AI VALUE CREATION IN PORTFOLIO COMPANIES

Most AI pilots stall. Value comes from one rebuilt process, not ten experiments

AI is now in most value-creation plans. Returns concentrate in the companies that pick one process, rebuild it and measure it in the P&L.

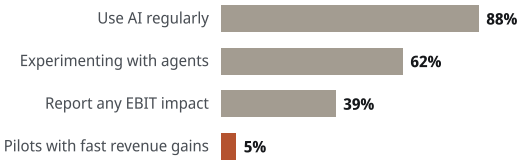
KEY MESSAGE

Rebuild one process per company end to end and measure it in EBITDA, instead of running ten pilots.

3 things to know

1. **Pilots are not transformation:** in a preliminary MIT NANDA study, about 95% of the pilots reviewed showed no measurable P&L impact [1].
2. **Returns concentrate in rebuilt back-office processes**, with $2–10M annual savings in successful cases [3].
3. **Reimagining beats optimising two to three times** [5]: redesign process, roles and incentives, not just the tool.

EXHIBIT 1 From AI use to P&L, % of companies (McKinsey 2025, n=1,993; MIT NANDA 2025)



Pilot figure from MIT NANDA's preliminary study, on its own definition of success [1]; other bars from McKinsey [2]. Different samples.

~5%
of pilots in MIT NANDA's preliminary study delivered rapid revenue gains [1]

39%
report any EBIT impact, mostly <5% of EBIT [2]

$2–10M
annual savings from replacing BPO, successful cases [3]

~50%
of PE firms using AI in portcos, 2024 [4]

Why pilots stall

Pilots start in the wrong place and are judged on the wrong thing. More than half of GenAI budgets go to sales and marketing tools, while the clearest returns are in back-office processes [3].

Pilots are judged on demos, not on cost or revenue lines. And internal teams build what they could buy: vendor partnerships succeed about two-thirds of the time, internal builds about a third as often [1].

Where to start in a portfolio company

Pick processes with high volume, clear rules and a visible cost: customer service, claims or invoice handling, collections, reporting, software maintenance. Leave the core product for later unless AI is the product.

One process, one owner, one baseline, one 90-day target expressed in the P&L.

Measuring value

Count euros, not use cases. Track three numbers per process: cost per unit before and after, volume handled, and quality (errors, customer satisfaction). Report them in the value-creation plan next to pricing and procurement.

Most companies with an EBIT effect attribute less than 5% of EBIT to AI [2]. A portfolio target in EBITDA points focuses everyone on the few processes that matter.

Sources on page 3.

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Reimagine, do not bolt on

EY reports that firms redesigning processes around AI see two to three times the benefit of those optimising existing steps [5]. In practice: remove steps rather than speed them up, change roles and incentives, and plan what happens to the hours saved.

If saved hours are neither redeployed nor removed, there is no EBITDA effect, only a nicer workflow.

EXHIBIT 2 Where to start: first processes to rebuild (CarveLines view; dots = fit for a first project)

PROCESS	WHY IT FITS	FIT
Customer service	High volume, clear rules	●●●
Invoices, claims	Documents in, decisions out	●●●
Collections	Rules plus messaging	●●○
Reporting	Repetitive, data available	●●○
Software upkeep	Code assistants are mature	●●○
Core product	High stakes, slower payback	●○○

CarveLines assessment, consistent with [13].

The fund's role

Ask each company for one priority process, not a list. Share playbooks, vendors and pricing across the portfolio. Fund a small central team that moves from company to company. Report results in euros, not in number of use cases.

About half of PE firms already use AI in their portfolio companies and a quarter more plan to [4]. The difference will come from execution, not intent.

> "Almost everywhere we went, enterprises were trying to build their own tool ... but the data showed purchased solutions delivered more reliable results."
>
> **Aditya Challapally**, lead author, MIT NANDA, The GenAI Divide · Aug 2025 [1]

> "Organizations that embrace a reimagine mindset are realizing two to three times the benefits from AI investments when compared to a more traditional optimization approach, based upon our client work."
>
> **EY**, AI Pulse, US Private Equity · 4Q 2025 [5]

5 hints: the average fund vs full power

	THE AVERAGE FUND	FULL POWER
1	Runs many pilots	**Rebuilds one process per company, end to end**
2	Measures adoption	**Measures cost per unit and EBITDA**
3	Leaves it to each CEO	**Runs a portfolio AI lab that moves between companies**
4	Builds custom tools first	**Buys proven vendors, negotiated at portfolio level**
5	Saves hours	**Redeploys or removes them, with a plan**

Watch out

Use-case counting. Ten pilots in a board pack look like progress; one process with a 20% cost reduction is progress.

Questions for the partners' meeting

1. Which single process per company will we rebuild this year?
2. What is its baseline cost, and who owns the P&L line?
3. Which vendors can we negotiate at portfolio level?
4. How exactly will saved hours become EBITDA?

Sources on page 3.
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7 recipes: who, how, what you get

01 Process selection

OPERATING PARTNER

- With the CEO, list ten processes with volume, cost and rules
- Score each on value and feasibility
- Pick one
- Write a one-page charter with baseline and owner

Output process charter
Time 2 weeks

02 90-day rebuild

PORTFOLIO COMPANY

- Map the process as it is
- Remove steps before automating
- Deploy a proven vendor tool and retrain roles
- Track the KPI weekly

Output new process live
Time 90 days

03 Baseline kit

PORTFOLIO CFO

- Cost per unit
- Volume per month
- Error rate and cycle time
- Signed off before any pilot starts

Output baseline sheet
Time 1 week

04 Portfolio vendor deal

OPERATING TEAM

- Aggregate demand across companies for one category
- Run one tender
- Negotiate a framework contract
- Share the onboarding playbook

Output framework contract
Time 6 weeks

05 Portfolio AI lab

OPERATING PARTNER

- Three to five people with engineering and process skills
- Move from company to company
- Reuse playbooks and vendors
- Hand over to a local owner after 90 days

Output one rebuild per company per quarter
Time ongoing

06 Playbook capture

PORTFOLIO AI LAB

- After each rebuild, write steps, vendors, results and pitfalls
- Two pages at most
- Store in the shared library
- Present at the next CEO forum

Output playbook
Time 1 day

07 Value tracking

OPERATING PARTNER

- Report euros of EBITDA from AI per company
- Separate run-rate from one-off effects
- Add to the value-creation plan
- Review at every board

Output board line
Time 1 hour a quarter

Monday morning

Ask each portfolio CEO for one process to rebuild with AI in the next 90 days, with its current cost, owner and target. Review the answers together and fund the three best.

Sources: [1] MIT NANDA, The GenAI Divide: State of AI in Business 2025, via Fortune, Aug 2025; [2] McKinsey, The state of AI in 2025 (n=1,993), Nov 2025; [3] MIT NANDA, via Computing, Aug 2025; [4] FTI Consulting, AI Radar for Private Equity (n=208), Oct 2024; [5] EY, AI Pulse: US private equity AI insights, 4Q 2025. 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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