



Suhas Bhairav

AI Vendor Due Diligence Checklist

A practical procurement guide to evaluate AI vendors without risk

A practical, weekly—incremental guide to evaluate AI vendors, manage data use, and govern adoption.

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suhasbhairav.com

Vendor Evaluation Framework

This guide helps procurement teams evaluate AI vendors with practical steps. It defines automation boundaries, required data, and governance checkpoints.

Key move **Action: Map one vendor in 90 minutes this week.**

PRACTICAL CHECKLIST

- 01** Automate initial screening by collecting company stability, financial health, and public references in a standard data room.
- 02** Compute a simple risk score (1–5) for stability, privacy, security, and compliance.
- 03** Keep human review for policy fit, ethical AI, and risk tolerance.
- 04** Document data types, flows, retention, anonymization, and vendor data handling requirements.
- 05** Verify SLAs, support levels, and any subcontractors requiring due diligence.
- 06** Require data return/delete terms, continuity options, and knowledge transfer in the exit clause.
- 07** Maintain decisions, risk notes, evidence, and reviews in a centralized procurement repository.

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Automation vs Human Review

Translate the policy into executable rules for automation and human checks. Capture decision criteria to maintain an auditable trail.

Key move **Reminder: require a written data handling addendum before data exchange.**

PRACTICAL CHECKLIST

- 01** Automate data collection by pulling vendor info, certifications, and public records via a standard questionnaire.
- 02** Auto-calculate risk scores (1–5) for stability, privacy, security, and compliance.
- 03** Auto-generate data-room pack and due-diligence summary from collected inputs.
- 04** Review completeness, policy alignment, and NDA terms before proceeding.
- 05** Map data flows, retention, and anonymization against policy requirements.
- 06** Assess subcontractor controls and data handling across any partners.
- 07** Maintain an auditable trail of decisions, assumptions, and approvals.

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Adoption, Metrics, and Exit

Turn the due diligence framework into a weekly action plan for procurement teams. Define ownership, metrics, approvals, and escalation paths.

Key move Baseline the risk score before first vendor engagement.

PRACTICAL CHECKLIST

- 01** Create a standard due-diligence template and centralized data-room structure.
- 02** Run a pilot with one AI vendor using automated data collection and scoring.
- 03** Integrate vendor setup into the VMS and automate renewal reminders.
- 04** Institute guardrails: DPA terms, data-use approvals, and exit clauses in templates.
- 05** Add privacy/security questionnaires; require subcontractor disclosures before onboarding.
- 06** Define clear ownership: assign procurement, legal, security, and business owners.
- 07** Measure impact with cycle time, risk scores, and contract quality metrics.

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ABOUT THE CREATOR

Suhas Bhairav

I build AI systems that combine distributed architecture, retrieval, knowledge graphs, security, and practical workflow design. My focus is AI that can be used repeatedly by real teams: understandable, reliable, and grounded in the work people already do.

EXPERTISE

- Principal systems architecture and applied AI engineering
- Production-grade AI systems, agentic workflows, RAG, and knowledge graphs
- Full-stack workflow applications across AWS, Google Cloud, Azure, on-premise, and hybrid environments
- Practical AI implementation patterns for automotive, manufacturing, finance, logistics, cybersecurity, sales, and customer operations
- Security, governance, observability, approvals, and failure-mode thinking for operational AI systems

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