Private Equity Benchmark on AI Adoption

Survey insights and implications for private equity firms

September 2025

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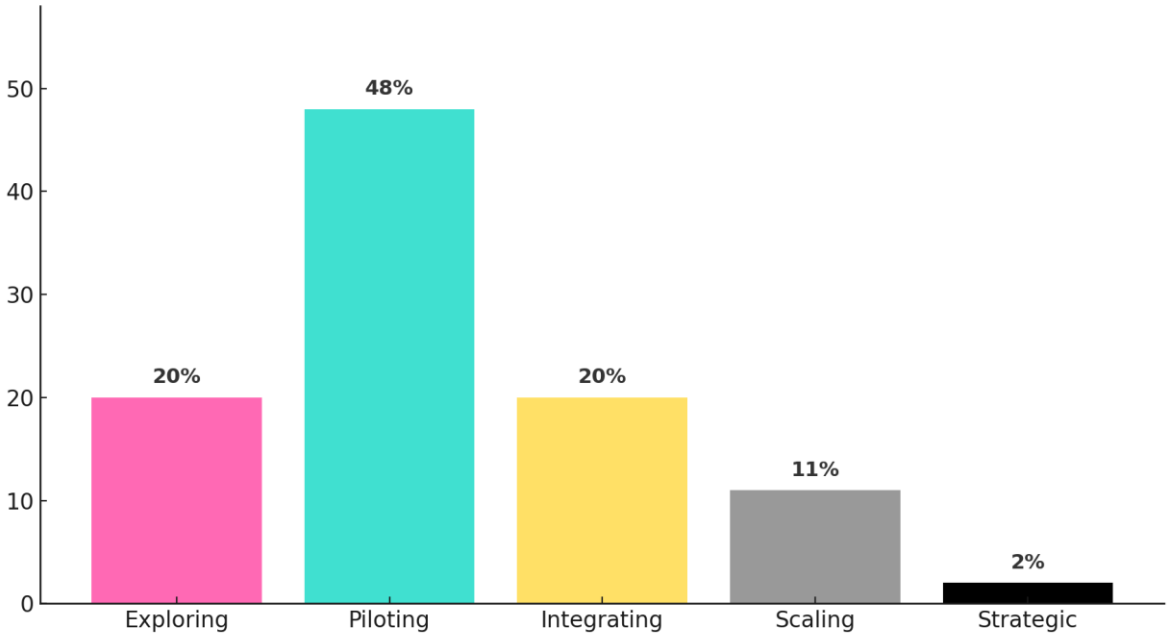
Executive Summary

- Early-stage adoption dominates: two-thirds of firms are still exploring or piloting AI; only 13% have scaled or reached strategic integration.
- Governance is ahead of maturity: two-thirds of firms report formal AI governance, often led by senior leadership or a dedicated AI team.
- Data readiness is the primary brake: more than 80% rate their data as only adequate or worse.
- Current value remains tactical: efficiency and faster decision-making dominate, while EBITDA uplift and portfolio-wide value are rare.
- The next 12 months: firms are prioritising due diligence, sourcing, and operational efficiency; value creation is secondary.

AI Maturity

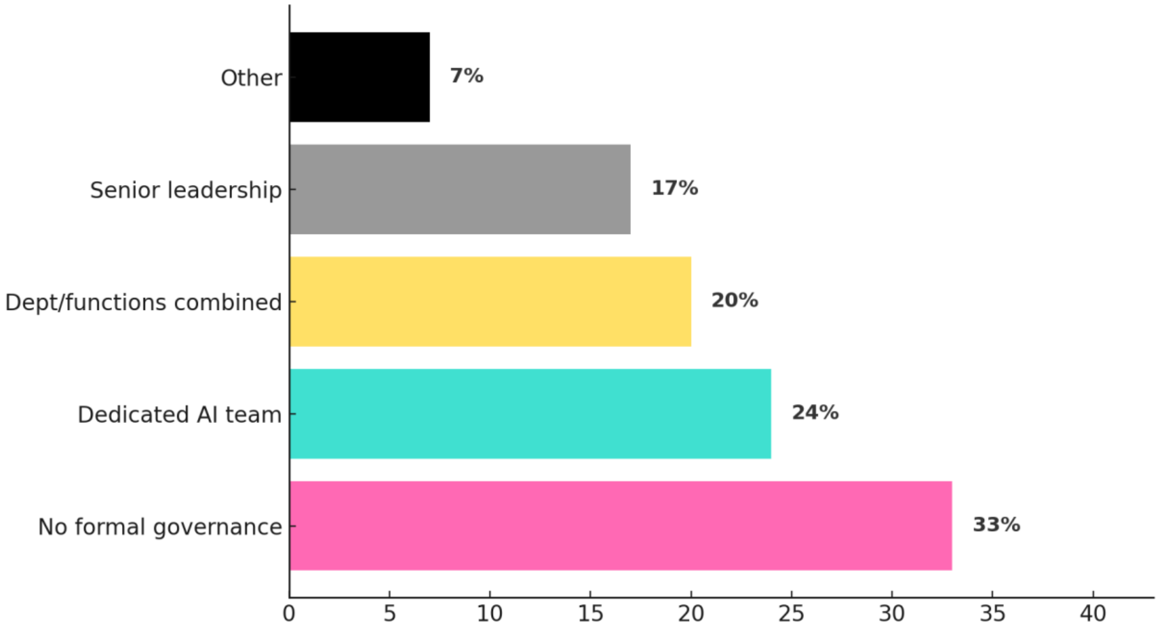


Early-stage dominates
Two-thirds of firms are still in the exploring (20%) or piloting (48%) stages, showing that most are experimenting rather than embedding AI into core processes.

Few at scale
Only 11% of firms are scaling and just 2% describe AI as strategic, meaning very few have fully operationalised AI across their organisations.

Why it matters
This maturity profile explains why measurable value, such as EBITDA uplift, remains rare. The industry is still at the start of the adoption curve, with most firms yet to cross the threshold from pilots to scaled impact.

Governance



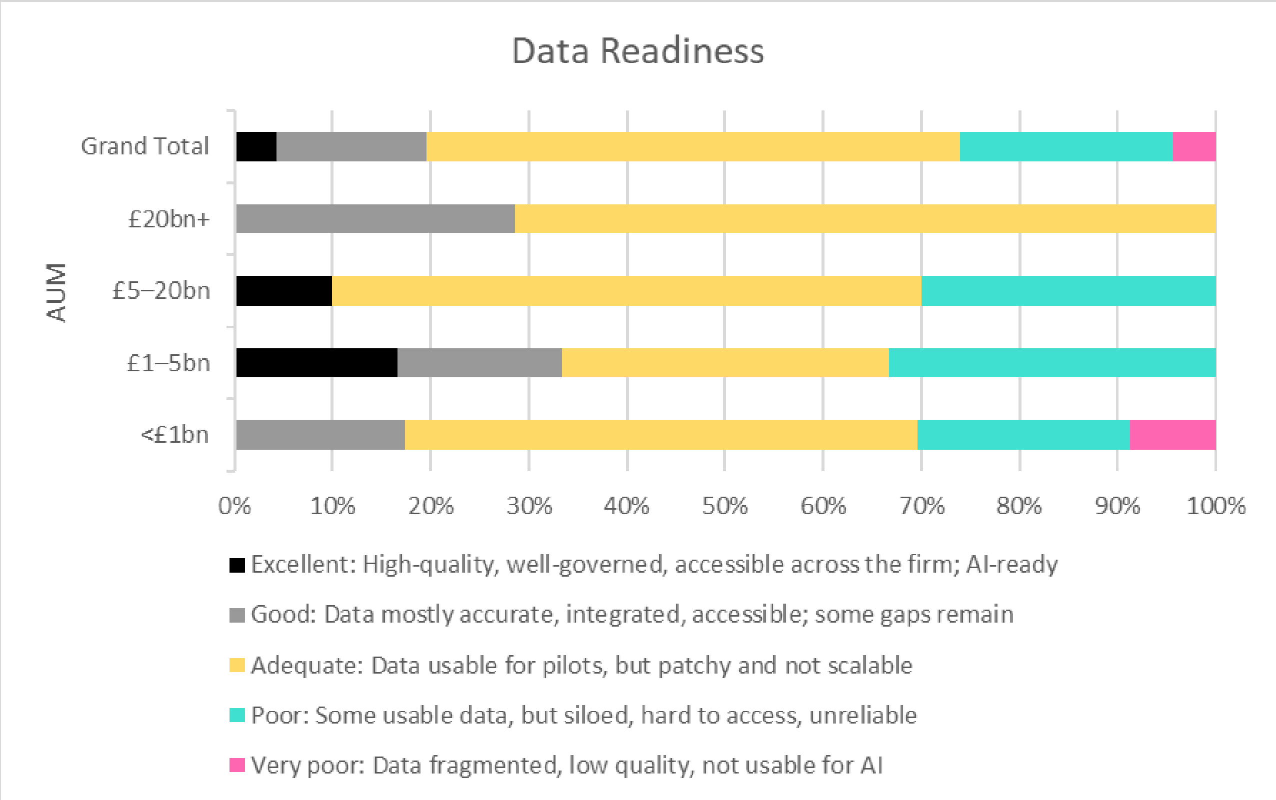
Adoption outpaces maturity
Two-thirds of firms have already formalised some form of AI governance, even though most are still at the exploring or piloting stage of maturity. This suggests firms are laying structural foundations ahead of scaling adoption.

Dedicated vs. leadership-led commitment
About 41% of firms have placed governance either with a dedicated AI team or directly under senior leadership signalling serious commitment at the top. These firms are better positioned to manage regulatory risk, overcome scaling challenges, and embed AI in decision-making processes.

The governance gap
By contrast, one-third of firms have no formal governance structure. These firms reported a wider variety of barriers, including programme delivery, cost, leadership knowledge gaps, and compliance. Without governance, firms lack the structure to drive adoption consistently across the organisation or portfolio.

Why it matters
Governance maturity is becoming a key differentiator. Firms that establish structures early, particularly at leadership level, reduce risk, accelerate adoption, and demonstrate readiness to LPs and regulators. Those without governance remain exposed across every barrier to adoption.

Data Readiness



Weak baseline across the market

More than 80% of firms rate their data as only adequate, poor, or very poor. Meaning most lack the foundation needed to scale AI effectively.

Bigger funds are only slightly better

Even among firms managing over £20bn, “excellent” data is rare, with most falling into the adequate or good categories. Large AUM provides some advantage, but does not guarantee AI-ready data.

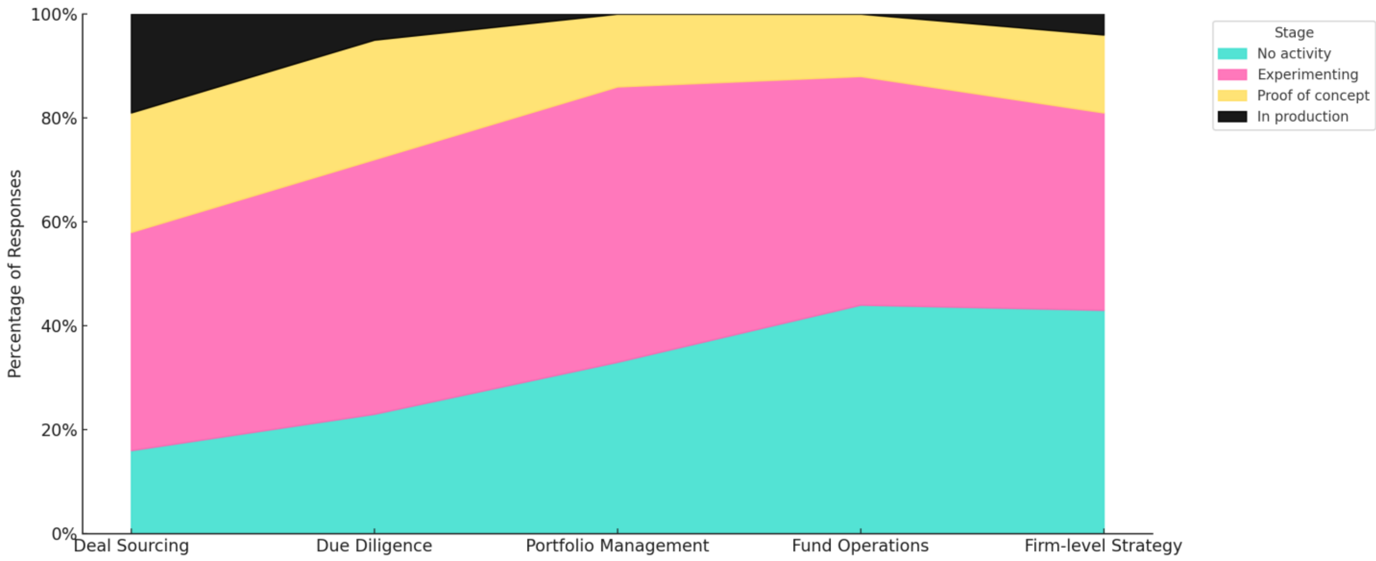
Data as the barrier to maturity

This weak baseline explains why so many firms remain stuck in exploring or piloting. Our survey shows a clear pattern: firms that rate their data as good or excellent apply AI more broadly across the investment cycle; in sourcing, diligence, and value creation. Poor data is the single biggest brake on adoption breadth.

Why it matters

Without strong data foundations, private equity firms cannot move beyond pilots. Data readiness is the critical enabler that determines whether AI remains tactical or evolves into a driver of portfolio value.

Current AI Use



Deal-focused adoption leads

AI is most active in deal sourcing and due diligence, with most firms experimenting or piloting applications in these areas, closely aligned with priorities around speed and pipeline strength.

Operations and portfolio lag

Portfolio management and fund operations show far higher levels of "no activity" (40–45%), indicating these areas remain untapped despite their long-term potential.

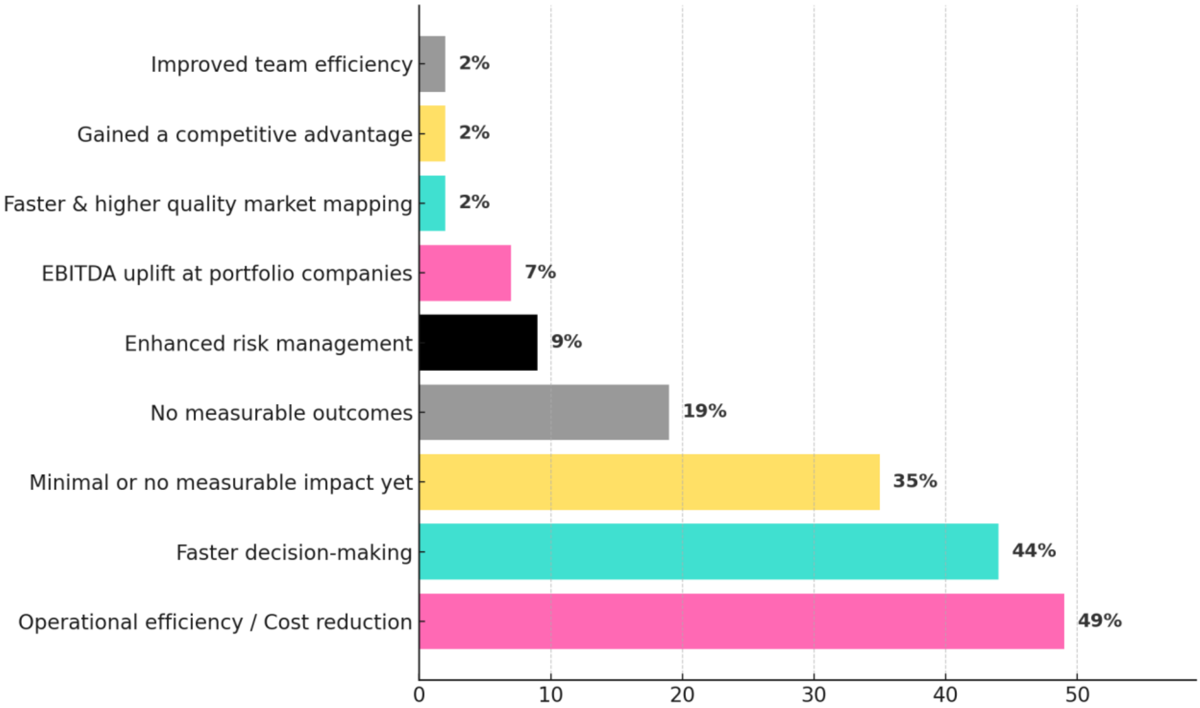
Strategic integration remains minimal

Firm-level strategy is where adoption is lowest, underscoring that AI is still viewed as a tool for discrete tasks rather than embedded in how firms operate.

Why it matters

AI in private equity today is tactical and deal-centric. Broader integration into portfolio value creation and firm strategy is still on the horizon, leaving significant value yet to be realised.

Outcomes of AI



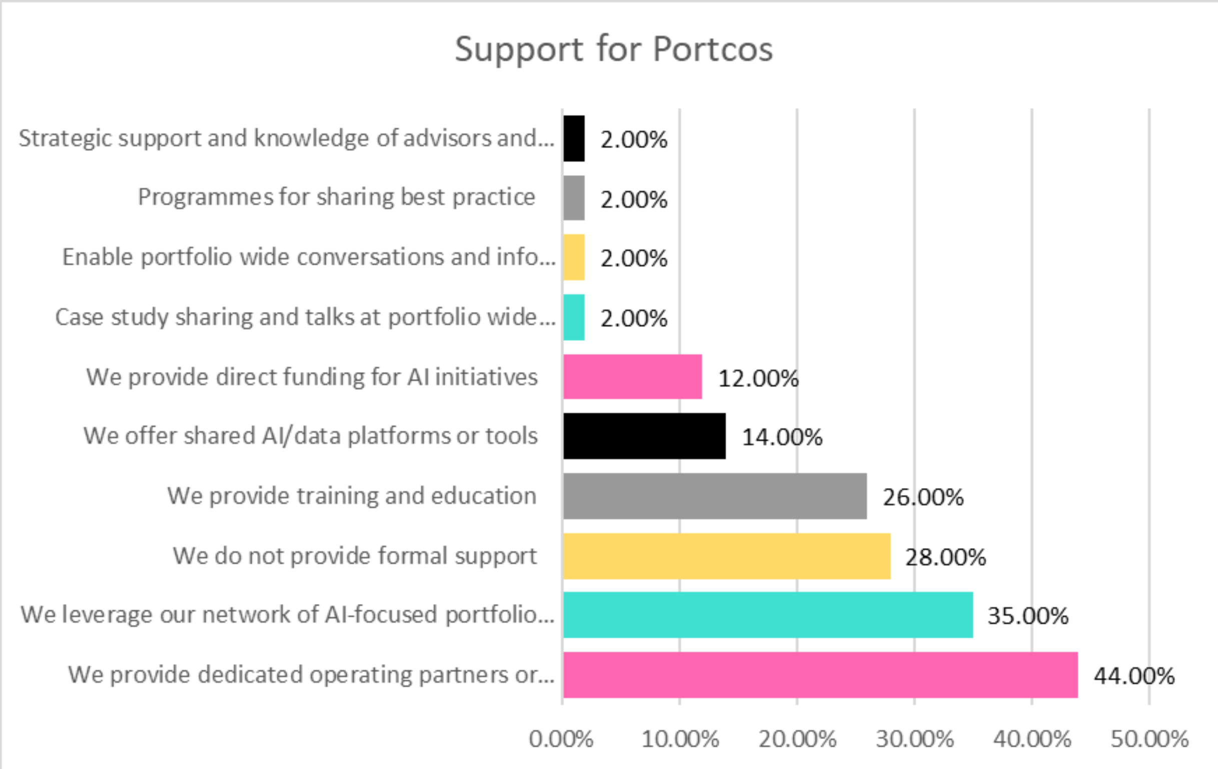
Top 3 – operational efficiency/ Early wins in efficiency
Nearly half of firms report operational efficiency or cost reduction (49%) and 44% faster decision-making, showing that AI is delivering practical, incremental gains at the early stages.

Strategic impact is missing
Only 7% of firms report EBITDA uplift at portfolio companies and just 9% cite enhanced risk management - the outcomes most closely tied to long-term value creation.

Many see no measurable impact
About one-third of respondents say they have seen minimal or no impact, with 19% reporting none at all. This highlights the gap between experimentation and business value.

Why it matters
AI in PE is producing tactical wins, but has yet to deliver the strategic outcomes that matter most to investors and LPs. Closing this gap requires maturity, stronger data foundations, and scaling beyond pilots.

Support for Portfolio Companies



Active support is common

44% of firms provide dedicated operating partners or advisors, and 35% leverage their network of AI-focused portfolio companies - showing many are leaning on central expertise rather than leaving portcos to figure it out alone.

Education and enablement are emerging

26% of firms provide training and education, and 14% offer shared AI/data platforms or tools. This signals that some firms see capability-building as part of their role.

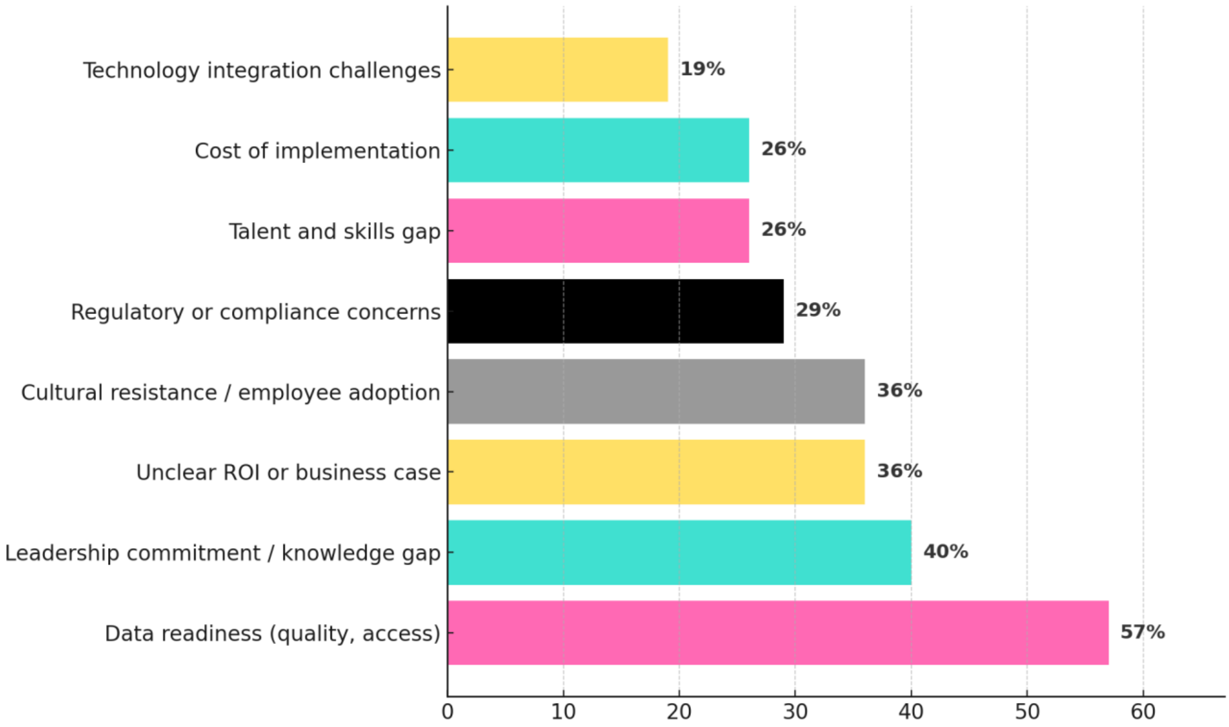
But a significant minority remain passive

28% admit they provide no formal support, underlining a divide between firms that are hands-on in enabling portfolio AI adoption and those still largely absent.

Why it matters

Firms that actively equip portfolio companies with talent, tools, and training are better positioned to capture value from AI. Those offering no structured support risk slowing adoption and limiting value creation across their portfolios.

Barriers to Adoption



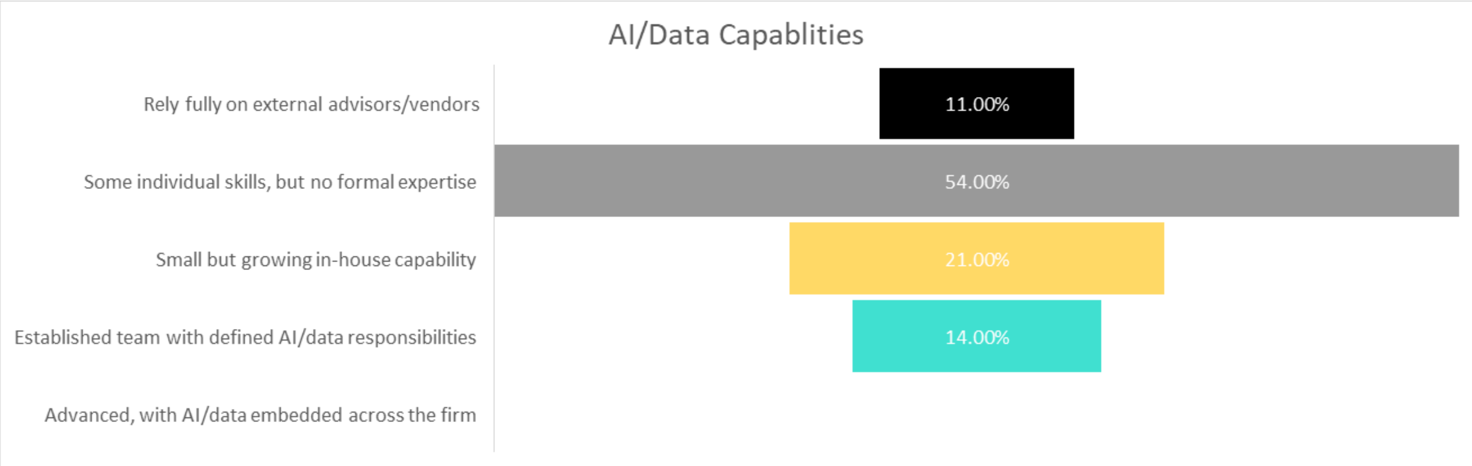
Data is the #1 barrier
57% of firms cite data readiness as their biggest challenge, reinforcing why so many remain stuck in pilots and unable to scale.

Leadership and culture follow close behind
40% highlight leadership commitment or knowledge gaps, while 36% point to cultural resistance and employee adoption. Organisational buy-in is proving just as big a hurdle as technology.

ROI uncertainty slows momentum
36% of firms struggle with unclear ROI or business cases, leaving many unable to translate pilots into measurable financial impact.

Why it matters
The top barriers are not just technical but cultural and organisational. Without addressing leadership alignment, culture, and value proof, investments risk stalling before delivering portfolio-level impact.

Capabilities



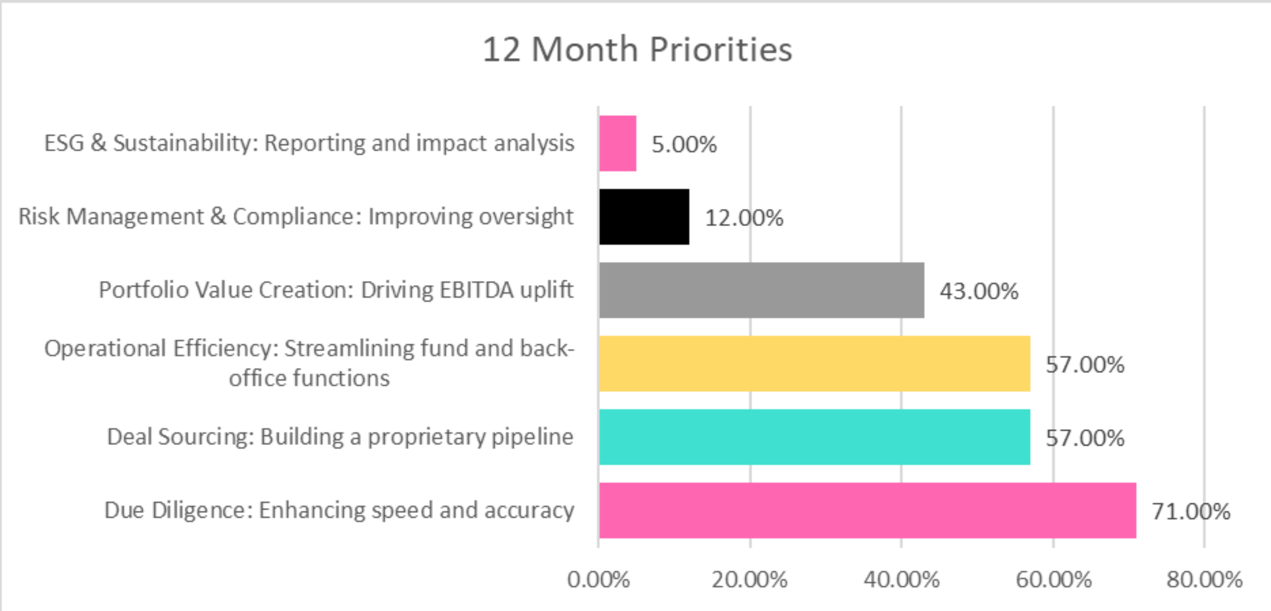
Skills without structure dominate
Over half of firms (53%) say they have some individual skills but no formal expertise, showing that most are still at an ad hoc stage of capability.

Few embedded teams
Only 14% report having established teams with defined AI/data responsibilities, and none describe AI as fully embedded across the firm.

Reliance on externals remains high
12% are fully dependent on vendors or advisors, while 21% have only small, growing in-house capability, underlining how early the sector is in building lasting internal expertise.

Why it matters
Most PE firms lack institutionalised AI capability, relying instead on scattered individual skills or external partners. Until this shifts, scaling AI consistently across portfolios will remain slow and uneven.

12-Month Priorities



Diligence comes first

71% of firms plan to invest in AI for due diligence, making it the clear standout priority as speed and accuracy in deal evaluation remain central to value creation in private equity.

Efficiency and sourcing follow

Deal sourcing and operational efficiency are tied in second place at 57%, showing that firms view AI as a lever for both pipeline strength and internal productivity.

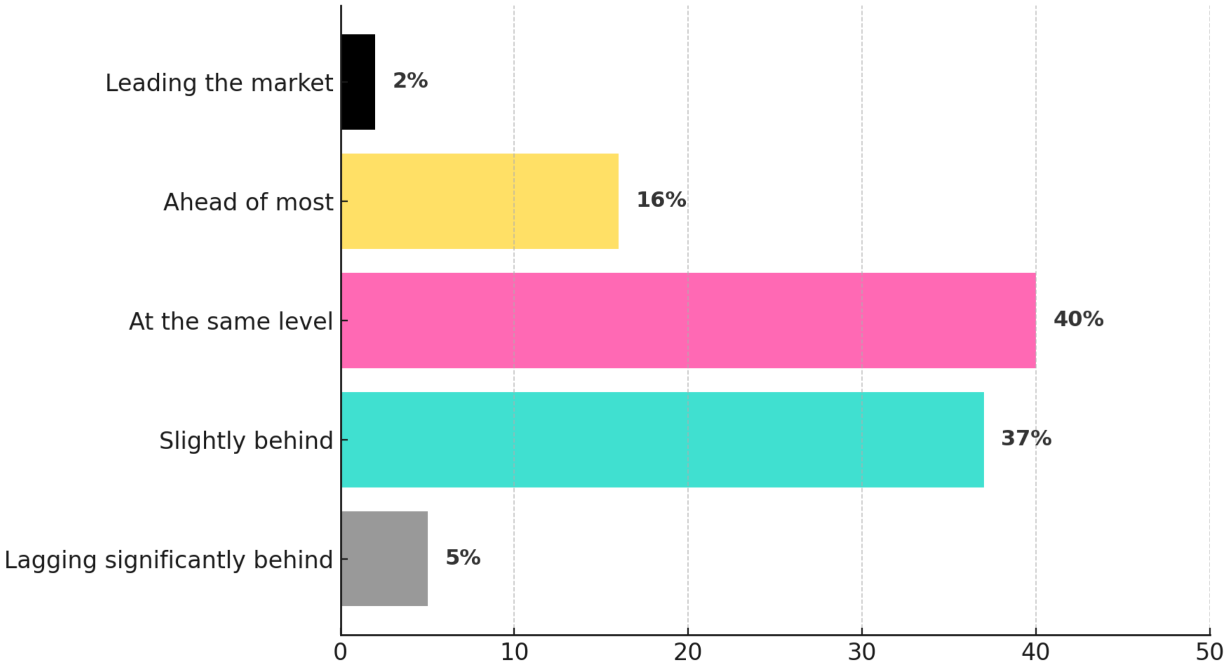
Portfolio value creation lags

Only 43% list EBITDA uplift at portfolio companies as a priority, suggesting hesitancy to invest here given the limited measurable impact seen so far.

Why it matters

Private equity firms are prioritising AI for near-term deal flow and efficiency gains. Portfolio-level transformation remains more of an ambition than an immediate commitment

Perception of Adoption



Perception of market position

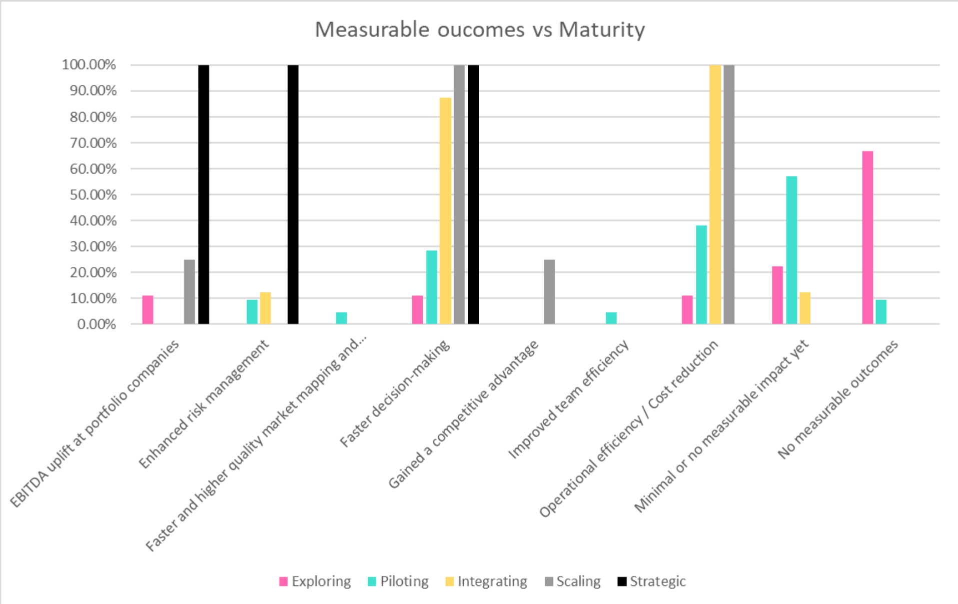
The majority of firms see themselves as being at the same level as peers (40%) or slightly behind (37%), highlighting how crowded the middle ground of adoption currently is. Only 2% consider themselves market leaders, and a further 5% admit to lagging significantly behind. Interestingly, 16% believe they are ahead of most competitors, suggesting some confidence despite the overall early-stage maturity profile revealed elsewhere in the survey.

Why it matters
Perception does not always match reality. While many firms view themselves as keeping pace, our maturity data shows most are still in the exploring or piloting phase. Over time, this perception gap will close as measurable outcomes become the true benchmark of leadership. It will be exciting to track how these self-assessments shift in the coming years as firms either translate pilots into value or risk falling behind more decisive peers.

Cross-Analysis Insights

- Governance reduces barriers: firms with embedded or leadership-led governance report fewer and narrower challenges.
- Maturity drives outcomes: scaling and strategic firms report stronger outcomes - EBITDA, risk management, and decision quality.
- Data readiness enables breadth: firms with good or excellent data adopt AI more widely across the investment lifecycle.

Maturity vs Outcomes



Early-stage adoption delivers little impact
Firms in the exploring and piloting stages report limited results: nearly 70% of explorers saw no outcomes and almost 60% of pilots cited minimal impact. By contrast, scaling and strategic firms report stronger results - EBITDA uplift, better risk management, faster decisions, and cost reduction.

This underlines that maturity reflects not just time spent on AI, but the strength of data readiness and governance structures that enable firms to move from experimentation to scalable value.

Why it matters
Material portfolio or fund-level impact only emerges once firms progress beyond pilots. Maturity, underpinned by strong data and governance, is the threshold between tactical efficiency and strategic value creation.

Governance and barriers to adoption

Some governance is far better than none

Firms with no governance structures reported the widest range of barriers; from cost and data readiness to leadership gaps, compliance, and talent shortages. This signals that they lag significantly in maturity.

By contrast, firms with embedded governance; whether led by senior leadership, dedicated teams, or within business functions, reported fewer obstacles. Governance not only tracks with adoption but actively enables it by creating ownership, accountability, and momentum.

Why it matters

Governance is a critical differentiator in AI readiness. Firms without it face obstacles across all dimensions, while those with it build momentum and signal preparedness to investors and regulators.

Recommendations: From Pilots to Portfolio Value

- Embed governance: strengthen structures with clear ownership and decision rights.
- Close data gaps: prioritise critical datasets and quality controls aligned to priority use cases.
- Prove value fast: define KPIs (cycle times, hit rates, EBITDA uplift) and implement stage-gates for scaling.
- Provide Support: move from individual skills to dedicated AI/data teams and a portfolio enablement model. Focus on bottom up.
- Prioritise the 12-month bets: focus on diligence accelerators, sourcing intelligence, and operating efficiency before expanding into portfolio value creation.

Survey Methodology

The AI Pathfinder Private Equity Benchmark Survey was conducted in September 2025. 47 responses were collected anonymously across a range of private equity firms, segmented by Assets Under Management (AUM), geographic focus, and portfolio company size. The survey covered ten core areas including AI maturity, governance, data readiness, current applications, barriers, outcomes, and 12-month priorities.

Closing & Acknowledgements

Thank you to all delegates who participated in the survey and workshops. Your contributions have been invaluable in shaping this benchmark and providing insights into how private equity is engaging with AI. We look forward to continuing the dialogue and building on this foundation in future sessions.