WHAT AI MEANS FOR PORTFOLIO COMPANIES

AI is now a valuation variable: screen the portfolio before the buyer does

Seat-based software, outsourced services and IT services are being repriced. Lenders and buyers already ask the question; the fund needs its own answer first.

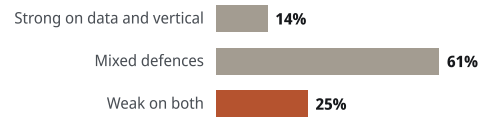
KEY MESSAGE

AI is now a valuation variable: score every portfolio company on risk and opportunity before a buyer or lender does it for you.

3 things to know

1. **AI is now a valuation variable:** median SaaS multiples fell from 7.3x to 5.1x in Aventis data, with AI one factor among several [4], and lenders price the risk [2].
2. **Defences are rare:** only ~14% of 500 PE-owned software companies are strong on both data and vertical depth [2].
3. **Every company needs two scores, risk and opportunity**, and an AI chapter in its exit story long before the sale.

EXHIBIT 1 AI defensibility of 500 software companies in 12 PE portfolios, % (AlixPartners 2026)



'Mixed' is the remainder, CarveLines calculation; 'about a quarter' shown as 25%. Source [2].

7.3x → 5.1x
median SaaS EV/revenue, Aventis data; AI one factor among several [4]

$203bn
software, ~18% of US PE deal value, 2025 [3]

$40bn
PE-backed software debt to refinance in 2028 [2]

−25 to −35%
SaaS revenue over 3 years in some segments, estimate [2]

Where the exposure sits

Three business models carry most of the risk. Seat-based software, where AI reduces the number of users a customer needs. Business process outsourcing and agencies, where agents do work that was billed by the hour. IT services, where code generation compresses project effort.

The common factor is revenue tied to human time or headcount. AlixPartners estimates SaaS revenues could fall by up to 15% over a year, and by 25% to 35% over three years in some segments [2].

What protects a company

AlixPartners scored 500 software companies across 12 PE portfolios on a 1-to-7 disruption scale [2]. The defences that hold are proprietary data and deep vertical specialisation: mission-critical workflows where the client tolerates no error.

Horizontal tools with thin data and easy substitutes sit at the other end. For the fund, the mix matters more than the average: a quarter of companies weak on both fronts is a concentration risk.

Opportunity is the other half

The same forces open value-creation levers: lower cost to serve, AI-priced products, faster software development. PwC notes that premium exits now depend on AI-native products and feature velocity [1].

For each exposed company, the question is whether management can move first: reprice, rebuild the product around agents, or shift from selling tools to selling outcomes (see No. 11).

Sources on page 3.

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Screening the portfolio

CVC applied a generative AI lens to more than 120 portfolio companies and sorted them into three buckets by disruption risk [5]. Done outside-in, the exercise takes weeks: pricing model, share of revenue tied to seats or hours, data assets, switching costs, competitors' AI launches.

Each company gets two scores, AI risk and AI opportunity. They are not the same thing, and netting them hides the decisions.

EXHIBIT 2 **AI exposure by business model (CarveLines view; dots = exposure)**

MODEL	WHY	EXPOSURE
Seat-based SaaS	Fewer users per customer	●●●
BPO, agencies	Agents do the billed work	●●●
IT services	Code generation cuts effort	●●●
Vertical software	Data and workflow depth protect	●○○
Data businesses	Proprietary data gains value	●○○
Physical services	Little direct substitution	●○○

CarveLines assessment, consistent with [2][6].

What lenders and buyers ask

Lenders ask about revenue durability and downside protection [6]. Buyers test net retention for hidden seat contraction and look at gross retention by cohort [1].

A company that shows its own AI roadmap, pricing response and early results sells at a better multiple than one that waits for the question in the data room. Prepare the AI chapter of the equity story 18 months before exit.

> "Valuation multiples are becoming more sensitive to perceived AI exposure. Deal processes are seeing greater scrutiny around technology risk. Lenders are asking harder questions about revenue durability and downside protection."
>
> **Oliver Wyman**, How AI is reshaping SaaS valuations · Apr 2026 [6]

> "If you're a large financial institution, fraud detection software is mission-critical, and it's not something you have any tolerance for error on... So that type of barrier to entry we see as very durable."
>
> **Jordan Berger**, SVP, TMT Market Intelligence, AlixPartners · Apr 2026 [2]

5 hints: the average fund vs full power

	THE AVERAGE FUND	FULL POWER
1	Waits for the buyer's question	**Screens the whole portfolio every year, outside-in**
2	Looks at NRR	**Looks at gross retention and seats per customer by cohort**
3	Treats AI risk as a software issue	**Screens services, BPO and IT services first**
4	Nets risk and opportunity	**Scores them separately and acts on both**
5	Adds an AI slide before exit	**Builds an AI track record 18 months ahead**

Watch out

Treating AI risk as a software-only question. Services, BPO and IT services companies are often more exposed than software, and their buyers know it.

Questions for the partners' meeting

1. Which three portfolio companies are most exposed, and what is their plan?
2. What share of portfolio revenue is priced per seat or per hour?
3. Which companies could use AI to widen their moat, and at what cost?
4. When will the AI chapter of each exit story be ready?

Sources on page 3.

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7 recipes: who, how, what you get

01 Portfolio AI screen

OPERATING PARTNER

- Per company: pricing model, revenue tied to seats or hours, data assets
- Add competitors' AI launches and customer sentiment, outside-in
- Score AI risk and AI opportunity separately, 1 to 5
- Review with each deal team and CEO

Output risk and opportunity map
Time 3 weeks

02 Seat-contraction test

OPERATING TEAM

- Pull seats per customer by cohort for three years
- Separate price effects from volume
- Flag cohorts with falling seats
- Share with the CEO and in the lender model

Output one chart per company
Time 1 day each

03 Competitor AI watch

ANALYST

- List the top ten competitors per company
- Schedule a monthly scan of releases, pricing pages and job posts
- Summarise changes in five lines
- Add to the board pack

Output monthly alert
Time half a day to set up

04 CEO one-pager

CEO + CFO

- Four questions: pricing, product, cost base, risks
- Template and deadline
- Challenge with outside-in evidence
- Agree three actions and owners

Output AI response plan
Time 2 weeks

05 Moat deepening plan

OPERATING PARTNER

- Identify proprietary data and critical workflows
- Pick the one AI can make hardest to copy
- Fund three initiatives
- Track adoption and retention effects

Output three funded initiatives
Time 1 month

06 Exit-story draft

DEAL TEAM

- Eighteen months before exit, list AI proof points
- Collect metrics: retention, margin, product usage
- Draft the equity-story chapter
- Test it with a friendly banker

Output equity-story chapter
Time 2 weeks

07 Lender pack

DEAL TEAM

- Anticipate lenders' AI questions
- Prepare exposure, defences and evidence
- Two sourced pages
- Update before each refinancing

Output two-page pack
Time 2 days

Monday morning

Ask the operating team for a one-line AI risk score and AI opportunity score for every portfolio company, with the main reason. Pick the three highest risks for a deeper outside-in review this quarter.

Sources: [1] PwC, AI and software valuations in M&A, Feb 2026; [2] AlixPartners analysis, via Business Insider, Apr 2026; [3] Withum, citing PitchBook, Aug 2026; [4] MLVeda, citing Aventis Advisors, Dec 2025; [5] Bain & Company, Global Private Equity Report 2024; [6] Oliver Wyman, How AI is reshaping SaaS valuations, Apr 2026. Quotes verbatim from the sources cited. Figures as published; survey scopes and dates vary. Vendor-reported figures are labelled; [E] = CarveLines estimate; 'CarveLines view' = our interpretation.

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