

# The AI and Automation Imperative: Thriving in the New Era of PE Value Creation

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**Abstract:**

Digital value creation, powered by AI and automation, is no longer optional for private equity (PE) sponsors — it's a necessity for driving operational efficiencies, boosting portfolio company valuations, and delivering superior returns in today's competitive market. Traditional value creation strategies like financial engineering are losing relevance, and PE sponsors must adopt a technology-driven approach to stay ahead.

This blog outlines how PE firms can leverage AI and automation to unlock new revenue streams, enhance operational efficiency, and achieve premium exit multiples.

By adopting a structured digital framework, empowering strong leadership, and aligning technology initiatives with measurable outcomes, PE firms can unlock sustainable growth, enhance portfolio valuations, and achieve superior returns—often realizing double-digit increases in operational efficiency and portfolio company valuations.

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## 1. The PE Landscape: A New Playbook for Value Creation

The private equity (PE) landscape is undergoing a major transformation, moving beyond reliance on leverage and multiple expansion to embrace new value creation strategies. This shift is driven by factors such as intelligent technologies like AI, machine learning, automation, and advanced analytics, alongside more sophisticated investors and a focus on operational excellence. As Jean-Rémy Roussel of CVC Capital Partners notes, "AI is going to be like another industrial revolution"<sup>1</sup> with technologies like cloud computing, data analytics, and IoT playing key roles. AI, in particular, is reshaping PE by automating complex tasks and delivering predictive insights, highlighting the need for a strategic, tech-enabled approach to navigate this change.

### Key factors influencing the PE landscape in 2025

#### High Dry Powder, Favorable Exit Conditions, Boosted AI usage in PE

European dry powder hit \$31 billion in 2025,<sup>2</sup> nearing 2022 levels and intensifying competition. A favorable 2024 exit climate drove a 24% rise in PE exits,<sup>3</sup> with sponsor-to-sponsor deals surging. PE firms now prioritize AI in due diligence, leveraging it for cost savings, revenue growth, and portfolio synergies. Investments in AI are boosting efficiency, unlocking revenue, and enhancing valuations. Family offices and SMEs, especially in tech, are increasingly receptive to PE, fueling activity. Carve-outs and narrowing valuation gaps are set to drive dealmaking growth in 2025.

#### The Limits of Financial Engineering

Value creation is shifting away from traditional financial engineering, as reliance on leverage and multiple expansion becomes less effective. Vanguard's 2024 Midyear Private Equity Review<sup>4</sup> highlights that operational improvement has overtaken multiple expansion as the primary driver of returns, driven by compressed exit multiples, higher capital costs, and a focus on building better businesses.

With investment targets now more digitized and efficient, PE sponsors must address two key questions:

1. Does AI enhance this portfolio company's competitive edge or risk making it obsolete?
2. Can AI-powered automation improve productivity and operations?

As operational value-add surpasses leverage and multiple expansion in driving exits through 2025, firms embedding AI and digital capabilities will be best positioned to thrive in this evolving landscape.

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<sup>1</sup> Jean-Rémy Roussel, *Keynote Interview: Generating Value Through AI (2024)*, CVC Capital Partners.

<sup>2</sup> *European VC Investors Seek to Deploy \$31bn of Dry Powder (2025)*, Funds Europe.

<sup>3</sup> *State of Private Equity Report Europe (2024)*, EY.

<sup>4</sup> *Midyear Private Equity Review and Outlook (2024)*, Vanguard.

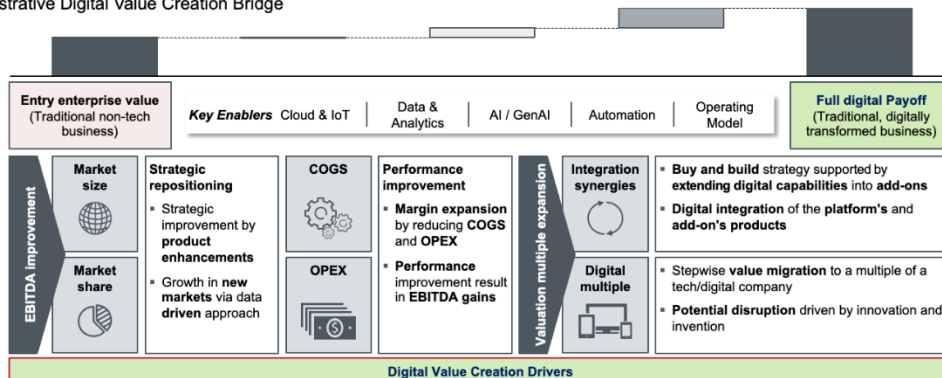
## The AI and Automation Imperative: Proof of Execution is Key

Digital transformation is now essential for driving returns in PE portfolio companies, with buyers demanding data-driven roadmaps on how AI and automation create value post-deal. As illustrated in figure 1 below, key digital enablers such as AI, automation, cloud computing, and data analytics act as critical drivers for business transformation. More than just technology, AI enables value creation by automating tasks, generating insights, personalizing experiences, and optimizing operations. As Andrea Peyracchia of CVC Capital Partners notes, “Driving value is about business transformation and not about buying yet another AI tool.”<sup>5</sup> The rise of digital operating partners reflects this shift, working with portfolio leadership to enhance processes, customer experiences, and revenue.

**This Matters for PE sponsors:** companies leveraging AI and automation achieve higher revenue growth, with high AI adoption (above 25%) driving 15–20% revenue increases<sup>6</sup> when paired with cloud computing and database systems. For PE portfolio companies, this means:

- **Accelerated Growth:** Nearly 30% of financial services firms saw 5–10% revenue growth from AI in 2024, while 23% reported gains above 20%.<sup>7</sup>
- **Enhanced Profitability:** AI adoption reduced costs by 5–10% for 35% of firms, and by 10–20% for 17%, improving margins.<sup>8</sup>
- **New Revenue Streams:** Top firms now generate 20–38% of revenue from data monetization and digital services (MIT CISR, 2025).<sup>9</sup>
- **Strategic Advantage:** AI-driven firms achieved 10.7% higher shareholder returns in 2023, enhancing resilience and competitiveness.<sup>10</sup>
- **Premium Valuations:** Technology-driven value creation enables higher exit multiples.<sup>11</sup>

Illustrative Digital Value Creation Bridge



**Figure 1:** Benefits of technology-enabled value creation and transformation include increased revenue upside, cost improvements as well as valuation multiple expansion<sup>12</sup>

<sup>5</sup> Andrea Peyracchia, *Keynote Interview: Generating Value Through AI* (2024), CVC Capital Partners.

<sup>6</sup> *When Does AI Pay Off?* (2022), MIT & KAIST.

<sup>7</sup> *Revenue and Cost Impact of AI in Financial Services* (2024), Statista.

<sup>8</sup> *Revenue and Cost Impact of AI in Financial Services* (2024), Statista.

<sup>9</sup> *Maximizing Returns from Data Monetization Strategies* (2025), MIT CISR.

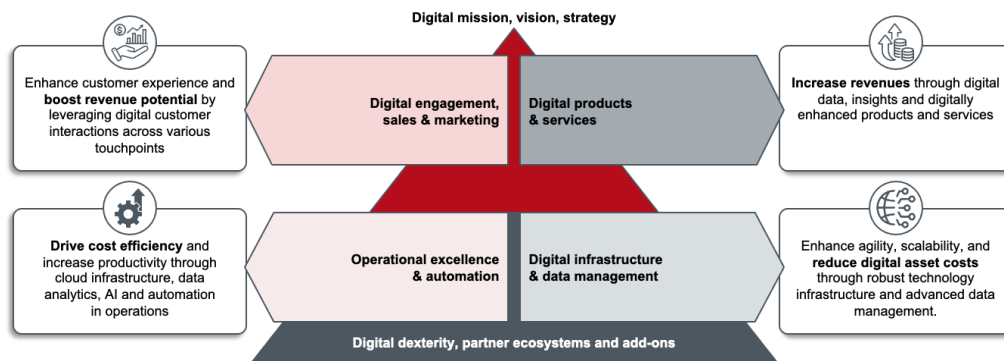
<sup>10</sup> *Competitive Advantage in the Age of AI* (2023), California Management Review.

<sup>11</sup> *Artificial Intelligence, Product Innovation, and Firm Valuation* (2023), Journal of Business Research.

<sup>12</sup> *Digital Value Creation and Transformation Bridge* (2024), EPAM + CORE.

## 2. Digital Value Creation: A Roadmap to Superior Returns

In today's rapidly evolving market, PE sponsors need a proven framework to guide their portfolio companies through digital transformation and unlock maximum value. EPAM & CORE's Digitalization Framework (figure 2) provides a structured approach, consisting of six interconnected building blocks that facilitate the planning, design and implementation of digital opportunities and maximize full potential <sup>13</sup>



**Figure 2:** EPAM + CORE: Digital Value Creation Framework

Central to this framework is the recognition that data, fueled by AI and automation, is the engine of successful digital value creation and transformation. It empowers PE firms to:

- **Identify and capitalize** on technology-driven opportunities across the portfolio.
- **Develop and execute data-driven strategies** aligned with investment objectives, leveraging the power of AI and automation.
- **Drive operational efficiency**, enhance customer experiences, and unlock new revenue streams through intelligent technologies.
- **Maximize portfolio company valuations** and achieve premium exit multiples by demonstrating a clear track record of technology-enabled value creation.

Navigating technology-enabled value creation in the age of AI and automation requires more than tools or presentations — it demands a deep understanding of the PE landscape, a data-driven approach, and commitment to collaborative execution. A robust digitalization framework offers PE sponsors a roadmap to unlock portfolio company value. However, even a well-designed framework is only as effective as its implementation team. Success depends on strong leadership within the portfolio company, a clear understanding of specific needs, and close collaboration with technology experts who can tailor solutions. EPAM & CORE's Digitalization Framework facilitates this by aligning PE sponsors, portfolio companies, and EPAM to assess AI maturity, identify opportunities, and deliver tailored solutions. When technology drives value, choosing the right partner is essential.

<sup>13</sup> Digital Value Creation Framework (2024), EPAM + CORE.

Digital Mission, Vision & Strategy: Aligning for Digital Value Creation

At the core of successful digital transformation is a well-defined strategy — focused on creating innovative digital experience, fostering scalability, and enabling sustainable value growth across PE portfolio companies, powered by AI and automation. This involves:

- **Defining shared digital mission and goals** through collaboration with sponsors and management, leveraging AI and automation opportunities for transformative impact.
- **Envisioning the future state** with a vision for customer-centric engagement, cutting-edge products, and scalable digital ecosystems.
- **Crafting an actionable strategy** with high-impact goals and detailed roadmap aligned with the mission, outlining AI-enabled use cases to drive operational efficiency and unlock new revenues.
- **Ensuring organizational alignment** with workshops to secure buy-in from stakeholders, ensuring strong leadership and commitment to achieving strategic objectives.

EPAM + CORE - partnership in action


Client's Industry	Pharmaceutical 
Challenge	Fragmented AI capabilities limiting alignment with business goals
Our solution	Developed a scalable AI strategy and roadmap, harmonizing data across 10 markets and 3 regions to support thousands of Sales & Marketing users
Impact	<ul style="list-style-type: none"><li>▪ Increased field force productivity by 15%</li><li>▪ Achieved 2x ROI</li><li>▪ Enhanced efficiency and growth with measurable outcomes</li></ul>

Digital Engagement, Sales, and Marketing: Customer-Centric Experiences  
Driving Growth

Delivering exceptional, personalized customer experiences across all channels is essential for driving revenue and building lasting customer relationships. AI and automation empower PE portfolio companies to:

- **Personalize the customer journey:** Use AI-driven segmentation, predictive analytics, and marketing automation to create tailored experiences from initial engagement to post-sale support.
- **Streamline operations:** Implement advanced CRM, marketing automation, and e-commerce platforms to improve efficiency and drive sales growth.
- **Enhance customer loyalty:** Leverage AI-driven data insights to anticipate customer needs, improve satisfaction, and foster long-term relationships.

EPAM + CORE - partnership in action

Client's Industry	Beauty Retail 
Challenge	Replicate the personalized advice of in-store beauty advisors through digital channels
Our solution	Developed an AI-powered chatbot using LLM technology to deliver tailored product recommendations and natural conversations.
Impact	<ul style="list-style-type: none"><li>▪ Anticipated increased customer engagement</li><li>▪ Higher conversion rates</li><li>▪ Strengthened brand loyaltys</li></ul>

Digital Products and Services: AI-Powered Innovation for New Revenue

AI is essential for developing innovative products and services that drive growth and competitive advantage. EPAM & CORE help PE sponsors and their portfolio companies:

- **Identify high-potential opportunities:** Leverage AI-powered insights from customer data, market trends, and competitive analysis to fuel product innovation.
- **Build intelligent solutions:** Create intelligent, data-driven products and services using cutting-edge technologies like AI, IoT, and cloud computing.
- **Accelerate time to market:** Employ agile methodologies and AI-powered tools to bring new offerings to market faster, capturing market share and maximizing returns.

EPAM + CORE - partnership in action

Client's Industry	Industrial Equipment Manufacturing 
Challenge	High costs and fragmented ecosystems hindered the creation of predictive smart products to meet customer needs
Our solution	Developed IoT-enabled smart products with predictive maintenance and digital twin technologies to optimize performance and reduce costs
Impact	<ul style="list-style-type: none"><li>▪ 12–45% EBITDA upside in 2–3 years</li><li>▪ 10–30% O&amp;M cost savings for customers</li><li>▪ Improved margins by 0.5 to 2%</li></ul>




Operational Excellence & Automation: AI-Powered Efficiency for Greater Profitability

Optimizing operational efficiency is critical for maximizing profitability and creating a lean, agile organization. AI and automation are key enablers of this transformation, empowering portfolio companies to:

- **Automate intelligently:** Leverage AI-powered process mining, predictive analytics, and machine learning to automate repetitive tasks, streamline workflows, and optimize core business processes.
- **Optimize with data:** Unlock the power of AI-driven data analytics to identify bottlenecks, optimize resource allocation, and drive continuous improvement across all operational areas.
- **Enhance visibility and control:** Implement dashboards and reporting systems that provide real-time visibility into key performance indicators (KPIs), enabling data-driven decision-making and proactive performance management.

EPAM + CORE - partnership in action


Client's Industry	Software Development 
Challenge	Inefficiencies in quality assurance due to knowledge silos, limited QA resources, and growing complexity in applications, leading to delays and increased costs
Our solution	Implemented AI-powered tools to automate documentation, improve code consistency, and accelerate QA processes
Impact	<ul style="list-style-type: none"><li>▪ Reduced documentation efforts by 80%; onboarding time by 60%</li><li>▪ Increased development speed by 40% with fewer errors</li><li>▪ Enabled rapid system modernization with reusable code</li></ul>

Digital Infrastructure & Data Management: Building the Foundation for AI

A robust and scalable digital infrastructure is essential for AI-powered growth, enabling innovation, and ensuring data privacy and security. It can be achieved by:

- **Modernizing legacy systems:** Migrate to the cloud for improved agility, scalability, and cost savings, creating a flexible environment for AI adoption.
- **Enhancing data management:** Implement solutions that optimize data quality, security, and technical compliance, building a robust foundation for AI and analytics.
- **Unlocking the power of the cloud:** Leverage cloud to provide on-demand resources, enabling rapid scaling and supporting AI workloads.

EPAM + CORE - partnership in action


Client's Industry	eCommerce 
Challenge	Legacy platform lacked scalability, delaying releases and increasing resource inefficiency
Our solution	Redesigned the platform using microservices architecture, CI/CD pipelines, and agile frameworks to enable flexibility, faster deployments, and scalability
Impact	<ul style="list-style-type: none"><li>▪ Reduced release cycles from 2 weeks to 1.5 hours.</li><li>▪ Boosted productivity by 55% and deployment speed by 48x.</li><li>▪ Supported 300,000 SKUs and 3M+ users seamlessly.</li></ul>

Digital Dexterity, Partner Ecosystems, & Add-ons: Agility and Speed for AI

The success of organizations, who have adopted a decentralized approach to AI transformation – empowering local teams while providing a blueprint for best practices – highlights the importance of balancing agility with a structured framework. PE sponsors, and their portfolio companies can achieve this by:

- **Fostering digital dexterity:** Instill agile methodologies, data-driven decision-making, and a customer-centric mindset to drive AI adoption.
- **Building robust ecosystems:** Leverage our network of technology partners, including AI leaders, to integrate best-in-class solutions.
- **Leveraging add-ons and platforms:** Identify and implement AI-powered tools, platforms, and potential M&A targets to enhance capabilities and drive growth.

EPAM + CORE - partnership in action

Client's Industry	Professional Services 
Challenge	Enhance productivity and enable safe, effective GenAI adoption across a 1,400-employee workforce
Our solution	Implemented a comprehensive enablement program with e-learning, interactive workshops, and leadership engagement
Impact	<ul style="list-style-type: none"><li>▪ Trained 680 employees on GenAI basics</li><li>▪ Engaged 82 people leaders</li><li>▪ Demonstrated the value of structured frameworks and strong partnerships for large-scale AI adoption</li></ul>

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### 3. De-Risking AI and Automation for Value Creation

AI and automation offer transformative potential for portfolio companies, driving efficiency, revenue growth, and customer satisfaction. However, without strong leadership and disciplined execution, these initiatives risk failure. To de-risk technology-enabled transformation, PE sponsors must ensure leadership is equipped to drive AI and automation initiatives effectively.

#### Equipping Leadership for Success

Strong leadership, supported by robust data foundations and enterprise architecture (EAM), is the cornerstone of successful AI-driven transformations. PE sponsors must conduct thorough due diligence to assess the capabilities of the CTO and management team, ensuring they have the skills and vision to lead complex initiatives. Additionally, evaluating the organization's data foundations and architecture is critical, as these are key success factors for scalable and effective AI implementations.

Where gaps exist, PE sponsors and portfolio management should prioritize upskilling programs to enhance technical and strategic capabilities. In cases where internal expertise or architectural maturity is insufficient, bringing in external AI and EAM specialists can accelerate execution and provide critical guidance.

Clear governance structures, such as defined communication channels and decision-making frameworks, are essential to align stakeholders, maintain accountability, and ensure progress. Addressing leadership readiness alongside scalable data architecture lays the foundation for successful AI-driven transformations while minimizing risks.

#### Overcoming Organizational Challenges

AI and automation require more than technical implementation — they demand cultural and operational shifts across the organization. Effective change management ensures that employees embrace new tools and processes. Clear communication, targeted training, and fostering a culture of innovation help overcome resistance and drive adoption.

Data readiness is equally critical. Poor data quality undermines AI's effectiveness, so portfolio companies must prioritize data cleansing, governance, and enrichment to ensure AI systems deliver actionable insights and measurable results. These efforts bolster operational efficiency and reduce the risks associated with flawed data or failed implementations.

#### Value Capture Framework

Quantifying the ROI of AI and automation is a critical challenge for organizations. While 85% of Data, Analytics, and AI leaders report C-suite pressure to show measurable results from generative AI initiatives, fewer than 15% use a consistent, traceable approach to measure value.

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As a result, 30% of GenAI projects are expected to be abandoned by 2025 due to poor data quality, inadequate risk controls, escalating costs, or unclear business value.<sup>14</sup>

To address this, PE sponsors must guide portfolio companies in setting clear KPIs aligned with their investment theses. According to Gartner, companies must move beyond traditional ROI measures and build value frameworks reflecting the strategic intent of each use case — whether aimed at defending core operations, extending capabilities, or driving transformation.<sup>15</sup>

Early adopters of this approach are seeing results, reporting 15–22% productivity gains, up to 15% revenue uplift, and 15% cost savings. Yet, many of these benefits are indirect and long-term, underscoring the need to shift away from narrow, short-term ROI metrics.

Once the strategic direction is clear, relevant metrics must follow. Financial indicators like EBITDA contribution, cost savings, revenue growth, and operational efficiency help quantify business impact, while customer-focused metrics such as Net Promoter Score (NPS) capture improvements in satisfaction and loyalty.

Regular progress reviews and data-driven adjustments refine strategies, resolve roadblocks, and sustain momentum, ensuring AI and automation initiatives deliver measurable, long-term value.

## Conclusion

AI and automation are no longer optional but essential drivers of value creation for private equity sponsors. By leveraging a structured digital value creation framework, such as EPAM & CORE's Digitalization Framework, PE firms can systematically plan, design, and implement technology-driven opportunities to unlock sustainable growth and maximize portfolio valuations. Success depends on empowering strong leadership, aligning technology initiatives with measurable outcomes, and fostering collaborative partnerships to tailor solutions to specific needs. With disciplined execution and a data-driven approach, PE sponsors can harness the full potential of AI and automation to build resilient, future-ready businesses and achieve superior returns.

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<sup>14</sup> [5 GenAI Trends for 2025 \(2024\), Dataiku.](#)

<sup>15</sup> [How to Calculate Business Value and Cost for Generative AI Use Cases \(2024\), Gartner.](#)

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