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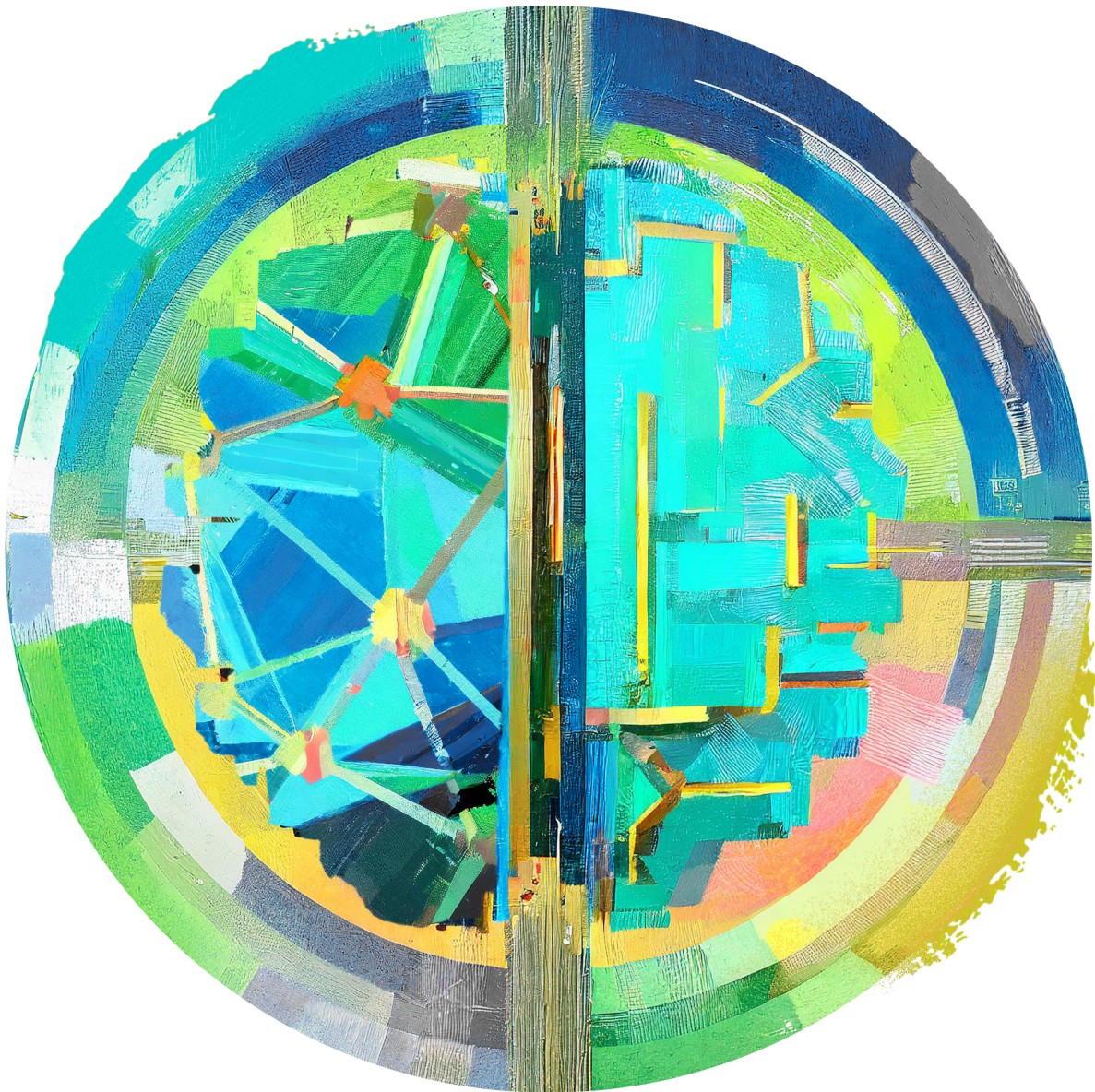
An intelligent clean room assistant

How GenAI could transform pre-close M&A

Generative artficial intelligence (GenAI) has garnered attention for the countless potential opportunities to derive insights from complex, unstructured datasets and create new outputs at unprecedented speeds. We see pivotal ways it can revolutionize clean room analytics that will enable organizational outperformance in M&A.

In complex M&A transactions, businesses are racing to make better decisions at a faster pace. Often in an M&A deal, clean rooms are utilized to share competitively sensitive data across parties, often to enable pre-close analysis of critical business information, such as sales or customer-related performance. Thousands of datasets and artifacts may go through clean room processing and analysis, each requiring review to adhere to legal guidelines. This is a time- and resource-intensive effort extending over weeks, and even months, that can bottleneck key decisions. Due to these complexities, organizations often miss opportunities to pressure-test assumptions from pre-deal diligence and develop additional insights to drive integration strategy, refine revenue synergy opportunities, and prepare to accelerate activities after Legal Day 1 (LD1) closing. However, recent advances in GenAI can improve organizations' ability to accelerate and deepen clean room analytics by improving data quality, automating task workflows, and—most importantly—surfacing new insights from complex data at the scale required in large-deal M&A. This allows individuals to spend more time on high-value, better-informed decision-making and pre-close planning, accelerating financial value capture. Specifically, we think GenAI can supercharge clean room analytics in five ways.

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1. Clean room data-sharing: More efficient governance and protocols

GenAI can accelerate and automate the review of legal documents and document-sharing/routing processes that are required to get documents into a clean room to be accessible. The Legal team can outline parameters leveraging GenAI to automate individual document review and approval, accelerating the timeline necessary for conducting those analyses. Additionally, the Legal team can plan and confirm what data can be shared, when it can be shared, and how, with GenAI implementing secure protocols and guidelines provided by Legal. GenAI is effective, but it becomes more effective when there is a human reviewer, initially, to check data quality and provide feedback to adjust the algorithmic protocols. Based on the mentioned criteria, GenAI can recommend collaborative tools (e.g., shared file storage, messaging application, upload process) to ensure users are within legal protocols to communicate, upload materials, and align on clean room objectives. This can ultimately free up time, effort, and resources from the Legal, Compliance, and Project Management organizations, reducing the overall cost and duration of establishing and running a clean room.

2. Data anomaly identification and cleansing: More consistent, high-quality analysis

A sizable amount of the data in the clean room ends up being conflicting or inconsistent with other related datasets, which can cause confusion and reliability questions, ultimately requiring extra validations and slowing analysis. GenAI can remediate this issue by identifying conflicts, proposing corrections, and establishing linkage to associated sources of truth. For example, in working with one financial institution on

pre-close integration planning, numerous supposedly reliable datasets had different loan balances and customer counts for the same portfolios—with this occurring repeatedly across multiple business units, leading to weeks of extra discovery and clarification questions across the buyer and seller. Once a GenAI model is trained on clean room datasets, it can then be used to identify errors, duplicative records, missing data, and outliers. When these items are identified, the model can generate a corrected version of the data and/or have the files prioritized. Users can then rank the importance of documents or provide feedback to create a refined and more focused set of clean room artifacts for review and analysis. Overall, GenAI can help improve the accuracy and reliability of datasets and reduce the risk of making decisions based on inaccurate information, all at high speeds in a fast-moving M&A environment.

3. Clean room data synthesis: Faster and better analysis

Strategic integration decisions often represent critical dependencies that enable progress on downstream work. These decisions often hinge on detailed commercial and operational analyses in the pre-close phase. AI and GenAI can accelerate these analyses by streamlining word-for-word and number-for-number scrutiny of each clean room data file. Paired with natural language processing, GenAI can extract keywords and phrases from complex, unstructured documents, which can help users rapidly focus on insights. For example, validating and/or adjusting financial assumptions or pro formas from pre-deal diligence is key to post-sign/pre-close work in setting business objectives and preparing to execute on integration strategy after LD1. GenAI-enabled clean room analysis can incorporate actual financials updated since diligence, as well as quickly identify and highlight material changes in business performance

trends that may be key for decision-makers to consider. In another example, solutions using optical character recognition (OCR) and advanced analytics can enable rapid understanding of commercial terms in thousands of dense contracts—turning monthslong efforts into days and weeks. This can then be used to recommend negotiation strategies to unlock both expense and revenue synergies from the deal.

4. Pre-existing insights: Incorporate external analysis for a holistic view

GenAI can rapidly incorporate other data sources from pre-deal diligence, non-clean-room artifacts, external market sources, and third-party data in post-sign discovery to inform more robust analysis on segment growth opportunities, product portfolio choices, and brand marketing campaigns. GenAI can also be leveraged to create forecasting models of customer behavior and potential churn attrition based on combining historical account information and third-party market data matched at an individual level. This can then be visualized interactively with dynamic scenarios to recommend strategies for improving customer retention based on the churn drivers and deepening share of wallet.

5. GenAI as clean room assistant: Your M&A insights help desk

GenAI can serve as an insights assistant, furthering the clean room as a strategic asset for organizations' overall M&A strategy and capability set. Users could ask GenAI simple-but-deep strategic questions and immediately access the trove of clean room and historical information available to them. GenAI can assess the target's customer base by segmenting its business units, customer demographics, and products offered to identify cross-selling opportunities by responding to a simple prompt such as, 'What is a typical customer profile of the company's most profitable product?' This insight, combined with assessing sales coverage, sales metrics, and overlapping of geographic footprints and accounts, could lead to the identification of gaps and potential growth opportunities.

The implications for GenAI are immense and, if utilized properly, will not only help improve the data quality (e.g., data accuracy, completeness, validity, consistency) in clean rooms but also reduce cost through automation and deepen growth-enabling strategic insights.

Combined with human experience and expertise, and related tech-enabled M&A tools, GenAI can change clean rooms from being a necessary burden of the pre-close M&A environment to becoming a strategic differentiator that ultimately allows organizations to outperform through M&A, shortening the speed-to-value, reducing integration costs, and increasing revenue growth.

Among many challenges, GenAI models are still nascent and may have inconsistent accuracy, raising potential concerns given the high stakes and competitive sensitivity in a pre-close clean room environment. The tuning, reliability, and explainability of GenAI models remain critical to ultimately making rapid, but thorough, well-informed strategic decisions. Low-quality, inconsistent, or outright incorrect GenAI outputs are still an accelerator—just not to the intended outcomes anyone is looking for. Separately, clean room legal and compliance guardrails may have variation across transactions and lack uniform protocols. This makes it challenging for current models to establish user-friendly inputs with legal parameters that can be replicated at scale to use across deals for organizations that are active in M&A. Finally, in defining the clean room's security approach and any use of GenAI, organizations still need to implement controls to manage AI outputs. This adds another layer of complexity when adding more architectural integration points into a tech solution for clean rooms.

Despite complexities associated with GenAI design and deployment, the potential benefits of leveraging it in clean room analytics are substantial. Clean room teams and business leaders can utilize GenAI for key areas such as governance and protocols, anomaly and inconsistency identification, rapid data analysis, and identification of new insights—all in more rapid cycles, at larger scale, and with broader reach.

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