



The PE & VC Leader's AI Playbook

Your guide to safe, governed, productive
AI adoption for private equity
and venture capital firms

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CHAPTER 01

Executive Summary

What You'll Learn

- Why 85% of PE/VC dealmakers are already using AI daily — and why 41% still lack governance
- The SEC and FINRA compliance obligations that apply to AI usage at your fund
- How to quantify the operational ROI of governed AI adoption
- A phased roadmap for moving from unmanaged AI to a structured, compliant program

AI isn't coming to private equity and venture capital. It's already here, and it's splitting the industry into two camps.

According to S&P; Global, 85% of private capital dealmakers now use AI to automate daily tasks, up from 76% just a year earlier. But here's the problem: 41% of private equity firms are still in "nascent" adoption stages, with no formal governance, no approved platforms, and no visibility into what their teams are actually doing with AI tools. Associates are pasting deal memos into free chatbots. Analysts are running financial models through consumer platforms with no data protection guarantees. Investor relations teams are drafting LP communications using tools that may train on your proprietary fund data.

The intentions are good. The exposure is enormous.

For fund managers, the stakes go beyond operational efficiency. The SEC's 2026 examination priorities explicitly include AI usage policies and supervision for registered investment advisers. FINRA's 2026 Regulatory Oversight Report identifies AI governance as a core compliance obligation under Rule 3110. Your fiduciary duty to limited partners demands that you protect their capital, their data, and the confidentiality of your investment strategy. An unmanaged AI environment puts all three at risk.

The pressures stacking up on PE and VC firms aren't going away:

- **Deal teams are drowning in data.** Screening a single target used to take 45 minutes. Multiply that across hundreds of potential deals per quarter, and your highest-paid professionals are buried in research that AI can accelerate by 80%.
- **Back-office operations are scaling faster than headcount.** One-third of PE firms have 5 or fewer operating group members, yet the complexity of fund administration, LP reporting, and regulatory compliance keeps growing.
- **Fundraising is more competitive than ever.** LPs are more selective, demanding stronger governance, clearer reporting, and demonstrable operational maturity. Funds that can show AI-driven efficiency and governance have an edge.
- **Talent is expensive and hard to find.** 76% of leading PE firms rank talent acquisition and retention as their top priority, higher than deal sourcing, regulatory compliance, or even fundraising.

Consider the math. If AI saves a single team member 30 minutes per day on routine tasks, that's 10 hours per month, or 120 hours per year. At a blended cost of \$85 per hour (conservative for PE/VC professionals), that's \$10,200 per person annually. For a fund with a team of 20, that's \$204,000

recovered from a single use case. Now multiply that across deal sourcing, due diligence, portfolio monitoring, LP reporting, and fund administration.

This playbook exists to close the gap between "our team is already using AI" and "our fund governs AI with the same rigor we apply to everything else." Over the following chapters, you'll learn what AI can do for your fund today, how to protect deal-sensitive data and LP information, and how to build a phased adoption plan that satisfies your compliance obligations while compounding operational advantages.

Framework IT has spent more than 16 years managing technology for small and midsize businesses across the United States. We've watched every major technology shift from cloud migration to cybersecurity to unified communications. AI is the next one, and it's moving faster than anything that came before it. We built Managed Framework AI because we saw our clients struggling with the same set of problems: they knew AI mattered, but they didn't know where to start, who to trust, or how to do it without creating new risks.

This playbook gives you the starting point. Managed Framework AI gives you the partner to execute it.

CHAPTER 02

About the Author

Adam Barney

President and Managing Partner, Framework IT



Adam Barney is President and Managing Partner of Framework IT, a premier managed IT and telecommunications firm based in Chicago. He holds a Bachelor of Science in Finance and Business Administration from the University of Illinois Urbana-Champaign, where he graduated Summa Cum Laude. With more than 15 years of executive experience in managed services and telecommunications, Adam leads with a core philosophy that technology should be user-friendly and approachable, empowering businesses to thrive in their respective industries.

Since assuming the presidency in April 2022, Adam has led a team of over 40 professionals spanning sales, information technology, operations, marketing, human resources, and fulfillment. Under his leadership, Framework IT remains committed to its inverted-pyramid approach, which ensures clients' needs and aspirations are always the company's top priority.

"Clients' needs and aspirations are always the company's top priority."

Founded in 2008, Framework IT specializes in IT support, strategy, and cybersecurity for small and mid-sized businesses nationwide. The company's 30+ engineers act as an extension of client businesses, proactively preventing IT issues so teams have more time to focus on what truly matters. During his career, Adam has consulted over 1,000 companies, helping them transform their technology infrastructure.

In recent years, Adam has spearheaded the adoption of artificial intelligence in Framework IT's internal operations and service delivery, positioning the company at the forefront of AI-driven IT management. He has pioneered the launch of Managed Framework AI to help clients implement AI and AI-based automation in their own businesses, enabling organizations to unlock new levels of efficiency and competitive advantage. Adam is also a founding member of The Forge AI Alliance of MSPs, an alliance of managed service providers working to accelerate the adoption of AI and automation in their own companies and those of their clients.

Under Adam's leadership, Framework IT earned a spot on the Inc. 500 Fastest Growing Private Companies in America twice and the Inc. 5000 list at least 5 times over the past decade. The company ranked as one of the Best and Brightest Places to Work in Chicago for 5 consecutive years and one of the Best and Brightest Places to Work in the Nation twice in the last 5 years. Framework IT has maintained a BBB complaint-free record since 2008.

Adam's expertise has positioned him as a sought-after voice in managed services and business technology, as a speaker and panelist at industry events. His insights have appeared in the Harvard Business Review, the Washington Post, and Fox 32 Chicago.

CHAPTER 03

AI Is Here. The Question Is How You Use It.

What You'll Learn

- ▢ What AI actually is and the 4 capabilities that matter for fund operations
- ▢ Why the competitive window is narrowing — with real PE/VC performance data
- ▢ How Shadow AI creates regulatory and fiduciary exposure for your fund
- ▢ The Human-in-the-Loop principle for investment decisions

What Is AI, Really?

Strip away the hype and AI is a category of software that can process language, recognize patterns, generate content, and make decisions based on data. The most visible form of AI today is the Large Language Model (LLM), the technology behind tools like ChatGPT, Claude, and Gemini. These models were trained on massive amounts of text and learned to predict the most likely next word in a sequence. That simple mechanism, repeated billions of times across enormous datasets, produces something that looks like understanding: the ability to follow instructions, reason through problems, and produce human-quality writing, analysis, and code.

But AI goes well beyond a chatbot. Modern AI platforms combine multiple capabilities:

- **Conversational AI (Chat).** Ask questions, draft investment memos, summarize portfolio company reports, analyze financial data, brainstorm deal theses, and get research-backed answers in seconds.
- **Workflow automation.** Connect AI to your existing business systems and build automated processes that run on their own. No coding required. A visual, drag-and-drop builder lets anyone design multi-step automations.
- **AI agents.** Purpose-built AI assistants trained for specific tasks: analyzing financial statements, drafting investor updates, generating due diligence research, coaching sales teams at portfolio companies, and dozens more.
- **AI phone agents.** Voice-based AI that handles inbound and outbound calls, understands natural language, routes calls intelligently, and integrates with your business systems. Available around the clock.

Why This Matters Now

The window for competitive advantage is open, but it's narrowing. Funds that build AI capability now will compound those gains over the next 2 to 3 years. The numbers from the front lines are hard to ignore:

- Firms using AI-driven deal sourcing report reviewing 3 to 5 times more qualified opportunities compared to traditional network-dependent approaches.
- One mid-market fund reduced initial target screening time from 45 minutes to 8 minutes per company, allowing partners to evaluate 200+ additional companies per month.
- A 2-person business development team at one VC fund manages 500+ introductions annually using AI-powered workflows.
- BlackRock's research team increased throughput 5 times through AI integration.

Consider the math. If AI saves a single team member 30 minutes per day on research, memo drafting, and data aggregation, that's 10 hours per month, or 120 hours per year. Multiply that across a team of 20, and you're looking at 2,400 hours recovered annually. At a blended cost of \$85 per hour, that's \$204,000 in productivity gains from a single use case. Now multiply that across 5 or 10 use cases.

The Real Risk Is Not AI. It Is Unmanaged AI.

The biggest threat to your fund isn't that AI doesn't work. It's that your team is already using it without your knowledge, approval, or oversight.

This is called Shadow AI, and it's happening inside PE and VC firms right now. Associates are pasting deal memos, financial projections, and proprietary investment theses into free chatbots. Analysts are running portfolio company financials through consumer AI tools with no data protection guarantees. IR teams are drafting LP updates using platforms that may train on your fund's confidential information.

When someone pastes a term sheet, a cap table, an LP side letter, or a proprietary deal model into a free AI tool, that data may be used to train the model. There's no visibility, no audit trail, and no legal recourse. For a fund that has fiduciary obligations to its limited partners and handles material nonpublic information (MNPI) on a daily basis, this isn't a theoretical risk. It's an existential one.

85%

of PE/VC dealmakers use AI daily

41%

of PE firms still in nascent AI adoption

\$4.63M

average cost of shadow AI breach

45 → 8

min screening time reduction with AI

Banning AI doesn't work, and it puts your fund further behind. The real move is replacing unmanaged, ungoverned AI usage with a structured, partner-led program. Same productivity. Zero exposure.

The Human-in-the-Loop Principle

AI is a tool for augmenting human judgment, not replacing it. In PE and VC, where every decision carries significant financial and fiduciary weight, maintaining human oversight is nonnegotiable. Think of AI outputs on a risk spectrum:

- **Low risk: internal research and drafting.** Using AI to summarize industry reports, draft internal meeting agendas, or compile preliminary competitive intelligence.
- **Medium risk: analysis that informs decisions.** Financial modeling, due diligence research summaries, portfolio company benchmarking. AI accelerates the work, but a human reviews every output before it shapes an investment decision.
- **High risk: LP communications, regulatory filings, IC materials.** Any output that reaches limited partners, regulators, or drives capital allocation decisions requires thorough human review and professional judgment.

The principle is simple: AI handles the volume. Your team handles the judgment. The combination is what creates the advantage.

CHAPTER 04

What AI Can Do for Your Fund

What You'll Learn

- ▢ Specific AI use cases across 7 PE/VC functional areas
- ▢ How AI accelerates deal sourcing, due diligence, and portfolio monitoring
- ▢ Where Framework IT's standard agent library maps to fund operations
- ▢ How to measure AI ROI across 4 categories

AI is a set of tools your teams can use today, for work they're already doing, to get better results in less time. The key is knowing where to point it.

Important: *Every use case described here focuses on operational and administrative work. AI doesn't replace investment judgment. It frees up more of your team's time for the work that actually requires it.*

Deal Sourcing and Pipeline Management

Deal teams spend a disproportionate amount of time on activities that aren't evaluating investments: researching targets, compiling market maps, tracking deal flow, and building outreach lists. AI collapses the time spent on all of these.

- **Target screening.** AI agents can scan databases, news feeds, and public filings to identify companies that match your investment thesis. What used to take an analyst 45 minutes per target now takes 8 minutes with structured AI-assisted screening.

- **Market mapping.** Build comprehensive sector maps with company profiles, competitive positioning, and growth metrics aggregated automatically from public sources.
- **Prospect research.** Compile verified intelligence on target companies and their leadership in minutes, including company details, key contacts, recent news, funding history, and relevant industry context.
- **Outreach and relationship tracking.** Draft personalized outreach emails, track warm introductions, and maintain relationship intelligence across your network.

Due Diligence and Investment Research

Due diligence is where time pressure meets information overload. AI doesn't replace the judgment calls. It handles the research, summarization, and pattern recognition that consume most of the hours.

- **Document analysis.** AI can process pitch decks, financial models, partnership agreements, and data room documents, extracting key terms, flagging inconsistencies, and generating structured summaries.
- **Financial analysis.** Upload a portfolio company's P&L and get expert-level variance analysis, trend identification, anomaly detection, and scenario modeling.
- **Competitive intelligence.** Research target company competitors, market dynamics, regulatory environments, and industry trends with cited sources in minutes.
- **DDQ and questionnaire drafting.** Generate first-draft responses to due diligence questionnaires using prior submissions and internal fund context.

Portfolio Monitoring and Value Creation

Once a deal closes, the real work begins. AI helps fund teams monitor performance across the portfolio without drowning in spreadsheets.

- **KPI aggregation.** Automate the collection and standardization of financial and operational data from portfolio companies into consistent reporting formats.
- **Performance benchmarking.** Compare portfolio company metrics against peer cohorts, flag anomalies, and surface trends that might otherwise wait for a quarterly board meeting.
- **Operational improvement.** Help portfolio companies identify and implement AI-driven efficiency gains in their own operations.
- **Board preparation.** Generate structured board meeting materials, management assessment frameworks, and value creation tracking documents.

Fund Administration and LP Reporting

Fund administration is high-volume, high-precision work that runs on tight deadlines. AI handles the repetitive parts so your team can focus on accuracy and relationships.

- **LP report drafting.** Generate first drafts of quarterly LP letters, performance summaries, and capital account statements using fund data and prior report templates.
- **Financial reporting.** Prepare fund-level financial statements, cash flow waterfalls, and NAV calculations with supporting analysis.
- **Regulatory filings.** Compile data for Form ADV, Form PF, and other SEC filings. AI can pull required data points from multiple sources and flag gaps before deadlines.
- **Document management.** Organize, tag, and retrieve documents across fund structures, including partnership agreements, side letters, and subscription documents.

Investor Relations and Fundraising

Fundraising and LP management depend on clear communication and fast response times. AI accelerates both.

- **Pitch materials.** Draft and refine pitch decks, fund overviews, and marketing materials for prospective LPs, grounded in your actual track record and strategy.
- **LP inquiry response.** Generate thorough, consistent responses to LP questions about performance, strategy, governance, and operations using a grounded knowledge base.
- **CRM and pipeline management.** Automate LP relationship tracking, meeting notes, follow-up sequences, and fundraising pipeline analysis.

Compliance and Regulatory

Compliance for PE and VC funds is growing more complex every year. AI helps your compliance team stay ahead of requirements without adding headcount.

- **Policy creation.** Draft and maintain AI use policies, cybersecurity policies, and compliance procedures aligned to SEC and FINRA requirements.
- **Regulatory monitoring.** Track regulatory developments, enforcement actions, and guidance updates relevant to your fund's registration and activities.
- **Vendor due diligence.** Evaluate AI and technology vendors with structured assessment frameworks covering security, compliance, and operational risk.

Operations and HR

PE and VC firms run lean by design. AI helps small teams operate with the capacity of much larger organizations.

- **SOP creation.** Turn tribal knowledge into professional, audit-ready Standard Operating Procedures through structured interviews.
- **Hiring.** Create inclusive, effective job descriptions. Analyze candidate resumes against requirements. Build structured interview plans with scoring rubrics.
- **Project planning.** Build project plans for fund operations, technology implementations, and portfolio company initiatives with work breakdown structures and timelines.

Measuring AI ROI

ROI from AI falls into 4 categories. Measure against all 4:

- **Time savings.** Hours reclaimed per person per week on tasks AI now handles or accelerates. This is the most immediately visible category.
- **Error reduction.** Fewer mistakes in data entry, report formatting, compliance documentation, and communication drafts.
- **Revenue acceleration.** Faster deal screening, quicker due diligence cycles, and more responsive LP communications that shorten fundraising timelines.
- **Cost avoidance.** Compliance incidents prevented, shadow AI exposure eliminated, and headcount growth avoided by doing more with existing teams.

CHAPTER 05

AI Agents: Your Digital Workforce

What You'll Learn

- How AI agents differ from simple chatbots
- How automated workflows can run fund operations on autopilot
- The Framework IT Standard Library of 100+ agents mapped to PE/VC functions

Beyond the Chatbot

Most people's first experience with AI is a chatbot: you type a question, you get an answer. That's useful, but it barely scratches the surface. The real power of enterprise AI lives in agents and automated workflows.

An AI agent is a purpose-built assistant designed for a specific task or process. Think of the difference between handing a new associate a blank notepad and handing them a detailed due diligence checklist with step-by-step instructions. Both can get the job done. Only one does it consistently, every time, without missing steps.

What Makes an Agent Different from a Chat?

- **Structure.** An agent follows a defined process. A financial analysis agent performs variance analysis, identifies anomalies, runs scenario models, generates forecasts, and produces a downloadable report.
- **Guardrails.** Agents include built-in quality controls. A research agent flags confidence levels, cites sources, and notes when it's operating outside its reliable knowledge.
- **Consistency.** When 10 different people use the same agent, they get consistently structured outputs.
- **Integration.** Agents can connect to your CRM, project management tools, file storage, and other applications without manual copy-and-paste.

Workflows: Agents That Run Themselves

Workflows connect multiple steps into automated processes that run on a schedule, respond to triggers, or execute on demand. Examples relevant to PE and VC funds:

- A workflow that monitors news feeds and industry databases for companies matching your investment criteria, scores them against your thesis, and surfaces the top matches.
- A workflow that pulls monthly financial data from portfolio companies, standardizes the format, generates a performance summary, and flags any metrics outside expected ranges.
- A workflow that processes incoming LP inquiries, drafts initial response outlines, and routes them to the appropriate team member.

The Framework IT Standard Library

When you deploy Managed Framework AI, you don't start from scratch. Framework IT has built a library of over 100 agents and workflows. The library spans functions directly relevant to PE and VC operations:

- **Investment and research:** Deep research assistant, prospect research, P&L financial analysis, FP&A forecasting, scenario planning, and ROI analysis.
- **Investor and board communications:** Investor/board relations aid for structured update memos, presentation content creation, and professional email management.

- **Compliance and governance:** IT policy creator for AI governance policies, SOP writer, legal research analyst, and vendor assessment frameworks.
- **Portfolio company support:** Sales coaching, marketing plan expert, change management advisor, hiring analysis, and knowledge base architecture.
- **Fund operations:** Excel expertise for financial modeling, project planning, RFP creation and evaluation, and SMART goal setting.

These 100+ tools are available on day 1 of your deployment, in addition to the 500+ community-built apps already on the platform.

CHAPTER 06

The Major AI Models and Providers

What You'll Learn

- Why a multi-model platform matters more than picking the "best" model
- How to match AI models to different fund tasks
- The advantage of model flexibility in a fast-moving landscape

One Platform, 69 Models

One of the most common mistakes funds make when adopting AI is locking themselves into a single provider. Managed Framework AI, powered by Hatz AI, gives your fund access to 69 Large Language Models (LLMs) from the leading AI providers, all through a single secure platform. No separate subscriptions. No vendor lock-in.

The Major Providers

OpenAI builds the GPT family (GPT-5, GPT-5.1, GPT-5.2, GPT-5.4). Widely recognized, excelling at writing, analysis, coding, and creative work. GPT-5 Nano offers a cost-efficient option for simpler tasks.

Anthropic builds Claude (Claude 4.5 Sonnet, Claude 4 Opus, Claude 4.5 Opus, Claude Opus 4.6, Claude Sonnet 4.6). Known for strong reasoning, nuanced analysis, and careful handling of complex instructions.

Google builds Gemini (Gemini 2.5 Pro, Gemini 3 Pro, Gemini 3.1 Pro Preview, Gemini Flash 3). Strong multi-modal capabilities and cost-efficient options.

Meta builds Llama 4 (Maverick and Scout). Open-source, strong performance at lower cost. **xAI** builds Grok 3 and Grok 4 with strong reasoning. **Amazon** offers Nova Micro and Lite for high-volume tasks.

Specialized models include Perplexity Sonar for real-time web search with cited sources and advanced reasoning models for complex logical tasks.

How to Choose the Right Model

- **High-stakes work** (IC materials, LP communications, regulatory filings): Use frontier models from OpenAI, Anthropic, or Google.
- **High-volume work** (routine email drafting, data formatting, screening notes): Use value models. Significantly cheaper and fast.
- **Research with sources:** Use Perplexity Sonar for market intelligence and cited due diligence research.
- **Image generation:** Nano Banana for pitch deck visuals, LP presentation graphics, and marketing materials.

The Power of Model Flexibility

The AI model landscape changes fast. Managed Framework AI insulates your fund from this churn. Your deal team might prefer Claude for detailed financial analysis, use GPT-5 for drafting LP letters, and run Perplexity for competitive intelligence, all in the same platform. That flexibility is a material operational advantage.

CHAPTER 07

Prompt Engineering: Getting Better Results from AI

What You'll Learn

- Core prompting techniques that dramatically improve AI output quality
- Advanced methods for standardizing work across your fund
- How to manage hallucination risk in investment analysis
- Practical tips for working with large context windows

The Fundamentals

Be specific about what you want. Instead of "Summarize this company," try "Summarize this company's financial performance over the last 3 fiscal years, including revenue growth rate, EBITDA margins, and key risks. Format as a 1-page memo suitable for an investment committee pre-read."

Assign a role. "You are a senior private equity associate with 8 years of experience in middle-market buyouts" produces dramatically different output than a bare request to "analyze this deal."

Provide examples. Paste in a previous investment memo you liked, a report structure you want replicated, or an LP letter that matches your fund's voice.

Break complex tasks into steps. Instead of "do due diligence on this company," walk it through: "First, summarize the business model. Then analyze the financials. Then identify the top 3 risks. Then outline key questions for management meetings."

Iterate, don't start over. Refine with follow-up instructions: "Make the tone more direct." "Add a section on competitive positioning." "Shorten the executive summary to 3 paragraphs."

Advanced Techniques

- **Chain of thought.** Ask AI to show its reasoning step by step. Critical for investment analysis where you need to verify the logic.
- **Few-shot prompting.** Provide 2-3 examples of the pattern you want. Powerful for standardizing IC memos, portfolio reviews, or LP quarterly updates.
- **Constraint-based prompting.** "Do not make assumptions about future revenue growth. Do not use jargon LPs wouldn't understand. Do not exceed 500 words."
- **Template prompts.** Standardized prompts for deal screening notes, LP inquiry responses, and board prep ensure consistent quality across the team.

Hallucinations and AI Accuracy

AI models sometimes generate information that sounds confident but is factually incorrect. In the PE and VC context, the consequences of acting on hallucinated financial data or regulatory citations can be severe. Key safeguards:

- Never treat AI output as verified fact. Every claim needs human verification.
- Ask AI to cite its sources so you can verify independently.
- Use AI for what it's good at: summarization, drafting, pattern recognition. Investment decisions are not.
- Build verification into your workflow. Treat AI-generated analysis the same way you'd treat a first-year analyst's work.

Understanding Context Windows

Every AI model has a "context window," the amount of text it can process in a single conversation. A model with a 200,000-token window can process roughly 150,000 words, enough to analyze key data room documents in a single prompt. Practical tips:

- Larger windows let you upload entire pitch decks and partnership agreements at once.
- Quality degrades near the limit. Put the most important content first.
- Break very large analysis tasks into focused chunks.
- Save key AI-generated analysis to reference documents.

CHAPTER 08

AI Security, Privacy, and Governance

What You'll Learn

- Why Shadow AI creates unique fiduciary and regulatory exposure for PE/VC funds
- The SEC, FINRA, and LP fiduciary obligations that apply to AI governance
- The 6 pillars of AI governance designed for investment funds
- How Managed Framework AI's security architecture addresses each requirement

The Shadow AI Problem in Private Equity and Venture Capital

Shadow AI is already happening inside PE and VC firms: team members using AI tools without your knowledge, approval, or oversight. The risk isn't about curiosity. It's about what they're putting into those tools.

For PE and VC funds, the data at risk is uniquely sensitive:

- **Deal-sensitive information.** Term sheets, LOIs, valuation models, and proprietary deal flow that could benefit competitors or violate confidentiality agreements.
- **LP data.** Capital commitments, distribution schedules, side letter terms, and personal information about limited partners.
- **Material nonpublic information (MNPI).** Portfolio company financials, pending transactions, and strategic plans that could trigger insider trading violations.
- **Fund strategy and performance.** Proprietary investment theses, portfolio construction models, and fund performance data.

"When your auditor, your LPs' compliance teams, or the SEC asks how your fund governs AI, you need a documented, auditable answer. Not a shrug. A policy, a platform, and a paper trail."

SEC, FINRA, and LP Fiduciary Duty: The Compliance Landscape

PE and VC funds operate within a regulatory framework that demands care, loyalty, and transparency. AI doesn't create new obligations. It creates new ways to violate existing ones if left ungoverned.

- **SEC Investment Advisers Act.** RIAs owe a fiduciary duty of care and loyalty to their LPs. The SEC's 2026 examination priorities explicitly include AI usage policies and supervision.
- **FINRA Rule 3110 (Supervision).** Firms must establish policies and procedures to address technology governance, including AI tools.

- **FINRA Rule 4511 (Books and Records).** AI-generated content used in business decisions may constitute records subject to retention requirements.
- **Regulation S-P.** Client data in unmanaged AI tools may violate safeguarding requirements.
- **Form ADV / Form PF.** If AI materially affects your investment process, your disclosures may need to reflect that.
- **LP Fiduciary Duty.** GPs owe contractual and common-law duties to protect LP data, maintain confidentiality, and exercise prudent judgment, including technology decisions.

Regulatory Requirement	What It Demands	How Managed Framework AI Addresses It
SEC Fiduciary Duty (Care)	Informed, prudent technology decisions	SOC 2 Type II certification; documented AI governance framework
SEC Fiduciary Duty (Loyalty)	Protect LP interests; manage conflicts	Zero data training guarantees; data isolation; full audit trails
FINRA Rule 3110	Written supervisory procedures for AI	Role-based access controls; admin visibility; usage logging
FINRA Rule 4511	Retain AI-generated business records	Complete conversation history; searchable audit logs
Reg S-P (Privacy)	Safeguard client financial information	AES-256 encryption; TLS 1.2+; data isolation; DPAs
Form ADV/PF	Accurate disclosures of operations	Transparent platform capabilities; governance documentation
LP Fiduciary Duty	Protect LP data and fund confidentiality	Zero data training; contractual guarantees; SOC 2 certification

The 6 Pillars of AI Governance for PE and VC Funds

- **1. Policy.** A written AI use policy defining approved tools, prohibited data types, and acceptable use cases. Must explicitly address deal-sensitive information, LP data, MNPI, and portfolio company confidential information.
- **2. Access control.** Role-based permissions. An analyst shouldn't have the same AI access as a managing partner. A portfolio company executive shouldn't have access to fund-level tools.
- **3. Data protection.** Contractual zero-data-training guarantees and Data Processing Agreements with every AI provider. Full stop.
- **4. Auditability.** Full, searchable logs of who used AI, what prompts were entered, and what was returned. Required for SEC examination readiness and FINRA Rule 3110 compliance.

- **5. Training.** Ongoing education so policies are understood and followed. Structured onboarding, recurring support, and a culture where everyone knows the rules.
- **6. Deal and LP Data Governance.** Clear classification rules for deal-sensitive data, LP information, MNPI, and portfolio company confidentials. Define which data categories can enter the AI platform and under what conditions.

The Security Architecture Behind Managed Framework AI

Managed Framework AI is built on Hatz AI, a platform with SOC 2 Type I, SOC 2 Type II, and SOC 3 certifications. Independent auditors have verified enterprise-grade security controls across infrastructure, application security, encryption, monitoring, and incident response.

- **Your data is never used for AI model training.** Contractual agreements with all AI model providers explicitly prohibit training on your data.
- **AES-256 encryption at rest.** The same standard used by financial institutions. TLS 1.2+ encryption in transit.
- **Data isolation.** Your fund's data is logically isolated, never commingled with other clients' data.
- **Compliance support.** GDPR, CCPA, HIPAA (with BAA), and SOX. DPAs and BAAs available upon request.
- **24/7 monitoring.** Intrusion detection, anomaly detection, incident response plan, and regular third-party penetration testing.

CHAPTER 09

Your AI Adoption Roadmap: The Crawl-Walk-Run Framework

What You'll Learn

- ▢ A phased roadmap with compliance-aligned milestones for PE/VC funds
- ▢ What to prioritize in the first 4 weeks (Crawl phase)
- ▢ How to identify and measure your first AI pilot workflow
- ▢ How to scale AI across your fund and portfolio companies

Gartner research shows 80% of AI licenses go unused without structured adoption support. The Crawl-Walk-Run framework makes sure your investment produces results.

"80% of AI licenses go unused without structured adoption support." — Gartner

Phase	Timeline	Focus	Key Milestones
Crawl	Weeks 1-4	Foundation	AI policy, data classification, DPA executed, users onboarded, champions identified
Walk	Months 1-4	First wins	Pilot workflow live, ROI measured, LP data governance tested
Run	Months 4-6+	Scale	Custom integrations, cross-portfolio deployment, LP reporting automated

Phase 1: Crawl — Building the Foundation

Timeline: Weeks 1-4

The Crawl phase lays the groundwork. Before anyone builds a workflow, the fund needs to answer fundamental questions about governance, access, and data classification.

- **Establish an AI Acceptable Use Policy** covering data handling, privacy, and compliance. Must explicitly address deal data, LP information, and MNPI.
- **Classify your data for AI use.** Define which categories can enter the platform and under what conditions.
- **Execute Data Processing Agreements.** Review the platform's SOC 2 report. Document for SEC examination readiness.
- **Onboard users and deploy general-purpose applications.** Writing assistants, research tools, brainstorming aids.
- **Identify AI champions** and invest in their skills through AI Champion Certification.
- **Establish AI-forward culture from leadership.** Partners must visibly use AI.

Phase 2: Walk — Guided Exploration and First Wins

Timeline: Months 1-4

- **Deploy pre-built applications** to targeted teams: financial analysis tools, research assistants, communication drafters.
- **Identify your first pilot workflow.** Strong candidates: automated portfolio company KPI aggregation, deal screening acceleration, or LP inquiry response drafting.
- **Measure ROI and document your first win.** Hours saved, deals screened, reports generated. Share with the partnership.
- **Test LP data governance in practice.** Validate data classification rules with real scenarios before scaling.

Phase 3: Run — Scaling, Independence, and Continuous Improvement

Timeline: Months 4-6+

- **Develop a power users program** with advanced training.
- **Explore custom integrations** with fund administration systems, CRMs, and portfolio monitoring tools.
- **Deploy across the portfolio.** Help portfolio companies adopt AI with the same governed approach.
- **Automate LP reporting workflows** end-to-end.
- **Establish a continuous improvement loop.** Recurring forum for partners, operations, and compliance to review metrics and update governance.

The People Side of AI Adoption

- **Start with pain, not technology.** Lead with "this saves you 3 hours a week on deal screening," not "here's an AI tool."
- **Make early adopters visible.** When an associate cuts a research task from 4 hours to 45 minutes, make sure the partnership hears about it.
- **Lower the bar.** Frame the first step as "ask it a question" not "build an automation."
- **Address the fear.** AI replaces tasks, not people. The professionals who learn to use AI will outperform those who don't.

Data Readiness: Garbage In, Garbage Out

- **Consistent reporting formats.** Standardize portfolio company financial reporting templates before automating aggregation.
- **Accessible document repositories.** AI works best when it can access your data room and fund documents. Organized storage is a prerequisite.
- **Clean CRM data.** Relationship intelligence is only as good as your CRM hygiene.

CHAPTER 10

Managed Framework AI: The Complete AI Adoption Program

What You'll Learn

- What's included in the Managed Framework AI program
- How Office Hours, monthly SBRs, and Accelerator Plans drive adoption
- How the platform compares to Microsoft Copilot and ChatGPT Team

Not a Software Subscription. A Managed AI Adoption Program.

Managed Framework AI combines the most powerful multi-model AI platform available with a proven adoption methodology, structured training, and ongoing guided support. You get enterprise-grade tools, governance, and a named Framework IT team accountable for your results.

Three Pillars: Safe. Governed. Productive.

Safe. We help funds adopt AI in a way that reduces risk around security, data exposure, and policy misalignment, so general partners can approve AI with confidence.

Governed. We give fund leadership visibility, control, and guardrails. When the SEC, an LP's compliance team, or your auditor asks "How is AI governed?" you have a documented answer.

Productive. We turn AI into practical outcomes through enablement, use-case alignment, and measurable efficiency gains that compound over time.

What Is Included

- **Access to 69 AI Models.** Never locked into one vendor. Automatic access to new models.
- **Unlimited Users.** No per-seat pricing. Every team member included.
- **100+ Standard Agents and Workflows.** Investment research, financial analysis, compliance, IR, operations, HR, and productivity. Ready on day 1.
- **No-Code Workflow Builder.** 58+ native integrations plus Zapier.
- **AI Phone Agent (ADEL).** Voice AI, available around the clock.
- **AI Champion Certification.** ~90 minutes, first-time users to confident power users.
- **SOC 2 Type I and II Certified.** Zero data training. Contractually guaranteed.

Office Hours: 3 Sessions Per Week

3 live sessions per week, facilitated by Framework IT's AI team: **Live Coaching and Q&A**, **Use Case Workshops** (we've built deal screening automations, LP report drafts, and portfolio KPI dashboards live), and **Show and Tell** where users share wins and creative applications.

Monthly AI Strategic Business Review (SBR)

A structured monthly session to review adoption metrics, assess Crawl-Walk-Run progress, identify new use cases, update your roadmap, and plan training. A named partner stays accountable for results.

Accelerator Plans: Go Deeper, Build Faster

Packages of consulting hours for custom agent development, portfolio monitoring workflows, department-specific rollouts, and advanced use case development. The goal is your fund's self-sufficiency.

How Managed Framework AI Compares

Feature	Copilot	ChatGPT Team	Managed Framework AI
Users Included	25 seats	25 seats	Unlimited
AI Models	1 model	1 model	69 models
Adoption Support	None	None	Crawl-Walk-Run framework
Data Training	May use your data	May use your data	Zero training, guaranteed
Dedicated IT Partner	No	No	Named Framework IT team
Ongoing Enablement	No	No	Office Hours 3x/week, monthly SBR
Pre-Built Agents	Limited	Limited	100+ Framework IT + 500+ community
SEC/FINRA Audit Trail	Limited	Limited	Full audit logs and governance reporting
LP Data Governance	No controls	No controls	Role-based access, data isolation, DPAs

The Transformation

Before Managed Framework AI: The fund is operating in the dark. Associates are using AI tools nobody approved. Leadership has no visibility into what deal data or LP information is being exposed. The SEC's 2026 exam priorities include AI governance, and you don't have a documented answer.

After Managed Framework AI: The fund has a named partner, a documented roadmap, and a trained team using governed AI every day. Deal screening is faster. LP reports are drafted in hours instead of days. Compliance can demonstrate AI governance to regulators and LP compliance teams on demand.

"The platform is Hatz AI. The methodology is Crawl-Walk-Run. The difference is Framework IT."

CHAPTER 11

AI Governance Readiness Checklist

Is Your Fund Ready?

Use this checklist to assess where your fund stands today. Score yourself honestly. Most funds start with fewer than half of these checked, and that's normal.

Policy and Leadership

- We have a written AI use policy that defines approved tools and prohibited data types
- Our general partners have formally endorsed our AI strategy
- We have designated an internal AI Champion to lead adoption
- Our AI policy has been communicated to all fund employees
- Employees have acknowledged receipt and understanding of the AI policy
- Our AI policy is reviewed and updated at least annually
- Fund leadership actively uses AI tools and visibly supports the initiative

SEC/FINRA Compliance and LP Fiduciary Protection

- Our AI governance documentation is ready for SEC examination
- We have reviewed FINRA Rule 3110 supervisory requirements for AI tools
- Our AI-generated business records satisfy FINRA Rule 4511 retention requirements
- Our AI policies address handling of material nonpublic information (MNPI)
- We have reviewed our Form ADV disclosures for AI-related updates
- Our LP agreements have been reviewed for AI-relevant confidentiality obligations
- We can demonstrate AI governance compliance to LP compliance teams on request

Data Protection and Privacy

- We have contractual zero-data-training guarantees from our AI providers
- We know which AI tools our employees are currently using (including free tools)
- Sensitive data categories (deal data, LP information, MNPI) are defined as off-limits for public AI
- We have Data Processing Agreements in place with every AI vendor
- We have a defined process for classifying data sensitivity levels for AI use

Access Control and Permissions

- AI access is role-based, not everyone has the same permissions
- We maintain searchable logs of AI usage (who, what, when)
- We can produce an AI governance report if asked by an auditor, regulator, or LP
- We have a process for reviewing and approving new AI tools before deployment
- User permissions are reviewed and updated when roles change
- Administrative access is restricted to authorized personnel only
- We have a defined offboarding process that includes revoking AI platform access

Training and Adoption

- Our team has received formal AI training, not just a policy memo
- We have shared prompt templates and best practices documented
- We are tracking AI adoption metrics (usage, time saved, ROI)
- We have a structured plan to expand AI usage over the next 6 months
- New employees receive AI onboarding as part of their standard orientation
- We have identified and developed AI Champions within the fund
- We maintain a use case repository documenting AI wins and lessons learned
- Our team has access to recurring support (Office Hours, coaching, help desk)

Compliance and Insurance

- We can answer "How does your fund govern AI?" with a documented response
- Our cyber insurance provider is aware of our AI usage and governance framework
- Our AI governance aligns with our SEC and FINRA compliance obligations
- We have reviewed SEC 2026 exam priorities and FINRA 2026 oversight report for AI guidance
- Our vendor management program includes AI-specific evaluation criteria

Workflow and Automation Maturity

- We have identified our top 3 to 5 high-value AI use cases
- We have documented baseline metrics for at least 1 target workflow
- We have completed at least 1 AI pilot and measured results
- We have a pipeline of future automation opportunities
- We have mapped which pre-built agents align with our fund's highest-value use cases
- Our AI automations include human review checkpoints for critical outputs

Governance and Continuous Improvement

- We have a recurring forum for AI governance review
 - We review AI adoption metrics and ROI data at least monthly
 - We have a process for prioritizing new AI use cases based on business impact
 - We regularly share AI wins and best practices across the fund
 - We have a feedback loop between users and the team managing the AI program
 - Our AI roadmap is a living document updated based on progress and new opportunities
-

How to Read Your Results

0-15 boxes checked: You are in the early stages. Most funds start here. The Crawl phase of Crawl-Walk-Run is designed exactly for this.

16-30 boxes checked: Meaningful progress but significant gaps remain. You're likely ready for the Walk phase.

31-40 boxes checked: Mature AI governance posture. You're in or approaching the Run phase.

41+ boxes checked: High level of AI maturity. Focus on continuous improvement and deeper automations.

If you have unchecked boxes, you aren't alone. Most funds do. Managed Framework AI was built to help you check every one of them.

CHAPTER 12

Next Steps

You have the playbook. The question now is what you do with it.

If your fund is ready to move from unmanaged AI usage to a structured, governed, productive AI program, here is how to start:

Request a consultation. We'll walk through where your fund stands today, identify the highest-value opportunities, and show you exactly how Managed Framework AI works. No pressure, no pitch deck. Just a conversation about what makes sense for your fund.

Take the readiness checklist to your general partners. Use it to start an internal conversation about AI governance, regulatory exposure, and operational opportunity.

Stop the bleeding on Shadow AI. Every day your team uses unmanaged AI tools is another day your deal data, LP information, and fund strategy is at risk. Getting onto a governed platform is the single highest-impact step you can take.

Book a Consultation

Framework IT has spent more than 16 years helping small and mid-sized businesses get technology right. AI is the next chapter, and we're here to help you write it.

Framework IT
www.frameworkit.com
(312) 564-5446