LUMO INSIGHTS

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Gartner highlights gap between AI expectations and results

Executive Summary

New research from Gartner underscores how few companies are achieving tangible cost savings from AI, despite widespread expectations of efficiency gains. Private equity leaders see that proving real P&L impact remains the key to unlocking AI’s value in portfolio companies.

Boards expect AI to cut costs, but savings prove elusive

At the Gartner HR Symposium on 26 October, analysts revealed a striking disconnect between boardroom expectations for artificial intelligence and actual results. Gartner’s latest research shows that while roughly three-quarters of corporate boards believe AI will deliver significant productivity improvements and cost savings, almost none of their companies have achieved the desired savings yet (www.gartner.com [1]) (www.gartner.com [2]). In fact, according to Gartner, **97%** of organisations have failed to hit their AI-related cost-saving goals, illustrating how difficult it is to translate new AI capabilities into bottom-line benefits.

This gap between ambition and achievement comes even as many firms accelerate their AI investments. Gartner found **38%** of companies are already **over budget on AI** initiatives and **85%** plan to **spend more on AI next year** (www.gartner.com [3]). The persistence of spending in the face of limited returns suggests that business leaders remain convinced of AI’s long-term potential. However, for private equity portfolio companies, it’s a cautionary tale: value creation leads should scrutinise AI projects and ensure they are tied to **clear, measurable cost or productivity outcomes**. Otherwise, they risk pouring money into innovation that doesn’t improve EBITDA, even as stakeholders expect efficiencies.

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AI disruption risk puts pressure on evidence at exits

Private equity investors are not only grappling with uncertain returns from AI, but also with potential **disruption risk** to their portfolio businesses. In the UK mid-market, KPMG reports that deep concerns about AI undermining traditional business models have begun to **slow down exit activity** (kpmg.com [1]). So far this year, buyers have been hesitant to pay high multiples for companies that might be vulnerable to AI-driven competitors or automation, making it harder for some GPs to sell

portfolio companies. This dynamic is expected to persist until sellers can demonstrate that their assets have durable “AI moats” - competitive advantages or unique data that protect against would-be disruptors.

Lenders and acquirers are also sharpening their due diligence on AI. Credit rating agencies have started formally assessing how AI could erode incumbents’ revenues over time (www.fitchratings.com [2]). In practice, this means buyers are asking for detailed evidence of a target’s **AI capabilities, data assets and resilience to automation** before closing deals. For PE firms aiming to exit investments, it is increasingly critical to **show robust proof** of how AI is driving sustainable revenue growth or cost efficiency in the business. Without it, prospective acquirers may either discount valuations to factor in the uncertainty or walk away entirely. The clear message: you cannot simply assert that a company is "AI-enabled" - you must back it up with data on actual performance improvements.

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Most AI investments have yet to pay off

New industry surveys confirm that **AI’s impact on financial performance remains limited** in most organisations, reinforcing Lumo’s emphasis on verified results. In its annual Global CEO Survey, **PwC found 56% of chief executives worldwide saw no significant revenue or cost benefits from AI in the past year**, while only one-third reported any gains at all (www.pwc.com [1]). Similarly, **McKinsey’s latest global AI study shows just 37% of companies say AI has contributed to their EBIT - a proportion that hasn’t improved since last year (www.mckinsey.com [2]).** In private equity, the picture is even more stark: a recent McKinsey analysis noted that only **6% of PE firms** currently see a high business impact from AI, despite **70% expecting it to become a major factor in the next few years (www.mckinsey.com [3])**.

These findings highlight a growing **“AI ROI gap”** - a reality that value-creation leaders must confront. It’s not for lack of trying: many portfolio companies have experimented with chatbots, automation, and predictive analytics. But widespread **productivity gains** have not yet translated into measurable profit or cash flow improvements for the majority. The **lesson for sponsors** is clear: doubling down on AI initiatives is only worthwhile if there’s a credible plan - agreed with company management - to convert those innovations into improved margins or growth that a future buyer can verify. In the meantime, continued enthusiasm for AI (and the fact that most firms plan to spend more on it next year (www.gartner.com [4])) should be channelled into **focused, evidence-led programmes** that target specific value drivers and track outcomes rigorously.

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Key Statistics

- 3% of organisations have exceeded their AI cost-savings goals - Gartner (2026)
- 6% of private equity firms report high business impact from AI - McKinsey (2026)
- 38% of companies are over budget on AI - Gartner (2026)
- 56% of global CEOs saw no revenue or cost benefits from AI - PwC (2026)
- 37% of organisations say AI has contributed to their EBIT - McKinsey (2026)

KEY TAKEAWAY

Double down on evidence. These updates show that AI's value remains largely aspirational - so insist on hard ROI data for every portfolio AI project. Tighten cost controls and ensure each AI initiative has a measurable impact on profits or growth.

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