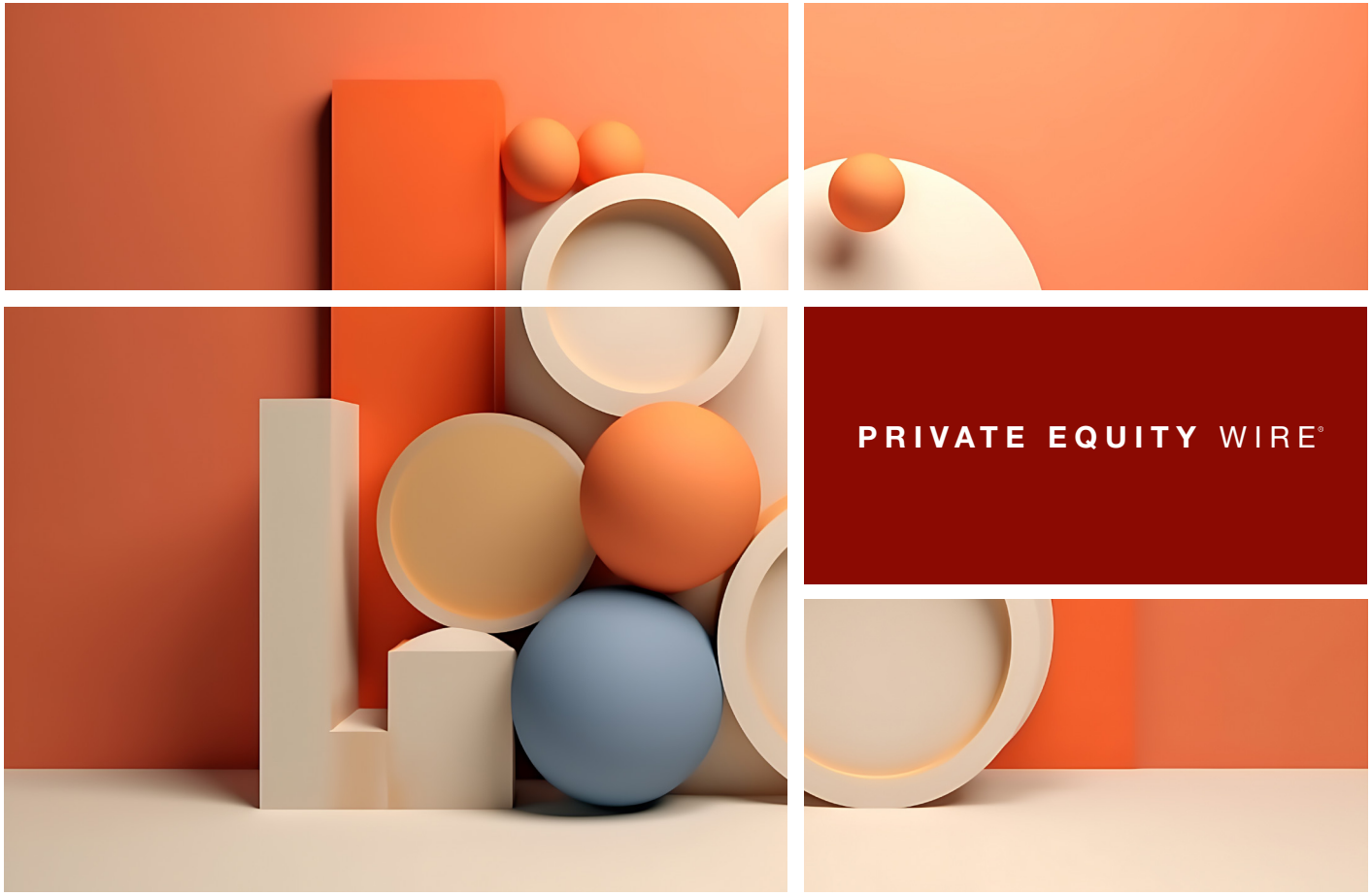
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APRIL 2026



VALUE CREATION IN 2026

THE ART AND THE SCIENCE

EXECUTIVE SUMMARY

When 12 is the new five, as Bain & Company puts it, and volatility is normalised, value creation becomes an art and a science rolled into one.

Firms in today's climate need to not only evaluate an asset's ability to weather all manner of disruptive forces, but they also need to create a growth plan that is able to play out in sectors that are now transforming – quite literally – from one month to the next.

It's a fine art, to strike the balance between defensive preservation of an asset's value and the aspirational fulfilment of its upside potential. Doing so can be as modernly brutalist as leveraging AI to eviscerate headcount and fundamentally alter operating models, or as classically elegant as providing loyalty discounts to retain customers. It all adds value, but it needs to be the right fit.

There is also a scientific rigour in devising a value creation plan that is in equal parts ambitious and realistic, one that is based on a solid hypothesis that can be tested against clearly articulated KPIs. Over time, as holding periods seem to evolve in a relentlessly upward direction, the same level of discipline is required to keep the plan on track.

When exits are hard to come by, the equity story is the most compelling tool in the PE belt – it's not enough to have generated impact, measuring this impact and demonstrating a further value ramp for the buyer is what takes deals over the line.

From the types of due diligence in focus to the most impactful value creation levers, and from the data sources leveraged to the data management pain points – this report explores all things value creation. Our warmest thanks to AlphaSense for partnering with this research, and providing invaluable benchmarking insights as well as expert commentary.

AFTAB BOSE
HEAD OF CONTENT

CONTENTS

KEY FINDINGS 3

SECTION 1 4
THE ART OF VALUE CREATION

SECTION 2 12
THE SCIENCE OF VALUE CREATION

METHODOLOGY

This research is based on a Private Equity Wire® survey on 100+ senior leaders in private equity, with responses collected between January and April of 2026. Report commentary is based on Private Equity Wire®'s editorial analysis, in-depth, qualitative interviews with industry experts and participants, and a range of public data sources.

71% Say financial due diligence in the most important consideration when evaluating value drivers, followed at some distance by commercial (47%) and operational (44%)

56% Say operational efficiency is the most effective lever for value creation, trailed by strategic M&A (24%) and talent (23%)

56% Say the biggest pitfall of value creation plans is setting realistic operational KPIs, while integration with an exit lens follows with 18%

53% Say private data is their main source of information during due diligence, followed by benchmarking data (47%) and expert networks (46%)

38% Say building risk and volatility resilience is their primary approach to value creation in the current climate, while 29% say it is expansion and market share growth

TODAY'S VALUE DRIVERS

Framing the conversation around value creation against the backdrop of normalised instability and organisational inertia

It all begins and ends with asset health. Due diligence, once a routine hurdle en route to acquisition, now forms the bedrock of the investment lifecycle and the beginning of the value creation journey.

Unequivocally, a company's financials are the most important factor to consider during due diligence – cited by 71% of firms as having the highest impact on value creation (see Fig. 1.1.). Within this, profitability appears to have replaced growth as a performance metric and a healthy cashflow is key to resilience in a global economy prone more to shock than momentum.

Commercial due diligence follows, cited by 47% of firms as significant, and in an era where operationally-driven margin expansion is synonymous with value creation – perhaps surprisingly operational due diligence is in third with 44%.



Fig. 1.1. Types of due diligence with highest impact on value creation



Phil Carrivick, Adviser to CVC says: "Financial due diligence will always be the foundation – it underpins valuations, debt capacity, deal structure, deal certainty."

According to Owen Cartier, Partner and European value creation lead at Searchlight, financial is the first port of call, but not necessarily the singularly most important. He says: "Financials provide clarity on what we're paying for. Commercials tell us whether the company can keep winning. Then, operational levers become the real focus.

None of these factors exists in a vacuum, and the interdependence among them is growing. AI, for instance, is seen as the great operational propeller, but it is also among the chief commercial disruptors.

Carrivick says AI due diligence is now a science in and of itself. "LPs and lenders are increasingly asking for AI assessments as part of their requirements, but far less frequently than for financial or operational due diligence. The expectation is forming, a standard approach hasn't caught up yet."

But can it be standardised? Carrivick recognises that AI due diligence is simply a snapshot in time. Even the most rigorous of assessments has a very short shelf life with the speed of motion in the space. It needs to be extremely clear and well structured, so as to not add to the noise and hype, and recognise this is an evolving space.

Cartier relays a takeaway from a conference he attended, where a senior executive at Anthropic said even he only had three months of visibility on AI's development, which makes it famously hard to legislate for.

RESILIENCE AND PRESERVATION

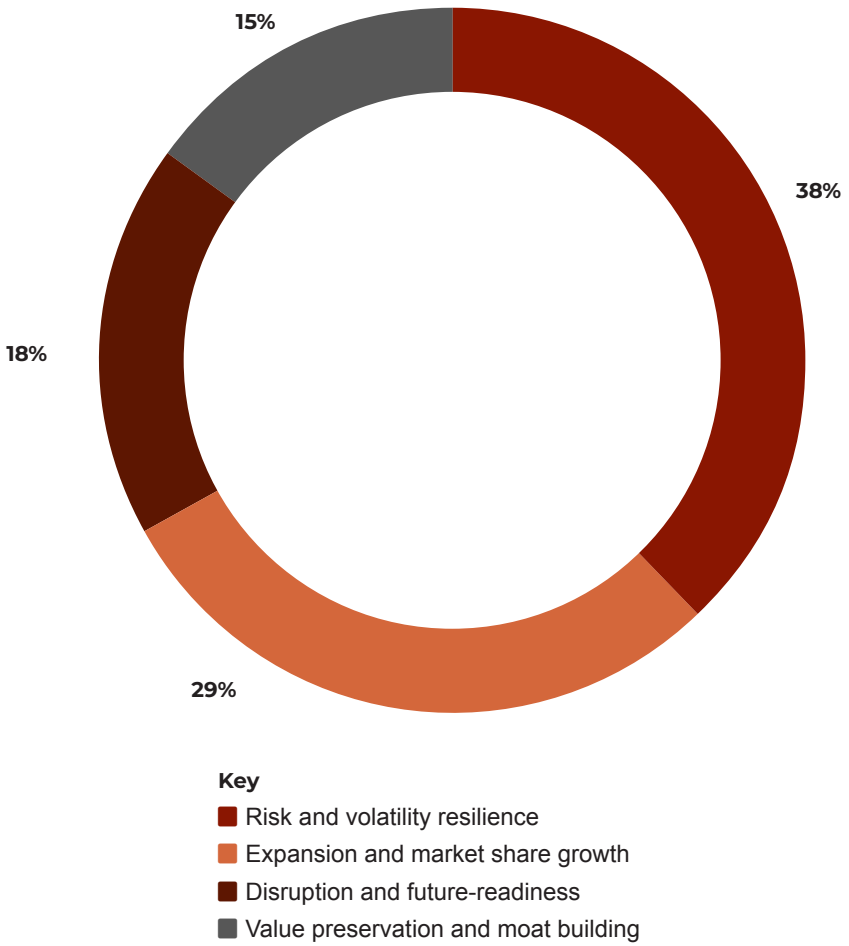
The conversation around AI embodies a foundational dichotomy playing out in wider due diligence and value creation efforts – with the rapid pace of change, should the focus be on defending against disruption or capturing the high value ramps on offer? As with most things, there is a happy middle to be attained.

By some distance, risk and volatility resilience is the primary focus in value creation journeys in the current climate – cited by 38% of firms as their preferred approach (see Fig. 1.2.). Combine this with 15% that say value preservation and moat building is their focus, and it becomes clear that value creation is currently more a defensive pursuit than an offensive one.

Cartier says: "I joke internally that we have been preparing for a recession every year since I joined Searchlight five years ago. Every new deal is stress-tested for a hard recession. That's a hygiene factor for us – a baseline requirement before we pursue the upside conversation."

"Currently, we examine the potential knock-on effects of interest rates, inflation and shortages of certain materials depending on the duration of the current geopolitical stress. We generally focus on recurring revenue service businesses that are more insulated from those shocks, such as safety services or regulated services.

Fig.1.2. Preferred approaches to value creation in current climate



These are critical for customers regardless of recession and decoupled from recent GDP growth.

"Once we get through that downside threshold, the core of our decision-making is really focused on the upside piece – growth, expansion opportunities, margin improvement."

In addition to framing value creation as a defensive conversation, the ongoing instability also seems to have templatised investment approaches to an extent – with some sectors and approaches being distinctly more favourable (see Boxout).

Generating alpha today comes down to the ability to consistently deliver profitable growth. The real source of differentiation lies in implementation.

That is the view of Ralph Friedwagner, Managing Director and Operating Partner at La Caisse. He observes capital increasingly concentrating in sectors perceived as structurally resilient and intensifying competition for a limited pool of genuinely high quality assets.

Amid persistent macro headwinds, the imperative to generate alpha has only sharpened. In response, many funds are investing heavily in formalising and scaling their value creation capabilities. Yet as investment theses and operational playbooks converge, differentiation on paper is narrowing markedly.

EXPLORING THE UPSIDE

Despite the defensive framing, firms assert that upside exploration remains the essence of value creation – particularly at a time when margins need to be wider than ever and performance is under strict scrutiny.

Slava Shafir, Operating Partner at Corsair Capital, says: "The Bain report is clear: companies need to grow 20% just to meet a 2.5x return. You can't get there on defence alone"

Operational efficiency and all it entails remains the mainstay of upside creation – cited by 56% of firms as their most effective value creation lever, followed predictably by risk management (28%). AI-enabled transformation, meanwhile, has a fair amount of penetration – at 21% – but undoubtedly has the highest upside potential.

AI-enabled transformation needs to anchored in the value creation plan, but success here is predicated on stakeholder alignment and adoption risk. Indeed, buy-in and adoption resistance emerged as the biggest challenge when executing value creation plans – cited by 35% of firms – while stakeholder management is cited by 26% and fragmented processes by 24% (see Fig. 1.4.).

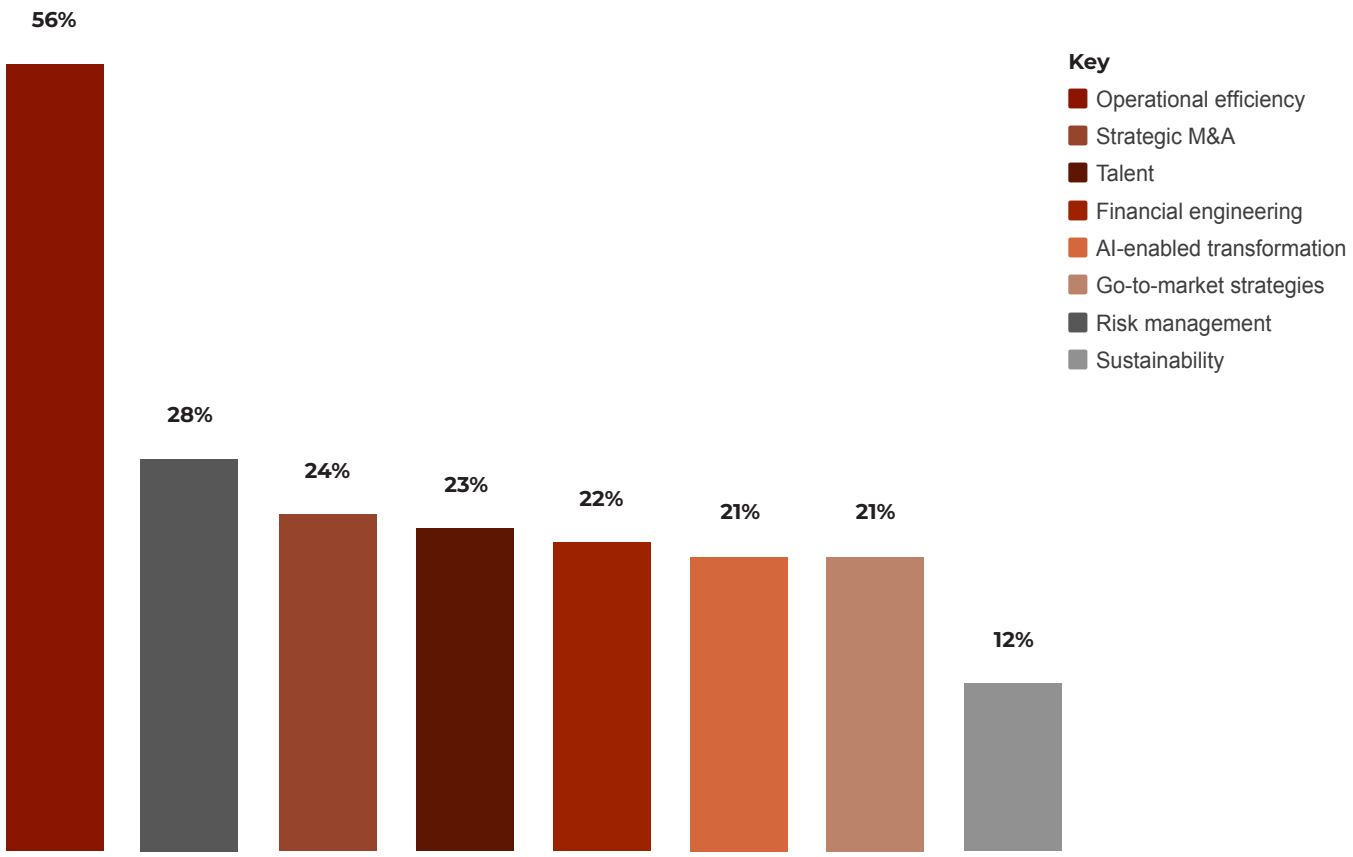
Carrivick says: "The technical challenges with AI are being readily solved, whereas the organisational ones persist. How does a large organisation transform to having repetitive tasks

“

How does a large organisation transform to having repetitive tasks done by AI agents? Will organisations become rectangular rather than the traditional pyramid as juniors become a multiple more productive?

Phil Carrivick, Adviser to CVC

Fig. 1.3. Most effective value creation levers



done by AI agents, will organisations become rectangular rather than the traditional pyramid as juniors become a multiple more productive, what's the pace of change needed – just enough for the business to be competitive or there's value is being first movers."

According to him, there are usually two types of driving forces: external competitive pressures and internal potential.

Shafir has a similar view, that is where AI-enabled transformation is the path of choice, it should be done properly. He says: "Companies that do really well don't dabble – they commit."

But not all value creation stories need to be as radical. Where AI may not be applicable as a lever, there are elegant and often overlooked ways in which tremendous upside can be attained. According to Shafir, pricing and go-to-market strategies are paramount here.

He says: "I have yet to see a company where a focus on pricing didn't yield a 10–15% uplift in revenues, and improving the upselling and renewals journey didn't yield a 10–20% uplift in renewals.

"The concern around pricing tends to be around charging more to customers. That is never the answer – a focus on the journey always has a positive economic return."

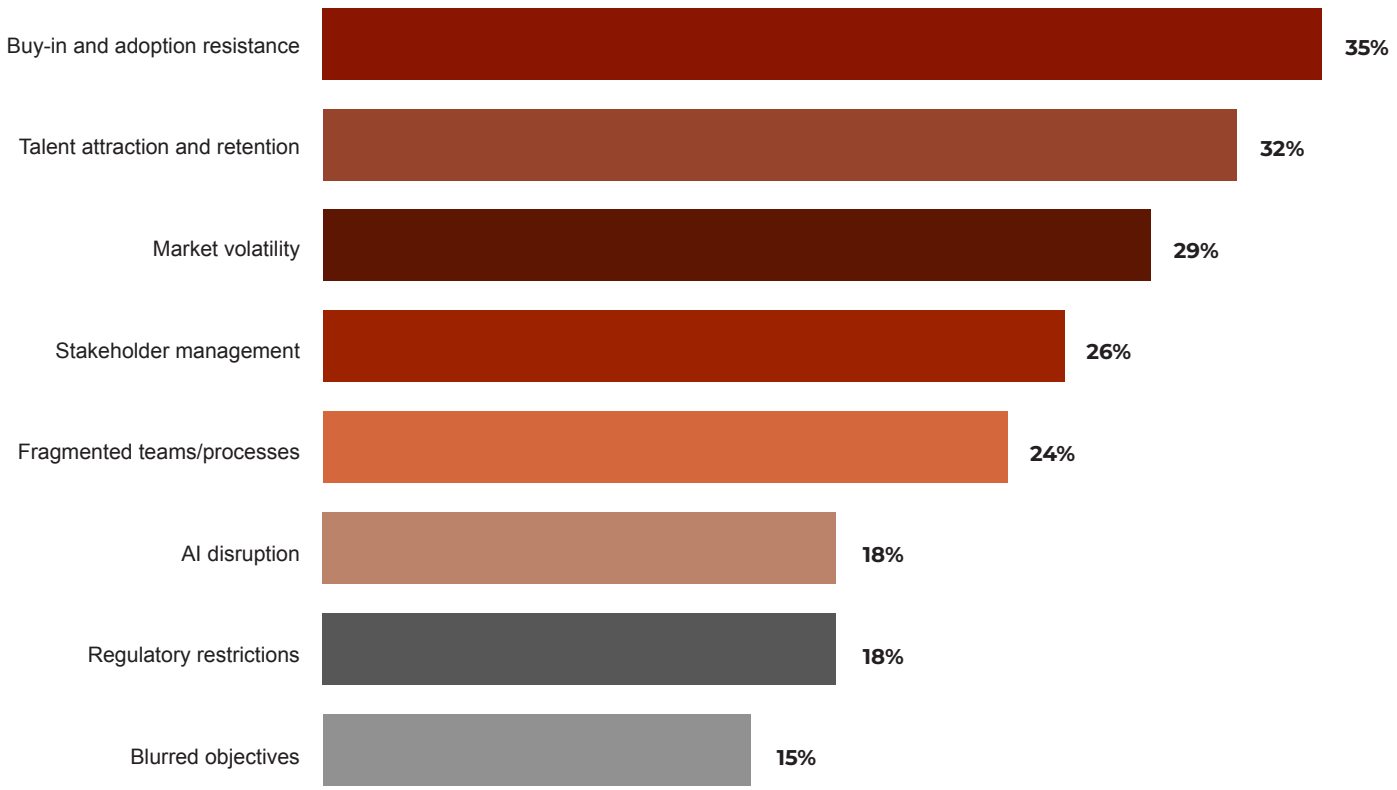
What continues to separate outcomes is execution, Friedwagner argues.

"Implementation remains the hardest part. Most value creation plans ultimately run up against the same constraint: organisational inertia. Change is not a technical exercise – it's a behavioural one. It requires people to think and act differently."

This is where the investor's role becomes most consequential. "The responsibility of an operating partner is to catalyse that shift and help build the capabilities to sustain it. That may involve upskilling the management team, making difficult people decisions when roles and capability no longer match the ambition, or strengthening the organisation with complementary talent. In practice, it is almost always a combination."

Change is a long and arduous journey at the best of times, and as stability and momentum go – this isn't the best of times. How firms can keep things on track will determine their success in the future. Read on to see how firms are cultivating this much-needed discipline and staying power.

Fig. 1.4. Main challenges when executing value creation plans



SPOTLIGHT

More than half of firms are taking a defensive approach to value creation – either through risk resilience or value preservation



SECTOR EXIT BENCHMARKING – POWERED BY AlphaSense

HEALTHCARE AND TECHNOLOGY PREMIUMS

Multiples in these sectors are heavily influenced by scalability and recurring revenue models.

- **Healthcare Services:** In the United States, scaled healthcare assets typically trade in the 11x to 14x EBITDA range, though specialised niches like medical equipment services are reportedly seeing chatter of multiples in the high teens to nearly 20x.
- **Healthcare IT:** A study of precedent transactions in healthcare IT established median multiples ranging from 9x to 18x EBITDA, with mission-critical solutions and long-term contracts supporting the higher end of that spectrum.
- **Software and SaaS:** European ERP software companies with high-single-digit growth can be valued up to 15x to 17x EBITDA depending on their technology stack. However, smaller software firms ($5M–$20M revenue) with lower growth may see more aggressive valuations based on recurring revenue, sometimes trading at 1x revenue but significantly higher EBITDA multiples.

REAL ECONOMY SECTOR BENCHMARKS

Sectors such as goods, services, and engineering generally face lower valuation ceilings compared to tech and healthcare, though "jewel" assets still attract competition.

- **Engineering and Industrial Services:** Projected exit multiples for specialised engineering, infrastructure, and goods and services firms are predominantly targeting the 8.0x EBITDA level for 2026 exits.
- **Facility and Exterior Services:** Scaled businesses in the landscaping and HVAC space are currently seeing high-water marks in the mid-teens, while less recurring or lower-margin segments typically fall into the 11x to 13x range. Smaller, sub-scale exterior service firms often trade lower, between 3x and 9x EBITDA.
- **Accounting and Professional Services:** While historically trading at 12x to 14x, some public multiples have compressed to roughly 9x EBITDA recently. However, high competition for "jewel" firms in the private market keeps some multiples inflated, with sub-scale firms occasionally receiving offers at 8x.

GEOGRAPHIC VARIATIONS: NORTH AMERICA VS EUROPE

Valuation gaps persist between the two regions, particularly in industrial sectors and emerging technologies.

- **Industrial Valuation Gap:** Multiples in Europe are generally lower than in the US, specifically for industrial companies, which some analysts describe as a "value trap" where assets bought cheap tend to stay cheap upon exit.
- **Software Convergence:** While European software multiples were historically much lower than US benchmarks, they have recently increased to nearly the same levels as buyers and sellers in Europe have become more sophisticated regarding US-style valuations.
- **Public Market Benchmarks:** In Europe, the STOXX Europe 600 currently trades at a forward P/E of 15.1x, compared to 13.4x for the STOXX Europe Small 200, which is slightly below its 10-year historical average of 14.5x.



IMPLEMENTATION IS ALPHA

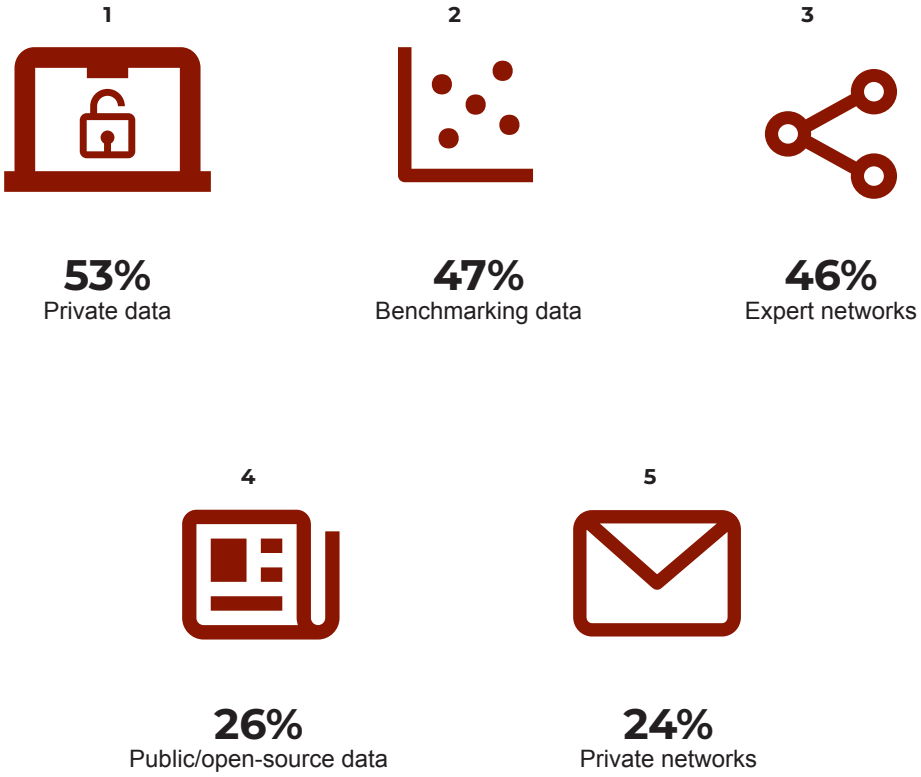
Mapping the process of value creation, from the data sources to the equity story and the pitfalls in between.

The concept is theoretically solid. Value creation begins at due diligence with the identification of clear growth drivers, which are tracked over the course of the holding period, and demonstrated at exit – proving the sustainable value of the asset. In practice, this process can quickly become fragmented, as the data in this section finds.

Slava Shafir of Corsair Capital says: “When private equity started, it was operationally minded. Leverage atrophied that muscle. We’re coming back to it – but we haven’t yet had the full moment of reckoning that forces it. The firms that have built the operational discipline will be the ones that are ready for it.”

What value creation needs is a scientific approach, where hypotheses are created, tested, negated or accepted and implemented with care. Private markets, on the other hand, are definitionally unscientific entities – a large part of their differentiation resting on information asymmetry, personal access and bespoke engagement.

2.1. Main data sources for due diligence



THE PRIVATE INVESTIGATION

Data sources are a good example. For their initial interactions with assets during due diligence, most firms rely on private data (53%), while nearly half (46%) and around a quarter (24%) rely on expert networks. Benchmarking data (47%) and public/open-source data (26%) play an important role, but act as supplements in the secret sauce industry.

Owen Cartier of Searchlight says that complement of methods is crucial. “The deeper we can get in terms of data during due diligence, the quicker we can move forward on value creation. We focus on two main fronts: robust data models that combine public and proprietary data from across our portfolio also leveraging AI; and our personal and expert networks.

“We utilise boutique firms to connect us with senior leaders in a wide range of organisations to foster longer-term relationships, combined with classic expert networks for broader, more dynamic coverage of key topics. In a world where everyone is using AI and processing public data more efficiently, the human touch is also at much more of a premium. The qualitative insight that comes from deep relationships or say speaking to customers is a differentiator you can’t just automate. Ultimately it’s important to marry the two.”

A WELL-DESIGNED PLAN

The inexact and asymmetric science of due diligence may or may not have a bearing on the rigour of value creation plans – though the latter are fraught with continuity challenges. The biggest of these by some distance is the setting of realistic operational key performance indicators – cited by a decisive 56% of firms.

Ralph Friedwagner of La Caisse cautions that the gap between theoretical value creation and operational reality remains widely underestimated.

“It’s easy to build an Excel model and quantify every conceivable cost saving or revenue upside. But unless you truly understand the operational realities – the maturity of the organisation, the robustness of systems, the quality of data, depth of the team, and the true scale of change required – you don’t know what is achievable.”

That realism, he argues, must be embedded early. “Setting expectations correctly at the investment stage is not just a commercial discipline.

It’s a foundational act of integrity toward your Investment Committee, the management team, and the board.”

“

When private equity started, it was operationally minded. Leverage atrophied that muscle. We’re coming back to it – but we haven’t yet had the full moment of reckoning that forces it

Slava Shafir of Corsair Capital

Andrew Bernstein, Senior Managing Director and Head of Private Equity at Capital Dynamics, says: “In addition to using the due diligence process to assess a company’s current situation, the best GPs also use it to determine the feasibility of value creation initiatives.”

Continuity with due diligence is cited by 15% of firms as the biggest pitfall of value creation plans, while 18% say integration with the exit lens is a top challenge – both hinting at process fragmentation.

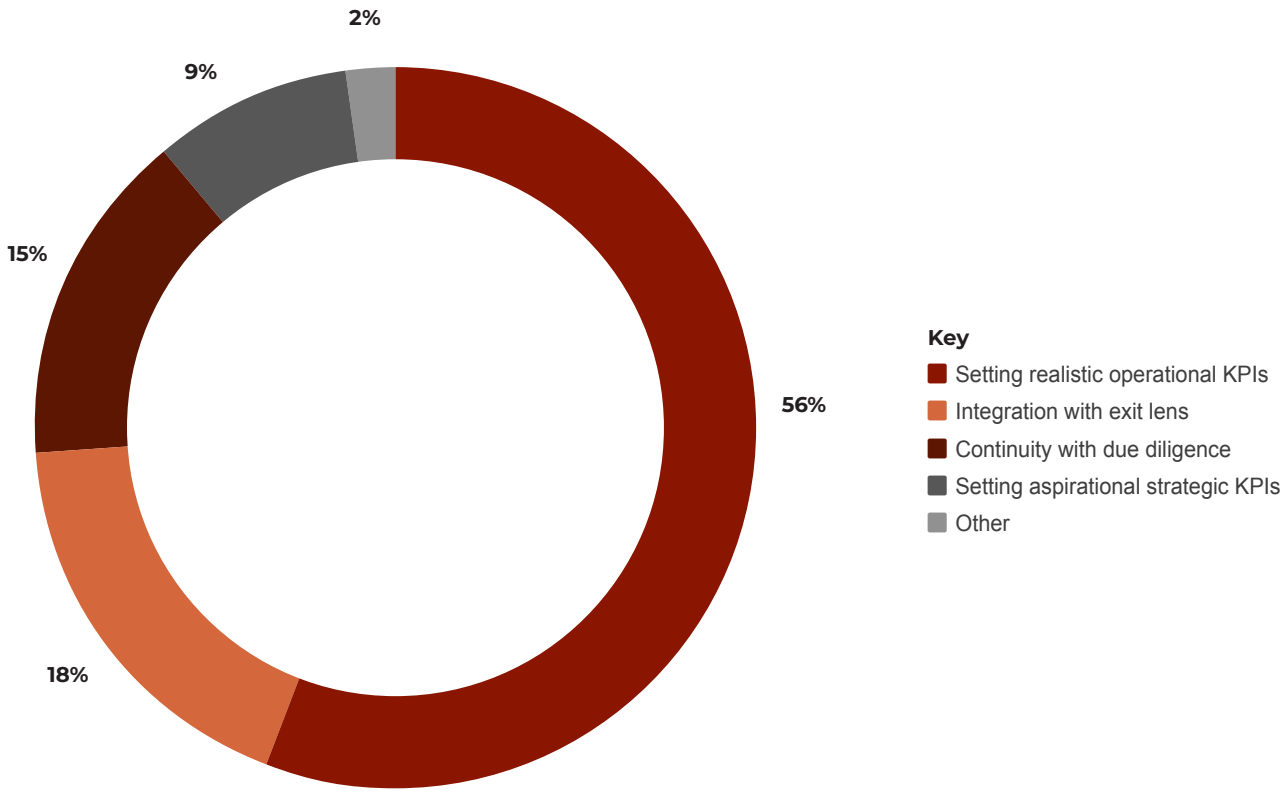
Shafir says the exit should be the starting point. “Start with the North Star. Where do you want to exit? Then reverse engineer and devise the least number of levers that need to be pulled, by quarter over three years, to demonstrate and improve equity value.

“With the tools that exist today – AI in particular – things that would have taken an army of consultants now take minutes. That matters, because evidence is what makes hypotheses credible. When this evidence can be built and validated at speed, it leaves room for a much more grounded conversation about what’s real, what’s directional, and what’s aspirational.”

RED, AMBER AND GREEN

If devising the plan is a scientific endeavour, keeping it on track is an operationally intensive undertaking. Firms struggle with multiple facets of monitoring – including identifying early signals of performance risk (50%), thesis drift (38%) and market shifts (37%) (see Fig. 2.3.).

Fig. 2.2. Biggest pitfalls of value creation plans





WERNER DE WIT, CFA

Head of Specialised Sales, EMEA, Financial Services

AlphaSense

1. How is the current mix of data sources affecting firms' ability to identify value drivers early? Where should the spotlight be?

What we see across private equity is that firms don't really have a data shortage, they have a fragmentation problem.

You've got VDR content, internal memos, expert calls, broker research, all of which are valuable, but they tend to live in different places. That makes it much harder to connect insights early and actually identify where value sits.

Where firms are starting to get an edge is by bringing all of that together and analysing it in one place. That's really where AlphaSense comes in. We integrate internal deal documents with premium external content, including broker research and expert call transcripts that you simply can't get from open sources. That's critical because it allows teams to pressure-test management narratives, validate assumptions, and uncover risks or opportunities that aren't immediately obvious in the data room.

So the spotlight shouldn't be on more data. It should be on connecting and contextualising the data firms already have.

2. With operational efficiency clearly being the top value lever, what critical considerations should firms incorporate in their due diligence process?

There's definitely a shift happening here. Firms know operational value creation is critical, but diligence doesn't always reflect that. It's still often heavily financial.

What we're seeing with our clients is a move toward more structured and repeatable diligence workflows, where operational questions are built in from the start rather than treated as an afterthought.

Technology is starting to play a bigger role here. Within AlphaSense, teams can run specialised workflows and purpose-built AI agents across VDR content and research to systematically assess areas like customer dynamics, risks, and management quality.

It's not about doing more diligence. It's about doing it more consistently and with more depth, so by the time you get to IC, you have a clear view of how value will actually be created.

3. How can firms solve the KPI problem – from setting realistically to monitoring effectively and eventually tracking to build an exit story?

The KPI challenge really comes down to continuity.

A lot of firms set KPIs post-close that aren't fully grounded in what came out of diligence, and from there tracking becomes inconsistent.

The firms that are doing this well are the ones that anchor everything back to the original diligence insights and investment thesis, and then keep that thread running throughout the lifecycle.

What we're increasingly seeing is teams using platforms like AlphaSense to capture and structure those insights early, and carry them through into outputs like IC materials and ongoing tracking.

That makes it much easier to clearly show at exit what you believed at the start, what you executed, and what actually drove value.

4. The data would suggest due diligence, value creation and exit are three very separate entities – what is the key to cohesion through the lifecycle?

This is probably the biggest structural gap in the market today.

Diligence, value creation, and exit are often treated as separate phases, sometimes even by different teams, using different tools and data. That's where things start to break down.

What we're seeing, and where firms are really benefiting, is moving toward a more end to end workflow approach.

At AlphaSense, that means teams can handle everything – from early market research and deal mapping to active due diligence and IC memo creation – all in one environment. They're working off the same underlying deal data, enhanced by AlphaSense's premium content library of 250K+ exclusive expert transcripts, broker research, and private company data.

When that's connected, teams spend far less time searching and stitching things together, and far more time building conviction. And ultimately, that's what allows them to move faster, make better decisions, and win more competitive deals.

Data-related pain points also riddle the monitoring process – chief among these being data collection from portfolio companies (41%), management and storage (18%) and surfacing insights when needed.

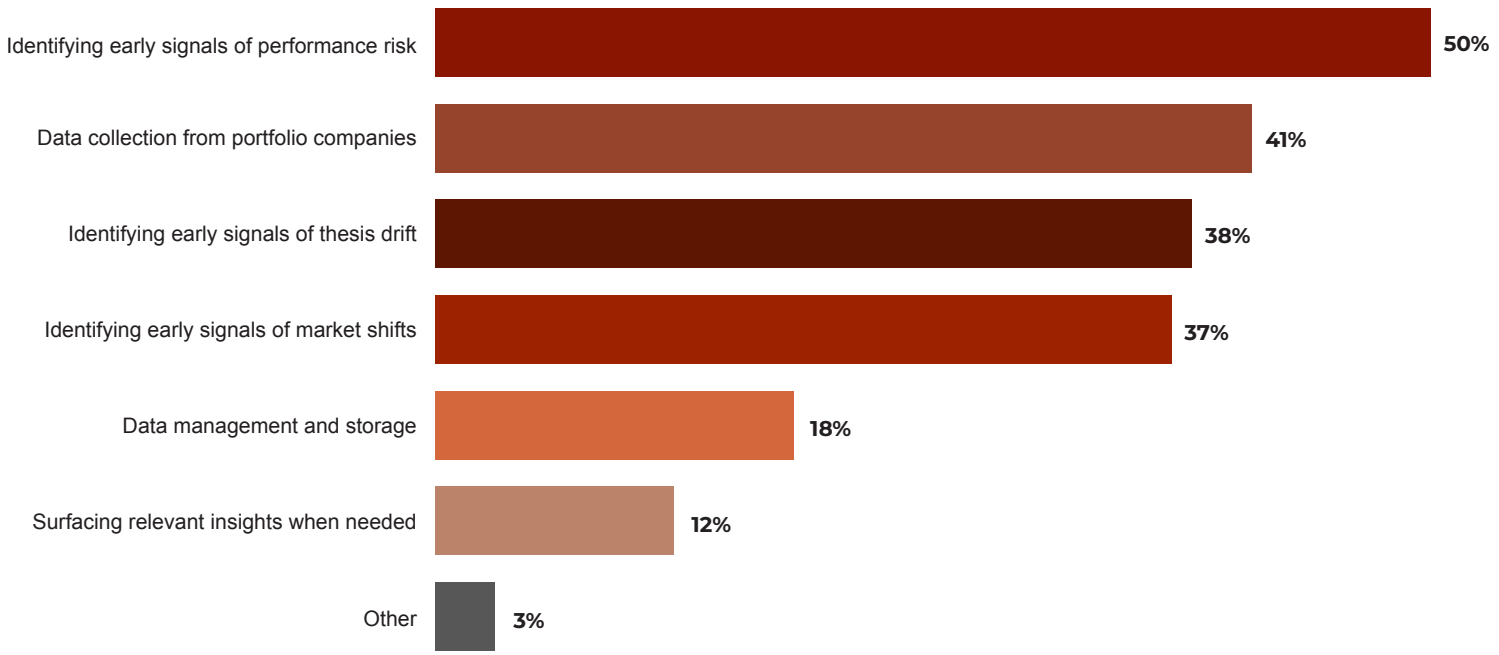
“The challenge in certain situations is companies with legacy systems and complex data structures – there’s work involved to get a single reporting system in place that brings everything together and enables real-time monitoring.”

If the operational nitty gritties are challenging, the overarching problem in the wider landscape is the sheer length of holding periods against the backdrop of change. Cartier adds: “Every situation is unique, and you can’t be too rigid or dogmatic. The building blocks from the initial investment memo are typically the right ones, but as markets evolve you have to be flexible and adapt. A full pivot is rare, but nimbleness within the original thesis is essential.”

Setting appropriate targets and defining how performance is measured requires a careful balance between rigour, pragmatism, and agility.

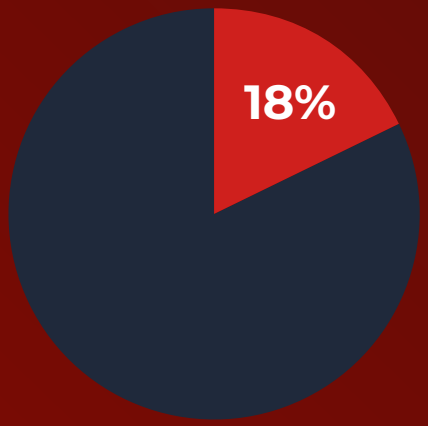
Friedwagner says: “KPIs cannot be limited to lagging financial outcomes. Leading operational indicators matter just as much – the metrics that drive performance before it shows up in the P&L. Pipeline quality, conversion rates, customer and employee retention, productivity per head – these indicators provide early confidence that the business is on the right trajectory.”

Fig. 2.3. Main monitoring challenges during value creation

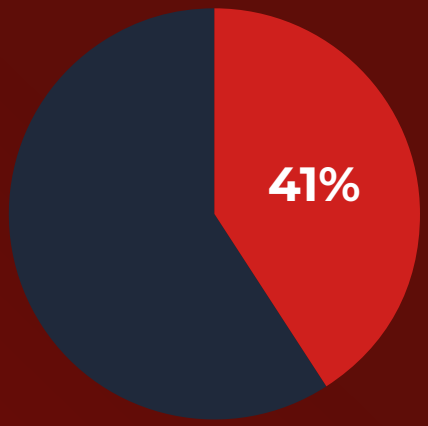


SPOTLIGHT

Value creation and exit preparation remain disjointed processes

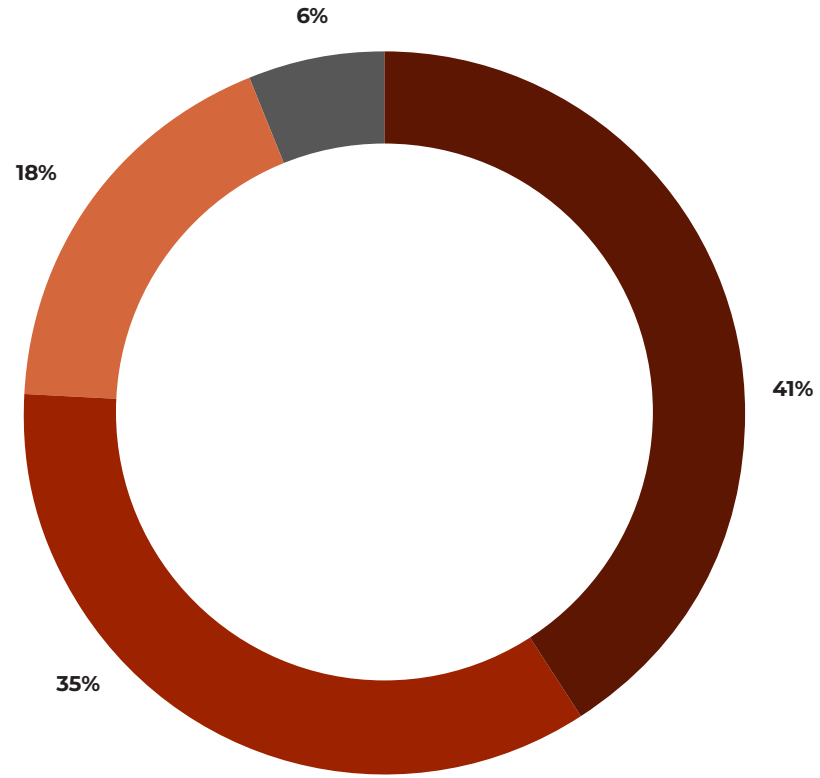


Nearly a fifth say integration with exit lens is the biggest pitfall of value creation plans



Two fifths say tracking indicators through the growth process is the main challenge with building an equity story

Fig. 2.4. Main challenges with building an exit story



Shafir adds: "Revenue quality scorecards, unit economics, judging every quarter where you are and aligning priorities around what matters most – these are the foundations of an effective monitoring process. It's scientific, but it requires real relationship with the team to have the hard conversations that actually move the needle."

POINT TO THE EXIT

Exits have been hard to come by in the wider industry in recent years. And though estimates vary on this year's realisations, there is a heavy imperative on firms to clear the backlog of assets that has accumulated due to the valuation reset of recent years.

According to Cartier, this will create opportunities for buyers but price discovery and valuation has to be a highly granular data-driven exercise.The cornerstone of a successful exit is a compelling equity story, which in turn hinges on tracking the value creation process from acquisition through exit.

As it stands, 41% of firms struggle with this, while another 43% have trouble either quantifying the impact of the plan (35%) or crafting the company's growth narrative (18%) (see Fig.2.4.).

Friedwagner believes, should extend to how investments are positioned at exit. He is sceptical of equity narratives that lack operational substance."There are equity stories which, if anonymised, you wouldn't be able to assign to a sector. They are too generic – ambitious in tone but detached from operational reality."

In his view, a credible equity story rests on two pillars. "First, a demonstrable track record – real transformation initiatives executed and KPIs that evidence impact. And second, a forward looking value creation plan: a clear articulation of the investment thesis for the next owner and the path to the next level of performance the company is positioned to achieve."

Shafir says continuity is critical for a good equity story. He says: "Credibility is probably the hardest thing to build right now. Firms come back to KPIs at the end of the holding period when there's a buyer and try to backfill. This is not a spreadsheet – it's the representation of years of work. Many times it just doesn't hold up in diligence, and assets get discounted."

As such, this remains the problem with the entire asset lifecycle, which remains episodic and fragmented across due diligence, value creation and exit.

He adds: "Value creation is now a continuous intelligence layer – not a transactional event. What's needed now is someone who stays, builds understanding over time, and acts as that continuous layer between the investment thesis and the operating reality."

In an industry where the direction of travel is evidently margin expansion, firms that are able to master the art and science of value creation will win big and emerge on the right side of market dispersion.

PRIVATE EQUITY WIRE®

REPORT AUTHOR:

Aftab Bose
Head of Content
aftab.bose@globalfundmedia.com

FOR SPONSORSHIP & COMMERCIAL ENQUIRIES:

sales@globalfundmedia.com

Published by: Global Fund Media Ltd, 1 Fetter Lane, London, EC4A 1BR, United Kingdom

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