AI in Venture Capital

Interview preparation summary · VC track

INT.XV.1.a · AI in Venture Capital

Use an AI assistant to scan and summarise pitch decks, founder updates, data room files and market reports, and verify its output against the source before relying on it.

A junior at a venture fund now meets far more material than one person can read: pitch decks in the sourcing list, founder updates, data room files, market maps and reports. An AI assistant approved by your firm can turn a pile of decks into a table of stage, sector, round size and traction, or summarise a long update into a first view. The risks are specific. It can invent a figure, a customer name, a citation or a quotation; it can mix up dates, currencies and units; and it can drop the caveat that matters, such as an ARR figure that includes one-off services. So ask for the page and wording behind every number, open the source and check the figure, its definition and its period. Prompt for what is missing as well as what is there, for example which standard data room items are not mentioned. Never paste confidential founder, cap table or term sheet data into a public tool, and follow your firm's policy. The summary is a pointer to the source, not a replacement for it.

WORKED EXAMPLE: A SUMMARY THAT DROPPED THE SERVICES CAVEAT

An AI assistant summarises a founder update for Quillon Software and says: ARR of 5.4m with an 80% gross margin. The update itself shows annualised revenue of 5.4m made up of 4.2m of subscriptions at an 80% gross margin and 1.2m of one-off implementation services at a 10% gross margin. Check the summary. Figures in millions of pounds, annualised, ignoring tax.

Answer: ARR is 4.2m, not 5.4m, and the blended gross margin is 64.4%, not 80%. The summary merged one-off services into recurring revenue and quoted the subscription margin alone.

Interview tip: Say that you would use the assistant for a first pass, then check each headline metric against the page it came from, including how the company defines it. Name the services example as the kind of caveat a summary drops.

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Use an AI assistant to review and build analysis such as cap table, runway, unit economics and returns calculations, and check its formulas, arithmetic and explanations independently.

AI can help check and build venture analysis if you stay in control of the numbers. Good uses: asking it to read a spreadsheet for formula and logic errors, to draft a formula or short script for fully diluted ownership or a runway calculation that you then test on a case you have already solved by hand, to reconcile segment ARR to the total in a deck, and to list what must be true for a forecast to hold. A poor use is trusting its arithmetic, because it produces plausible text rather than reliable calculation. Typical misses: ownership worked out as cheque divided by pre-money instead of post-money, CAC payback calculated on revenue rather than gross profit, runway based on the best month of burn, and a fund-returner figure that ignores later dilution. Beware a tidy story fitted to the data, such as growth credited to a flywheel when one reseller deal explains it: build an ARR bridge by customer to test it. Reconcile to source, run your own sensitivities, and record which parts were AI-assisted.

WORKED EXAMPLE: CATCHING A WRONG CAC PAYBACK IN AN AI REVIEW

An AI assistant reviewing the unit economics of Tarn Payroll, a seed company, says CAC payback is 15 months. Last quarter sales and marketing spend was 600,000 and the company won 40 new customers. Each pays 12,000 a year, billed monthly, at a 75% gross margin. Check the assistant. Ignore churn and discounting.

Answer: CAC is 15,000 and gross profit per customer is 750 a month, so CAC payback is 20 months, not 15. The assistant used revenue instead of gross profit.

Interview tip: Say what you checked and in what order: CAC first, then the basis of the payback. Show that you would use the assistant to review the model but recompute any headline ratio yourself.

INT.XV.1.c · AI in Venture Capital

Use an AI assistant to draft memos, founder emails, notes and slides in house style, then edit and own them, and explain honestly how you used AI and where you did not trust it.

Drafting is where AI saves the most time and where a junior is most tempted to hand over judgement. Use it for structure, first drafts of sections from facts you have verified, tidying a founder email, and slides in the fund's format. The recommendation, the view on the founder, the risks that matter and the price you would pay must come from you. Fluent text sounds more certain than the evidence allows, so edit for accuracy, tone and over-confidence, and watch for generic praise and bias towards the founder's own framing. A draft decline email can promise a future conversation nobody has agreed. Give the assistant only what firm policy allows, keep your prompt and the version you edited, and say plainly to the team what you used it for and what you checked. In an interview, name a real use, one place you did not trust it and how you checked. Delegate formatting and first-pass summaries; do not delegate the decision, the conviction or anything you cannot verify.

WORKED EXAMPLE: A FLUENT MEMO HIDING A THIN MARKET

An AI-drafted memo for Larkfield Systems says the company addresses a 4.0bn market. Your bottom-up check: 18,000 target firms, an average contract of 14,000 a year, and a realistic ceiling of 25% share. The fund would own 9% at exit and typically values such a company at 8x revenue at exit. The fund is 120m. Test the memo. Figures in millions of pounds, ignore later dilution beyond the 9%.

Answer: The bottom-up market is 252m, a successful exit is about 504m and the fund's 9% is 45.4m, only 0.38x of the fund. The memo's 4.0bn was fluent and unsupported.

> **Interview tip:** Say that the assistant drafted the prose but you owned the numbers and the conclusion, and that the draft's market figure failed your own bottom-up check.

Summary of the Charta interview-preparation topic. Companies and figures in the examples are invented. Draft content, not yet expert reviewed.