

AI IN BUSINESS VALUATION:



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BALANCING INTELLIGENCE WITH INTUITION

Rethinking Valuation in the Age of AI

Valuation has long relied on frameworks grounded in finance theory, empirical evidence, and practitioner experience. But today, Artificial Intelligence (AI) is challenging — and enhancing — many of those conventions.

From speeding up research to improving benchmarking accuracy, AI is entering the toolkit of valuation professionals. However, understanding where AI helps and where it must defer to human judgment is critical to harnessing its true value.

Where AI Adds Value in Valuation

AI today is less about replacing analysts and more about amplifying their decision-making.

1 Faster Company and Market Research

Tools like ChatGPT (OpenAI), Gemini (Google), and Perplexity AI can now parse earnings transcripts, analyst reports, news articles, and regulatory filings within seconds — helping analysts get a 360° view of the target business, competitors, and market dynamics. These tools are especially powerful for researching private companies, where client-shared information is limited or insufficient.

Articles

2 Improved Comparable Company Screening

AI helps filter and cluster peer sets using revenue scale, margin profile, geography, and industry overlap – reducing bias and increasing comparability.

3 Benchmarking and Multiple Calibration

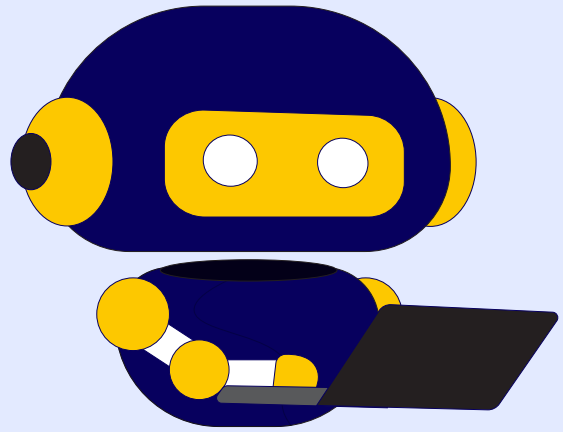
AI-enhanced platforms like PitchBook and CB Insights help analysts benchmark deal multiples more precisely, adjusting for outliers, strategic premiums, or distress discounts.

4 Drafting and Building Valuation Models

AI can assist in generating first-draft DCF models, guideline company templates, or financial overviews using standard formats. This drastically reduces setup time and allows analysts to focus more on assumptions and judgment.

5 Report Writing and Auditor Query Response

AI tools are now being used to draft report sections, prepare disclaimers, and even help frame responses to auditor queries regarding valuation assumptions, comparables, or sensitivities.



Case Illustration: How AI Accelerated a Valuation Mandate

In a recent project to value a logistics-tech firm preparing for Series B fundraising, our team used AI tools to fast-track various steps:

TASK	AI-ENABLED OUTCOME	PROMPT(S) USED
Competitor Analysis	Gemini and Perplexity summarized 5 competitors' funding history, profitability metrics, and news.	Summarize funding history, profitability, and key news for top 5 Indian logistics-tech competitors.
Industry Tailwinds Review	ChatGPT outlined regulatory shifts, e-commerce integration, and supply chain trends.	What are the current regulatory and market trends in Indian logistics and e-commerce?
Benchmarking Multiples	Screening tools filtered peers using business model and growth profile filters.	Give me a list of comparable logistics-tech companies by business model and growth profile.
Sensitivity Narrative Draft	ChatGPT and Gemini helped draft IRR and risk scenarios.	Help me draft a narrative around sensitivity analysis including IRR and macroeconomic risk scenarios.

Where AI Still Has Limitations (and Humans Are Essential)

Despite its advantages, AI cannot replace human intuition, judgment, and real-world context.

- 1 Professional Judgment**
validating AI suggestions based on real client-specific realities.
- 2 Scenario Building**
constructing realistic assumptions that reflect operational constraints.
- 3 Stakeholder Negotiation**
valuation is a narrative to be defended, not just calculated.

Top AI Tools Used in Valuation



Company research,
summarization, report writing



Private company insights,
deep web answers with citation



Valuation models with
AI-powered comparables



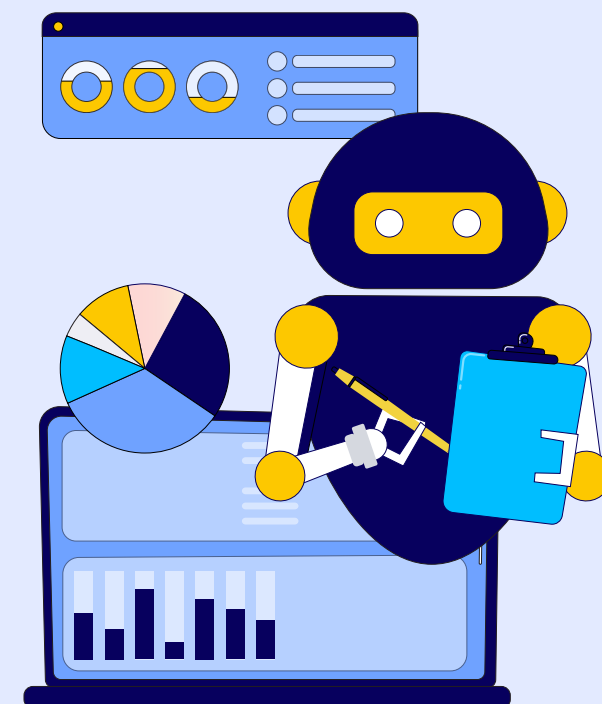
Earnings call intelligence, market trends



Deal data, market comps,
investment history



Document and KPI search,
financial data visualisation



Conclusion: AI is a Multiplier, Not a Replacement

As valuation becomes more complex with an increasing focus on intangibles, ESG, and market shifts, AI can help analysts achieve faster and deeper insights. However, the final valuation must still reflect the professional's judgment, context, and experience.

AI is not a threat but an enabler, and in the hands of professionals, a powerful one.

The deep research capabilities of ChatGPT and Gemini stand out especially when working with private companies, where publicly available information is sparse and clients often provide only limited internal data. These tools can aggregate and synthesize fragmented online data — such as news mentions, investor presentations, domain registrations, competitor filings, social media insights, and more — to create a cohesive background view. For valuation professionals, this not only accelerates company profiling but also uncovers strategic insights that might otherwise be missed in traditional desktop research.

Data Privacy: A Key Concern When Using AI Tools

While AI tools offer speed and efficiency, it's important to address a common hesitation among valuation professionals: Can we trust these platforms with sensitive or confidential client data?

Many organizations, especially in finance, legal, or consulting domains, are cautious about uploading internal or client data into AI tools. This is a valid concern – and one that professionals must manage carefully.

Thankfully, platforms like OpenAI allow users to disable data usage for training. For instance, when using ChatGPT, you can switch off the 'Chat history & training' option under settings to prevent your conversations from being used to train future models. Google Gemini also provides enterprise-grade usage agreements and allows configuration around data privacy.

The best practice is to always avoid inputting personally identifiable or sensitive financial data into public AI models unless you're using an enterprise plan or have ensured the data is anonymized. Internal deployment of AI tools within a secure corporate environment (like Azure OpenAI or private LLMs) is increasingly popular for this reason.



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ABOUT SIDDHARTH JAIN



Siddharth Jain, CFA, FMVA, is a finance professional with over 14 years of experience in valuation, financial analysis, and transaction advisory. He has worked with RKL LLP, S&P, Resurgent, Deep Industries, and E&Y, and currently serves as Vice President – Valuation at SPA Capital Advisors Ltd. Siddharth specializes in M&A valuations, private company valuations, equity compensation valuations, and financial due diligence. He is the author of "Business Valuation: A Handy Guide for Beginners and Professionals", available on Amazon and Flipkart, which has received positive feedback from readers in India and abroad. Siddharth is an active volunteer and member of the Public Awareness Committee (PAC) at CFA Society India, Siddharth is passionate about sharing knowledge and regularly teaches financial modelling, business valuation, investment banking, CFA, and FRM courses to finance professionals and students