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FTI finds top private equity funds pull ahead on AI returns

Executive Summary

FTI Consulting's latest survey of 200 private equity leaders reveals that nearly all PE firms are seeing their AI initiatives pay off in portfolio companies, yet only a small cohort is achieving outsized gains (www.fticonsulting.com [1]). New developments this week show that AI has become a central focus for both fund managers and investors (www.businesswire.com [2]), and that buyers are turning to advanced tools to verify a target's AI-driven performance in due diligence. The data highlights that AI creates value in a PE portfolio primarily when its impact on revenue or costs is measurable and stands up to investor scrutiny.

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Top tier funds outpace peers with AI

FTI Consulting's 2026 Private Equity AI Radar surveyed 200 fund and operating leaders to gauge how investors are using AI to boost portfolio performance. The vast majority (95%) reported that their portfolio companies' AI initiatives are meeting or exceeding their original targets (www.fticonsulting.com [1]), underscoring that AI projects are already delivering positive financial results in areas such as cost reduction and revenue growth. But the survey also found a stark divide in outcomes: only 17% of respondents said their AI efforts were "significantly" exceeding expectations (www.fticonsulting.com [2]), indicating that truly transformative gains remain relatively rare.

FTI highlights an "AI Alpha Tier" - a small group of private equity funds that are consistently achieving superior returns from AI. These top performers report around 6% higher ROI realisation and 4% greater revenue growth in their portfolio companies compared to other funds (www.fticonsulting.com [3]). Notably, this outperformance is not because they spend more on technology: FTI finds that all survey respondents invest roughly similar levels (about 11% of revenue) in AI initiatives (www.fticonsulting.com [4]). Instead, the leaders differentiate themselves by **where and how** they deploy AI. They focus on carefully selected use cases tied to core strategy, execute AI projects with discipline, and scale successful pilots quickly across their portfolios. By contrast, many peers see only "mixed or difficult" results, with only about a third of firms describing their AI implementations as mostly efficient (www.privateequitywire.co.uk [5]).

The lesson for private equity owners is that AI can create real value on the P&L, but only with a deliberate approach that ties technology to tangible business outcomes. The fact that virtually all funds are now getting at least some benefits from AI suggests low-hanging fruit has been picked, but maximising impact requires moving beyond scattered pilots. As one benchmark, just 6% of

companies globally qualify as “AI high performers” that attribute at least 5% of their EBIT to AI, a share that has not grown in the last year (www.mckinsey.com [6]). This highlights the importance of prioritising high-impact applications of AI within portfolio companies and rigorously tracking their ROI.

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AI becomes a must have for private equity

Artificial intelligence has rapidly moved from an experiment to a central pillar of private equity value creation strategies. A new **Invest Europe** and **Arthur D. Little** sentiment survey, published 5 November 2026, finds that AI is now widely seen as the most important issue affecting both general partners and their investors (www.investeurope.eu [1]). In fact, 96% of European GPs in the survey expect AI-driven changes to working practices to have the biggest impact on their operations in the next year, far outpacing concerns like geopolitical risk (www.businesswire.com [2]). Furthermore, 82% of GPs said AI will be their teams’ top focus area in 2027, ahead of traditional priorities such as exiting investments (www.businesswire.com [3]). Nearly two-thirds of respondents also rated the **use of AI in portfolio companies** as the most important improvement initiative underway, underlining that digital transformation has become a baseline expectation in the industry.

Limited partners are similarly sharpening their focus on AI. In Private Equity International’s **LP Perspectives 2026** study, 29% of institutional investors said artificial intelligence will be among the biggest factors affecting their private markets portfolio performance in the year ahead - more than double the share who said so the previous year (www.privateequityinternational.com [4]). And while most LPs are not yet formally demanding AI governance audits, 47% are monitoring their GPs’ use of AI in deal sourcing, due diligence and operations either ‘somewhat closely’ or ‘very closely’ (www.privateequityinternational.com [5]). In practice, this means PE firms can expect more pointed questions about their AI strategies and evidence of results. As one European mid-market GP commented at a recent Invest Europe roundtable, “It has become very hard to have a credible value-creation plan today without an AI angle - LPs and lenders will ask why not.”

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Due diligence demands AI proof

As AI permeates the deal process, buyers and lenders are insisting on clear evidence of its impact. In October, an **EY** survey found that 40% of private equity firms had walked away from a potential technology investment in the past year due to concerns about AI-driven disruption risk (www.ey.com [1]). Fast-forward to mid-November, and some investors are suggesting that the recent turbulence in the AI market - including the surprise resignation of **Nvidia's** CEO - could prompt a broader re-evaluation of tech deals. **Mark Hoeing**, head of Commonfund's private equity arm, said the Nvidia leadership turmoil could be a catalyst for investors to re-price lofty AI-driven valuations and demand greater proof of real performance gains before closing deals.

Financial sponsors are also arming themselves with new tools to verify a target company's AI capabilities and results. On 14 November, a New York-based startup called **Operand** announced a $31 /million funding round led by Khosla Ventures to scale up its AI due diligence platform (www.implicator.ai [2]). Operand's software uses generative AI agents to independently scour public and proprietary data about target companies, aiming to unearth red flags such as customer churn patterns or pricing weaknesses - all without needing the seller's direct input (www.implicator.ai [3]). This kind of technology could shift power towards buyers in due diligence, enabling private equity firms to cross-check a seller's growth and efficiency claims using external data. For executives preparing a portfolio company for sale, the message is clear: **be ready to demonstrate your AI initiatives' value with hard data**, because prospective buyers now have more ways to assess whether those efficiency gains and revenue uplifts are real.

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Key Statistics

- 95% of PE funds report AI projects meeting or beating initial targets (FTI Consulting, 2026)
- 82% of European GPs will make AI their top focus in 2027 (Invest Europe/ADL survey, 2026)
- 40% of PE firms have walked away from a tech deal over AI disruption risk (EY, 2026)
- 66% of PE survey respondents saw AI benefits within 12 months vs 34% in prior year (FTI Consulting, 2026)
- 23% higher revenue growth at companies led by 'AI-first' CFOs (IBM/Oxford Economics, 2026)

KEY TAKEAWAY

Audit every portfolio company's AI initiatives for tangible P&L impact. Set clear baselines and track results so you can demonstrate the value delivered to your investment committee - and to future buyers in due diligence

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