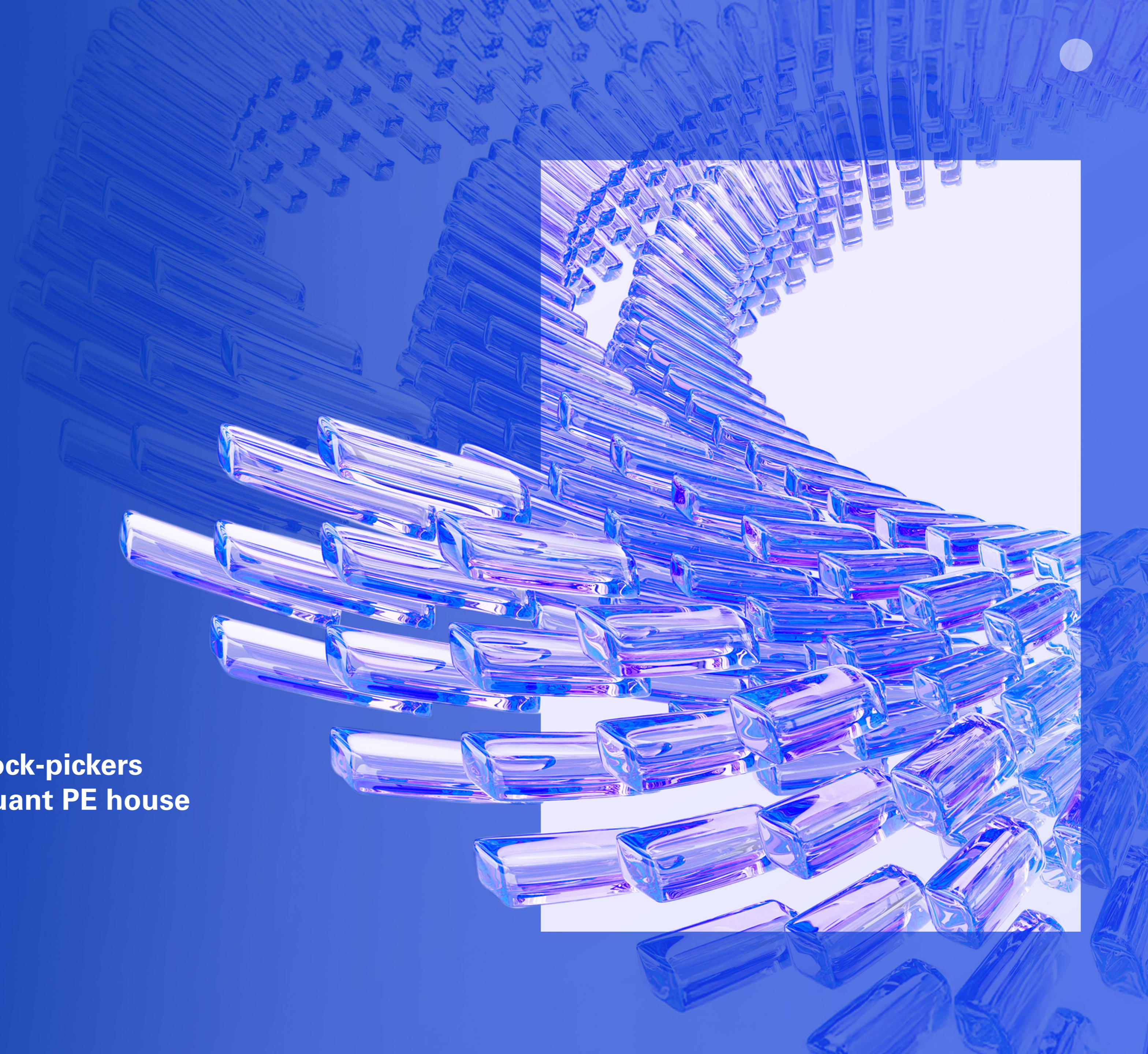




Value creation in private equity

From stock-pickers
to the quant PE house





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Five capabilities for achieving
operational alpha

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Foreword

Private equity (PE) has traditionally relied on picking the right investment to release value through business transformation post-deal.

PE returns have traditionally had a component of financial leverage, multiple arbitrage and value creation — usually considering a combination of all these factors whilst surfing a wave of low interest rates and natural market expansion.

As those factors seem to evolve and fade — base rates have normalized, dry powder tops US \$1.0tn, and there is more than US \$3.0tn backlog of unsold assets in the exit pipeline — it becomes clear that the industry will need to evolve into looking for more sophisticated ways of creating tangible value in ever increasingly disputed markets.

In this sector, data is power. Hedge funds turned quants a decade ago. Public-market active managers quickly followed with factor signals and alternative data. Yet most buy-out houses still prefer to trust a more traditional approach towards value creation, based on expert judgment and financial analysis.

We believe that as market tailwinds fade, operational alpha — built on stochastic modelling, outside-in signals and predictive intervention — will become a real source of competitive advantage and a systemic and repeatable investment edge. We believe that the next decade belongs to houses that can manufacture operational alpha — systematic EBITDA uplift, delivered quickly and at scale.

In this paper we set out a five-capability blueprint for value creation next-gen alpha and illustrate — with data and case studies — how leading General Partners (GPs) are now tilting their models to becoming the next-gen 'quant PE house'.



Javier Rodriguez
Global Head of Strategy
KPMG International



01 Executive summary

A new playbook for private equity value creation

Traditional strategies for generating alpha are under pressure as a new market reality emerges. As a result, PE firms are expected to place greater emphasis on structured, data driven and professionalized approaches to identify and deliver operational alpha.

We feel that PE is at an inflection point. Fund-raising has contracted (–12 percent CAGR 2021–2025) while exits have stalled, leaving more than US\$3.0tn of assets stuck in the pipeline. Median holding periods now exceed six years. Continuation funds have emerged as a stop-gap to ease distribution pressure, but they only defer the liquidity challenge, rather than resolve it.

Meanwhile, macroeconomic instability, tariffs and deglobalization are pushing capital towards localization. The old levers of leverage, multiple expansion and international roll-up no longer consistently deliver the alpha investors expect. Value creation must now be grounded in operational execution inside the portfolio.

We believe this makes it an imperative to professionalize the search and delivery of operational alpha: systematically capturing margin opportunities, embedding data-driven management, and preparing assets earlier and more comprehensively for exit.

Integrated value creation programs — prioritized, sequenced and rigorously executed — can separate winners from laggards. Continuation funds may buy time, but only disciplined transformation at scale can restore sustainable returns.

Key takeaways:

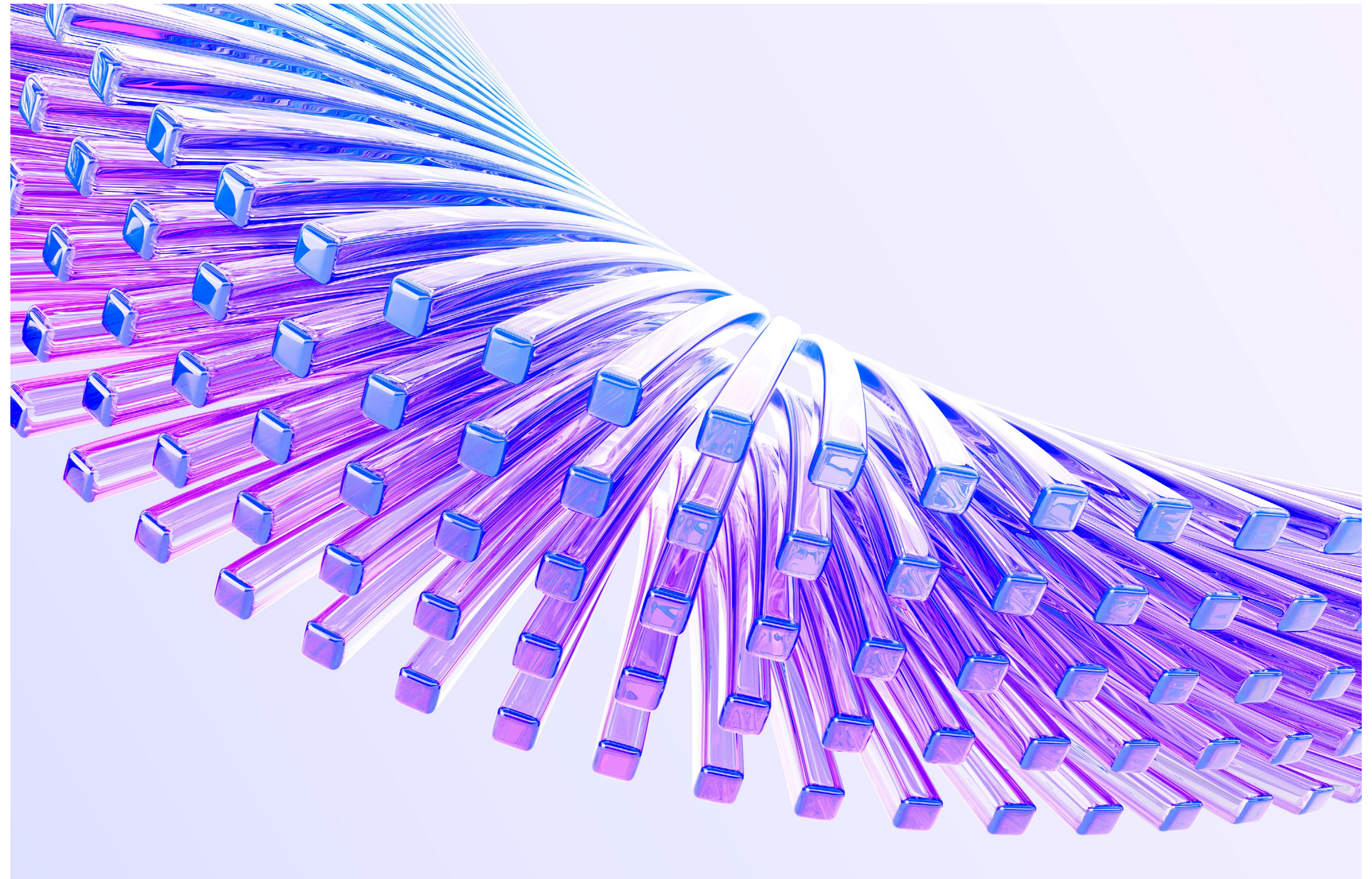
- 1 Traditional value creation strategies are no longer sufficient.
- 2 PE firms are increasingly exploring new and differentiated ways to unlock operational alpha.
- 3 PE leaders are taking a more structured and disciplined approach to identifying and delivering operational alpha.
- 4 The leaders exhibit five key capabilities and this report identifies them.
- 5 The time to move is now.



PE leaders are increasingly focusing on identifying external opportunities with precision, strengthening change-management capabilities, and executing transformations at scale to navigate rising capital costs and margin pressures.

Data will play a pivotal role. To enhance returns, PE firms are expected to bring greater structure to the way they identify and deliver operational alpha. This should involve identifying potential value opportunities early in the deal cycle and implementing structured transformation initiatives supported by stronger data management, focused talent strategies, enhanced change management, and clear financial objectives.

Conducted in October 2024, KPMG surveyed 500 PE leaders to understand their strategies and outlooks for achieving higher returns amid current market conditions.^(f) This paper builds on insights from that survey to present an enhanced Value Creation playbook for PE firms. The playbook aims to help firms transform portfolio companies into high-performing, scalable and strategically aligned enterprises, reinforcing their standing as market leaders.



Source: ^(f)KPMG 2025 Global PE Value Creation Survey; KPMG Analysis.



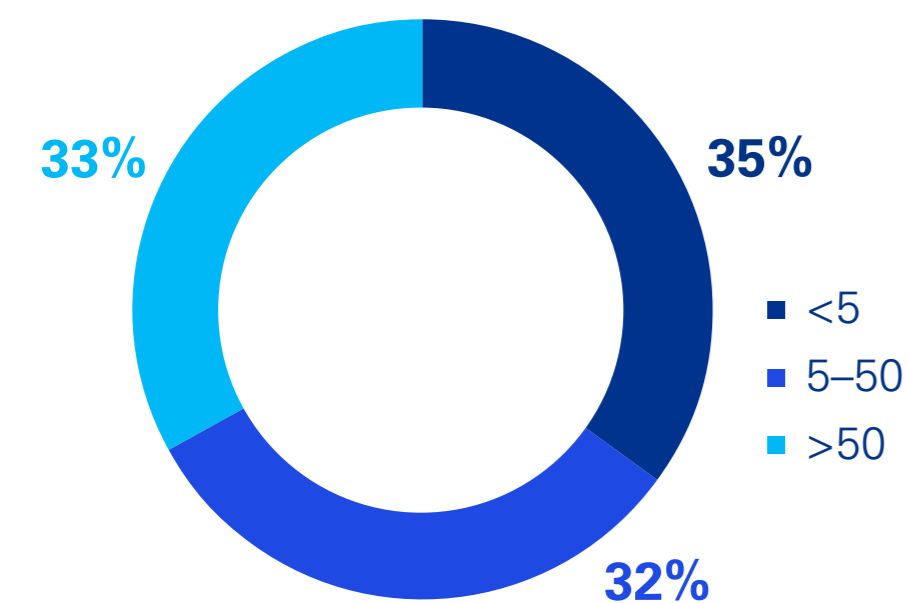
About the survey and methodology

The findings in this report are based on a global survey conducted on behalf of KPMG International in October 2024. The 500 respondents were evenly split across firm size (from fewer than 5 people to more than 50) with the majority of respondents representing the VP, Managing Director or Managing Partner level.

Who we surveyed

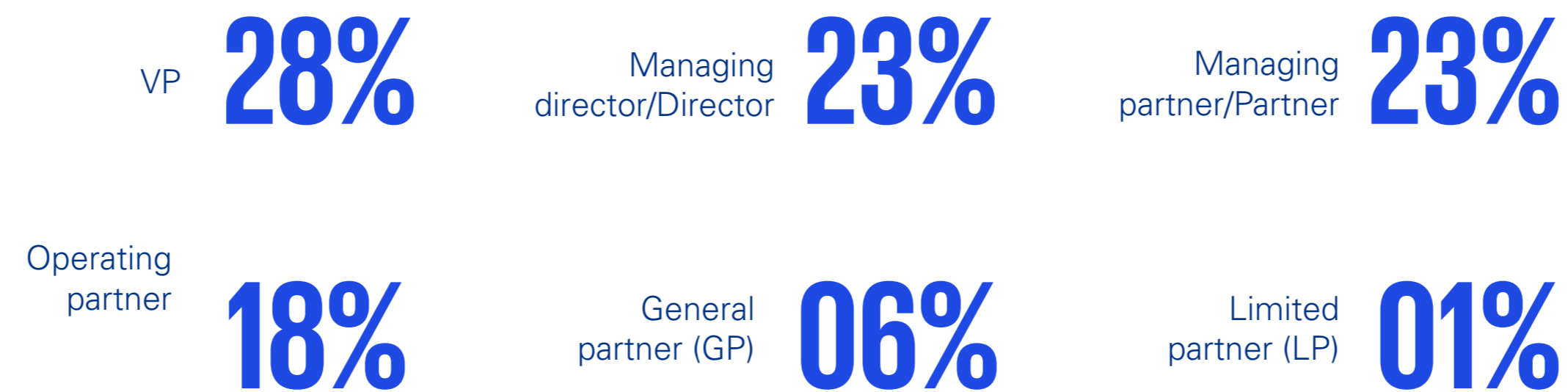
Firm size

Total AUM, US\$bn



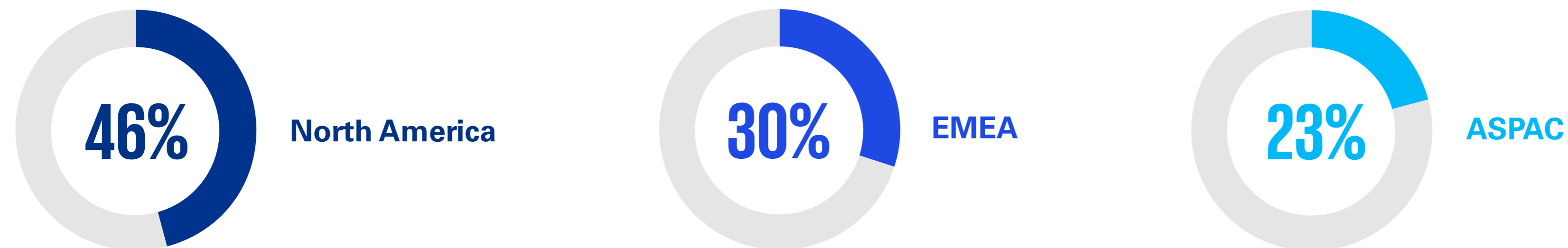
Respondent profile

N = 500; Single select



Firm location

N = 500; Single select



Note: North America consists of US and Canada, EMEA and India consists of France, Germany, Italy, Spain, UK, other EMA and India, and ASPAC consists of Australia, China, Japan, Singapore and other ASPAC regions.

Value creation in private equity

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To build on this data, KPMG professionals reviewed the most recent market data — provided by external sources such as PitchBook, MSCI and the S&P Global and Market Intelligence — alongside an internal analysis and thought leadership. Supported by detailed analysis by our internal global services team, this report reflects key insights gathered from client work around the world.

Finally, the data and insights were validated by KPMG International’s global Value Creation and Strategy teams, leveraging their hands-on experience and recent conversations in the market.



The state of private equity

2022



A new market reality

PE value creation strategies have evolved significantly — it is essential for PE capabilities and operating models to keep pace.

The global value creation landscape has shifted dramatically over the past 35 years. Pre-2000, PE firms relied heavily on leverage and focused cost rationalization to generate returns. Post-2000, strategies to create value from investments turned towards revenue and margin growth amid favorable market conditions and cheap debt which drove expansion of the EBITDA multiples that firms were able to achieve on exit.

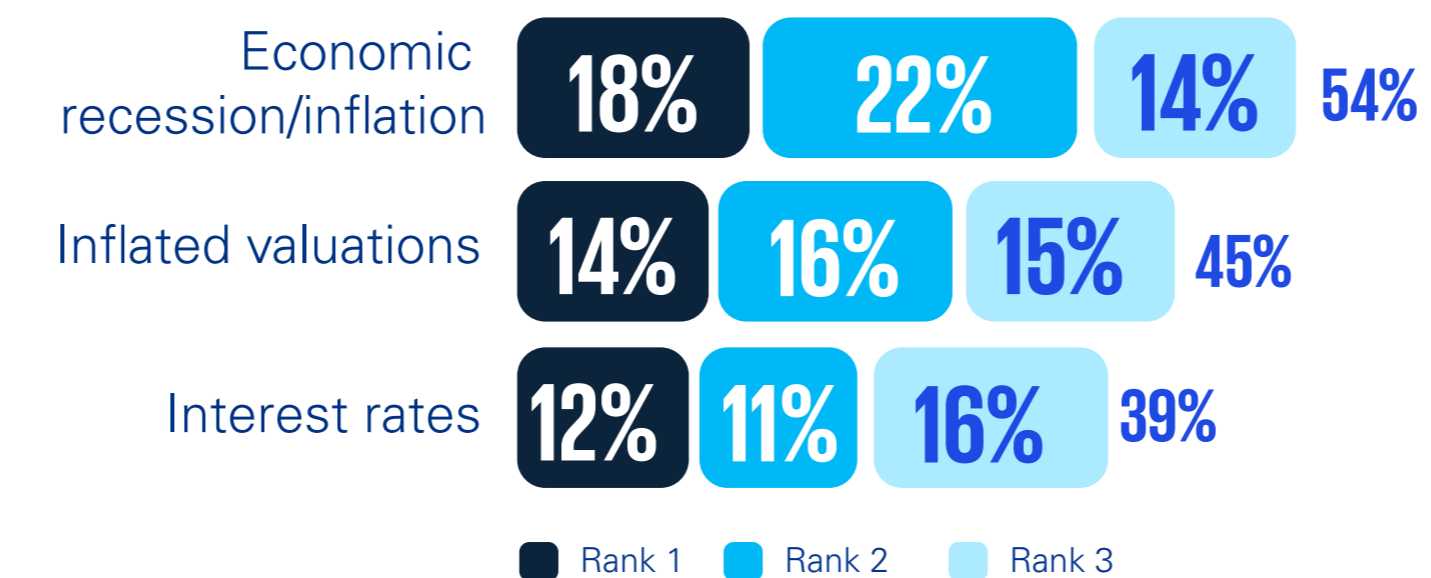
The post-GFC era saw firms adapt to a more challenging economic and regulatory environment. Leverage moderated in a shift toward sustainable capital structures, and holding periods pushed out to maximize value creation. QE and low interest rates restored liquidity in the mid-2010s, driving market EBITDA multiple expansion and value returned to LPs on exit, with deal values the highest seen since 2007.

In the post-COVID and zero interest rate policy (ZIRP) period, there is an urgent need for 'true' value creation through EBITDA margin expansion. Today, high interest

rates, persistent inflation, geopolitical volatility and technology disruption mean financial leverage and multiple expansion are declining in contribution to PE investment returns.

As we explain on the next page, maintaining the status quo simply won't deliver the returns that investors expect.

PE investment challenges^(f)



Generating alpha in today's investment environment is expected to make PE firms thoughtfully re-examine and modernize their approach to value creation. A new playbook is emerging — one that emphasizes discipline, innovation, and operational excellence. ”

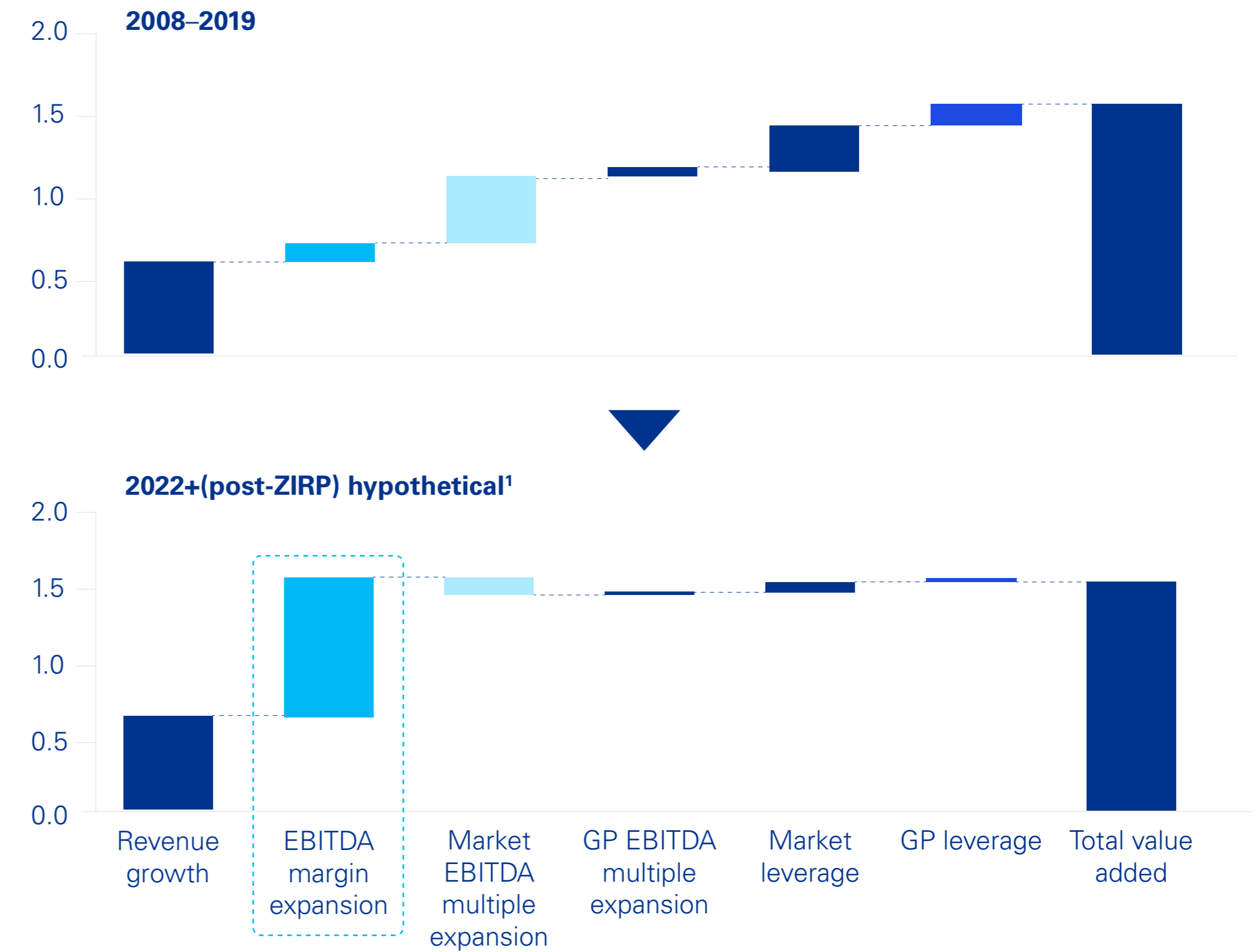
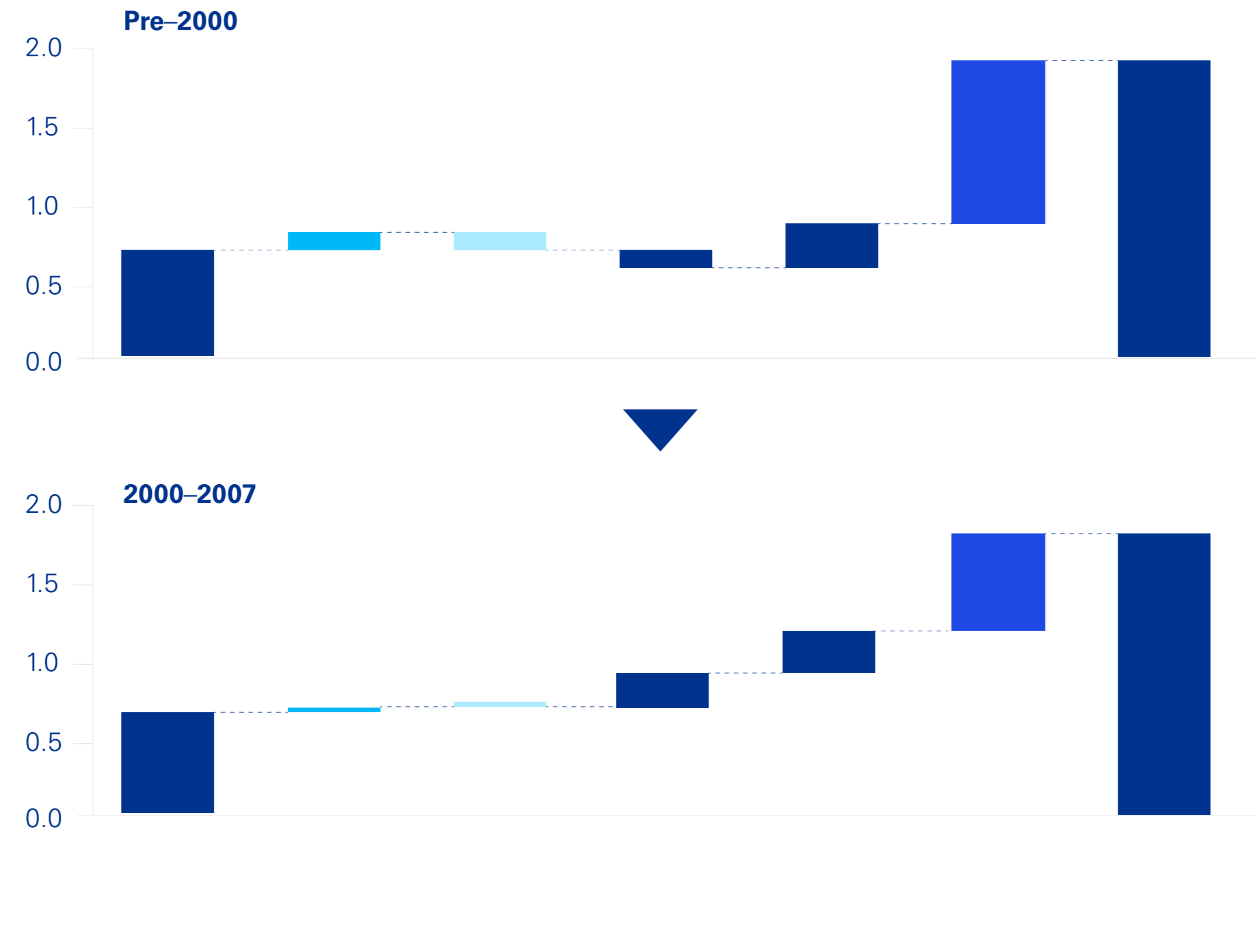
Javier Rodriguez
Global Head of Strategy
KPMG International

Source: ^(f)KPMG 2025 Global PE Value Creation Survey



MOIC on fully-exited buyout transactions from 1984 to 2019⁽ⁱ⁾

Value Add (MOIC – 1) (x)



Note: ¹Hypothetical based on KPMG research and analysis. Actual 2022-2025 data may vary.

Source: ⁽ⁱ⁾Matteo Binfare, Gregory Brown, Andra Ghent, Wendy Hu, Christian Lundblad, Richard Maxwell, Shawn Munday, and Lu Yi. "Performance Analysis and Attribution with Alternative Investments." As of 12 February 2022; KPMG Analysis



Why the status quo won't do

High interest rates and persistent inflation, geopolitical volatility and technological disruption mean that PE firms are no longer getting the investment returns they need from financial leverage and multiple expansion alone.





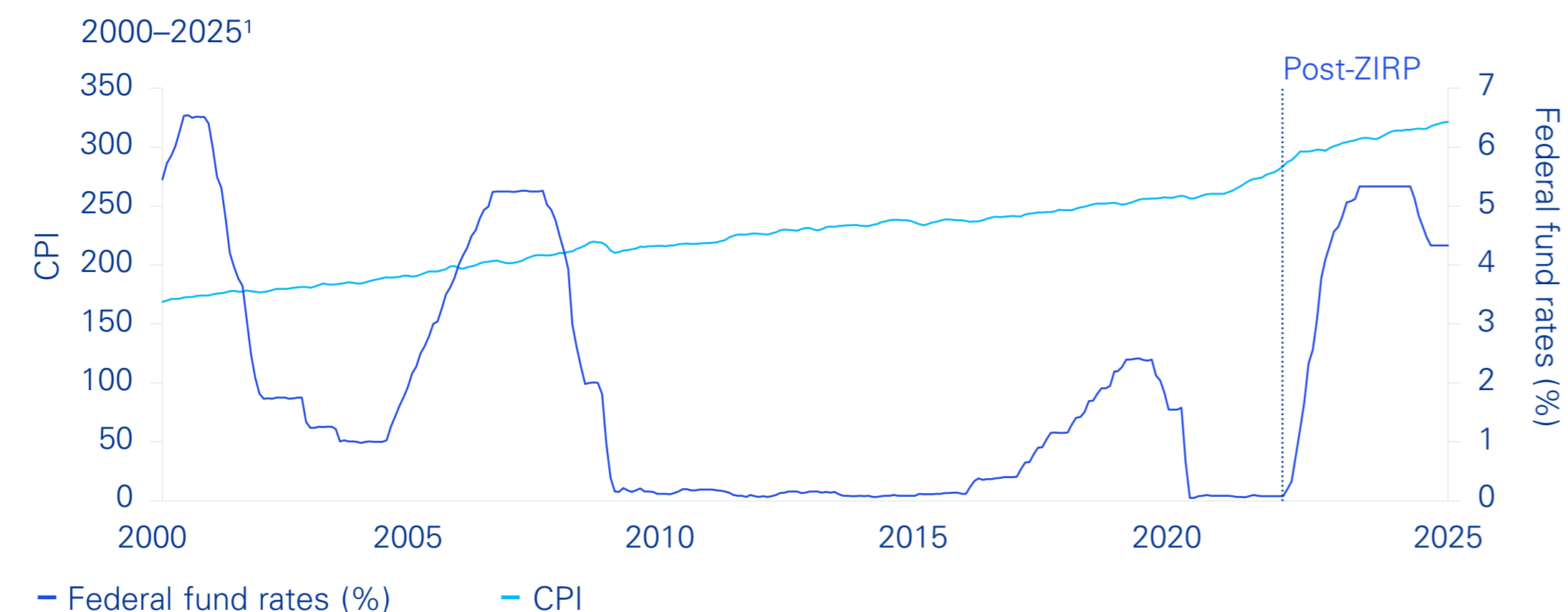
A deeper dive into the causes

Here's why interest rates and inflation, geopolitical volatility and technological disruption are fundamentally disrupting value creation strategies.

Higher interest rates post-ZIRP: The US Federal Reserve's 11 interest rate hikes from Mar-22 to Jul-23 led to increased borrowing costs. This curtailed LBO activity and effectively removed the low-cost debt arbitrage opportunity that drove PE IRRs during the COVID era. As a result, a funding gap has appeared, however LPs still expect similar IRRs, despite lower leverage. Valuation multiples have also seen compression and dispersion as public comps de-rate.

Persistent inflation: Inflation has driven increased input costs, squeezing margins and reducing cash flow coverage for debt covenants. Volatile CPI prints create uncertainty in discount rates, cash flow volatility and wider bid-ask spreads, leading to a valuation disconnect.

Federal funds rate and Consumer price index (CPI)²

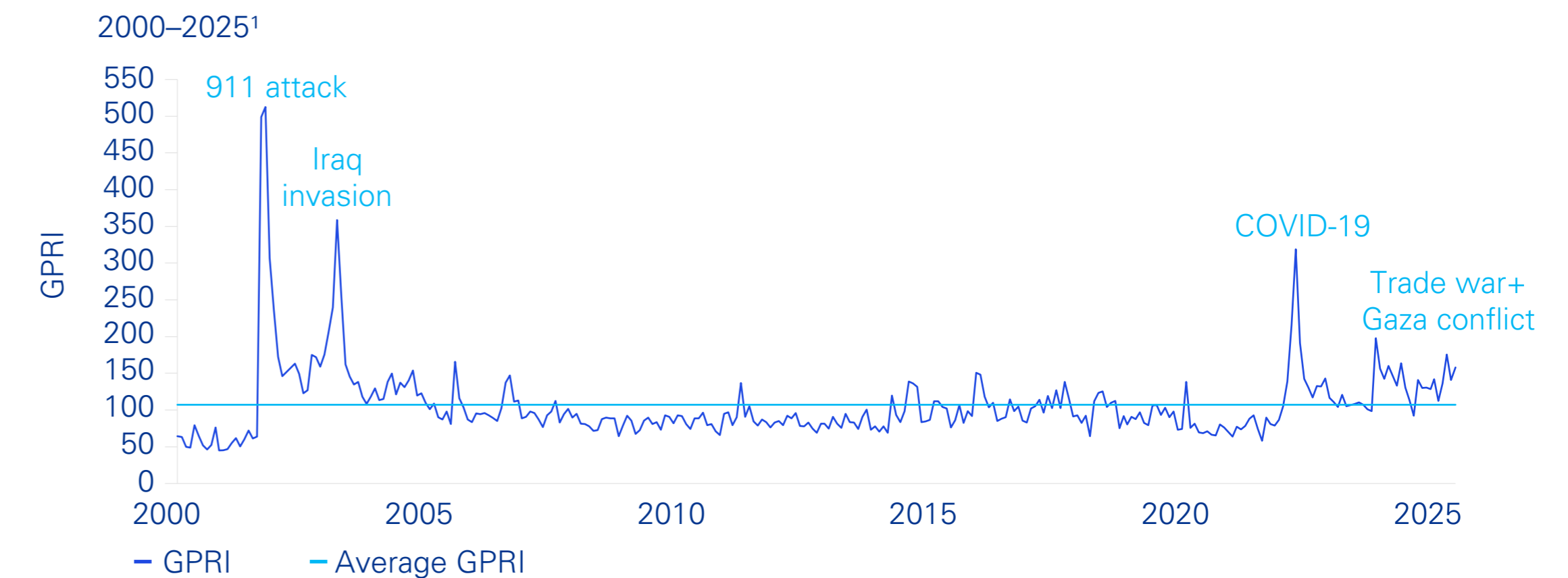


Note: ¹As of 30May 2025, ²Federal Reserve Bank; Investing.com; ³Economic Policy Uncertainty

Geopolitical volatility: Escalating China-US trade tensions, as well as prolonged conflicts in Ukraine and the Middle East have led to supply chain risks and volatility in earnings, resulting in valuation haircuts. Sellers are anchored to old marks while buyers price in new risks, exacerbating valuation disconnects. Cross-border IPO and M&A approvals are also blocking exit routes for firms.

Technological disruption: AI, automation and platform shifts have shortened cycles of competitive edge and raised execution risks. At the same time, CAPEX investment is required to replace obsolete legacy tech stacks. Despite macroeconomic headwinds, market leaders continue to invest heavily in digital transformation and automation to drive value.

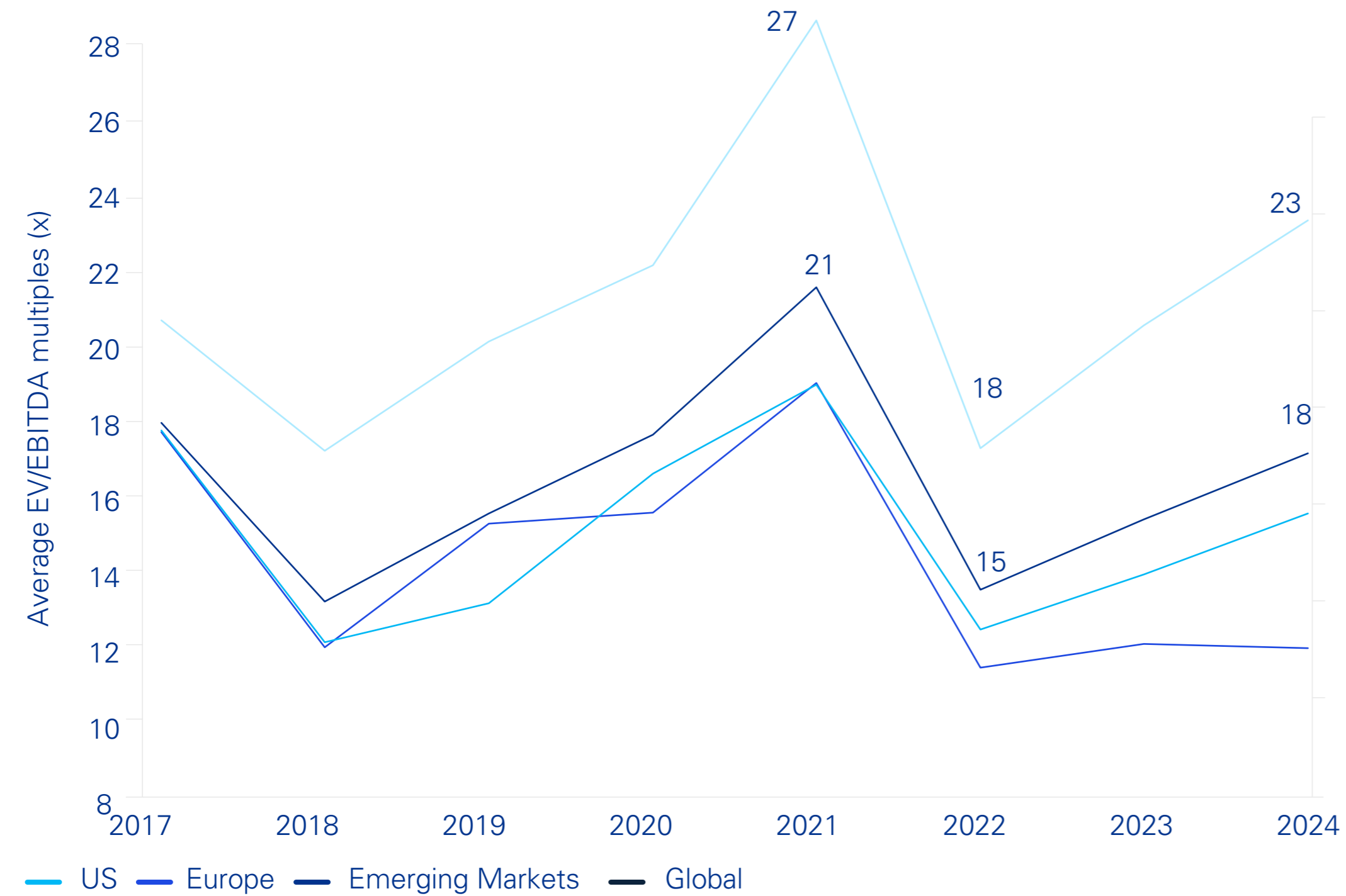
Geopolitical risk index (GPRI)³





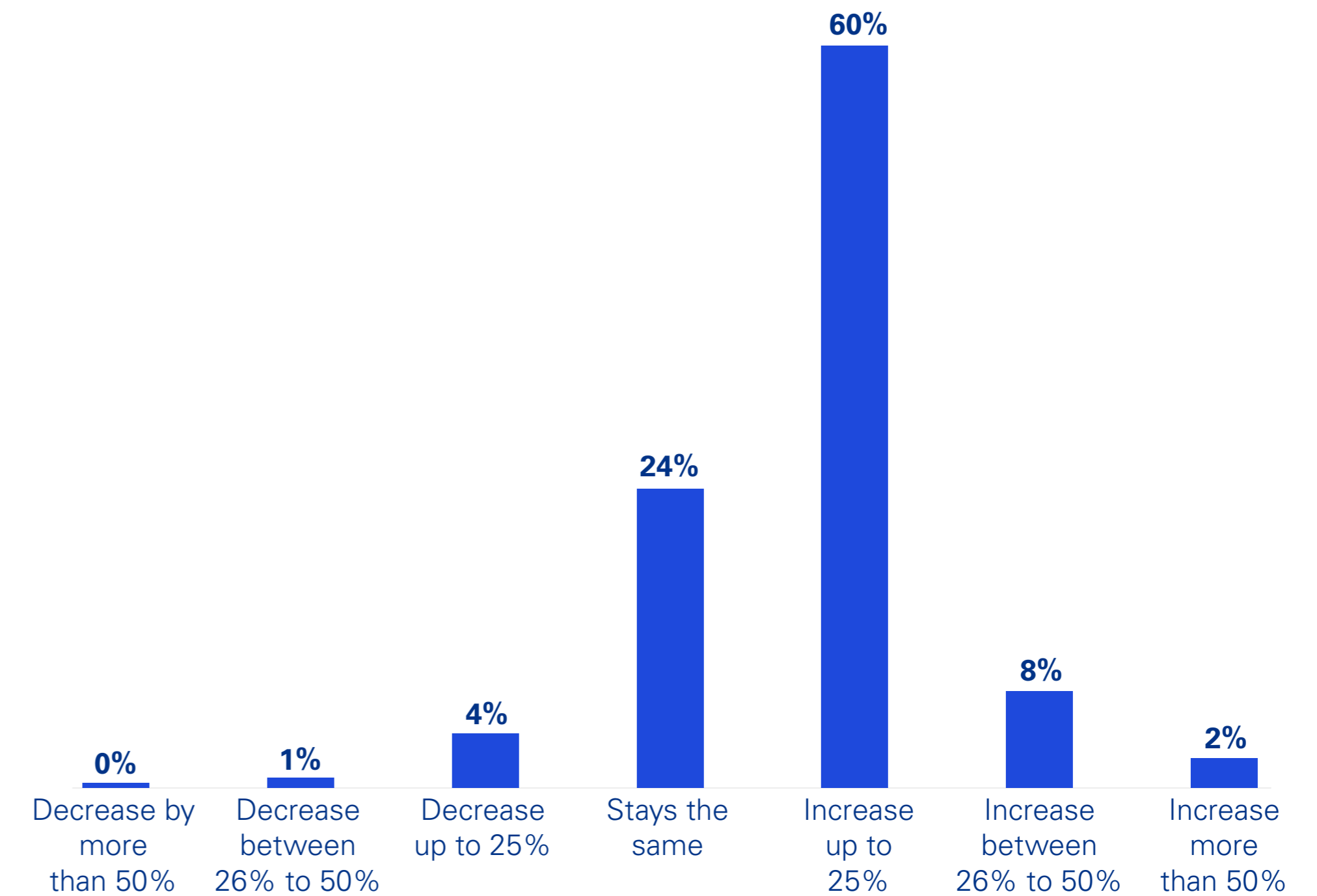
Average EV to EBITDA multiple^(r)

2017–2024



Adjustment to investment in AI and Gen AI in the next 6–18 months^(f)

% of respondents



Source: ^(r)KPMG 2025 Global PE Value Creation Survey; ^(f)Aswath Damodaran On-line Database: Enterprise Value/EBIT & Enterprise Value/EBITDA Multiples by Industry Sector; KPMG Analysis.



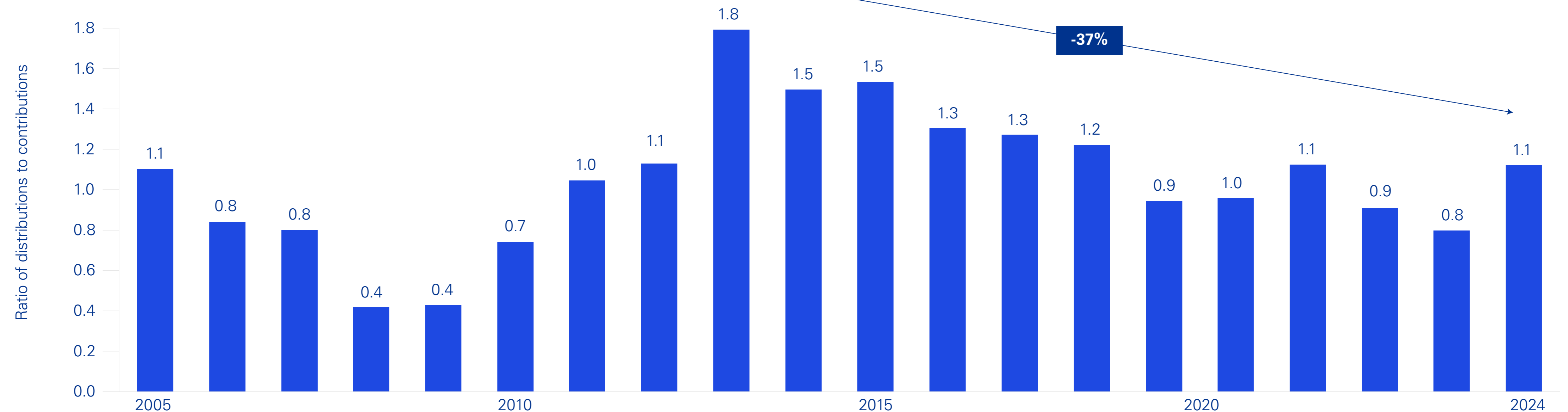
The impact on the current state of play

In the face of fundamental market shifts, the state of play for PE firms and value creation is evolving. Here's what it means for PE firms and managers.

Distribution drought and fund-raising slowdown: With limited exit options amid adverse market conditions, the ratio of distributions-to-contributions has dropped 52 percent from 2013 to 2025², stressing LP cash budgets. As a result, LPs are adopting a cautious approach, delaying new commitments until they receive meaningful distributions from existing investments. DPI is increasingly being viewed as the key performance metric (over IRR). Consequently, fundraising activities have slowed, falling by a CAGR of -12 percent between 2021 and 2025².

Distribution drought⁽³⁾

2005–2024¹

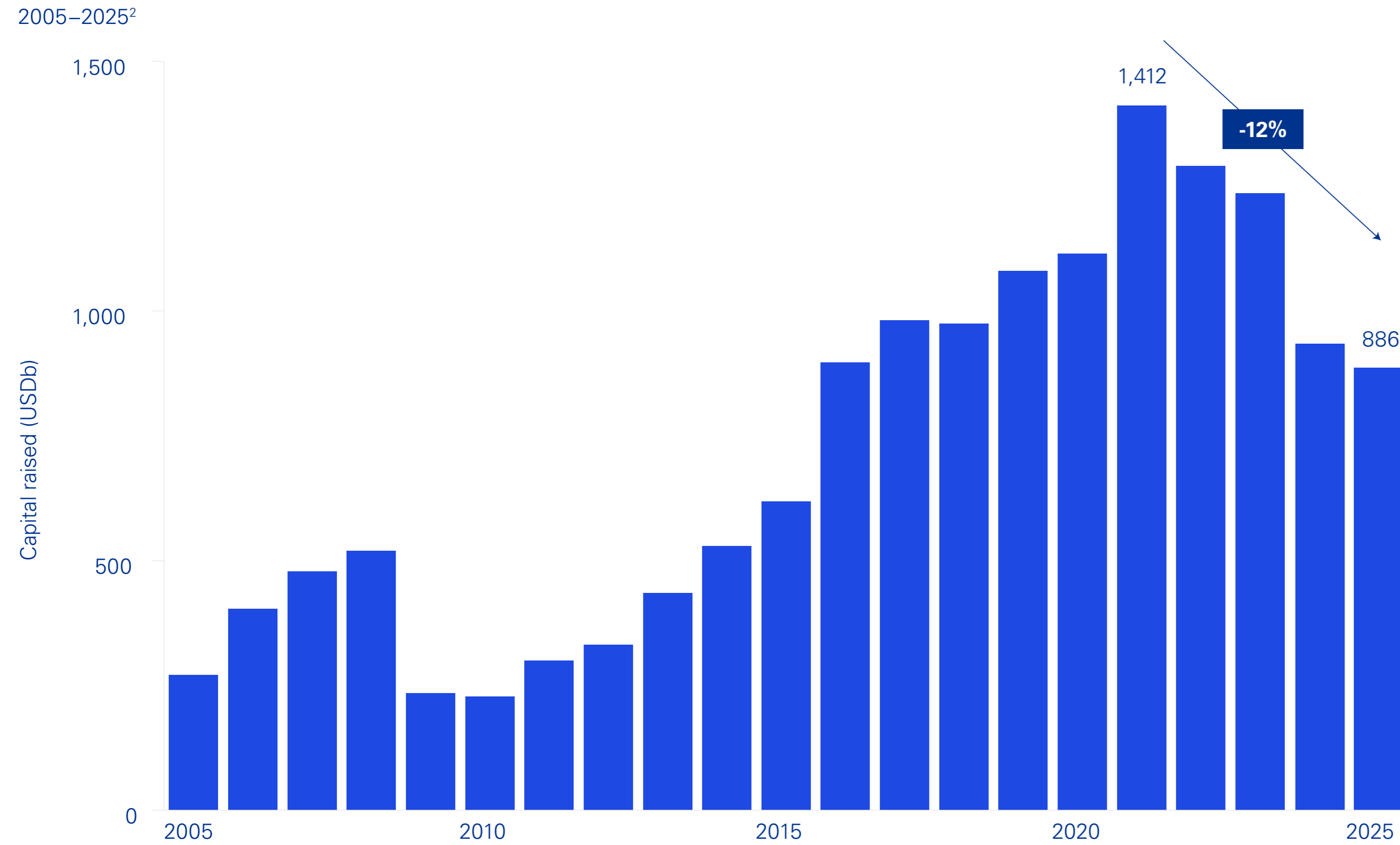


■ Ratio of distributions to contributions

Note: ¹As of December 2024, ²Annualised figure for 2025, ²Global PE activity through 31 December 2024, ³Pitchbook accessed on 6th August 2025



Fundraising slowdown^(m)



With valuations down, exits slowed and deals hard to come by, we are seeing LPs channel their funds towards those PE managers able to consistently deliver operational alpha. Ultimately, the key to achieving great fundraising is delivering great returns. ”

Gavin Geminder
Global Head of Private Equity
KPMG International

■ Capital raised (US\$bn)

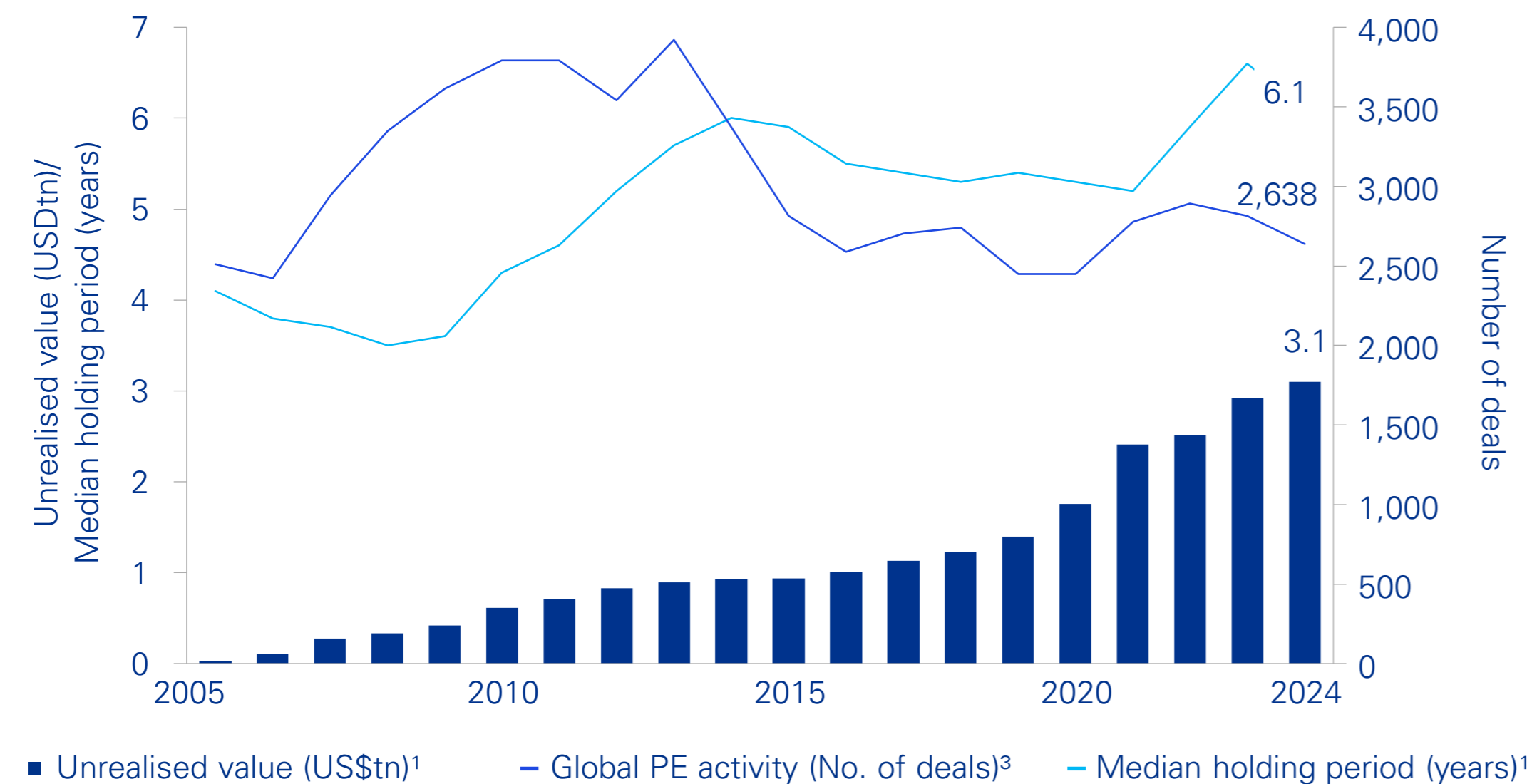
Note: ²Annualised figure for 2025, ²Global PE activity through 31 December 2024
Source: ^(m)S&P Global and Market Intelligence and related blogs 'IPO activity slowdown stretches through Q1 2024'



Average hold periods extend: Exit challenges — including valuation disconnects and subdued public capital markets — have seen PE unrealized assets surge to US\$3.6 trillion as median holding periods reach their highest levels in over a decade.

Global active buyout-backed unrealized value and holding period^(b)

2005–2024

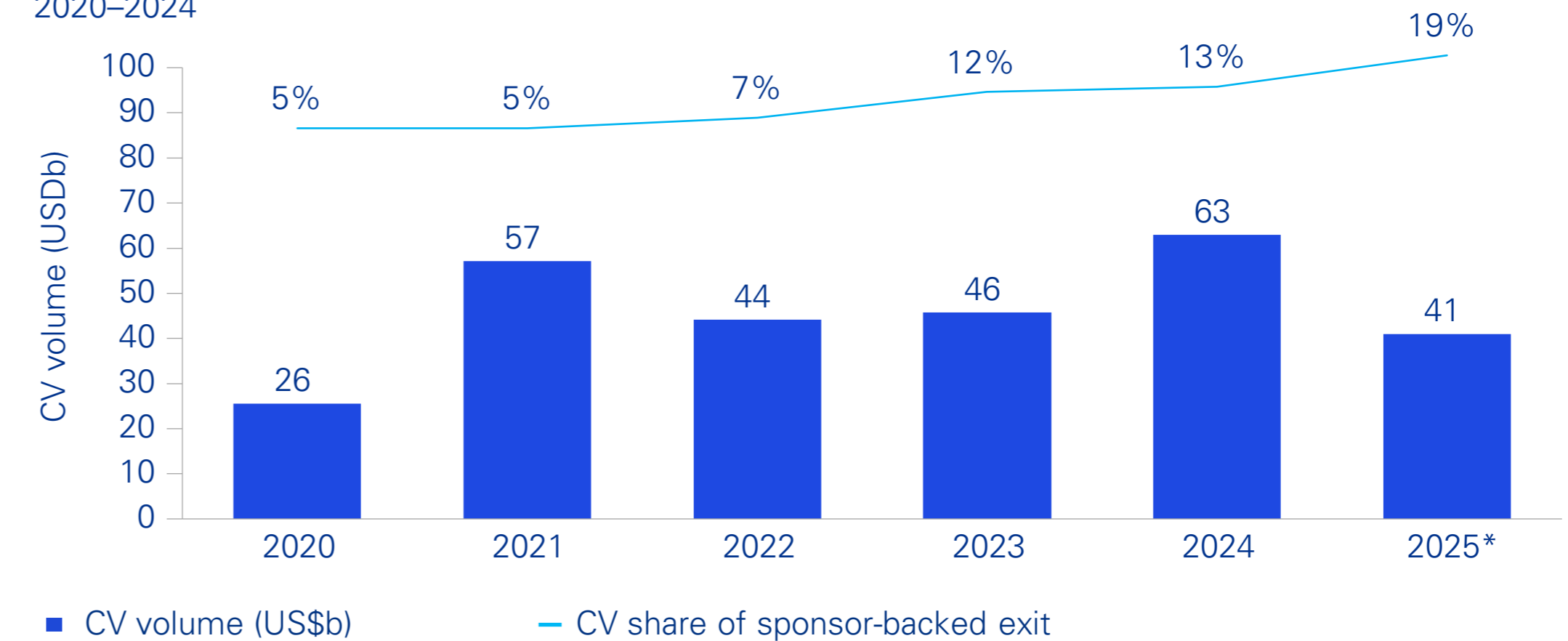


Note: ¹As of December 2024, ²Pitchbook accessed on 6th August 2025
 Source: ^(a)Preqin, ^(b)Jefferies Global Secondary Market Review; ^(c)Financial Times; KPMG Analysis.

Growth in continuation vehicles: In the evolving landscape of PE, continuation funds comprised 19 percent of sponsor-backed exits as of June 2025, providing key liquidity amid declining IPO and takeover activity. However, their strategic use prompts scrutiny regarding their effectiveness in addressing underlying market challenges, with many viewing them as simply temporary measures. LP behavior is shifting. Greater scrutiny is being placed on PortCo performance and reporting, meaning firms need to think about longer-term value opportunities to grow margins and profits across a 5-6 year time horizon, rather than opting for short-term solutions.

Growth in continuation vehicles (CV)^(i,o)

2020–2024





Implications





Legacy playbooks are no longer fit for purpose

Delivering operational alpha in the current market requires PE firms to thoughtfully adapt their value creation playbook and operating structure.

Why won't traditional value creation tactics work?

Aggressive cost cutting, generic functional optimization and geographical expansion generated quick wins in the past. But in today's environment, they fail on a number of counts:

Finite scope — one off SG&A or procurement savings rarely shift valuations in a high rate, low growth world. Many PE assets are now also second or third generation, meaning low-hanging fruit related to SG&A have become scarce

Geopolitical instability — geopolitical decoupling is fragmenting supply chains and reshaping trade flows, limiting the scope for geographical expansion

Commodity status — every credible bidder now looks at cost, governance, management team, incentives and expansion strategies when structuring their deal, erasing competitive edge

Brand erosion & cultural drag — indiscriminate slash and burn can compromise product quality, talent morale and ultimately exit multiples

70 percent of respondents plan to increase their investment in operational AI by up to 25 percent or more in the next 6–18 months^(f)

Note: ⁽¹⁾PitchBook, ⁽²⁾As of 8th Aug 2025

Source: ⁽³⁾PitchBook; ⁽⁴⁾KPMG 2025 Global PE Value Creation Survey; KPMG Analysis.

Legacy PE strategies are no longer fit for purpose in this new market reality. The scope for generating returns through financial arbitrage and multiple expansion has diminished. Median PE investment holding periods are extending beyond historical norms, rising from 3–4 years in 2005–2010 to over 6 years in 2023 and 2024.

To deliver operational alpha in the new market reality, PE leaders have been focusing on extending beyond traditional value creation levers, adopting innovative and adaptable strategies to maximize the full potential of their assets. The need for innovative and adaptable value creation strategies is more critical than ever.

25 percent of respondents focus on EBITDA strategies by looking at growth and cost together when driving value creation.^(f)

Median holding period for buyout-backed exits (years)⁽¹⁾





Transforming PE value creation





Five capabilities for achieving operational alpha

Generating operational alpha in this new reality requires PE firms to take a more systematic and scientific approach to value creation.

Capabilities will need to become much more data driven to create advantage in complex and variable scenarios. More accurate views of value creation levers before the deal and during the tenure period will be critical.

Based on our analysis and extensive interviews with market participants, there are five key capabilities that the leading PE value creators exhibit.

Mastering these capabilities can increase the likelihood of achieving above-market returns in an investment landscape where actual value creation becomes the preferred path to delivering on return expectations.

“

Transforming the value creation model isn't simply about adding more operating partners or doing more due diligence. It's about being more predictive, more data-driven and more agile. And that requires a rethink of the entire value creation process. ”

Tilman Ost

Global Private Equity Advisory Leader
KPMG International
Partner, Deal Advisory
KPMG in Germany

01

Balancing performance and resilience

The current market environment calls for enhanced decision making based on advanced predictive capabilities underpinned by big data and emerging technologies like machine learning and Gen AI.

02

Outside-in intelligence

Systematically mining external signals can help firms gain asymmetric advantages while also enabling them to identify risks and potential value creation opportunities should the deal proceed.

03

Predictive interventions

With investment hold periods extending and geopolitical volatility rising, PE firms will need to speed up their intervention strategies.

04

Proprietary data assets

Centralizing data across the portfolio and sharing best practices allows PE value creation teams to uncover opportunities previously invisible to deal teams.

05

Operating-model overhaul

In today's competitive market, focusing on operational improvements is crucial to achieving higher returns.



Balancing performance and resilience

The importance of volatility-aware scenario simulation

Private equity underwriting has long relied on deterministic models and static macro assumptions, often failing to account for volatility and structural shifts. In today’s climate of economic and geopolitical uncertainty, resilience must be engineered, not assumed. This requires a fundamental shift in how performance is forecasted, and risk is priced.

Emerging technologies such as machine learning, Gen AI, and big data analytics are enabling a new paradigm of decision-making — one that is probabilistic, adaptive, and data-rich. Advanced techniques like non-linear regression, stochastic predictive modeling, and AI-supported scenario planning allow firms to simulate a wide range of outcomes and stress-test assumptions with greater precision.

Leading PE houses are moving beyond single-point forecasts to embrace Monte Carlo simulations and multi-factor sensitivity analyses. These models map IRR dispersion and covenant headroom across variables such as FX, interest rates, inflation, tariffs and operational shocks, offering a more robust view of downside risk and upside optionality.

Factors impacting PE deals

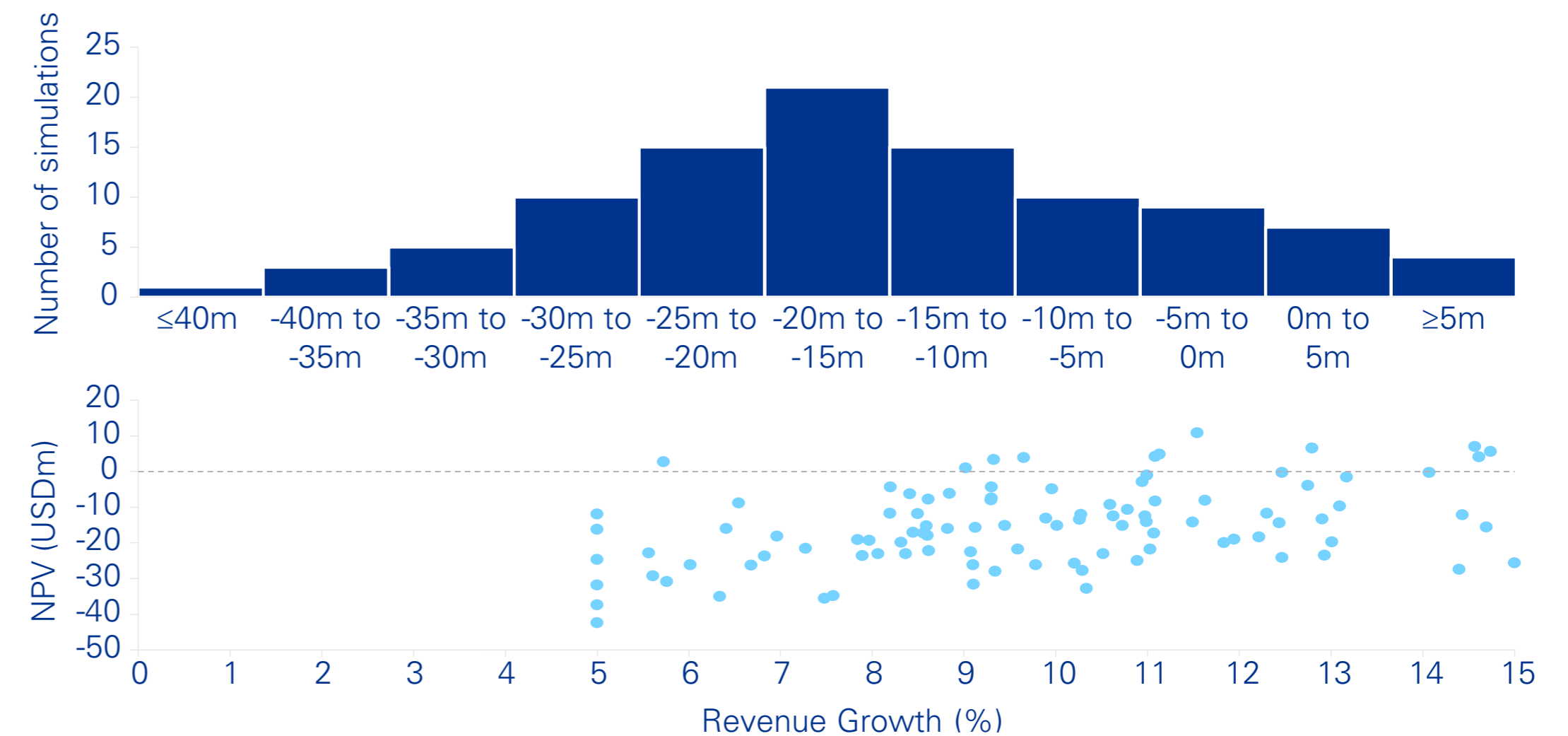
99%
of respondents say that **macro-economic factors will likely have an impact on PE deal valuations in the next 12 months.**^(f)

41%
of respondents believe **the greatest impact of AI and Gen AI on PE and deals will be in speed to execution.**^(f)

Source: ^(f)KPMG 2025 Global PE Value Creation Survey; KPMG Analysis.

Showcase

Monte Carlo simulation of NPV outcomes by bucket and revenue growth %



- 100 simulations run for a prospective US\$100 million PE investment in a growth-stage company. Outputs illustrate the impact to investment NPV of changes in revenue growth, cost, discount rate, exit multiple and holding period assumptions based on potential market developments across a number of macro and geopolitical factors.
- Positive NPVs reflect upside scenarios; negative outcomes reflect downside risks.



Outside-in intelligence

Creating asymmetric bids based on external signals and outside-in intelligence.

More PE firms are leveraging outside-in intelligence for comprehensive insights into customer behaviour and industry trends, as well as to identify value creation opportunities earlier. In 2024, 56 percent of investment advisors reported utilizing alt data, which is a substantial increase from 31 percent in 2022. Over 45 percent of respondents cited the use of alt data to gain insights into evolving customer behaviour and industry trends.

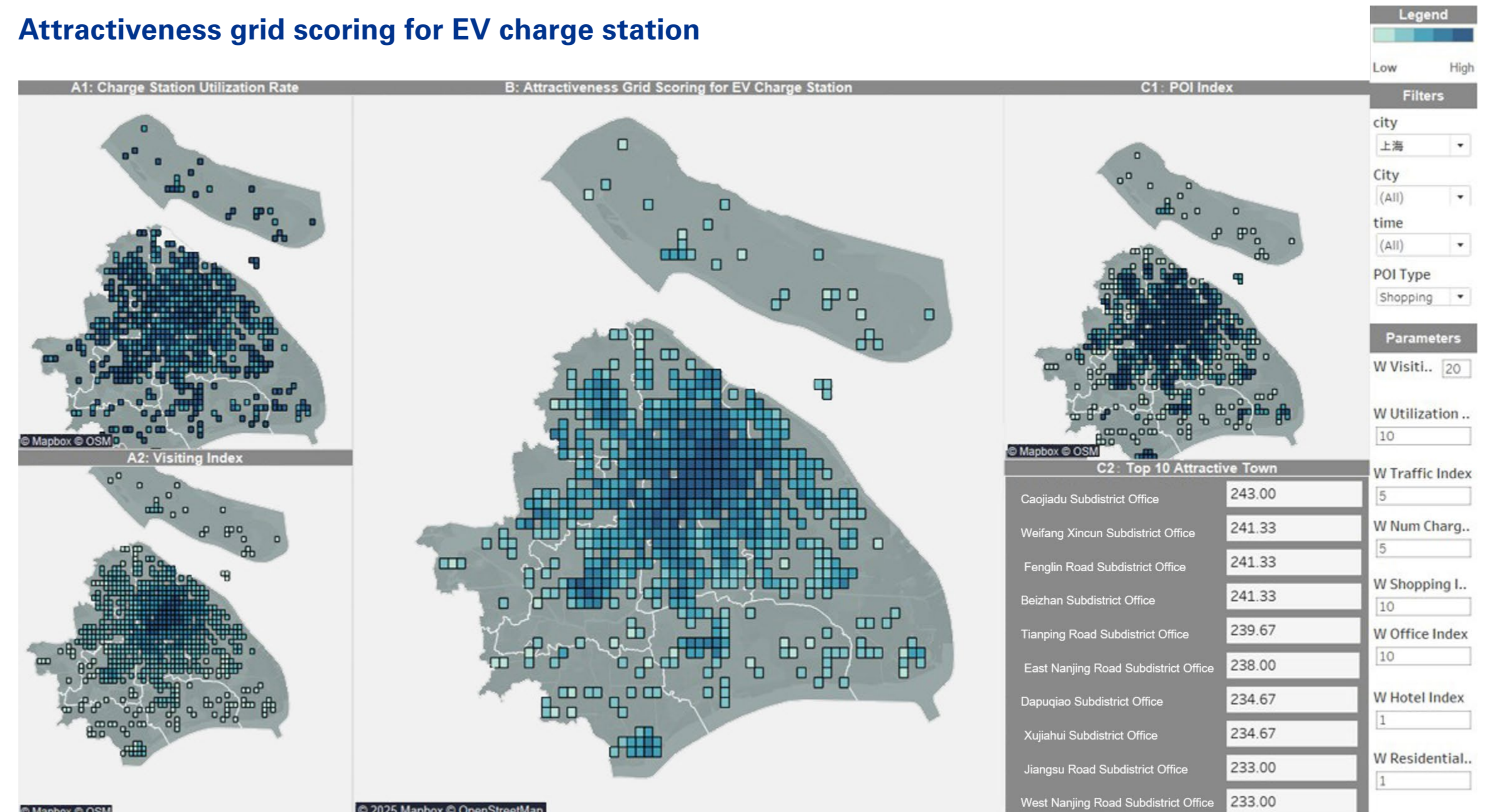
In a world of 'dataroom parity,' PE houses gain a competitive edge by analyzing external signals like satellite imagery for retail footfall, app store reviews for SaaS churn, and web scrapes for pricing power. They also leverage Agentic AI and RAG technologies⁽¹⁾ to enhance their data interpretation and strategic insights.

The KPMG review suggests that systematically mining external signals can help firms gain asymmetric advantages through the due diligence process and assist with pricing, while also enabling identification of risks and potential value creation opportunities should the deal proceed.

Note: ¹Retrieval-Augmented Generation (RAG) is the process of optimizing the output of a large language model, so it references an authoritative knowledge base outside of its training data sources before generating a response
Source: Heat maps generated using Tableau.

Showcase

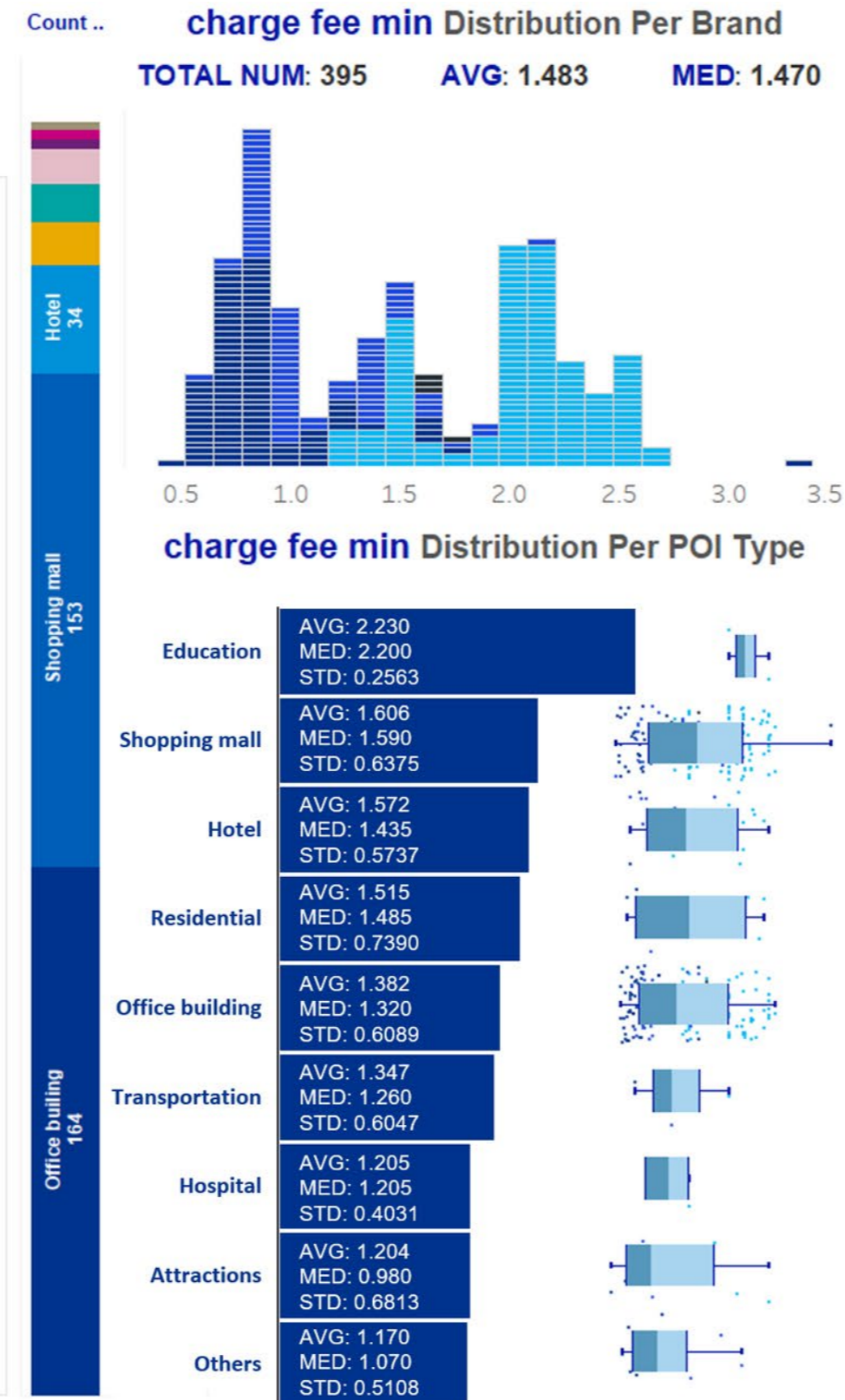
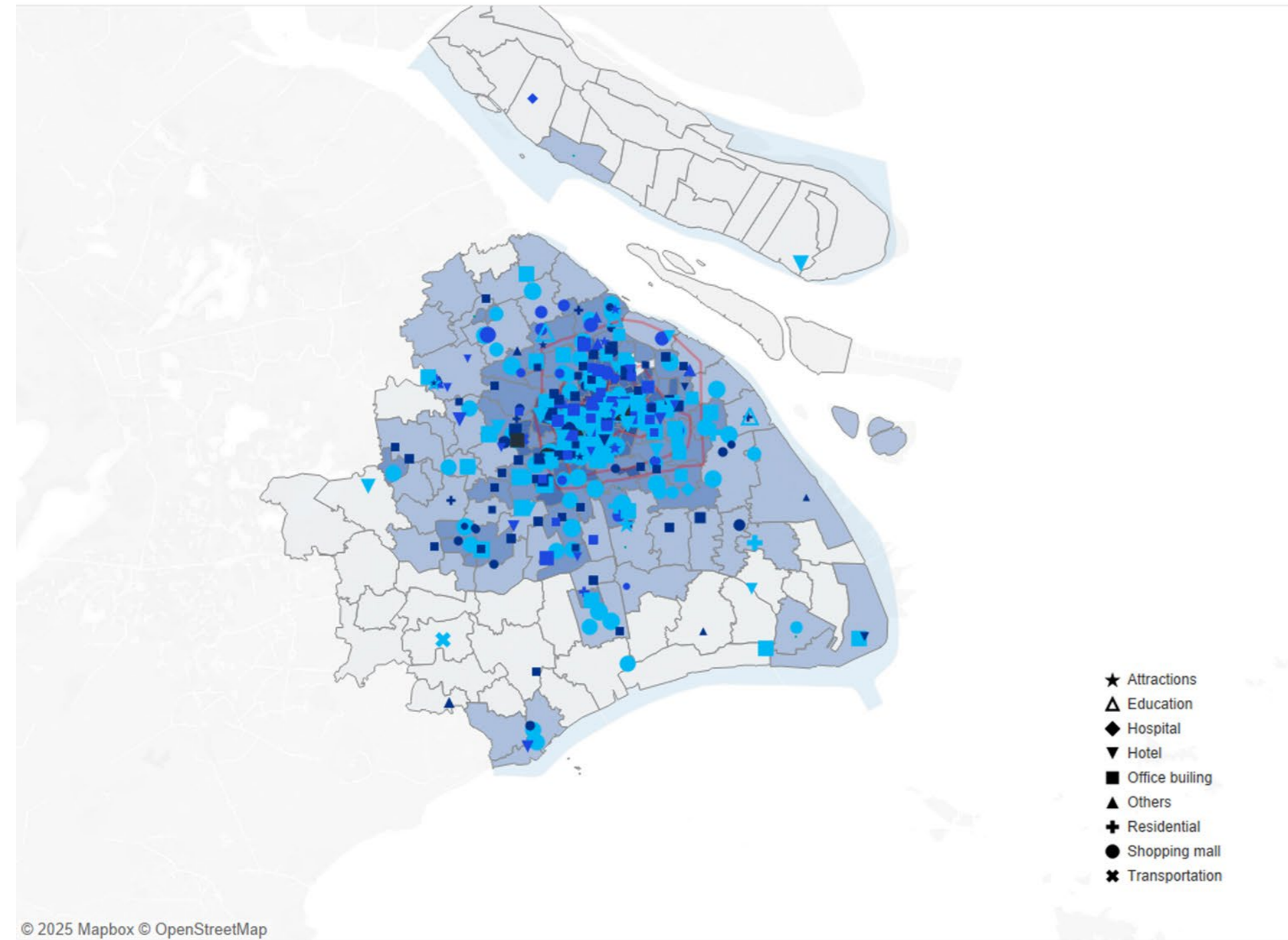
Attractiveness grid scoring for EV charge station





Charge Station Distribution

Parameter: charge fee min
 City Pnt: 上海市
 POI Type: All
 Vist Index: All
 City Map: All
 Brand: All
 Geo Type: All



- Strategic market entry analysis for two EU luxury car brands into China's EV charging sector.
- Geospatial maps using data from five leading EV charging players in China were leveraged to understand the current market landscape and enable analysis of competitor pricing structures across different locations.
- Alt-data sources including population statistics, traffic patterns and points of interest were overlaid on EV charger location data to derive an attractiveness score heatmap, identifying favorable installation locations and regions for prioritization.

Source: Heat maps generated using Tableau.



Predictive interventions

Making smart, predictive interventions inside the portfolio can enhance value creation activities and improve PortCo agility.

With investment hold periods extending and geopolitical volatility rising, PE firms may look into speeding up their intervention strategies. There is no longer room for meaningful lags in traditional business intelligence.

Advanced AI tools like neural networks and large language models can be used for continuous monitoring to help identify issues early, forecast demand, and optimize pricing. By using methods like stochastic modeling, firms can better handle uncertainty and make informed decisions that drive EBITDA uplift and working capital release.

Utilizing ML and big data to predict customer churn, allows proactive interventions like personalized offers of improved services, which preserve revenue and reduce acquisition costs. A ResearchGate study on telecom churn prediction reported increased precision in identifying at-risk customers, which would lead to reducing churn and increasing EBITDA.^(e)

Showcase:

Optimal price development by product

NZ\$, Weekly sales data, Aug 2020 to Sep 2023

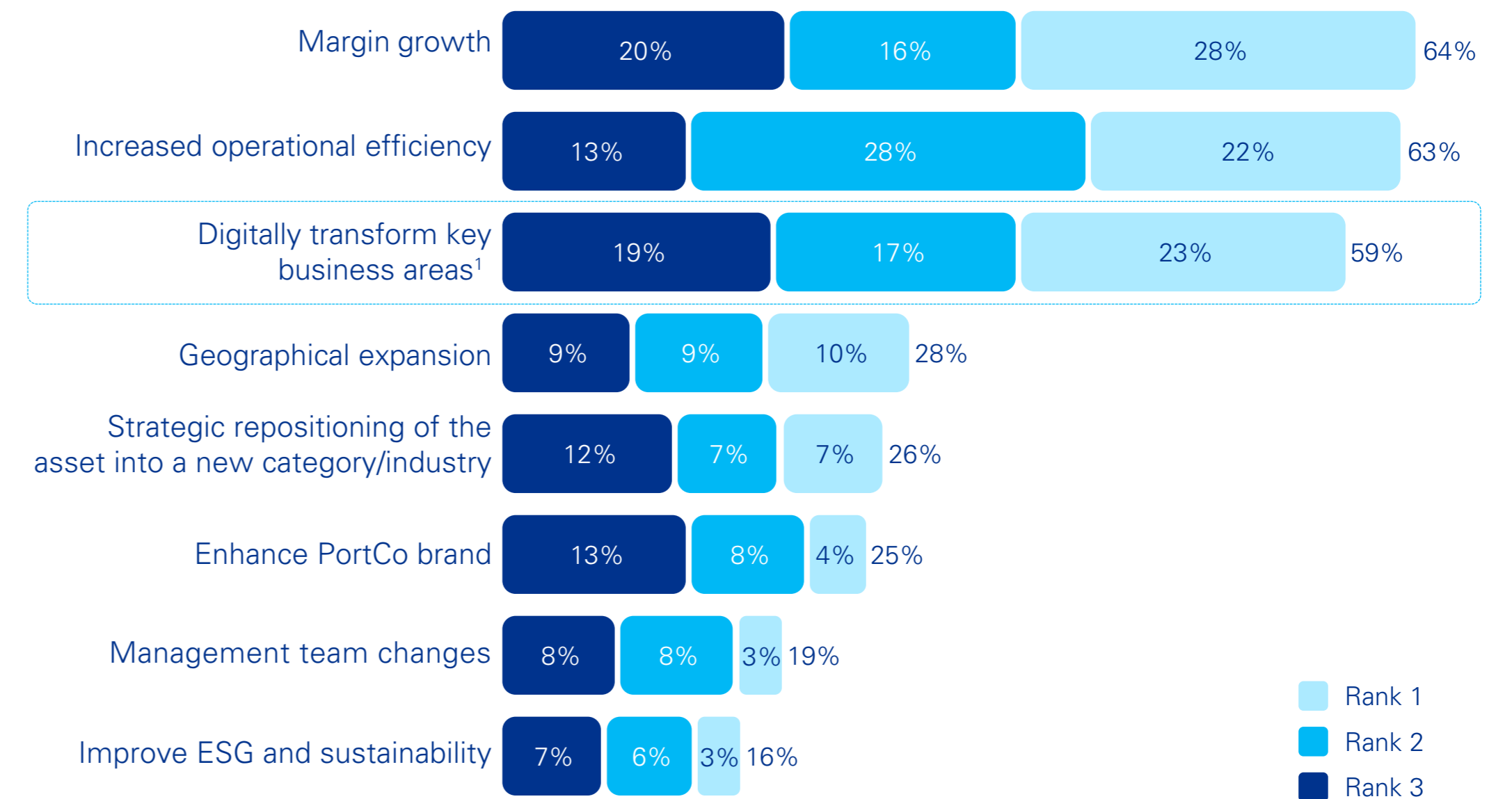


Understanding demand elasticity enables optimal pricing, taking into consideration timing, availability, seasonal demand and competitor pricing to maximise revenue and adapt to market conditions and consumer willingness to pay.

Note: ¹Respondents with AUM exceeding USD 50bn see digital transformation as a more prominent solution to drive growth in their portfolio companies
 Source: ^(f)KPMG 2025 Global PE Value Creation Survey; ^(g)ResearchGate, "Customer Churn Prediction Model: A Case of the Telecommunication Market" (2022); KPMG Analysis.

Multiple expansion strategies

Ranking multiple expansion strategies PE firms are focusing on to drive growth within their PortCo(s)^(f)





Proprietary data assets

Centralizing data across the portfolio and sharing best practices allows PE value creation teams to uncover opportunities previously invisible to deal teams.

Traditionally, deal teams have had to redo foundational analysis for each acquisition, with limited cumulative learning or benchmarking from one deal to the next.

Leading PE firms are beginning to treat data as an asset class. Data-driven strategies position funds to achieve a competitive edge by enabling more informed investment decisions and streamlining operations, leading to long-term value realization for GPs and LPs.



Traditionally, buyout firms have relied on expert judgment and financial analysis to drive value creation. Today, however, consistently generating alpha increasingly requires the ability to identify, quantify, prioritize, and execute a broad range of operational value creation opportunities — an approach that leverages robust data and analytics alongside traditional insights.👉👉

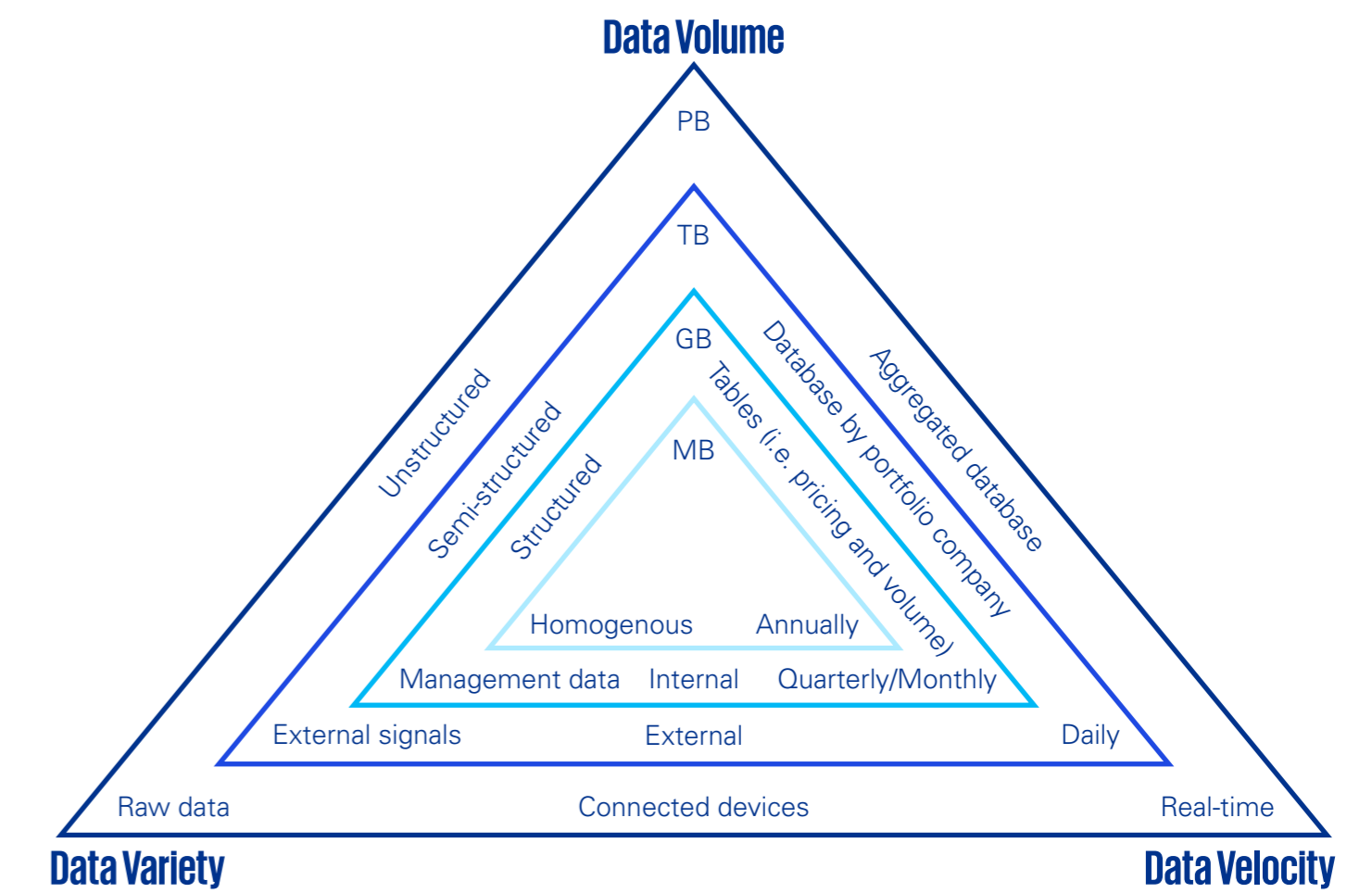
Source: ^(d)MSCI Private Assets GP Survey 2025; KPMG Analysis.

For example, many PE firms are now pouring cleansed telemetry from their PortCos into a central lake to generate automatic benchmarks and playbooks. This has been shown to cut 100-day planning efforts by 30 percent while also helping to surface cross-portfolio synergies previously invisible to deal teams, enhance decision making and improve operational efficiency.

On the next page, this report offers an example of a modern data stack which could be used by PE firms to drive insights and value across PortCos in the new market reality.

Paul Ford
Global Head of Elevate, KPMG International
ASPAC Head of Strategy and Head of Private Equity
KPMG in Japan

The 3 Vs of data in PE

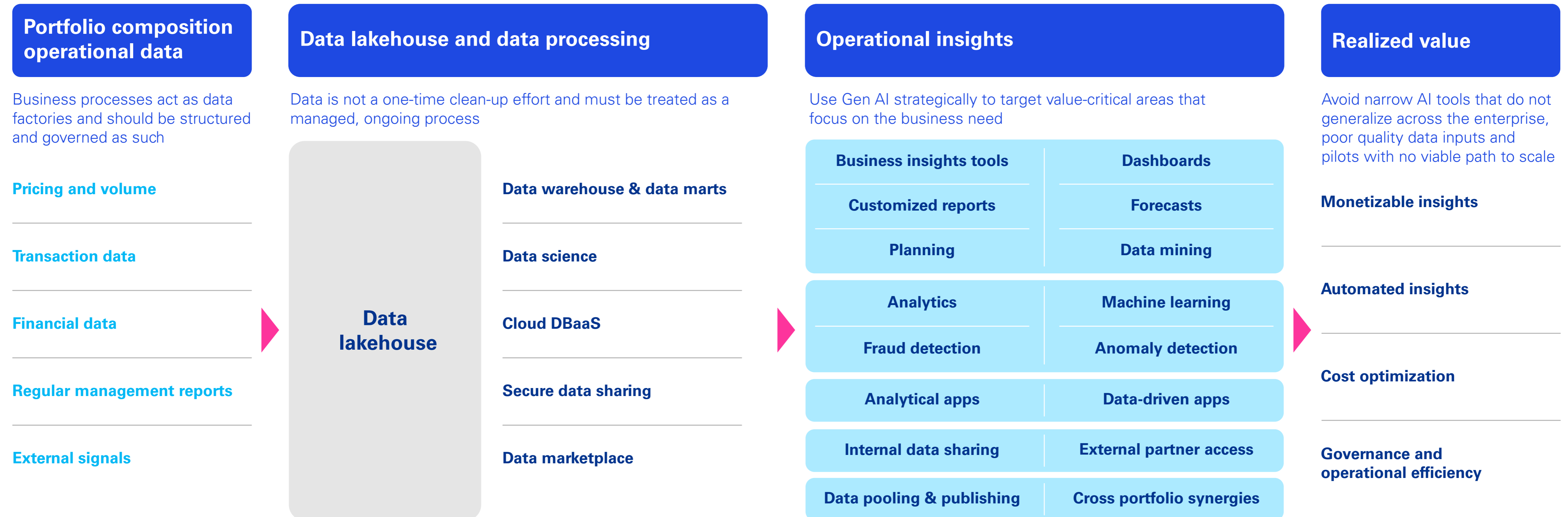


68 percent of large GPs and 52 percent of small GPs say they cannot meet LP bespoke reporting demands in real time^(d)



The modern PE data stack

What might a modern data stack look like for PE firms seeking to drive insights and value across the portfolio?





Operating model overhaul

In this environment, functional operating models beat deal-centric ones.

Industry observers will note that the most successful quant PE houses invert the historic pyramid: ≥ 1 operating partner per 2 deal partners, supported by in-house data science, pricing and procurement guides. In today's competitive market, focusing on operational improvements is crucial to achieving higher returns.

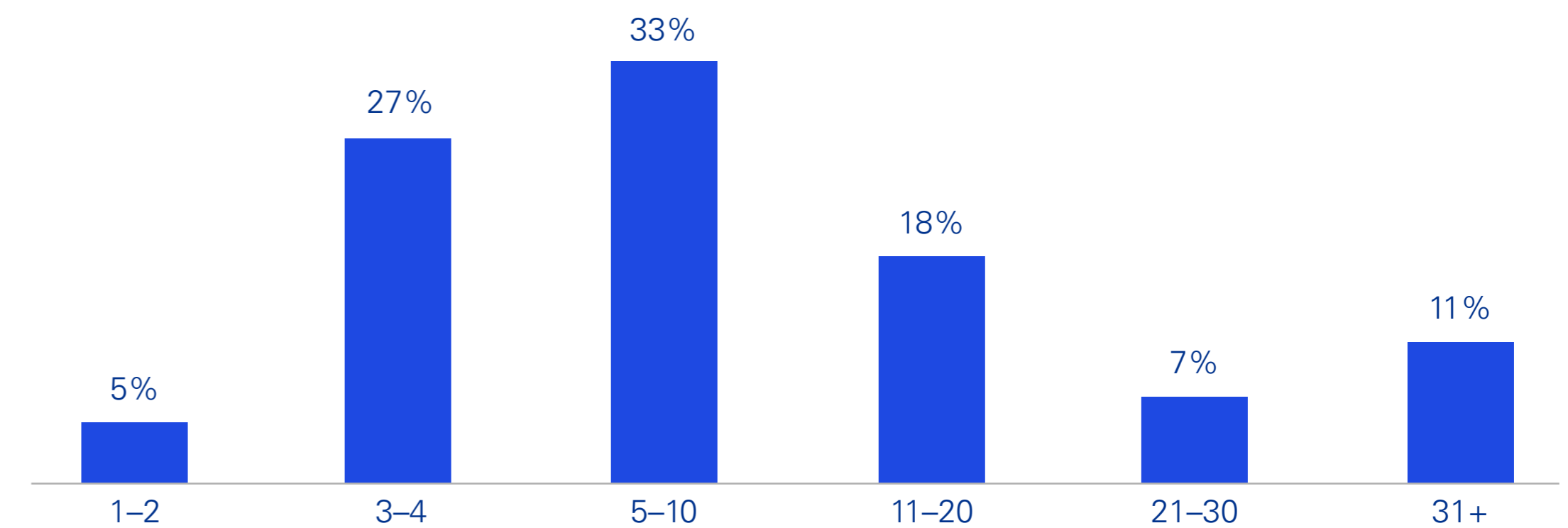
Indeed, operating teams are growing, with 64 percent of operating partners surveyed in 2024 indicating their teams are growing moderately or substantially. This talent tends to be spread fairly thin, with over two-thirds of operating partners working with more than five PortCos.^(s)

However, as hold periods push out, there is growing concern among LPs that GPs are managing a broader portfolio and that older assets may not be receiving the necessary level of time and attention necessary for operational value creation.^(s)

52 percent of respondents claimed seamless coordination between deal and ops teams; the rest are scrambling to fix it^(f)

Source: ^(f)KPMG 2025 Global PE Value Creation Survey; ^(s)Private Equity International: Operating Partners Compensation Survey 2024; KPMG Analysis.

Number of portfolio companies worked with per operating partner(s)



18 percent of survey respondents are operating partners, underscoring the deal-heavy headcount mix^(f)



Operating model overhaul

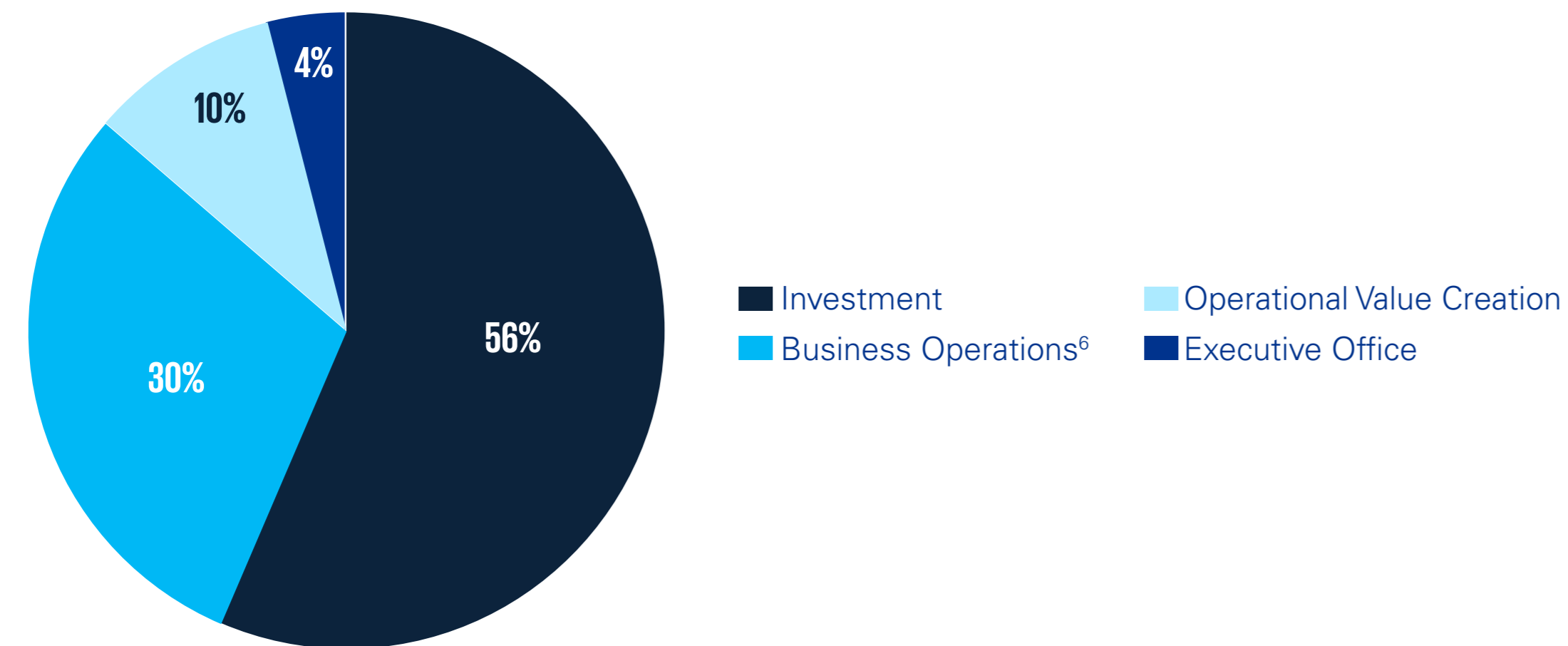
How are the 10 largest PE firms structured and what can we learn from their capability mix?

To better assess current PE operating models, we analyzed the organizational data of the 10 largest PE firms^{3,†} and classified personnel into Operational Value Creation, Investment, Business Operations and Executive Office based on the personnel descriptions, team and/or business unit.

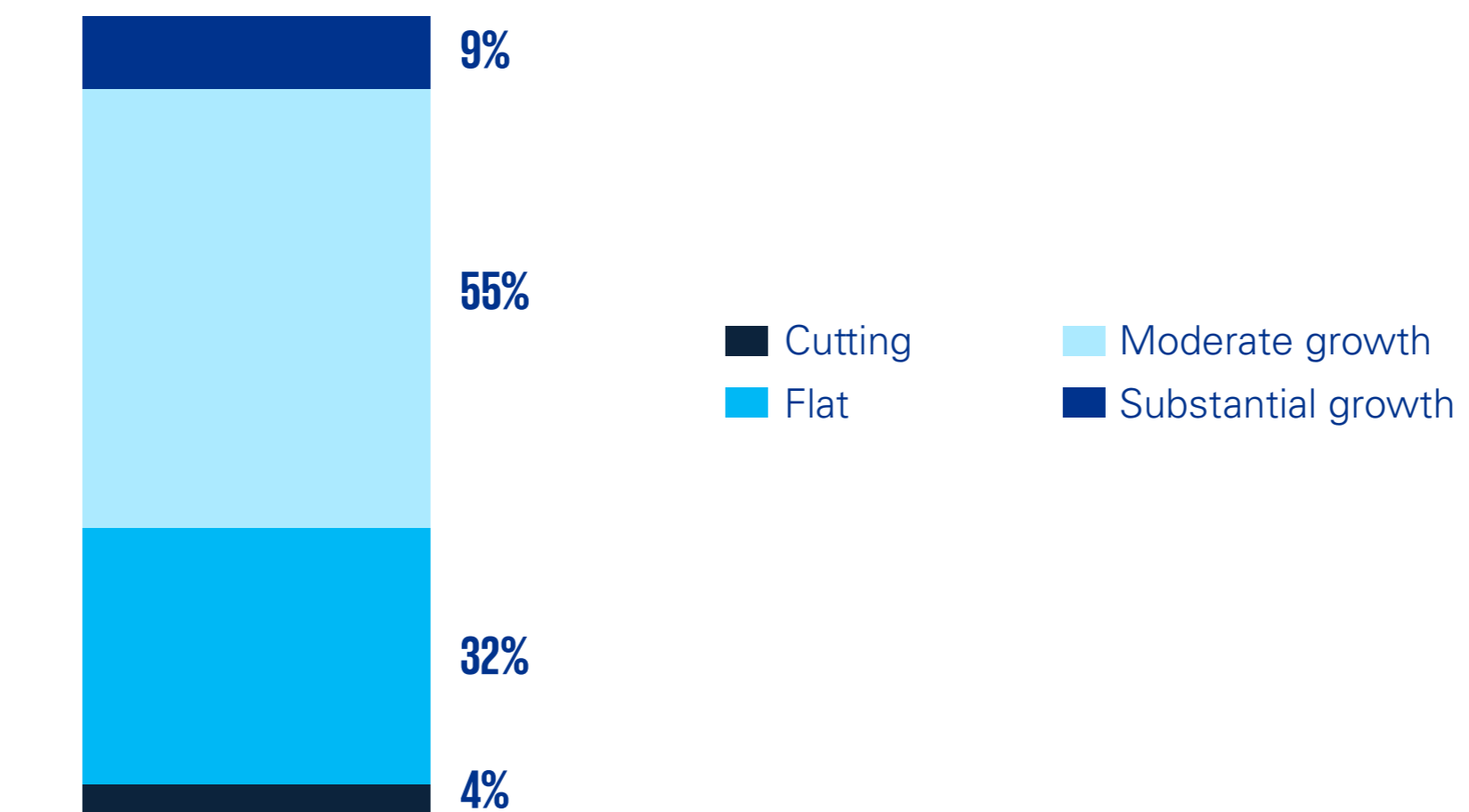
The data shows wide variation in the number of Operational Value Creation employees^{1,2} as a proportion of total employees,¹ with the highest reaching up to 40 percent and the lowest 3 percent.

The weighted average is 10 percent Operational Value Creation employees versus 56 percent in Investment roles. This suggests many PE firms will need to increase the ratio of employees in Operational Value Creation positions by a factor of 3 if they want to be best placed to identify, quantify and execute on the value opportunities that will be the key differentiator in the periods to come.

Top PE firms³ by employee function



Growth in PE operating teams^(s)



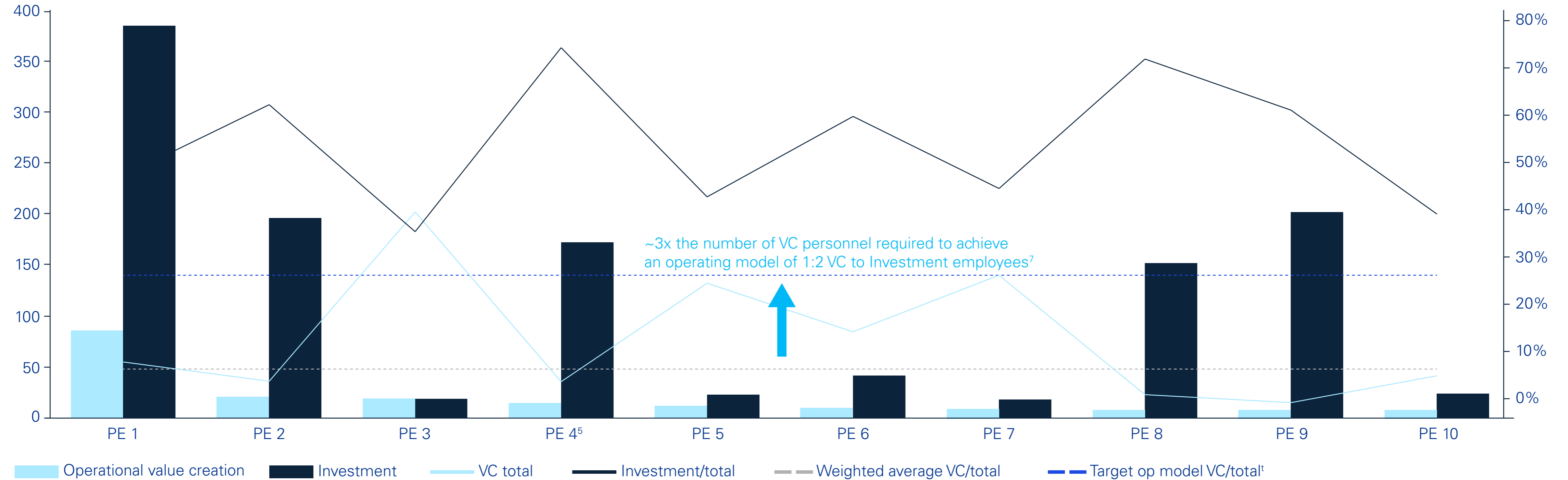
Note: ¹Managing Director level and above; ²Employee type identified based on analysis of employee personnel descriptions and team/business unit. Analysis only includes those employees directly employed by the PE firm and therefore does not include any potential operational value creation employees employed by portfolio companies; ³Based on funds raised (USDm) for funds closed between 1 January 2020 and 31 December 2024; ⁶Includes business development and fundraising employees.

Source: ⁽⁹⁾Private Equity International: Operating Partners Compensation Survey 2024; ⁽¹⁰⁾Private Equity International: 2025 PEI 300 rankings; PE firm websites; KPMG Analysis.



Top PE firms^{3,t} by employee type^{1,2,4}

Number of employees by type; value creation and investment employees as a percentage of total employees¹



Note: ¹Managing Director level and above; ²Employee type identified based on analysis of employee personnel descriptions and team/business unit. Analysis only includes those employees directly employed by the PE firm and therefore does not include any potential operational value creation employees employed by portfolio companies; ³Based on funds raised (USDm) for funds closed between 1 January 2020 and 31 December 2024; ⁴Includes employees identified as having a dual-role, e.g. operational value creation and investment; ⁵PE4 operational value creation employees include independent contractors that are advisors to the PE firm and its portfolio companies and are not direct employees of the firm or affiliates; ⁷Calculated by holding the number of investment, business operations and executive staff constant.

Source: ⁶Private Equity International: 2025 PEI 300 rankings; PE firm websites; KPMG Analysis.



Implementation roadmap





Implementation roadmap

1.

Diagnose

Diagnose gap — Benchmark current toolkit against the five capabilities; run a 2-week sprint to surface quick-win data sources

3.

Talent pivot

Upskill talent — Pivot 10 percent of carry pool to operating partners and data talent; embed pairing model with deal teams

5.

Measure & iterate

Measure, iterate, publish — Track EBITDA uplift attribution; recycle learnings into the lake

2nd Month**3rd Month****5th Month****8th Month****12th Month****Start****2.**

Data-lake and platform build

Build the lake and integration platform — Prioritize ingestion of universal metrics (SKU-level sales, pricing, WC) and ensure you have a repeatable data source ingestion processes

4.

Playbook codification

Industrialize playbooks — Codify simulations, alt-data scraping and predictive models into repeatable modules



Conclusion

Operational alpha is now the price of admission.

Funds that institutionalize scenario simulation, outside-in intelligence, predictive analytics, proprietary data and functional operating models will out-earn the stock pickers — and raise the next wave of LP capital.

01

Traditional value creation strategies are no longer sufficient

02

PE firms are increasingly exploring new and differentiated ways to unlock operational alpha.

03

PE leaders are taking a more structured and disciplined approach to identifying and delivering operational alpha.

04

The leaders exhibit five key capabilities and this report identifies them

05

The time to move is now.



How KPMG can help

Delivering value creation has always been a critical focus for PE firms, fund managers, and portfolio company executives. In today's complex and competitive environment,

it requires a more systemic, data-driven, and accurate approach.

With a deep understanding of the evolving private equity landscape, a strong deal heritage, and a strategic view of potential value levers, KPMG professionals are committed to helping their clients navigate the value journey with rigor and precision.

KPMG has a suite of multidisciplinary services that are strategically designed to support clients throughout the entire investment lifecycle, helping ensure they

effectively navigate the complexities of the private equity market.

Our network's strong emphasis on performance improvement initiatives aimed at enhancing the value of portfolio companies leverages advanced technology and market insights to help clients adapt to changing market conditions and seize growth opportunities.

KPMG professionals are dedicated to helping their clients identify, quantify, prioritize and capture value opportunities, leveraging their experience to help

transform business models, enhance financial performance and, ultimately, increase enterprise value.

Contact your local KPMG member firm to find out how we can help.



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Glossary and definitions

AI	Artificial Intelligence
API	Application programming interface
ASPAC	Asia Pacific
AUM	Assets under management
AWS	Amazon web services
B2B	Business to business
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
CPI	Consumer price index. A widely used measure that examines the average change over time in the prices paid by consumers for a basket of goods
CV	Continuation vehicles. An investment structure that allows existing assets or portfolio companies to remain under the management of the same general partner (GP), typically extending their investment horizon beyond the original fund term
DBaaS	Database as a service
DPI	Distributed to paid-in. A key performance metric measuring cash distributions to LPs relative to their capital contribution
DSO	Days sales outstanding. A measure of the average number of days that it takes a company to collect payments for a sale
DXY	DXY refers to the US Dollar index, a measure of the value of the United States dollar relative to a basket of foreign currencies

EBITDA	Earnings before interest, taxes, depreciation, and amortization
EMEA	Europe, Middle East, and Africa
ESG	Environmental, social, and governance
FX	Foreign exchange
GFC	Global Financial Crisis. Refers to the severe worldwide economic crisis that occurred in 2007–2008
Gen AI	Generative Artificial Intelligence
GP	General partner. The entity or group responsible for managing the PE fund's investments and operations
GPRI	Geopolitical risk index
IPO	Initial public offering
IRR	Internal rate of return. A key performance metric to measure profitability of investments over time
IT	Information technology
KPI	Key performance indicator
LBO	Leveraged buyout. A financial transaction in which a company is acquired using a significant amount of borrowed money to meet the cost of acquisition.
LP	Limited partner. A passive investor who provides capital to the private equity fund and has limited liability
M&A	Mergers & Acquisitions
MB, GB, TB, PB	Megabyte, Gigabyte, Terabyte, Petabyte
ML	Machine learning

MOIC	Multiple on invested capital. A performance metric which measures the total value generated by an investment relative to the capital invested
MSCI EMI	MSCI Emerging Markets Index
NAV	Net asset value. Net value of a fund/investment after subtracting its liabilities from its assets
PE	Private equity
POI	Point of Interest
PortCo	Portfolio company
pps	Percentage point
QE	Quantitative easing
S&P 500	Standard & Poor's 500
SaaS	Software as a service
SG&A	Selling, general, and administrative expenses
SKU	Stock keeping unit
TVPI	Total value to paid-in. A performance metric measuring the total value of a fund's investments (both realised and unrealised), relative to the capital contributed by LPs
USDk, USDm, USDbn, USDtn	United States dollars in thousands, millions, billions, trillions
VDD	Vendor due diligence
VP	Vice President
WC	Working Capital
YoY	Year on Year
ZIRP	Zero interest rate policy



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