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The AI M&A Playbook: Contracting for the Unknown

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The artificial intelligence landscape is evolving at a breakneck pace, shifting from experimental large language model (LLM) use cases to fully integrated, autonomous systems. This rapid maturation has ignited a surge in high-stakes M&A activity, underscoring the critical need for specialized AI diligence and deal making. The following article addresses the challenges in acquiring an artificial intelligence company, such as vertical AI vendors (e.g., companies that specialize in AI for sectors such as finance, health care, or manufacturing); AI product companies (e.g., companies that integrate AI into user applications); and API wrappers or providers. The value of an AI acquisition thereof often turns on data provenance, intellectual property (IP) clarity, regulatory compliance, people risk, and governance hygiene. This article provides in-house counsel and executives with an in-depth summary to surface hidden liabilities.

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