

The Dealmakers' Guide to AI- Powered Outreach:

Tips to Templates



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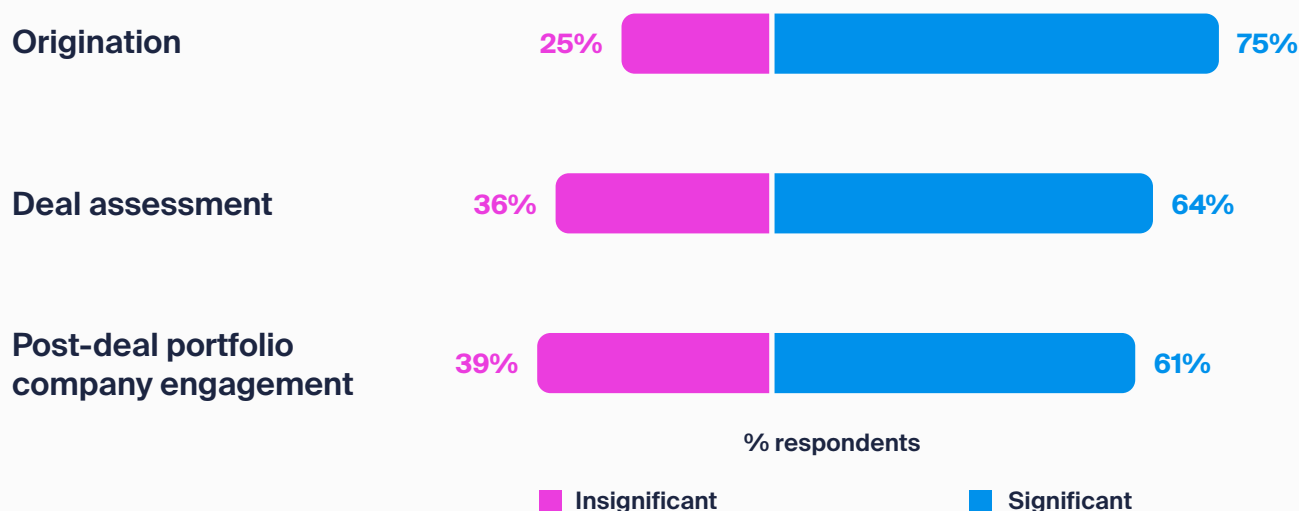
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AI Is Everywhere

Once the stuff of science fiction, AI is suddenly everywhere, with the majority of LPs predicting that it will have a significant impact on private equity over the next 5 years. But while the future possibilities are endless, the dealmakers getting the most value out of these solutions today are the ones taking a practical approach to incorporating AI throughout their deal flow process.

LPs' views on the significance of using AI in the following stages of the PE transaction process – next 5 years:



Traditional vs. Generative AI

AI may be having a moment, but it isn't new. Companies have been using **traditional AI** for decades to analyze massive amounts of data, identify patterns and predict outcomes, and automate time-consuming tasks. **Generative AI**, on the other hand, is relatively newer and focuses on training machine learning models to generate their own concepts and ideas.

Leading firms like LFM Capital and Vaquero Capital are already harnessing both traditional and generative AI to tackle time-consuming or recurring tasks and free their teams to focus on more strategic work. These tasks can be broadly categorized into three use cases:

1. Organizing and Analyzing Data

AI is capable of crunching through massive amounts of data much faster and more accurately than humans. Using AI to rapidly process data, detect patterns or anomalies, and apply specific formulas gives humans more time to refine models and interpret insights in the context of their firms' specific goals.

For Example: Creating and applying custom scoring models to identify and rank companies that fit your firm's investment thesis.

2. Automating Repetitive Processes

Establishing consistent, repeatable processes is key to building a scalable, growing business, but manually doing the same tasks over and over is tedious and often leads to careless errors. AI is capable of executing this work faster and more accurately than humans – without complaint!

For Example: Classifying companies and bucketing them into specific sectors to build robust market maps in minutes.

3. Summarizing and Generating Content

Researching a category or company and then compiling and condensing what you've learned into social posts, decks, and other formats is very time consuming. AI now has the power to not only process information, but also summarize what it learns and use it to produce new content that dealmakers can quickly edit rather than create from scratch.

For Example: Generating introductory prospect emails that are highly personalized and incorporate recent, relevant events.

The remainder of this guide will focus on the last of these three use cases. Let's review some do's and don'ts for using AI to assist in your firm's outreach strategy, and then dig into a few examples of AI-generated emails that your firm can customize and use.

Generative AI Outreach Do's and Don'ts

While using GenAI-powered tools like ChatGPT to automatically draft outreach emails is still a fairly new exercise for dealmakers, there are already a number of definite do's and don'ts to stay out of trouble and boost performance:

✓ **DO** track the impact that AI has on your outreach process. How much time do you save crafting each email? How many more emails is your team able to send each day? Has your response rate gone up? These types of metrics help showcase your firm's technical aptitude and innovation to LPs and potential portfolio companies.

✗ **DON'T** be vague when creating prompts. Include as much context as possible and be very specific in your requests. Asking for an email to a bootstrapped CEO who you met at the recent HIMSS conference and whose biggest competitor just received a Series A is going to result in much less generic and more compelling content than simply asking for a follow-up note.

✓ **DO** be aware of limitations. AI is only as good as the data it's trained on, and keeping that in mind can save your firm from making any embarrassing or harmful missteps. For instance, ChatGPT was trained on data prior to September 2021, so it does not factor any events or discoveries that may have occurred since then into its responses. It is also capable of perpetuating biases that are present in its training data, as well as generating misleading hallucinations in an effort to keep conversations going.

What Is Prompt Engineering?

Prompt engineering refers to the increasingly valuable skill of creating prompts that AI can understand and effectively respond to. The goal is to strategically construct the request in a way that gets you as close to the type of answer you're looking for as possible.

✗ **DON'T** rely on AI alone. Always have an expert in the loop to ensure data is validated and that models are properly trained and up to date. “It’s not magic, and there isn’t generally available AI that will solve everyone’s problems,” says Sourcescrub CTO, Jon Dodson. “Data is error-prone, and eventually everything has to be supervised to ensure data quality and accuracy.”

✓ **DO** customize your results. The last thing you want is for your outreach to sound like every other dealmaker or an actual robot, so take the time to make a few tweaks to your AI-generated emails. This will allow your personality to shine through and add a human touch that helps move relationships forward faster.

✗ **DON'T** ignore the potential risks. Many AI-powered tools like ChatGPT are open source with models that are trained to absorb and learn from each query folks make. This may inadvertently reveal information that can benefit competitors. Choosing GenAI solutions that have been **purpose-built for dealmakers** to protect their proprietary information is the best way to avoid leakage.

✓ **DO** experiment. Whether you don’t like the initial response you get to a particular prompt or you’re just curious, try asking for help a few different ways. Prompt engineering is a critical skill and can be honed over time as you learn how to elicit the types of responses you want.

3 AI-Generated Outreach Templates

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Each of the following three outreach emails was generated using **SourcingGPT**, a generative AI tool built using OpenAI's GPT models, appended with the latest company data, and hosted in SourcingGPT's secure Azure infrastructure. Feel free use these as templates and tailor them to meet your firm's outreach needs.

The screenshot displays the SourcingGPT web interface. The top navigation bar includes 'SourcingGPT', a search bar with 'citadel cyber security' and 'AI search' filters, and menu items like 'HOME', 'COMPANIES', 'SOURCES', 'LISTS', 'PEOPLE', and 'INVESTMENTS'. The main content area shows the profile for 'Citadel Cyber Security', including its logo, website and LinkedIn links, and an 'Overview' section with details such as 'FOUNDED 2009', 'HQ LOCATION Rehovot, Central District, Israel', 'EMPLOYEE COUNT 141', and 'OWNERSHIP Private'. A 'DESCRIPTION' section states: 'Citadel Cyber Security is an Information Security Consulting company. It consult on a day-to-day basis to financial institutions such as insurance companies, investment companies, banks and governments.' The 'INDUSTRIES' section highlights 'Computer & Network Security'. A 'CUSTOM SCORE' of 9 is shown. A 'SPECIALTIES' list includes Security, Information Security, Computer Security, Network Security, Secure Network Architecture, Secure Surfing, Choosing Security Products, GRC, Cyber security awareness, Penetration tests, and Managed SOC Services. The 'END MARKETS' section lists Business Services and Finance. On the right, a 'Chat with SourcingGPT' window is open, showing a message from 'Leryl Joseph' and a response from 'SourcingGPT' that reads: 'Subject: Introduction and Interest in Citadel Cyber Security - Recent Industry Milestones. Dear [Contact's Name], I hope this email finds you well. My name is [Your Name], and I am a [Your Position] at [Your Company]. I am reaching out to you today to introduce ourselves and express our interest in Citadel Cyber Security. We recently came across Citadel Cyber Security through the Global Cyber Security Observatory: Israel Cyber Security Companies, where your company was featured in the Buyers Guide. We were impressed by Citadel's expertise in information security consulting, particularly in the financial institutions, insurance companies, investment firms, banks, and government sectors. Your specialization in areas such as secure network architecture, penetration tests, and managed SOC services aligns perfectly with our investment focus.'

An example of SourcingGPT's generative AI-powered chat functionality

Template #1

The Scenario

A private equity firm specializing in biotech solutions recently met the CEO of a top platform investment target, BiOh!, at the BIO International Convention. The BIOMEDevice Silicon Valley conference is happening in a few weeks at the Santa Clara Convention Center, and the firm would like to schedule a follow-up meeting with this CEO during the event.

The Prompt

Help me write an email to the CEO of this company that I recently met at the BIO International Convention, and ask them for a follow-up meeting at the BIOMEDevice Silicon Valley conference in Santa Clara. Please incorporate other recent, relevant business milestones.

Prompt Engineering Pro Tip

First, always make sure you're using the latest AI model available. Second, be sure that your prompt includes any recent events you would like referenced in your email. And last but not least, ask the model to incorporate additional company, category, or competitor news into the note – you can always edit or remove these mentions before sending.

The Email

Subject:

Follow-up Meeting at BIOMEDevice Silicon Valley Conference

Greetings,

I hope this email finds you well. It was a pleasure meeting you at the BIO International Convention. I was incredibly impressed with the work that BiOh! is doing in the field of diagnostic artificial intelligence models for emergency departments.

I wanted to reach out to you to discuss the possibility of scheduling a follow-up meeting to delve deeper into your innovative solutions and explore potential collaboration or investment opportunities.

In addition, I wanted to congratulate you on the recent milestone of raising \$6 million in seed funding. This achievement is a testament to the confidence that investors have in BiOh!'s vision and potential. The capital raised will undoubtedly fuel further growth and development for your company.

Furthermore, I noticed that BiOh! has been featured in several prestigious industry sources, including the YCombinator Startup Directory and The Tech Tribune's list of Best Tech Startups in Vermont. These recognitions highlight the impact and attention that your company has garnered within the industry.

Given the recent milestones and the exciting potential for collaboration, I believe a follow-up meeting would provide us with an opportunity to discuss potential synergies, explore investment possibilities, and further understand your roadmap for the future.

I would be delighted to hear your thoughts on this matter and to schedule a meeting at your earliest convenience. Since we are both attending the upcoming BIOMEDevice Silicon Valley Conference in Santa Clara, perhaps we could find a time to meet there?

Thank you for considering my request, and I look forward to the opportunity of continuing our conversation.

[Customize This Template](#)

Template #2

The Scenario

An investment bank is sourcing sell-side opportunities for a boutique private equity firm that's searching for a founder-owned investment in the technology software space. The client prefers to take a personal approach to engaging with potential opportunities and believes that its ability to develop deep, meaningful 1:1 relationships with founders is part of its secret sauce.

The Prompt

Draft an introductory email to the founder of this company asking if they're interested in a potential investment opportunity with my private equity client. Use an upbeat, informal, friendly tone and keep the email under 300 words.

Prompt Engineering Pro Tip

In addition to telling AI what sort of details you want in your email, tell it how you would like this information presented. Use adjectives to describe your desired voice and tone (i.e. professional, excited, authoritative, serious, conversational, etc.) and don't be afraid to specify word, sentence, or message length.

The Email

Subject:

Exciting Investment Opportunity for TechRUs

Hi there,

How are you doing? I recently came across TechRUs, and I must say, I'm incredibly impressed with what you and your team have accomplished in such a short time. The work you're doing in developing AI models for some of today's biggest payment providers is truly groundbreaking!

I'm reaching out today on behalf of my private equity client, who is actively seeking investment opportunities in the technology software sector. After thorough research and analysis, we believe that TechRUs has tremendous potential for growth and success in working with this firm.

We are particularly drawn to your innovative approach and the positive impact your solutions can have on the payments industry. Your ability to help diagnose risk in transactions and payments is truly remarkable.

We would love to explore the possibility of partnering with you and supporting your future growth. Our client brings not only capital but also strategic expertise and a vast network of industry connections that could be invaluable to your company.

If you're open to discussing this further, I would be thrilled to schedule a call or meeting at your convenience. I believe that together, we can unlock even greater opportunities and make a significant impact in the industry.

Looking forward to hearing from you and potentially embarking on this exciting journey together!

[Customize This Template](#)

Template #3

The Scenario

An enterprise corporate development team at medical device conglomerate ACME Inc. is looking for the company's next bolt-on opportunity. This will be the fourth in what has so far been a series of successful acquisitions, so the team has started templating its approach to scale and accelerate the process.

The Prompt

Craft an outreach email highlighting our company's success with our three previous acquisitions. Here's an example of an email that worked well in the past – help me write something similar:

Hello,

I hope this email finds you well. I am reaching out on behalf of ACME, a leading player in the medical devices sector. We are excited to share our recent achievements, which demonstrate our ability to identify and nurture valuable opportunities in this dynamic and innovative industry.

Over the past couple years, ACME has completed two strategic acquisitions in the medical devices space. These investments have not only met but exceeded our expectations, and we would like to share our success stories with you:

With Acquisition #1, we identified a promising medical device manufacturer specializing in cutting-edge diagnostic equipment. By coming under the ACME umbrella, our strategic guidance and resources enabled them to expand their product line, streamline operations, and penetrate new markets, resulting in remarkable 40% revenue growth in just two years.

Acquisition #2 was a startup with a revolutionary medical imaging technology. Under our stewardship, they successfully navigated the complex regulatory landscape, accelerated product development, and forged partnerships that led to a 3x increase in market share within three years.

We are always on the lookout for new opportunities and would love to partner with you on your next successful venture. Please let us know a convenient time for a call or meeting. We look forward to the possibility of working together and delivering even more remarkable success stories in the world of medical devices.

Prompt Engineering Pro Tip

Remember that generative AI is drawing on millions of data points to help shape new content. Providing a specific example of an email that has worked well for your team in the past is a great way to give the model a little extra guidance and increase the success of your outreach.

The Email

Subject:

Exploring New Opportunities in the Medical Devices Sector

Hello,

I hope this email finds you well. Over the past few years, ACME has been making strategic investments in the medical devices sector, and our success with our three previous acquisitions speaks to our commitment to driving growth and innovation in this field.

Our Approach

At ACME, we believe in partnering with exceptional companies, empowering them to reach their full potential, and working together to drive mutual growth. Our extensive network, deep industry expertise, and financial acumen set us apart and enable us to create a strong foundation for success. Our mission is to create lasting value and foster innovation in the medical device sector.

Our Track Record

We acquired Company #1 in 2019 and have since worked closely with their talented team to expand their product offerings, enter new markets, and streamline their operations. Under our guidance, they have achieved a 50% increase in revenue and 15% growth in market share, solidifying their position as an industry leader.

In 2021, we made a strategic investment in Company #2. Since then, they have experienced significant growth, driven by the continued development of innovative products and the joint expansion of our shared global distribution network. Their revenue has grown by 35% year-over-year, and they continue to demonstrate great potential in the medical devices market.

Our most recent acquisition, Company #3, took place in 2022. We have been actively collaborating with their management team to enhance their operational efficiency and R&D efforts. As a result, they have seen a 15% increase in profitability and are on track to launch groundbreaking products that will shape the future of the medical devices industry.

Looking Ahead

We are actively exploring new opportunities in the medical devices sector and are eager to identify companies that share our vision for growth and innovation. If you are aware of

any businesses that might benefit from a partnership with us or if you would like to discuss potential collaboration, please do not hesitate to reach out.

Thank you for your time, and we look forward to potentially joining forces to drive the future of medical device innovation. We are excited about what lies ahead and are committed to creating value and fostering growth in this dynamic sector.

[Customize This Template](#)

The AI Revolution Is Here

As LFM Capital's Managing Director Jessica Ginsberg said, "We are all hearing about exciting new ways to apply AI technology, and it is coming to private equity whether we like it or not."

The firms that make it a priority to incorporate generative AI into their deal sourcing processes today are the ones that will outpace the competition tomorrow. From freeing business development teams to focus on strategic work to more precisely pinpointing the most promising targets to accomplishing more work faster, the possibilities are endless.

"We've already used many of the AI-driven capabilities in Sourcescrub to dramatically increase the reach of our origination efforts, and the size of our deal pipeline," continued Jessica. "We see SourcingGPT as a way to strengthen the output of our team and allow us to act more quickly on the most exciting potential targets."

If you're curious to see SourcingGPT in action, we'd love to show you! [Let's schedule some time to talk.](#)

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About Sourcescrub

Sourcescrub is the market-leading Deal Sourcing Platform for investment and M&A teams who need the most complete, accurate, and connected view of private markets. Using a proprietary expert-in-the-loop AI process, Sourcescrub weaves more than 150,000 information sources and 15 million companies into a web of insight so you see more possibilities and win more often.

Learn more at www.sourcescrub.com

