



2025 Private Equity Value Creation Index

Recalibrating Value Creation Levers

The Next Chapter of Value Creation

A Mindset Shift: The Value Creation Landscape in 2025

Market multiple expansion is increasingly uncertain, and PE firms are navigating a more challenging path to returns. Longer hold periods, elevated interest rates and persistent valuation pressures have made value creation more critical than ever. Today's environment demands a more deliberate, multifaceted approach — one that balances operational rigor, a clear focus on sustainable growth and the strategic use of new technologies.

That shift in environment is also reshaping timelines. The old playbook, built around three-to-four-year asset hold and quick wins, is no longer the standard. With the median investment horizon now at 5.8 years,¹ value creation requires greater coordination, more patience and a willingness to invest in levers that take time to mature but create long-term value. That reality, at times, can create friction between sponsors and management teams, particularly when near-term pressure for results clashes with long-term potential.

Our experts see this as a pivotal moment in the evolution of the PE playbook. Success now depends not just on strategy, but on the discipline to execute — with precision, accountability and a mindset shift from one-off interventions to continuous, strategically aligned value creation.

Backed by insights from 500+ global private equity (“PE”) leaders, the 2025 Private Equity Value Creation Index (“the 2025 Index”) sets a new benchmark for today's most critical value creation levers — and how top firms are operationalizing them to drive impact and exit value.

“Cost has become the dominant agenda — and for good reason. In today's uncertain, low-growth environment, it's often the most immediate lever for protecting value. But cost alone doesn't deliver returns. High-performing firms treat it as a catalyst, using savings to reinvest in the capabilities and growth engines that drive sustainable value creation. Growth is harder to unlock — which is exactly why it's more valuable.”



Jiva Jagtap

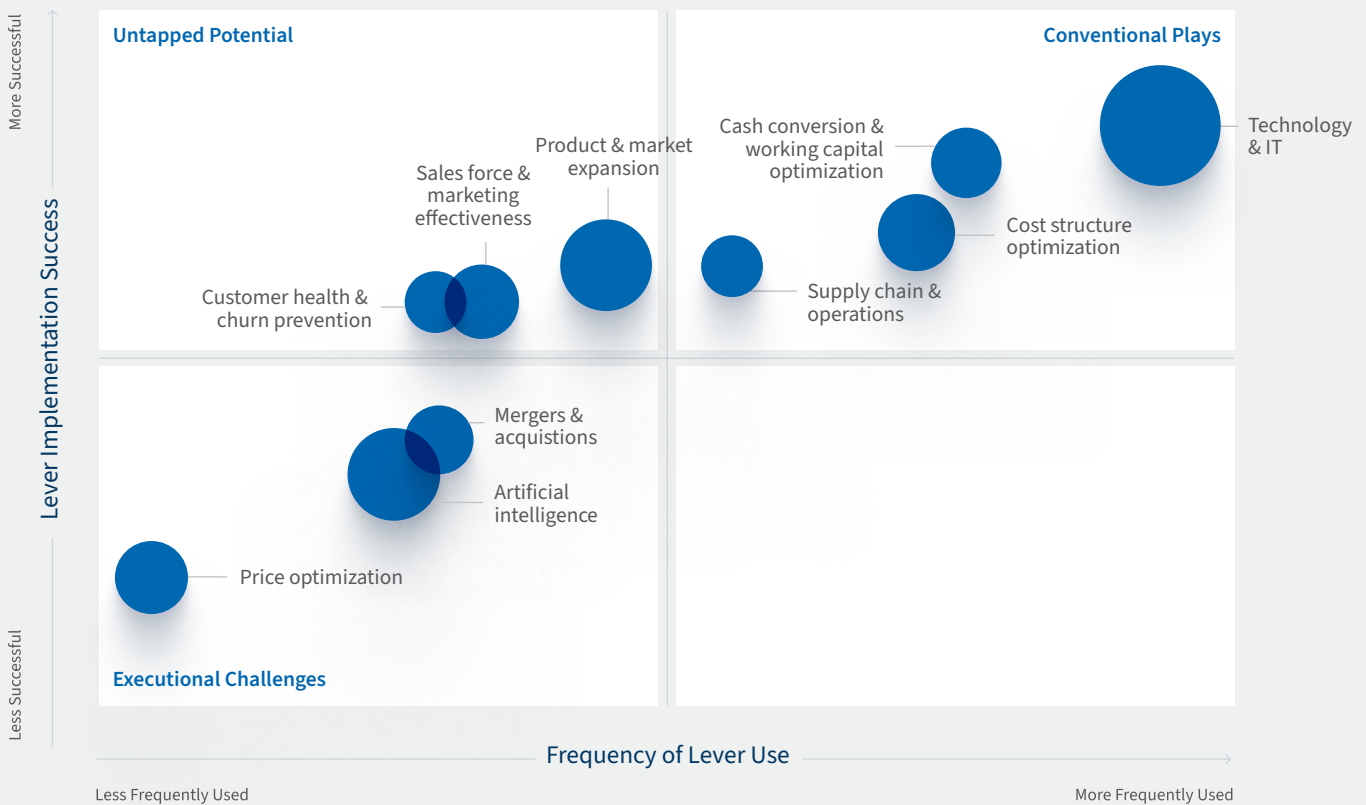
Senior Managing Director,
Global Leader of Private Equity

Operating Lever Dynamics: Success, Frequency and Perceived Value

To understand where value is being realized — and where it’s falling short — we asked more than 500 PE leaders across the world to assess 10 value creation levers across six key dimensions. This chart spotlights three: **implementation success, frequency of use and perceived value.**

Revealing the Execution Gap

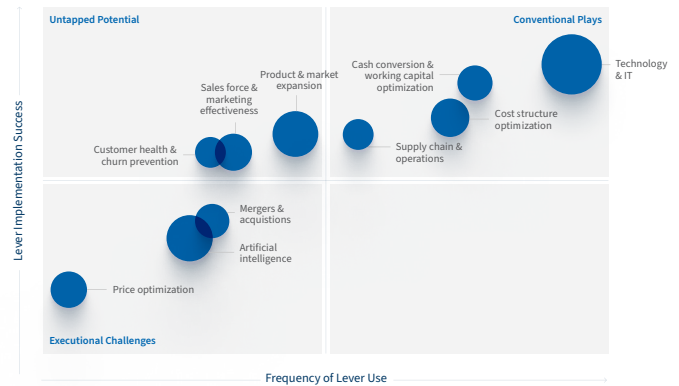
Implementation Success, Frequency of Use and Perceived Value



Larger bubble size indicates higher perceived value

The Value Creation Landscape in Focus

- **Untapped Potential:** In this environment, growth is the differentiator. Yet some of the most promising levers — like product expansion, sales force effectiveness and churn prevention — remain significantly underutilized. Some commercial strategies such as marketing optimization and churn reduction are delivering near-term impact, with nearly half of respondents seeing value within 12 months.
- **Execution Challenges:** Other high-potential strategies — including Pricing Optimization, Artificial Intelligence (“AI”) or Mergers & Acquisitions (“M&A”) — show strong perceived value, but sit squarely with the lowest frequency and implementation success. Only 23% of firms use AI or M&A very often for value creation, and AI, in particular, shows the second-highest execution friction, with one-third rating results as mediocre or worse.
- **Conventional Plays:** Many firms continue to rely on familiar levers — Technology & IT (85%), Cost Structure (80%), Working Capital Optimization (79%) and Supply Chain & Operations (75%) — with the vast majority reporting frequent or occasional use. These are proven, well-understood and widely adopted. But familiarity doesn’t always equate to future value. Cost cutting is no longer a competitive edge — it’s the baseline.



The chart above reveals a clear link between frequency of use and execution success. Firms are defaulting to the levers they know, rather than fully capitalizing on the ones that create differentiated, long-term value. **The real opportunity lies in the underused levers, which have high upside when executed well.**

The *2025 Index* helps cut through that tension — surfacing where peers are seeing traction, where execution is falling short and what’s required to bridge the gap between ambition and outcomes.



2025 Index | Where to Focus

Untapped Potential	6
Product & Market Expansion: Fueling the Growth Agenda	7
Sales Force & Marketing: Driving Differentiation in Competitive Markets	8
Customer Health & Churn Prevention: Unlocking Sustainable Growth from the Base	9
Execution Challenges	10
AI: Moving from Hype to Strategic Impact	11
Pricing Optimization: Tailored Strategies, Real Margin Impact	13
M&A: Challenges Create Opportunity	14
Conventional Plays	15
Technology & IT: Proven, Practical and High-Impact	16
Cost Take-Out: A Continuous Discipline, Not a One-Time Play	17
Next Moves	18
Beyond Strategy: Strengthening Execution with PortCo Teams	19
Exit Readiness: From Planning to Value Realization	20
Future Focus: Recalibrating the Value Creation Mix	21



Untapped Potential

Product, sales and churn are in every firm's toolkit, but many are still underutilizing them — a gap clearly reflected as respondents indicated lower usage and execution success. What sets top performers apart is not strategy, but precision, sequencing and consistency in execution — it's in how you apply the levers. This section reveals how firms are turning known levers into competitive advantages not by reinventing them, but by deploying them with sharper intent.

“The next phase of private equity value creation isn't just about financial engineering or cutting costs — it's about disciplined execution in a more complex and unforgiving landscape.

Success will come to the firms embedding technology and growth levers into how the business actually operates, scales and creates value.”



Lars Faeste
EMEA Chairman

Product & Market Expansion: Fueling the Growth Agenda

High Priority but Infrequent Usage: More than half of surveyed firms say Product & Market Expansion is a top priority for 2025, yet just 27% report using it frequently for value creation. Among those who frequently use this lever, most target market strategy (74%) or product strategy (69%), while fewer (38%) are taking on business model innovation — signaling a strong focus on transformational growth.

Rethinking Product for Growth and Resilience: In today’s market, product strategy plays a dual role supporting operational resilience and driving commercial growth. Agile product and supply chain decisions can help mitigate risk, while thoughtful offering design and customer experience accelerate adoption, expand the customer base and improve stickiness. Across sectors, the most effective strategies bundle product positioning, customer experience and go-to-market planning — ensuring each reinforces the other and supports a unified growth agenda.

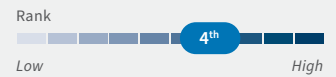
Rationalizing the Portfolio: We often see product and service portfolios expand organically or through acquisition, increasing operational costs as firms continue to manage and support legacy offerings. A more disciplined approach to proactively rationalizing SKUs and product or service lines can pay significant dividends across the business over the long term.

By the Numbers:

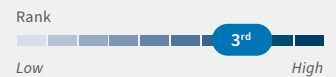
Product & Market Expansion

All metrics ranked out of 10 value creation levers

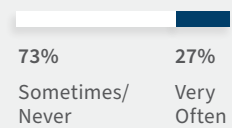
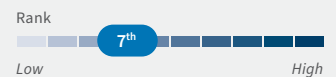
2025 Prioritization



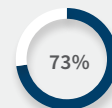
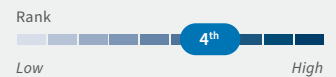
Perceived Value



Frequency of Usage

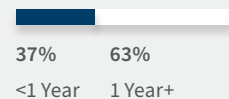
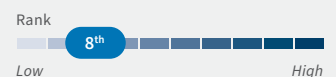


Success of Implementation



Executed “Very Well”

Time to Value



Sales Force & Marketing: Driving Differentiation in Competitive Markets

Commercial Levers Deliver Fast, But Remain Underused:

Commercial levers like sales and marketing deliver near-term impact — with 72% of firms reporting strong execution and nearly half seeing results within a year.

Sales Force Effectiveness is one of the highest-impact revenue levers, delivering rapid returns when aligned with the right segments and commercial strategy. Our experts recommend moving beyond broad-based efforts to embrace data-driven targeting and disciplined performance management. Yet despite its potential, it remains underutilized — employed in just 28% of cases — suggesting execution concerns or fear of disrupting existing sales momentum.

Structured Sales Interventions and Precision Marketing

Drive Results: High-performing PE-backed companies transcend broad sales motions by deploying structured interventions such as right-sizing teams, rethinking territory design, aligning incentives, upgrading training and instilling performance discipline. These changes can unlock rapid gains in productivity and revenue.

Top Performers Dynamically Allocate Marketing Budgets:

The most successful PortCos treat commercial excellence as an ongoing discipline — not a one-time fix. Leading firms continuously evaluate channel and campaign performance, reallocating spend based on conversion efficiency and ROI. Segmentation and analytics now drive sharper investment decisions across both product and marketing, ensuring capital flows to the highest-yielding opportunities.

By the Numbers:

Sales Force & Marketing Effectiveness

All metrics ranked out of 10 value creation levers

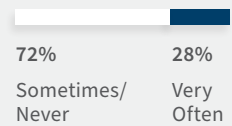
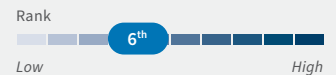
2025 Prioritization



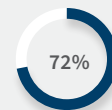
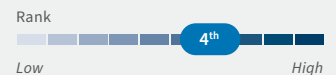
Perceived Value



Frequency of Usage

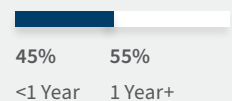
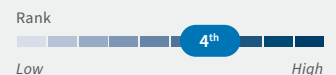


Success of Implementation



Executed “Very Well”

Time to Value



Customer Health & Churn Prevention: Unlocking Sustainable Growth from the Base

Retention Works Yet Ranks Lowest in Relative Value:

Although Customer Health & Churn Prevention ranks lowest in perceived value, 72% of firms that use it report strong execution, showing that with the right focus, it works. Retention efforts should prioritize high-value segments, where signals like delayed renewals or declining engagement allow for timely, targeted action.

Preventing Leakage Beats Replacing It: While new revenue often gets the attention, preventing customer loss is often more controllable and cost-effective — particularly in recurring revenue models like telecom, SaaS, media, financial services and healthcare services. Every lost customer must be reacquired, which is more expensive, compounding margin pressure. Even small retention gains can drive outsized EBITDA impact — especially in high-customer acquisition cost or high-volume models. It also works quickly; 47% of respondents see results from strategies within a year, making it one of the fastest-return levers in the *2025 Index*.

Churn Optimization Starts by Identifying Root Causes:

We see the most effective PortCos start by identifying root causes — internal issues like onboarding friction or CX breakdowns or external pressures like aggressive competitor offers. Not all churn is solvable: some, like seasonal cancellations in streaming, are structural. But when internal factors are to blame, PE firms can act quickly — aligning incentives, improving experience and intervening early.

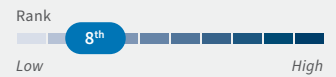
Customer Health Signals Deeper Value Potential: Leading PortCos analyze behavior to flag weak adoption, limited cross-sell or misaligned value delivery. By segmenting customers by profitability and growth potential, they refine how and what they sell. Smart upsell strategies and “next best offer” models drive deeper share of wallet without risking fatigue or churn.

By the Numbers:

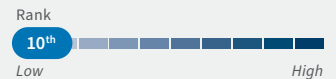
Customer Health & Churn Prevention

All metrics ranked out of 10 value creation levers

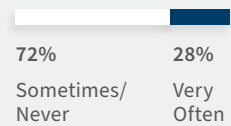
2025 Prioritization



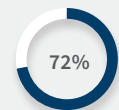
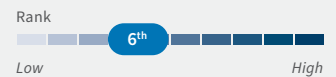
Perceived Value



Frequency of Usage

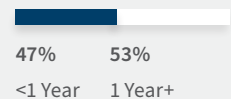
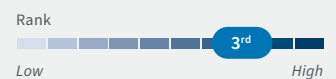


Success of Implementation



Executed “Very Well”

Time to Value



Execution Challenges

Some of the highest-potential value creation levers — including AI, Pricing Optimization and M&A — remain among the least used and least confidently executed. The operational complexity and risk involved hold many firms back. But low confidence isn't just a red flag — it's a signal of untapped upside.

AI presents a newer execution challenge — one driven by uncertainty around use cases, talent and tooling. Many firms are trying to decipher the hype and fiction from the reality of practical applications. In contrast, M&A continues to present recurring hurdles tied to integration complexity, valuation gaps and internal bandwidth. Both reflect different sources of friction — but signal where firms must evolve to unlock future value.

This section explores how we're seeing leading firms begin to operationalize that complexity — using AI to amplify other levers, navigating pricing with greater precision and approaching M&A with sharper integration and strategy.

“Optimization of pricing model and strategic sourcing have proven to be the easiest and most effective levers to pull. Expanding through new products and M&A provide the largest needle movers but take more time to execute.”

PE Executive

“Like Europe, the Asia Pacific market is more fragmented, but that means there are more upside opportunities when operations work well. Deep diligence, disciplined execution and integration across regions are what distinguish winners in this environment.”

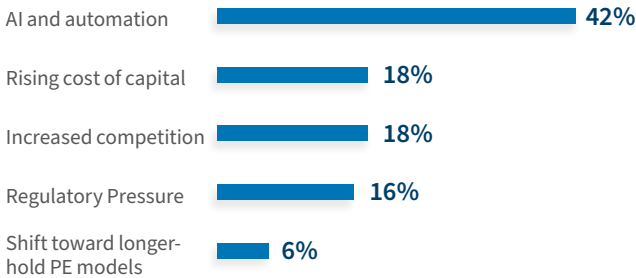


Roy Huang

Senior Managing Director,
Head of Asia & Caribbean, Hong Kong

AI: Moving from Hype to Strategic Impact

Top Disruptors in the Next Three Years



Source: FTI Consulting 2025 Private Equity Value Creation Index

Top Disruptor, Low Usage and Execution Confidence: AI is evolving at breakneck speed — named by 42% of respondents as the top force reshaping traditional models. Despite the buzz, AI ranks nine out of 10 in both frequency of use and execution quality — suggesting that many firms are still struggling to operationalize it as they try to decipher fact from fiction.

Plug-and-Play Tools Are Catching Up: Over just the past six to nine months, tools have become significantly more capable and effective, especially for process automation and action-oriented tasks. Vendors now go beyond major cloud providers and are offering more plug-and-play solutions. And advancements are showing: AI ranks four out of 10 in perceived value and effectiveness among PE leaders, signaling that firms are starting to see real ROI from implementation.

Proprietary Data and IP Are Differentiators: Though AI is becoming more accessible, only build where your data gives you an edge. Custom AI makes sense when it taps into what others can't replicate — your processes, pricing models or customer behavior. If everyone has the same tools, your advantage lies in what you feed them: your data, your operations, your expertise.

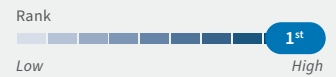
In the survey, AI was defined as embedding artificial intelligence into portfolio company operations to unlock growth, reduce costs, and enable faster decision-making — using AI-driven business models, automation and predictive analytics.

By the Numbers:

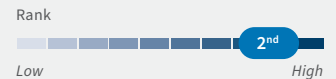
AI

All metrics ranked out of 10 value creation levers

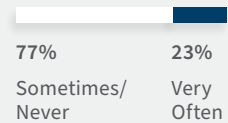
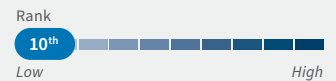
2025 Prioritization



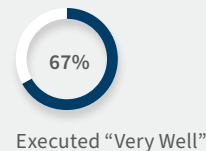
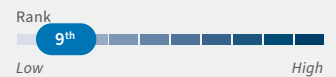
Perceived Value



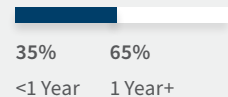
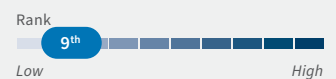
Frequency of Usage



Success of Implementation



Time to Value



Source: FTI Consulting 2025 Private Equity Value Creation Index

AI as a Multiplier: Levers Expected to Benefit Most

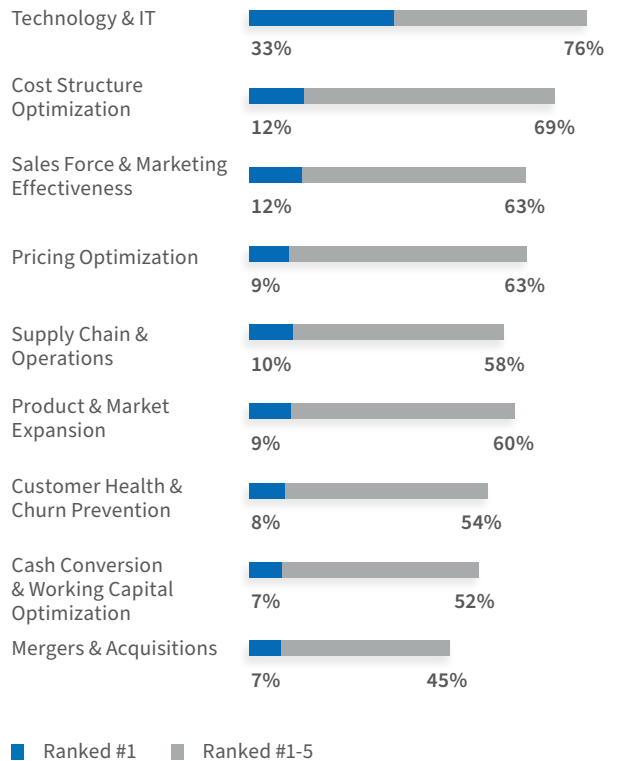
Firms are applying AI to strengthen the levers that already deliver results:

- Technology & IT (76%) and Cost Structure Optimization (69%) top the list of areas expected to benefit most from AI — signaling a focus on automation, efficiency and modernization.
- Sales Force & Marketing Effectiveness (63%) and Pricing Optimization (63%) also rank high, showing AI’s growing role in commercial strategy.
- Our experts are seeing AI deliver real impact in sales, marketing, customer service and software development — practical, lower-barrier areas where it accelerates execution and amplifies value.

AI as a Multiplier

Levers expected to see the greatest enhancement from AI

Share of respondents who ranked each lever as their #1 area — or among their top five — expected to benefit most from AI (out of 10 total levers).



Pricing Optimization: Tailored Strategies, Real Margin Impact

Least Frequently Used Lever & Lacking in Confidence: Pricing Optimization ranks last in execution confidence, with only 64% rating it above average, and is the least frequently used lever. Our experts cite weak pricing program design, limited governance and poor customer segmentation as common pitfalls. Success depends on how pricing is structured across the full sales cycle. Given how sensitive pricing can be, end-to-end visibility from lead to invoice is critical to enable real-time feedback loops.

Pricing Works Better With the Right Team Behind It:

Firms with dedicated ops teams are 1.7x more likely to succeed versus those with lean or none— thanks to speed, data and accountability.

Industry Matters: Among all value creation levers, Pricing Optimization showed the greatest variation in time-to-value across industries — ranging from less than 27% of respondents witnessing quick success in real estate to more than 43% in industrials and manufacturing. But just because it’s slower in some sectors doesn’t mean it should be sidelined, as that’s often where the untapped potential lies, given the benefits are sustainable.

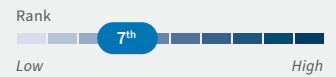
Customer Behaviors and Complex Market Dynamics Drive Value: While retail shows faster time to value, our experts caution that organizational complexity — not speed — often drives depth of impact. We consistently find that industries with greater pricing complexity — like telecom and multichannel B2B — offer more upsides, not less. Their fragmented discount structures, decentralized sales teams and region-specific pricing models create multiple points of leakage. With the right structure and focus, pricing complexity becomes a margin expansion opportunity.

By the Numbers:

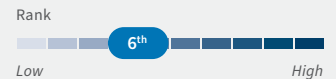
Pricing Optimization

All metrics ranked out of 10 value creation levers

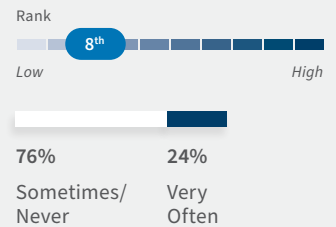
2025 Prioritization



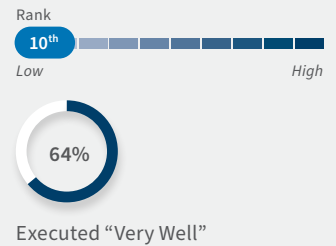
Perceived Value



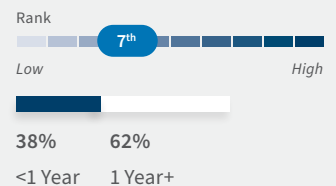
Frequency of Usage



Success of Implementation



Time to Value



M&A: Challenges Create Opportunity

M&A Remains Complex Necessity for Growth: M&A remains a staple, relied on by 69% of surveyed firms globally. However, execution challenges, from realizing underwritten synergies to navigating integration, continue to hinder results. And in today’s market, persistent valuation gaps and misaligned seller expectations add to the complexity.

Variations by Region: In the United States, 81% of firms often use M&A for value creation, but it lags in Europe, China and Japan. Many European companies remain smaller and thus more fragmented than their U.S. counterparts, creating a deeper pool of viable acquisition targets — particularly in the mid-market.ⁱⁱ In addition, lower valuations in Europe — particularly relative to the United States — are making the region increasingly attractive for both strategic and financial buyers.ⁱⁱⁱ

Growth Strategy-Led Choices, Not Just Add-Ons: Experts emphasized that firms are shifting their approach to focus on strategic, value-creating acquisitions — whether it’s adding a new capability, deepening a vertical or entering adjacent markets. Integration hurdles remain, but the strategic clarity around deal rationale is becoming more critical.

M&A Usage by Region (Global Average: 69%)

Percentage often or sometimes using M&A for value creation



81%	57%
United States	Latin America
65%	71%
EMEA	APAC

What PE Executives Are Saying About M&A

“Expanding through new products and M&A provide the largest needle movers but take more time to execute.”

“Mergers and acquisitions seem to take too long to realize the value expected.”

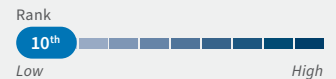
“[In the past 12 months] only minor results came from acquisitions.”

By the Numbers:

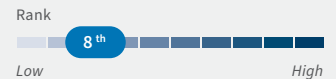
M&A

All metrics ranked out of 10 value creation levers

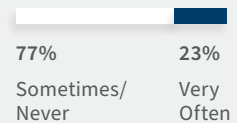
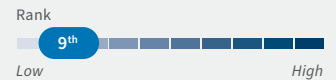
2025 Prioritization



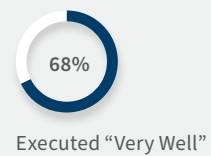
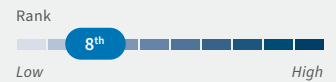
Perceived Value



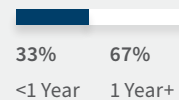
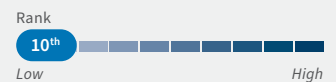
Frequency of Usage



Success of Implementation



Time to Value



Conventional Plays

Cost and operational levers may be table stakes, but they're far from obsolete. Execution on the fundamentals still separates top performers — especially when paired with smarter technology bets. Tech is no longer just an enabler; it's one of the most effective levers firms are pulling. When used right, these tools not only cut costs but unlock the capacity and cash needed to fuel growth.

It's not only about reducing spend — it's about creating flexibility, funding reinvestment and building long-term resilience. The differentiator isn't whether you use these levers, but how intentionally and effectively you execute them.

“Latin America deal flow and startup capital are accelerating and resilient to macro-economic risks. However, the region still needs to mature operationally. When firms focus on fundamentals, they unlock real growth and resilience.”



Sam Aguirre
Senior Managing Director, Brazil

“The most impactful value creation levers have been lean process optimization and targeted technology investment. We found that technology implementation without sufficient employee training didn't yield desired results.”

Private Equity Executive

Technology & IT: Proven, Practical and High-Impact

Most Frequently Used Lever: Technology & IT emerged as the most effective and most frequently used lever. While its impact is clear, the implementation of new technology remains a key challenge for PortCo management. Gone are the days of broad, unfocused digital transformations. Instead, successful PortCos don't just invest in tools — they build targeted tech solutions that solve specific functional or operational problems.

Solutions Driven by Clear Business Objectives Drive Highest ROI: In our work with PortCos, we're seeing firms prioritize quick wins that drive EBITDA — automating workflows, improving service predictability and enabling more precise customer outreach. On the adoption front, purpose-built tools like lead-to-cash, process automation and advanced analytics are gaining traction. In fact, 49% of surveyed firms report realizing value from Technology & IT implementations within the first year.

Yet, 23% of respondents cite mediocre or worse execution of tech initiatives. In our experience, that happens when firms don't link initiatives directly to targeted outcomes with clear guiding principles. The firms that succeed establish clear metrics, use stage-gated implementation and prioritize high-ROI use cases — ensuring capital is well spent and progress is measurable.

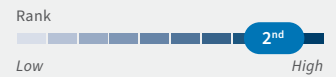
Tech & IT Costs to Watch: Technology & IT are now at the heart of value creation — the top performer across dimensions, second only to AI in 2025 priority. But as digital operations scale, so do infrastructure costs. Our experts have seen cloud and data hosting expenses balloon across PortCos, often dragging on margins and creating a “double bubble” during transitions. PortCos often don't have the expertise in-house to appropriately manage these costs and leverage their increased spend for appropriate discounts. More aggressive funds are focusing on this as a critical line item.

By the Numbers:

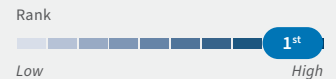
Technology & IT

All metrics ranked out of 10 value creation levers

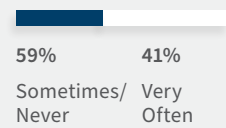
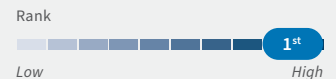
2025 Prioritization



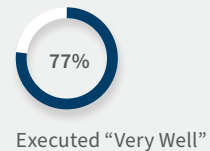
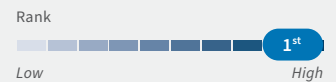
Perceived Value



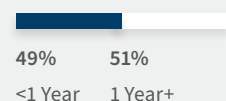
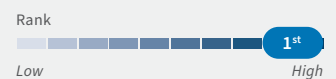
Frequency of Usage



Success of Implementation



Time to Value



Cost Take-Out: A Continuous Discipline, Not a One-Time Play

In a high-volatility environment, cost take-out remains a go-to lever — and for good reason. It’s fast, familiar and effective. But over-indexing on cost without reinvestment in growth can ultimately erode enterprise value.

Leading firms treat cost optimization as a continuous discipline — one that fuels reinvestment in growth, innovation and long-term performance. Without that reinvestment, even the best cost programs risk stalling value instead of compounding it.

Keys to Smarter Execution

— **Make It a Repeatable Discipline:** Cost take-out shouldn’t be treated as a one-and-done fix. We see leading firms embed it as an ongoing capability — aligning with long-term strategy.

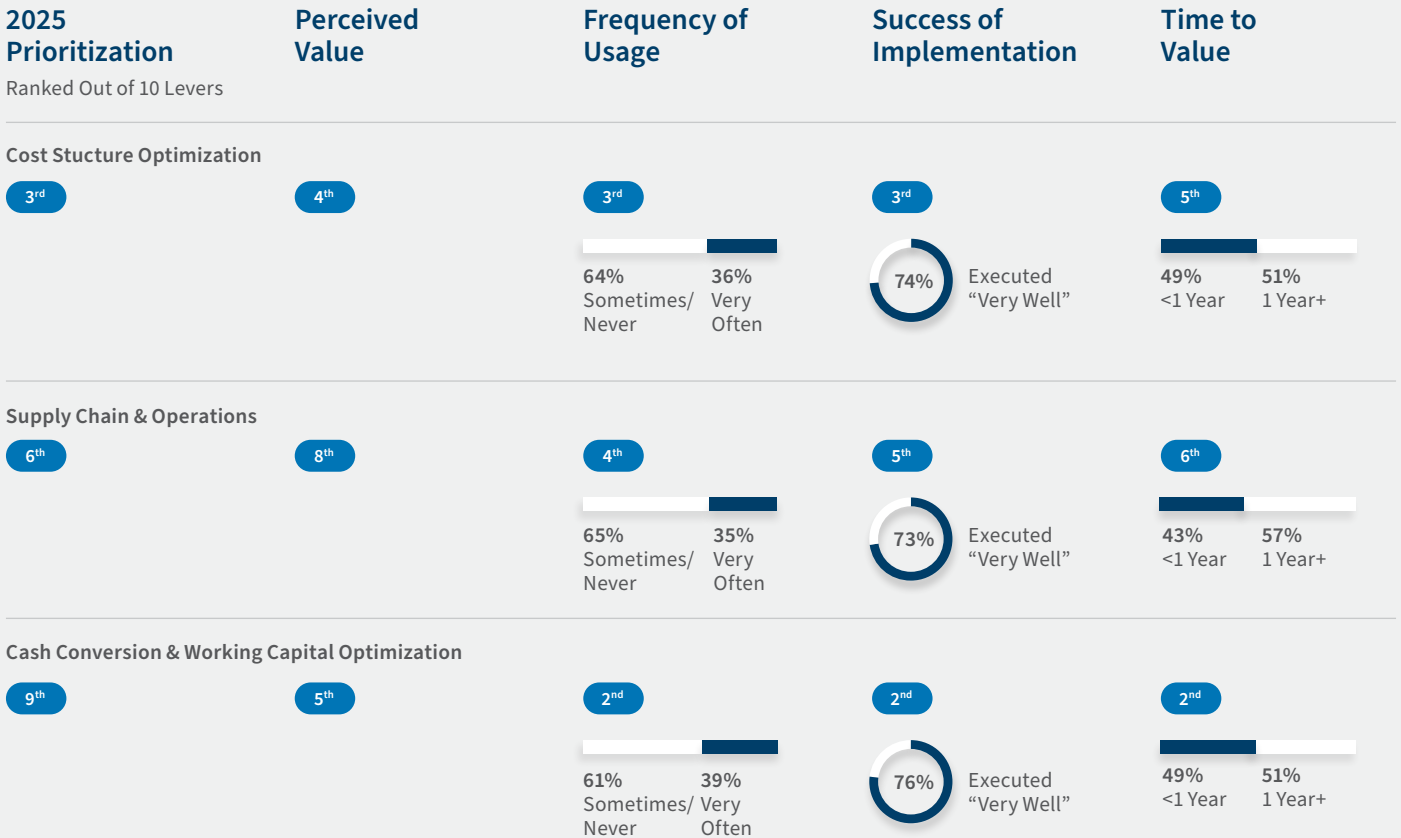
— **Build Operational Resilience:** Volatility is testing firms. With 27% of PE leaders admitting mediocre execution on Supply Chain & Operations, it’s no longer enough to optimize — agility is the new benchmark.

— **Unlock Cash, Unlock Growth:** Capital optimization remains one of the fastest ways to fund growth — but only 6% rank it as a 2025 priority. Seizing liquidity opportunities can fuel longer-term moves.

— **Don’t Skip the Reinvestment Step:** The best-performing firms use cost savings to fund growth bets — whether it’s tech, go-to-market or pricing.

By the Numbers:

Cost Take-Out



Source: FTI Consulting 2025 Private Equity Value Creation Index

Next Moves for 2025

Buyers are raising the bar. For both sponsors and management teams, value creation now means more than just cost efficiency. With nearly every traditional and emerging lever offering a viable upside in 2025 — it's knowing where to focus. The firms that outperform will be those that execute with discipline and craft a compelling exit story.

As firms push to accelerate value creation, execution becomes a shared responsibility. That means PortCo leaders, operating partners and deal teams all have a role in turning strategy into results. Operational governance, aligned incentives and clear communication aren't just enablers — they're value levers in their own right. Because many of these levers span multiple functions, success depends on creating a culture of collaboration rather than siloed execution.

As firms look ahead to exits in 2025 and beyond, how they prepare will play a critical role in shaping valuation and deal outcomes. Today, exit readiness is no longer a final step — it's a critical part of the value creation process.

“To drive valuations in today’s market environment, sellers must present a credible long-term growth strategy, supported by tangible initiatives that drive operational and financial performance and demonstrate consistent executions.”

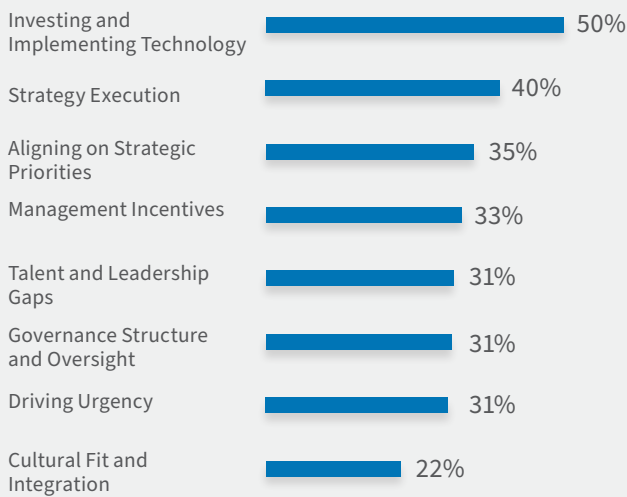


Michael Weyrich
Senior Managing Director,
Head of Business Transformation EMEA

Beyond Strategy: Strengthening Execution with PortCo Teams

Where PE and PortCo Teams Face the Greatest Execution Hurdles

Based on respondents' top three challenges when working with PortCo management to execute value creation strategies



Source: FTI Consulting 2025 Private Equity Value Creation Index

Misalignment on Strategy and Prioritization Driving Fragmented Execution:

Translating high-level vision into tangible action at the PortCo level can be a point of friction. In fact, 35% of respondents cited difficulty aligning on strategic priorities with management teams, while 31% pointed to gaps in governance and oversight. Diverse perspectives across stakeholders are valuable — but without alignment, even well-designed plans can falter.

Governance and Incentives Accelerate Results:

Our experts find that firms executing most effectively embed operational governance, link incentives to both cost and growth objectives and phase initiatives to build early traction. These firms also limit focus to two to three levers and align the organization around those, rather than undertaking a large number of them, reducing focus and spreading people too thin. When strategy, accountability and execution are clearly connected, value creation becomes far more achievable.

“Unless you prioritize and sequence initiatives, nothing gets done. Any company with 15 priorities has none.”



Nishi Anand
Managing Director, United States

“We started aligning valuation drivers with management from day one. It changed the conversation and clarified which levers to prioritize.”



Amir Agam
Senior Managing Director, United States

Exit Readiness: From Planning to Value Realization

Telling a Compelling Growth Story: Commercial factors are increasingly important in driving toward a successful exit. AI maturity (57%), scalable revenue models (52%) and market differentiation (50%) now top the list of exit-critical factors — surpassing margin expansion (47%). Buyers want more than efficiency; they’re looking for tech-enabled, growth-ready, well-led businesses that can scale post-close. The most successful sellers back that up with clear KPIs, strong leadership, a track record of delivery and a clear plan for the future.

AI as an Exit Differentiator: 57% of PE respondents cite AI and automation maturity as one of the most critical factors in preparing for a successful exit. Buyers want to see how firms and their PortCos are positioned for disruption and whether they have a credible plan to use AI for growth, efficiency or risk mitigation. A strong AI roadmap can enhance valuation, but overstating capabilities (e.g., “AI-washing”) risks damaging trust and outcomes. To avoid this, you must ensure transparent, expert-backed AI strategies and messaging that reflect real capabilities — not hope or hype.

Start Early, Stay Disciplined: Our experts recommend PE sponsors and management teams begin to prepare for exit at least 12 months out. Leading firms align internal reporting to buyer expectations, resolve leadership gaps and present a clear growth roadmap with identifiable phases.

Regional and Industry Context Matters: Exit readiness isn’t one-size-fits-all. In Brazil, margin expansion leads, with 73% of respondents calling it critical. In the United States, buyers focus more on market positioning (61%) and leadership strength (61%). Tailoring the story to your buyer’s lens — sector, region and strategy — is key.

What Matters Most for Exit Readiness

Based on respondents selecting up to three factors they expect to matter most over the next three years



Future Focus: Recalibrating the Value Creation Mix

AI Leads, But Focus Wins: With 65% ranking either AI or Technology & IT as a top five priority for 2025, no other strategic lever comes close in expected potential. AI’s transformative potential is undeniable, but not universal. Our experts emphasize that identifying the right use cases by sector and function is critical. We believe the most successful firms are clear-eyed about what AI can solve today and are placing thoughtful bets while continuing to invest in other core technologies that still drive value.

Make Data a Strategic Asset: Clean, consistent data is foundational to value creation. Tied to priorities like Sales & Marketing Effectiveness (54%) and Pricing Optimization (50%), data becomes a strategic asset when PortCos turn it into actionable insight. From anticipating service needs to personalizing offers, the impact goes beyond infrastructure — it sharpens how the business operates and grows.

Window of Opportunity for Judicious Use of M&A: M&A is the lowest prioritized lever for 2025, but this pullback may create significant white space for those willing to make moves. In overheated markets, competing for deals with the majority of the industry leads to inflated multiples. In contrast, today’s softer 44% prioritization may open a window of opportunity for disciplined buyers willing to lean in while others hesitate.

Recalibrating Levers Into 2025: PE firms are doubling down on technology, AI and growth. This pattern underscores a broader recalibration — one where cost take-out is necessary, but not sufficient. To build scalable, exit-ready businesses, firms are increasingly pairing operational rigor with digital and commercial levers that drive long-term growth.

Where Value Will Be Created Next

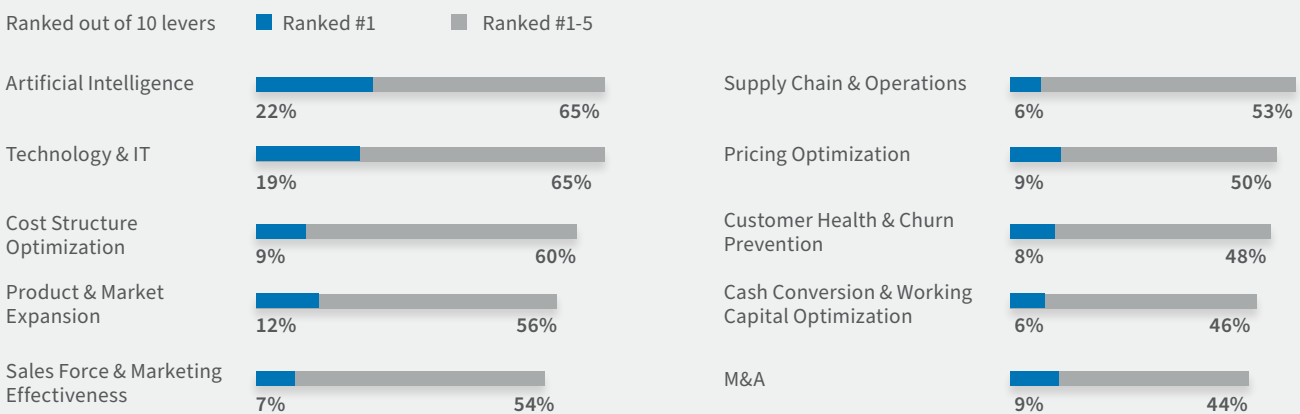
The next chapter of PE value creation won’t be driven by cost take-out alone. While still a reliable first move, it’s no longer a differentiator.

In this market, the firms that stand out will pair operational rigor with a credible longer-term growth story — and align sponsors and management teams around it. Future outperformance will come from those who move beyond the obvious: firms that shift from what’s familiar to what drives sustainable value, even when it’s harder to implement — leveraging commercial levers and emerging technologies like AI.

The firms that lead in 2025 won’t play it safe. They’ll align early, execute with precision and turn pressure into performance.

Private Equity Priorities for 2025

Share of respondents who ranked each lever as their #1 priority or within their top 5 for 2025 (out of 10 total levers)



Source: FTI Consulting 2025 Private Equity Value Creation Index

About the Report

FTI Consulting conducted a survey of more than 500 decision makers, including investment professionals and operating partners from private equity firms, to understand the levers these firms use to create value in their PortCos. The survey included global participation from the United States, LATAM, EMEA and APAC. The survey was conducted online in April 2025.

In addition, FTI Consulting’s perspective is grounded in thousands of PortCo engagements across industries and regions — not theory, but lived execution. This Index reflects the real levers our clients are using to drive value in today’s market.

Online research for this report was led by Julija Simionenko-Kovacs, part of FTI Consulting’s Digital & Insights team.

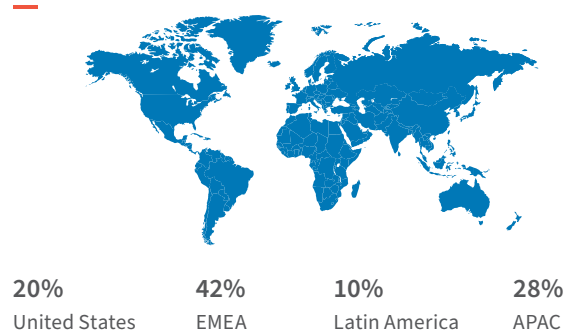
ⁱ Madeline Shi, “PE Hold Periods Decline, Signaling Improved Exit Activity”, Pitchbook News & Analysis (March 26, 2024), <https://pitchbook.com/news/articles/pe-hold-periods-decline-signaling-improved-exit-activity>.

ⁱⁱ Sinead Cruise and Tommy Reggiori Wilkes, “European banks’ record takings fuel M&A talk as pressures on industry persist”, Reuters (January 13, 2025), <https://www.reuters.com/markets/deals/european-banks-record-takings-fuel-ma-talk-pressure-industry-persist-2025-01-13/>.

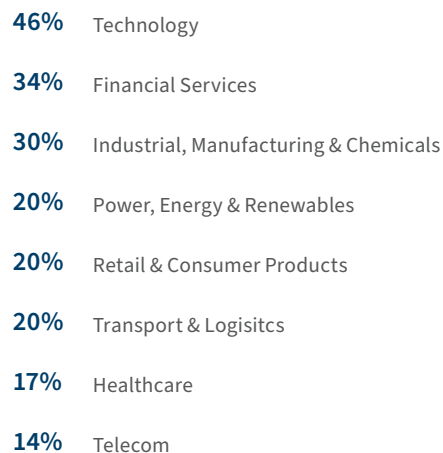
ⁱⁱⁱ Kriti Gupta, Dani Burger and Silas Brown, “Investors’ New Found Love of Europe Dominates SuperReturn”, Bloomberg (June 4, 2025), <https://www.bloomberg.com/news/articles/2025-06-04/private-markets-new-found-love-of-europe-dominates-superreturn>.

Respondents by the Numbers

Where Respondents Are Based

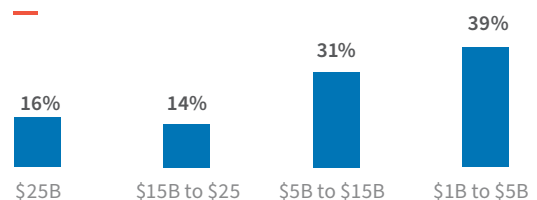


PortCo Industry Focus



*Percentages add to more than 100% since respondents could select more than one industry

Firm Size by Assets Under Management



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