

The AI Vendor Checklist

The questions to ask and the red flags to watch before buying AI for your business.

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STEP 1 Classify your problem

Before the demo, identify which row your problem sits in. This decides what the work should cost.

YOUR PROBLEM	WHAT TO BUY	TYPICAL COST (BUILD)
Every company has it (email sorting, meeting notes, basic chat)	Off-the-shelf tool	\$0–50/mo No custom build
Same steps every time (data entry, doc formatting, reports)	Tier 1: automation	\$2,000–4,000
Judgment call in the middle (sorting, tagging, routing, prioritizing)	Tier 2: smart automation	\$4,000–7,500
Your documents, multiple systems, human sign-off required	Tier 3: agent	\$7,500–10,000+

These are build costs. Every system also has monthly running costs (APIs, hosting, maintenance) that the vendor should quote separately.

STEP 2 Questions to ask in the demo

- ☐ **Which tier does my problem sit in?**
If they can't point to a row in this table, ask someone else.
- ☐ **What does off-the-shelf vs. custom build look like for this?**
Custom-building something a \$30/mo tool covers is the most common overcharge.
- ☐ **What are the total first-year costs?**
Build, monthly API fees, hosting, maintenance, support. Get one number.
- ☐ **What happens when the system gets something wrong?**
Who fixes it, how fast, and what does my team do until it's fixed?
- ☐ **Can you run this on a sample of our actual data during the demo?**
- ☐ **Who does the work? Is it the person in this room, or a different team?**
- ☐ **Where does our data go? Is it stored, shared, or used to train models?**
- ☐ **Do we own the system, or are we locked to your platform?**
- ☐ **Can we start with a paid pilot before committing to the full build?**

RED FLAGS Walk away or ask harder questions

- **They can't classify your problem.**
The person quoting you hasn't scoped it.
- **"AI-powered" with no specifics.**
Ask what the AI reads, what it decides, and what you'd have without it.
- **Build cost only, no ongoing costs.**
If the proposal skips running costs, the number is incomplete.
- **They demo on their data, not yours.**
Ask them to run it on your actual documents or records.
- **"Agent" labels everything.**
This is how tier 1 work gets quoted at tier 3 prices.
- **No error handling plan.**
Ask how often the system is wrong and who handles it.
- **Timeline is "it depends" with no range.**
A vendor who can't give a range hasn't scoped the work.
- **No references from companies your size.**
Ask to speak with a past client, similar industry and team size.

What "AI-Powered" Means

"AI-powered" could mean a pre-built API call that costs the vendor pennies, or a custom-trained model that costs thousands. Three questions cut through it: What does the AI read? What decisions does it make? What would you have if you removed it?