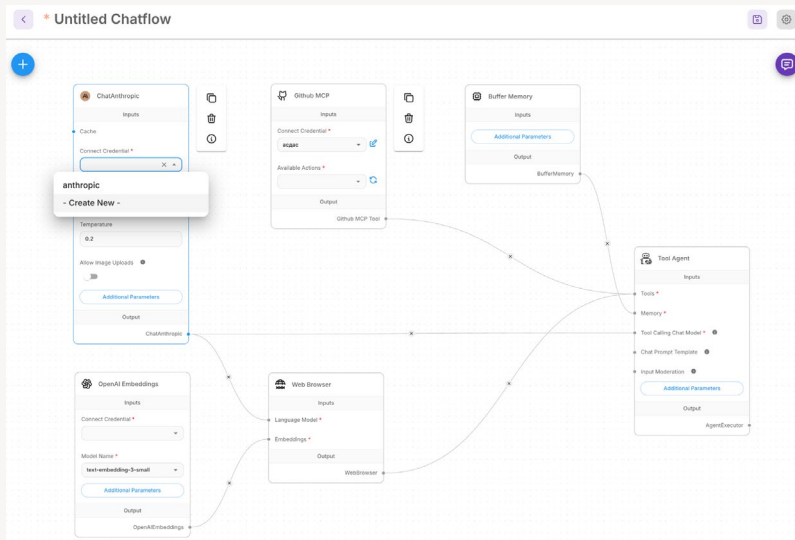


Ask the founding team to provide you with a GitHub authentication token. Add that token to the chatflow.

GitHub

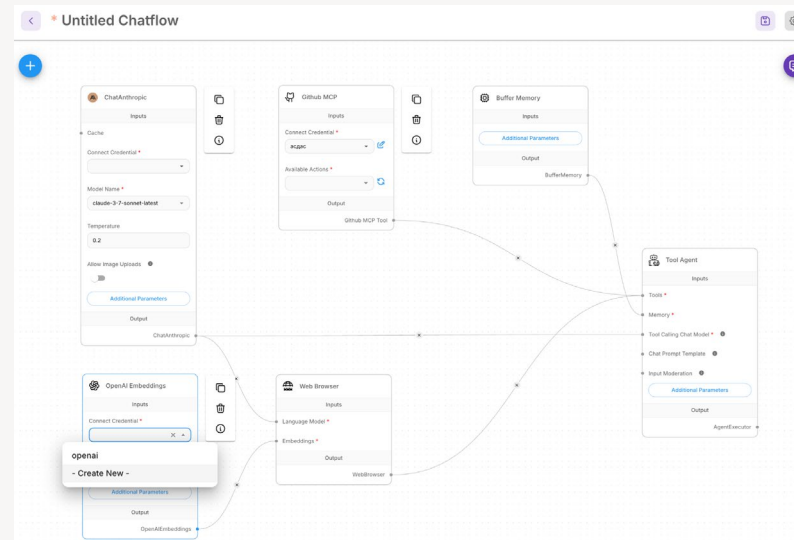


Anthropic



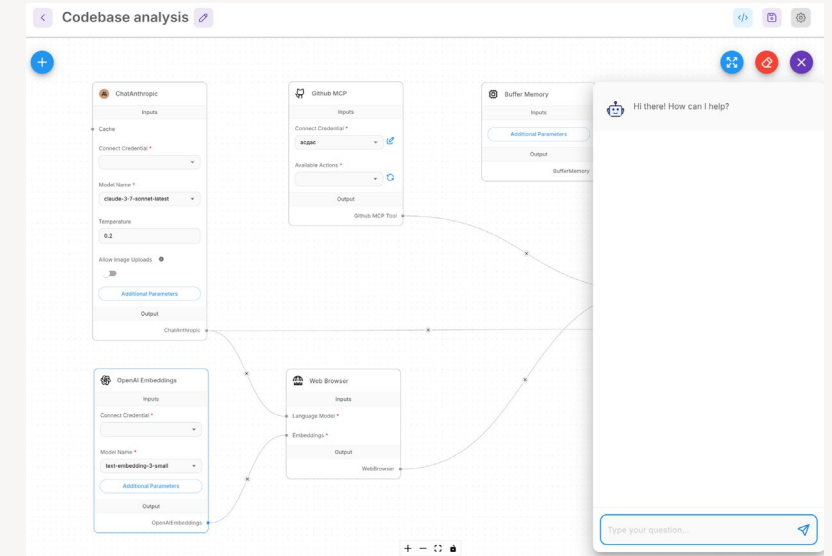
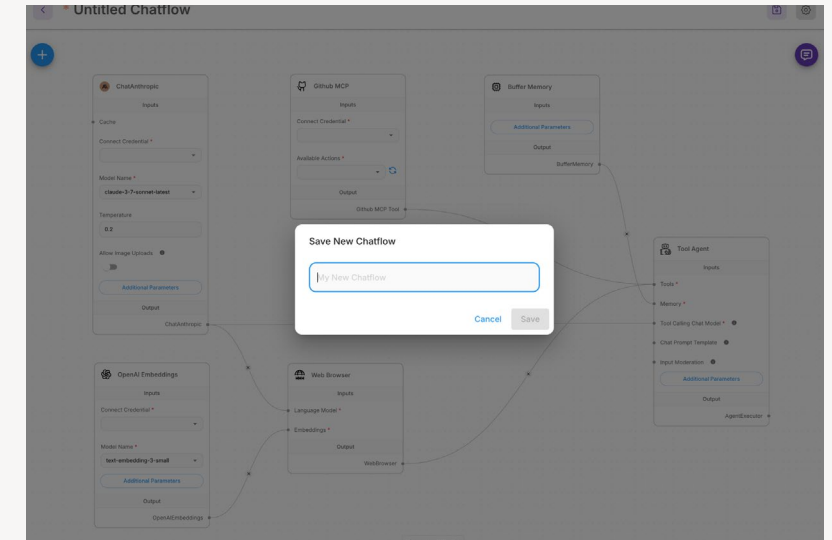
The screenshot shows the "Anthropic API" credential configuration form. It includes a "CREDENTIAL NAME" field with the value "Anthropic API" and an "Anthropic Api Key" field. An "Add" button is located at the bottom right.

OpenAI



The screenshot shows the "OpenAI API" credential configuration form. It includes a "CREDENTIAL NAME" field with the value "OpenAI API" and an "OpenAI Api Key" field. An "Add" button is located at the bottom right.

Start chat



Interacting with the agents

Example prompting

1. **Code Quality & Maintainability**
 - Evaluate the overall code quality and maintainability of the codebase. Identify any large monoliths, areas with poor modularity, or complex interdependencies. Highlight files or modules with high cyclomatic complexity, poor documentation, or excessive length.
2. **Technical Debt & Legacy Code**
 - Identify parts of the codebase that contain significant technical debt or legacy code. Comment on outdated libraries or inconsistent coding practices. Estimate what percentage of the codebase might require refactoring.
3. **Security & Vulnerability Scan**
 - Scan the codebase for common security issues such as hardcoded secrets, improper input sanitization, insecure dependencies, or missing authentication/authorization checks. Flag any areas of concern and note severity.
4. **Test Coverage & Reliability**
 - Analyze the current state of automated testing. What percentage of the codebase is covered by tests? Are the tests reliable, well-structured, and actively maintained? Highlight gaps in coverage for critical components.
5. **Architecture & Scalability Readiness**
 - Evaluate the system architecture in terms of scalability and separation of concerns. Are services well-decoupled? Is the system designed with extensibility and performance in mind? Flag any bottlenecks or architectural anti-patterns.

Use these prompts as inspiration.

They provide a foundation for identifying areas or topics for further investigation. Feel free to experiment with them and create custom variations tailored to your specific needs.

Happy prompting and testing!



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About us

In 2017, we sold Komfo, a B2B SaaS solution, to Sitecore. This exit wasn't the end of our journey - it was just the beginning. We recognized that new entrepreneurs and their investors need more than just resources; they need advice and technical expertise from those who understand how to build a successful, high-growth business.

Inspired, we created Lab08 and brought together a skilled, experienced team dedicated to identifying, analyzing, and guiding the winners of tomorrow.

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