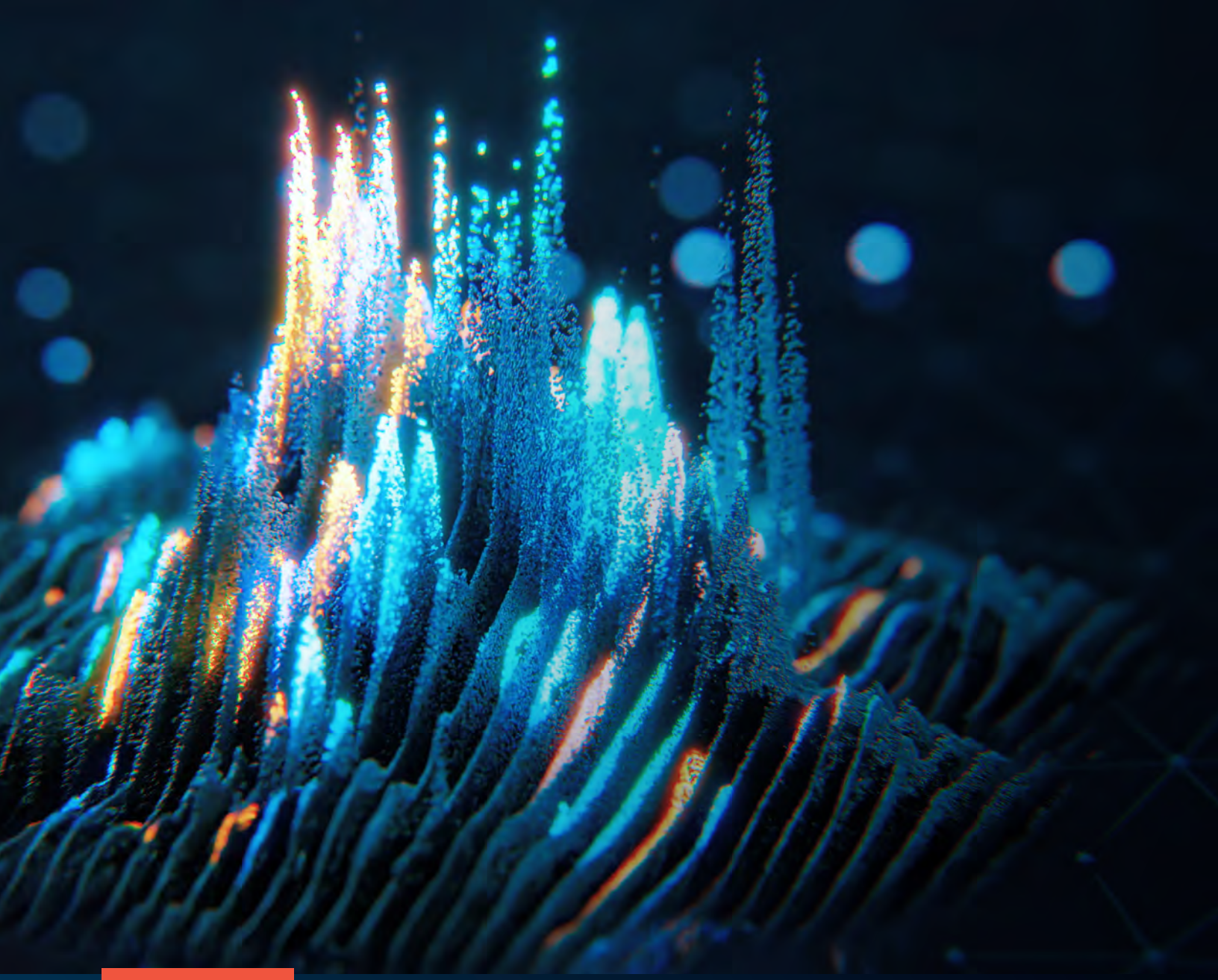

AN FTI CONSULTING REPORT

2026 Private Equity AI Radar

Continued AI Acceleration and Impact

EXPERTS WITH IMPACT™

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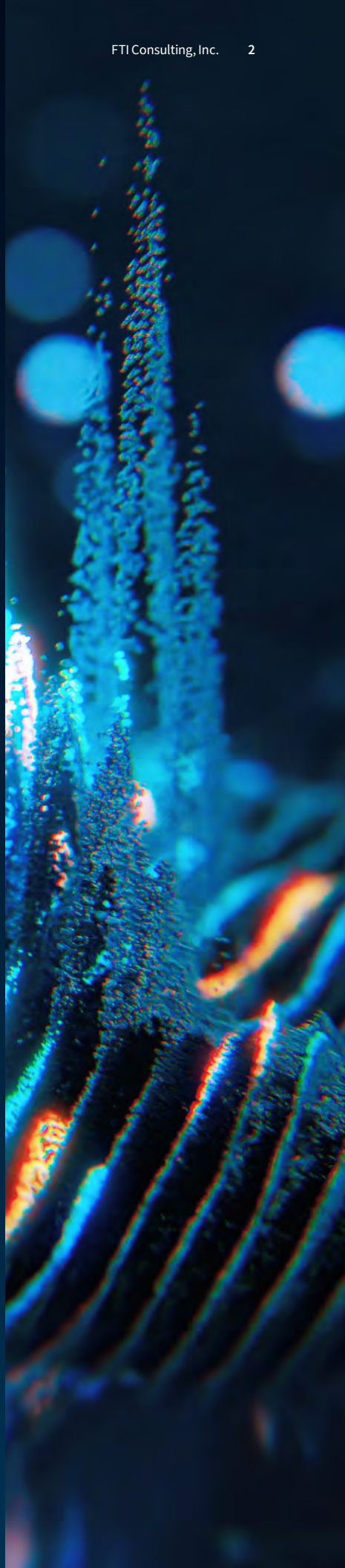
Introduction

AI in private equity reaches a new stage, delivering value across portfolio companies (“PortCos”) in performance improvement, deal execution and exit outcomes. Across the 200 private equity fund and operating-focused decision makers surveyed, the majority report tangible financial improvement from AI initiatives in production. However, realized gains still trail industry benchmarks, signaling that significant opportunity remains.

Performance dispersion is wide. Early signals suggest that a subset of firms are achieving consistently higher returns through distinct strategic, operational choices and execution discipline. These proven gains indicate AI-driven value creation is no longer theoretical, with the greatest upside for funds that apply AI in a structured and consistent way across the investment lifecycle.

This report offers a snapshot of current AI adoption and value creation across private equity portfolios, as part of a broader series examining how funds are translating AI investment into measurable financial outcomes, differentiated performance and lifecycle integration.



AI Investment Grows, Yet Most PortCos are Not in Production

AI maturity is concentrated in pilot and early production stages.

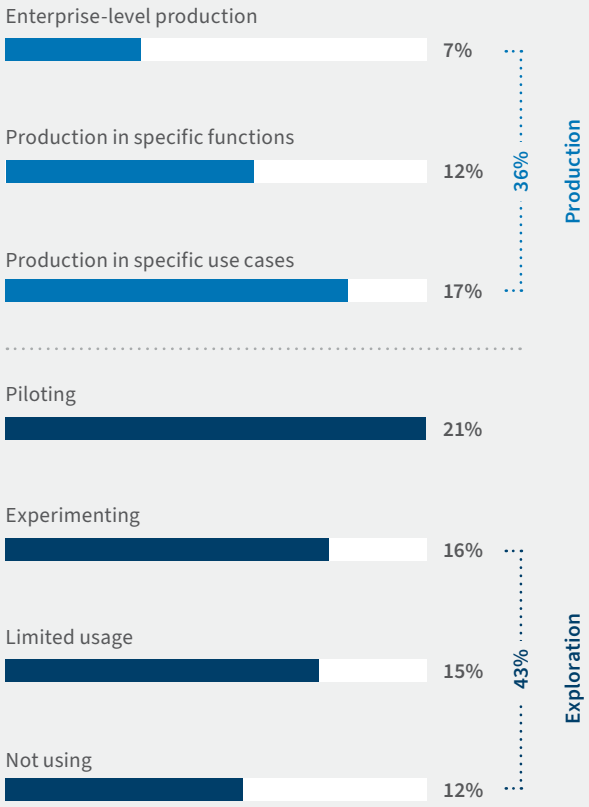
Roughly one-third (36%) deploy AI in production across use cases, functions or at the enterprise level, while only 7% reach enterprise-scale deployment. A meaningful portion of PortCos (27%) remain in limited use or do not use AI at all (see Figure 1). AI adoption is progressing, though deep integration remains less common.

AI adoption depth varies widely, both across funds and within the same portfolio.

While some PortCos achieve enterprise-wide deployment and embed AI into core operations, others remain in exploratory or limited-use stages, creating uneven value capture and highlighting the opportunity to unlock significant incremental value from AI. Surprisingly, 43% of portfolio companies are not materially deploying AI (see Figure 1 for experimenting, limited, not using), signaling we are starting to see a divergence in tiers of adoption.

Figure 1:

Percentage Distribution of AI Adoption Stages Across PortCos as a Representation of AI Maturity



EXPERT LENS:

Closing the pilot-to-production gap requires more than experimentation. Portfolio-wide production readiness diagnostics, clear use-case prioritization, targeted talent upskilling and disciplined execution are essential to move AI into scaled deployment. Structured maturity assessments and practical production playbooks help accelerate adoption across the portfolio.

For Those With Programs in Production, AI is Exceeding the Business Case

Most AI programs in PE portfolios are delivering results at or above original business cases (see Figure 2).

Only 10 respondents (approximately 5%) report underperformance or having been launched without defined value targets.

These findings reflect reported performance and adoption status, not forward-looking expectations. Results are based on structured responses from PE deal and operating leaders describing current deployment stages, impact ranges and priority functions and domains.

Successful AI programs are structured around defined objectives, expected impact ranges and realistic timelines.

Time-to-value expectations most commonly range between 7 to 24 months, with the largest concentration in the 7 to 12 month range. Relatively few (3%) are expecting multi-year or indefinite realization periods. AI is being positioned as a near- to medium-term value lever, not a long-horizon bet (see Figure 3).

EXPERT LENS:

Companies capture more value from AI by using structured frameworks that first assess current maturity, then define measurable business outcomes and track benefits over time. A repeatable end-to-end process ensures that every project is backed by a strong business case and consistently monitored for impact.

Figure 2:

AI Initiative Performance

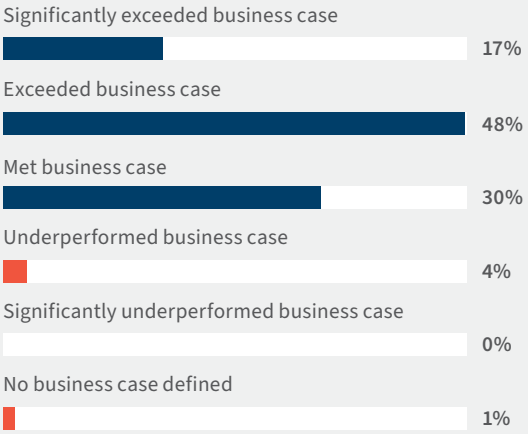
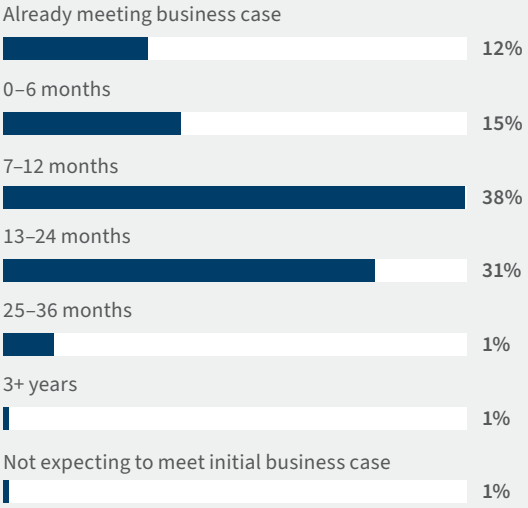


Figure 3:

AI Initiative Time-to-Value Expectations



AI Shows Value Across Cost and Revenue Efforts, With Revenue Signaling a Higher Priority

AI initiatives across PortCos are most often oriented toward revenue growth.

Responses show AI use cases are more frequently positioned toward revenue (41%) or balanced revenue and cost outcomes (35%) rather than purely cost-focused strategies (24%) (see Figure 4). These commercial and revenue-focused AI use cases often offer a faster path to measurable EBITDA, delivering quantitative value more quickly than solely cost-focused initiatives.

Priority use cases reinforce the focus on rapid financial impact.

On the revenue side, firms prioritize product and service innovation, pricing and margin optimization, and sales productivity (see Figure 5). On the cost side, top priorities include procurement spend reduction, asset utilization and technology cost optimization (see Figure 6).

Figure 4:

AI Initiatives by Value Focus

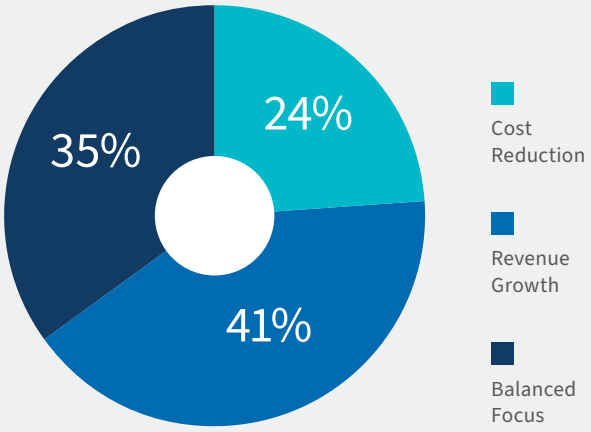


Figure 5:

Priority Revenue Growth Use Cases

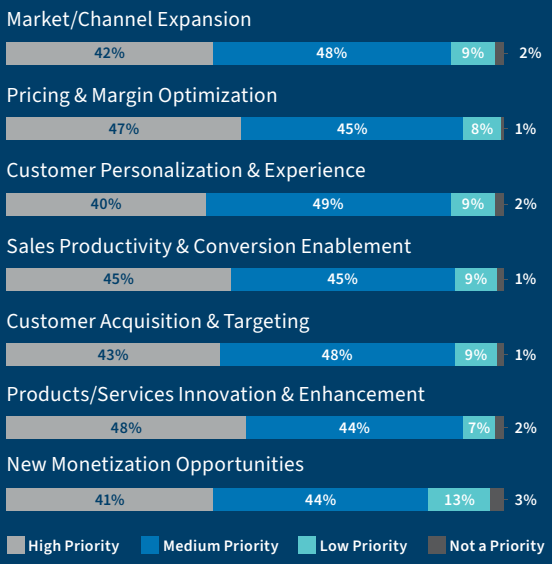
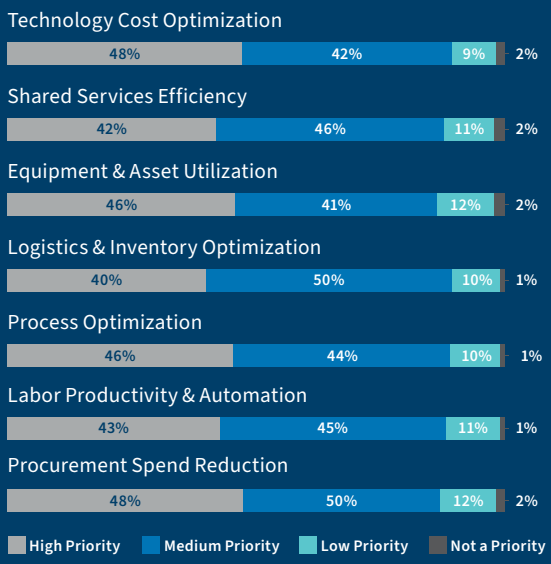


Figure 6:

Priority Cost Reduction Use Cases



The majority of AI cost and revenue initiatives target 5% to 10% improvement. While positive, this remains below the broader AI impact benchmark of 15%.[1]

Both commercial and operational AI initiatives are most commonly designed to target this 5% to 10% improvement range, with a smaller number aiming for 10% to 20% gains. Expectations of more than 20% are uncommon, and near-zero impact is rare, suggesting that many organizations may be setting relatively conservative performance benchmarks at the outset.

While revenue growth and cost savings show similar distributions (see Figures 7 and 8), revenue-focused use cases target a larger financial lever. Even a modest percentage lift in revenue often produces more absolute value than an equivalent percentage reduction in costs. This dynamic likely explains why funds prioritize revenue-oriented AI initiatives (41%) over cost-focused ones (24%).

PRACTICAL LENS:

Commercial AI value is strongest when use-case discovery directly aligns to quick value realization focused on margin, pricing and growth levers. A structured opportunity identification and value mapping approach helps isolate the highest return AI use cases before investment and deployment.

Figure 7:

Distribution of Expected Cost Savings

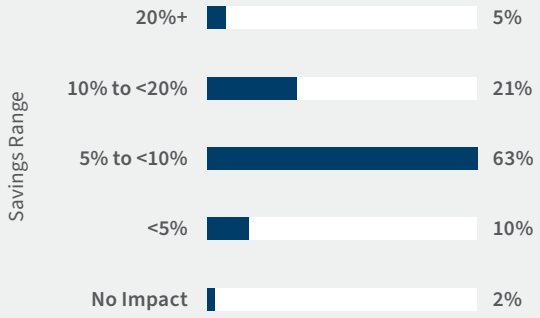
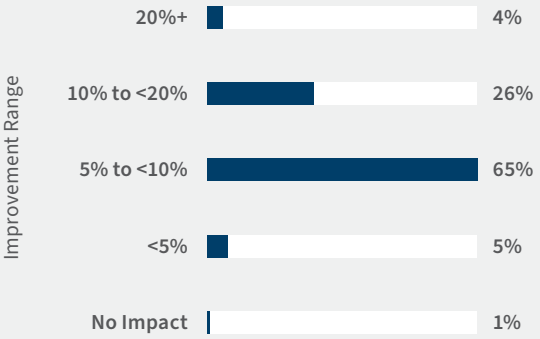


Figure 8:

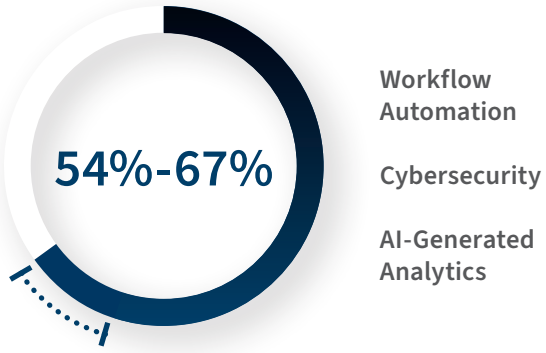
Distribution of Expected Revenue Uplift



Precision AI Use Case Selection is Critical

Across AI use cases, 54–67% of responses report ROI above 10%, a rough proxy for the cost of capital. This indicates many AI deployments are already clearing meaningful investment thresholds, though performance varies significantly for each AI use case. As a result, selecting the right AI applications for a given industry, operating context and business model becomes critical to capturing value. The highest performing categories tend to exhibit broad cross-functional applicability, enabling benefits to scale across multiple business processes and driving stronger overall ROI profiles.

Frequency of AI Use Above 10% Hurdle Rate



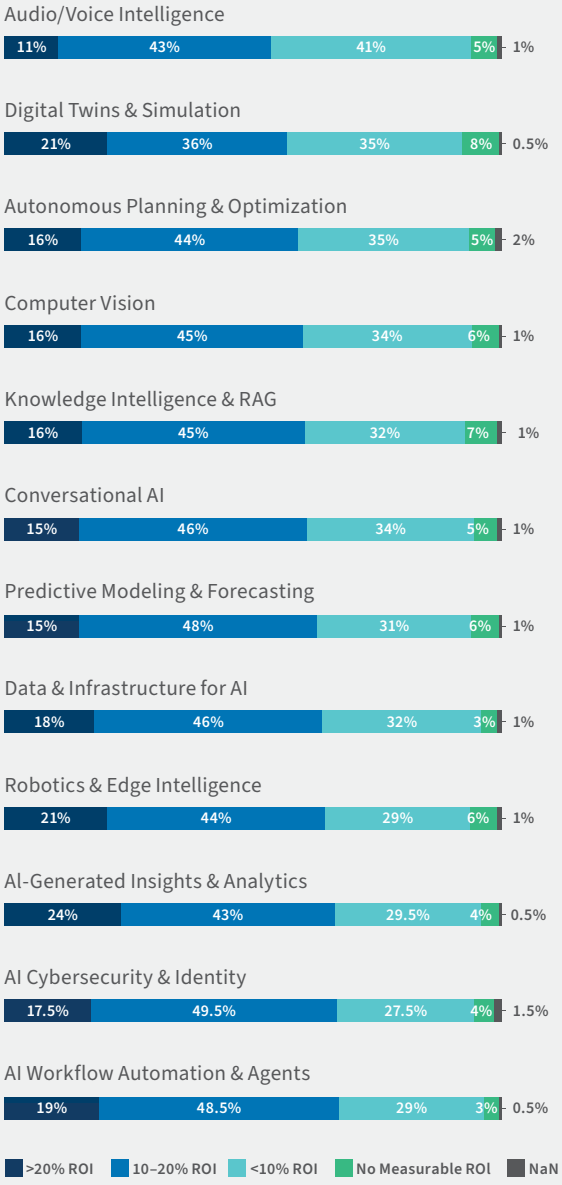
EXPERT LENS:

High-return automation programs are driven by tightly scoped workflow redesign, clear technical solution architecture and rapid production deployment. A design-to-activation delivery model helps convert defined workflows into repeatable production solutions with measurable ROI.

Click To See The Impact

Figure 9:

AI Use Case ROI Performance



Funds are Balancing Some Centralized AI Capabilities With Decentralized Execution

Most PE AI programs use hybrid governance and operating models that broadly favor PortCo-led execution.

The responses indicate that there are certain operating decisions that are more PortCo-led (Delivery & Implementation of AI Use Cases: 56% PortCo-led), certain operating decisions that are more collaborative (Shared AI Delivery Teams, AI/ML Tooling & Model Deployment) and certain operating decisions that are more fund-led (AI Governance, Risk & Compliance: 29% Fund-led) (see Figure 10).

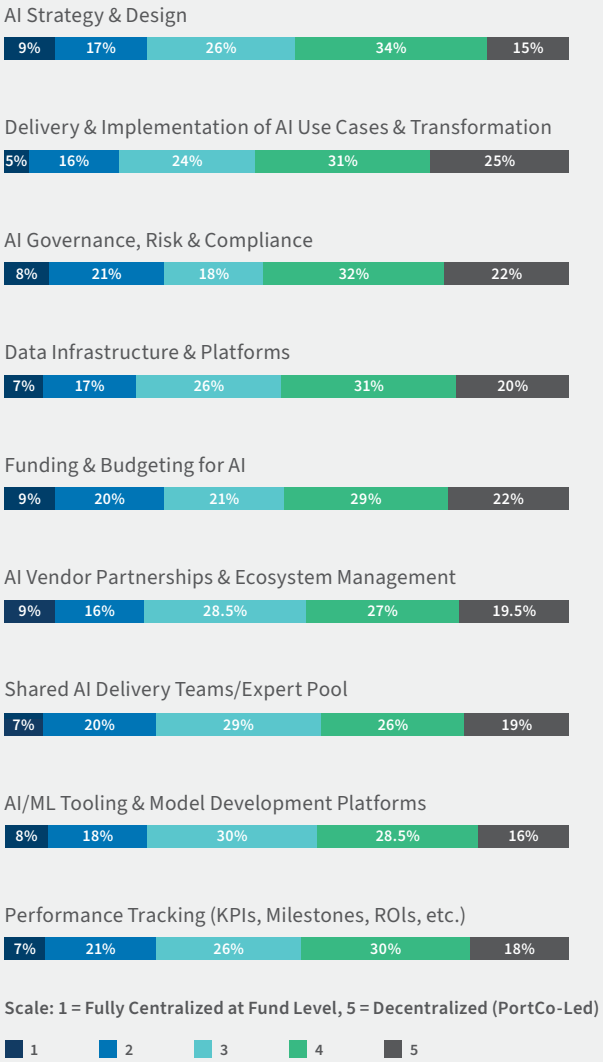
EXPERT LENS:

Hybrid governance models work best with clear operating models, defined roles and execution guardrails. Pairing operating model design with talent development and partner support eases scaling friction across PortCos.

FTI Consulting Thought Leadership

Figure 10:

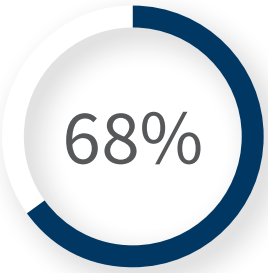
Centralization of AI Functions: PortCo-Led vs. Fund-Led



AI Talent is the Primary Constraint to Scaling AI

AI skilled talent availability is both the leading barrier and the primary solution to scaling AI programs.

Cite AI Talent as the Top Barrier



Say Hiring AI Talent is the Primary Solution

This signal reinforces that scaling AI is an execution capacity challenge. Talent depth directly affects deployment speed, adoption breadth and the ability to move from pilot to sustained production (See Figures 11 and 12).

As foundational AI models automate routine work, three capability gaps are emerging. First, PortCos must shift workforce capacity toward higher value activities. Second, teams must learn to augment delivery with AI embedded in daily workflows. Third, firms must build orchestration, governance and integration capabilities that require materially different skills than traditional technology functions.

Aside from talent gaps, additional human factors remain material barriers. Time-to-value (29%), integration challenges (28%), organizational change (25%), siloed ownership (25%) and executive sponsorship (24%) all constrain impact (see Figure 11). These findings suggest scaling AI is as much an operating model and leadership issue as a technical one.

Figure 11:

Top Barriers to Scaling AI

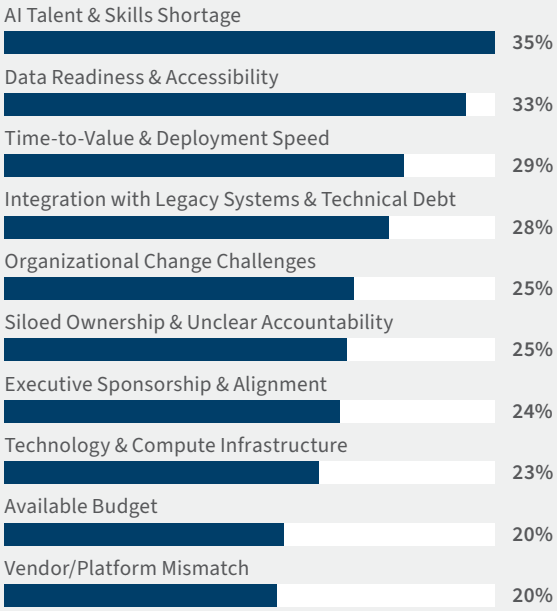
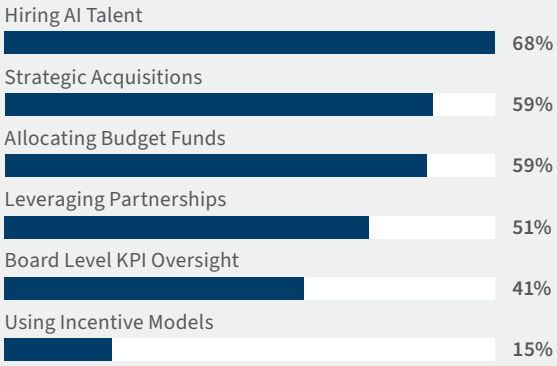


Figure 12:

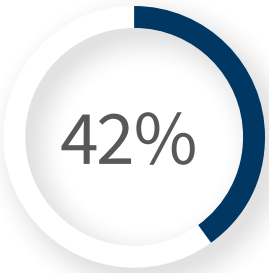
Top Approaches for Overcoming AI Scaling Barriers



AI is Becoming Embedded Across Deal Selection, Value Creation Planning and Exit Readiness

For exit readiness, teams prioritize AI in data infrastructure modernization, AI-enabled Compliance and Risk, and AI-Driven Forecasting.

Top priorities include data infrastructure modernization (42%), AI-enabled compliance and risk management (36%) and AI-supported document processing (36%), with forecasting and product/technology roadmap enhancement close behind (35%) (see Figure 13). Diligence and analytics use cases dominate the upper tier, indicating that deal and portfolio teams are focusing the use of AI on tasks that are data-heavy, streamline repetitive work or generate analytical insights, rather than on isolated or experimental tools.



Prioritize Data Infrastructure Modernization for Exit Readiness

AI tool usage in deals focuses on analysis, diligence acceleration and document processing.

Top use cases include data analysis and summarization (27%), financial due diligence support (27%) and document scanning and processing (26%) (see Figure 14). AI adoption is currently stronger in front-end diligence and evaluation than in late-stage exit execution, likely because early-stage activities involve large volumes of structured data where AI can deliver immediate efficiency gains, whereas late-stage exit work is more customized and judgment-driven, making it less straightforward to automate.

Figure 13:

AI Priorities for Exit Readiness and Valuation

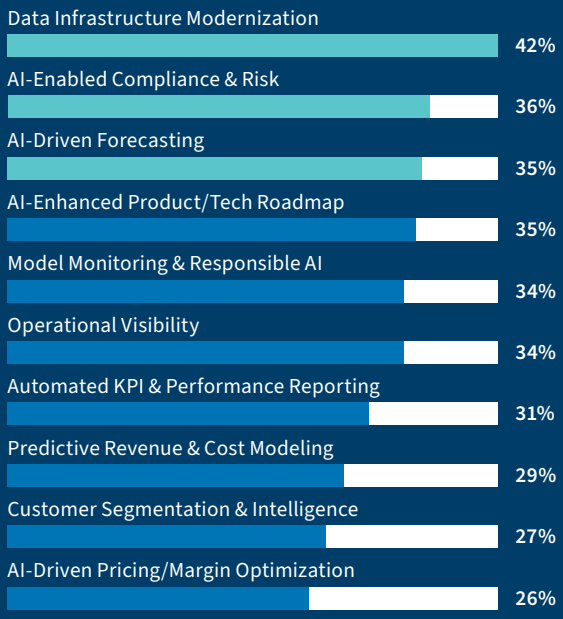


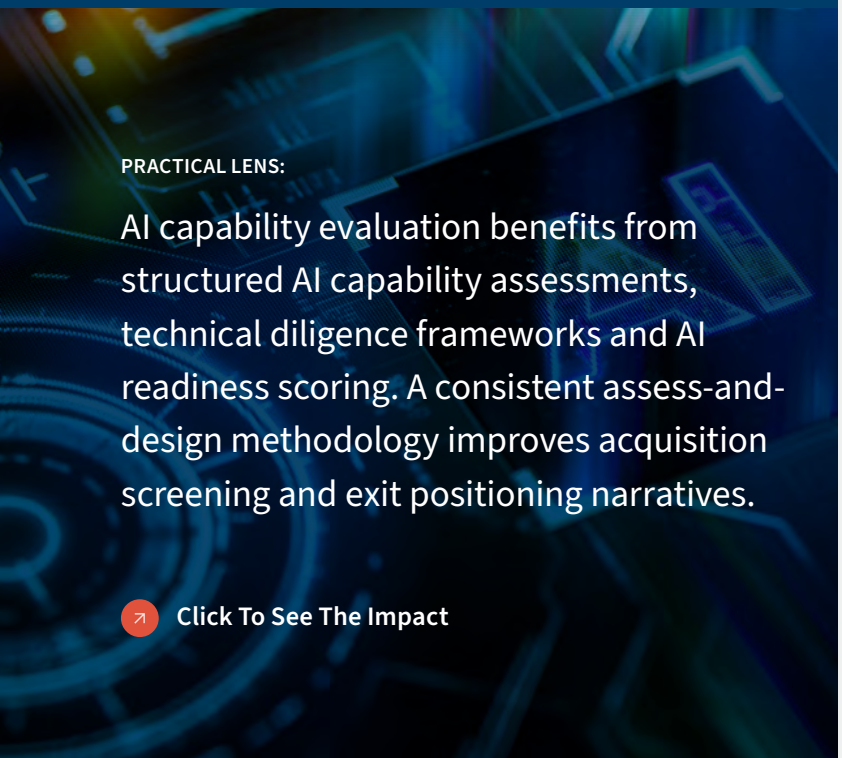
Figure 14:

AI Usage by Deal Activity

AI Capability and Talent Drives Value in Acquisitions

When evaluating acquisition targets, AI-related factors are meaningful indicators of value. A strong majority of respondents rate AI talent and technical teams (67%), proprietary data or AI infrastructure (57%) and product or platform AI capabilities (57%) as important or critical value drivers (see Figure 15). Over three-quarters of respondents consider AI factors at least somewhat important in exit positioning.

Strategic framing also matters. Offensive strategies like growth acceleration and market expansion and growth (41%) rank meaningfully above defensive strategies like preventing competitor disruption (19%) (see Figure 15), indicating that AI in exits is more often positioned as a driver for value creation, enhancing revenue, expanding market reach and boosting attractiveness to buyers, rather than a defensive hedge.



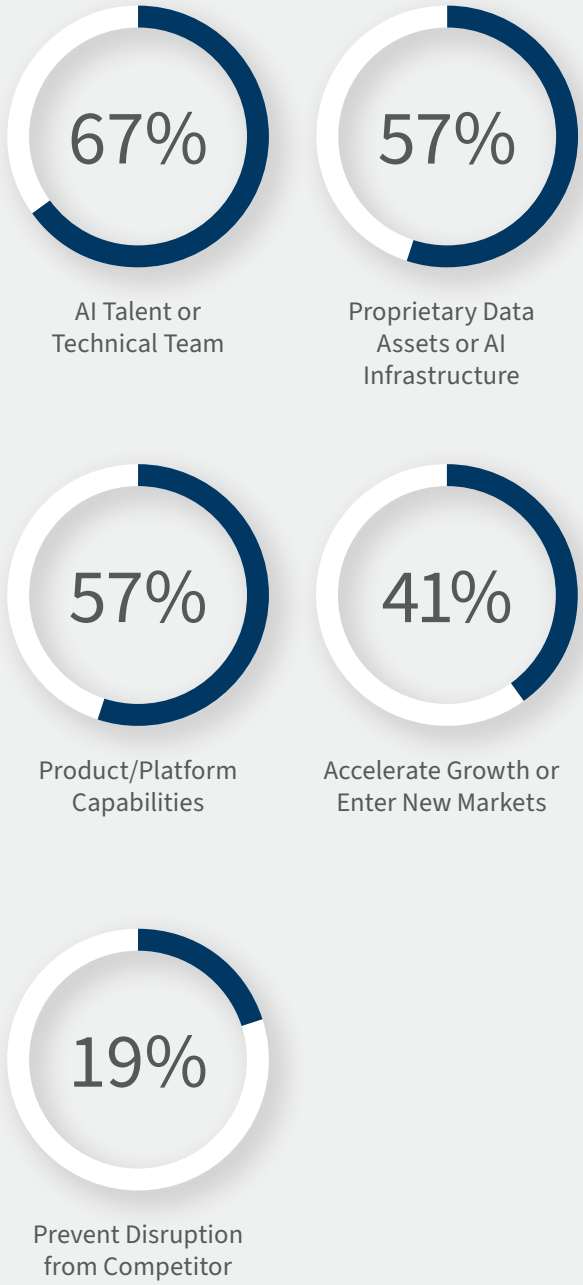
PRACTICAL LENS:

AI capability evaluation benefits from structured AI capability assessments, technical diligence frameworks and AI readiness scoring. A consistent assess-and-design methodology improves acquisition screening and exit positioning narratives.

Click To See The Impact

Figure 15:

Primary Drivers for AI-Related Acquisitions



AI Delivers Value for Funds and a Differentiated Performance Tier Emerges

AI in private equity has progressed from fragmented pilot activity to structured, value-generating deployment across portfolios. The impact is now visible in commercial performance, operational efficiency and deal execution.

At the same time, outcomes are not evenly distributed across funds. A smaller group of firms achieve consistently stronger AI-linked returns relative to peers, supported by deliberate choices in governance models, talent strategy, investment focus and execution partnerships. We call this emerging outperforming segment the **AI PE Alpha tier**.

Importantly, the emerging performance tier does not appear to be defined solely by overall investment levels. While funding commitments are broadly similar across segments, the dispersion in outcomes suggests that structural differences in deployment approach, governance and lifecycle integration may be more determinative.

"AI is beginning to drive material value creation in portfolio companies with disciplined investment, focused execution and optimized operating model choices, which is separating top-performing PE funds in delivering outsized returns."

Sumeet Gupta

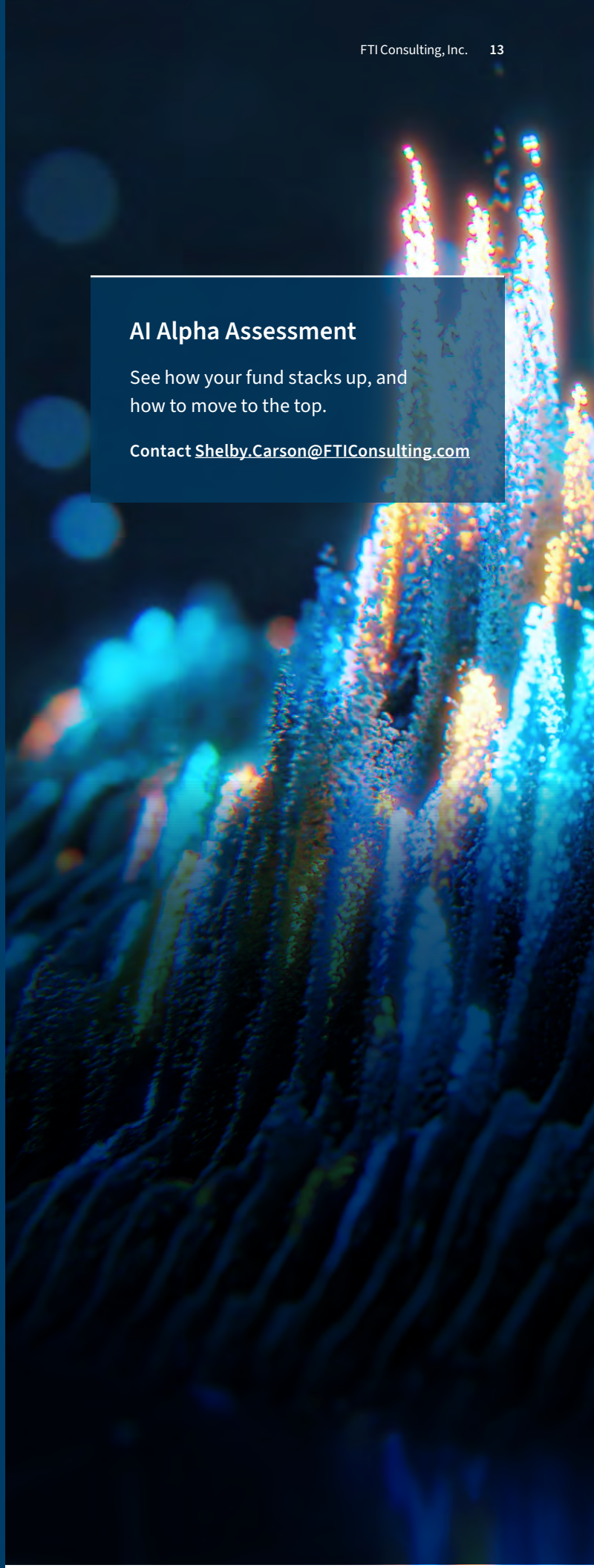
Senior Managing Director,
Leader of AI & Digital Transformation

Methodology

This research was conducted online by FTI Consulting's Data & Technology Transformation team, among n=200 respondents at private equity firms and meeting the following requirements:

- Full-time employees in senior positions, including managing partners, operating partners, principals and vice presidents
- Involved in investment and operational decision making for their firm
- Firms located in North America (n=120), Latin America (n=30) Europe and the Middle East (n=50), with AUM of at least $1 billion

All research was conducted in December 2025. Per the standard convention of rounding, some totals may not add up to 100%.



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[1] Sallam, Rita et al., "How to Calculate Business Value and Cost for Generative AI Use Cases," Gartner Research (February 12, 2024) https://www.gartner.com/en/documents/5188263.

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