2026 EDITION

EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

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Beyond the Deal: Private Equity's Outlook for Accelerating Portfolio Growth

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Successful companies view even challenging times as catalysts for innovation and growth, actively seeking opportunities where others see obstacles.

Over the last 13 years, we have issued annual research reports on the top risks faced by leaders all over the world. This year, we have added an emphasis on opportunities to set the tone for identifying and responding proactively to emerging trends, market shifts and evolving customer expectations. Organizations balancing risk management with a strong focus on seeking growth are better equipped to innovate products and services, enhance their resilience, adapt to change, and achieve top-line growth and strategic differentiation. It is all about unlocking opportunity.

Our 14th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,540 board members and C-suite executives around the world regarding their views on:

- Three specific areas for growth considering the current environment;
- Opportunities and challenges associated with the transformative impact of artificial intelligence (AI) on their organizations;
- The top risks on the horizon for the near term (two to three years ahead) related to 28 specific risks across three dimensions (macroeconomic, strategic and operational) and for the long term (a decade from now) related to 12 strategic and operational risk themes; and
- A discussion of their organizations' near-term strategic investment priorities, given the opportunities and the risks they face.

Our survey participants shared their views through an online survey conducted from early September through mid-October 2025. This paper offers specific insights into these issues from the perspective of the private equity (PE) industry.

Where do PE leaders and executives at their portfolio companies see the greatest opportunities for their organization over the next two to three years?

PE firms anticipate strong growth opportunities over the next two to three years across several areas, driven by both organic and inorganic strategies. Revenue potential ranks highest (69%), underscoring a focus on expanding customer wallet share through improved experiences, differentiated offerings and innovative products. Strategic acquisitions remain central to driving revenue growth and enhancing competitive positioning.

Geographic expansion represents another critical growth lever, often achieved through cross-border mergers and acquisitions (M&A) to diversify risk and capture emerging market opportunities. For many firms, entering new geographies is directly tied to revenue acceleration and portfolio resilience.

Partnerships and ecosystem development are also rising in importance. PE firms are building integrated networks with technology providers and service partners to drive transformation, optimize costs and deliver differentiated customer experiences. These collaborations enable key drivers of enterprise value: scalability and operational efficiency.

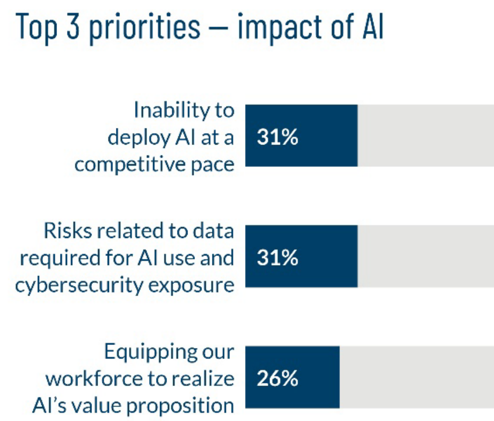
What sets PE-owned businesses apart from other global peers in the Top Risks survey is their execution model. Rather than emphasizing regulatory agility, they prioritize enhancing portfolio performance through technology enablement. AI-driven analytics, pricing optimization and forecasting tools are becoming foundational to value creation strategies for many firms. Leaders in this space recognize that success hinges on modernizing systems and securing talent capable of deploying emerging technologies at speed, while maintaining robust cybersecurity to protect sensitive data, investor trust and intellectual property.

There is optimism for potential growth opportunities

Based on a five-point scale assessing agreement/disagreement.
Percentages reflect sum of "Agree completely" and "Agree somewhat" responses.

What will be the organization's most significant challenges regarding the impact of AI over the next two to three years?

PE firms increasingly see AI as a potential game-changer for portfolio performance, but the path to realizing its value is far from straightforward. Two concerns are tied at the top of the list[1] — the inability to deploy AI at a competitive pace and risks related to data and cybersecurity exposure. These issues underscore the urgency of scaling AI solutions quickly while safeguarding sensitive data, intellectual property and deal intelligence — some of the most critical assets for PE firms and their portfolio companies.



The competitive pace challenge is about more than speed; it is about deploying AI effectively to deliver a measurable return on investment (ROI). PE leaders and executives at their portfolio companies recognize that success depends on embedding AI into pricing models, forecasting and operational workflows without disrupting business continuity. However, integration hurdles remain significant. Legacy IT systems and fragmented data environments across portfolio companies continue to slow progress, making technology modernization a prerequisite for AI adoption and scale.

Cybersecurity risk compounds these AI adoption challenges. As firms digitize operations and leverage AI-driven analytics, the attack surface expands. Protecting proprietary algorithms, customer data and deal intelligence is paramount, particularly in an environment where breaches can rapidly erode enterprise value and investor confidence.

Workforce readiness is another critical barrier to AI success for PE firms, with respondents highlighting the need to equip teams across both the firm and portfolio companies to realize AI's value proposition. Talent shortages in data science and AI engineering persist, and competition for skilled professionals is fierce. Without the right expertise, even well-funded AI initiatives risk underperformance.

Uncertain returns on significant AI investments and integration challenges round out the top five risks for the near term for PE firms. Together, they underscore a common strategic dilemma: how to balance speed with prudence. Across the PE landscape executives are working to establish clear ROI metrics and governance frameworks to avoid costly missteps and ensure AI initiatives align with value creation goals.

[1] Percentages in the top three priorities — impact of AI chart and commentary reflect frequency with which each area was selected among the top three.

What are the most significant short-term (two to three years) concerns and risks on the minds of leaders in the PE space?

PE leaders are balancing aggressive growth ambitions with persistent operational and technology-related risks. These risk themes reflect not only the operating environment of PE firms themselves but also the conditions shaping performance and value creation across their portfolio companies.

Topping the list is the adoption of new and emerging technologies, which heightens the need to upskill and reskill the workforce in both PE firms and their portfolio companies. While this risk remains virtually unchanged from 2025, its persistence points to a structural challenge. Firms cannot fully capitalize on AI and advanced analytics without a talent base equipped to deploy and manage these tools within strong governance frameworks. Workforce readiness is more than a technical hurdle; it is central to achieving strategic objectives.

Cyber threats rank second, but here the story is striking. Risk intensity has declined from 2025, suggesting that while cybersecurity remains critical, firms may feel more confident in their defenses. However, the threat landscape continues to evolve rapidly, and breaches — whether at a PE firm or within a portfolio company — can still erode enterprise value and investor trust, making vigilance essential.

Worries surrounding economic conditions, including inflationary pressures, dropped noticeably from 2025, possibly due to an easing of macroeconomic concerns. This decline points to cautious optimism, even as market volatility and interest rates continue to influence deal flow and exit timing.

Two risks stand out for their persistence: operations and legacy IT infrastructure unable to meet performance expectations, and the emergence of new risks from implementing AI. Near-flat changes from 2025 underscore enduring challenges. Legacy systems remain a hindrance to transformation, slowing modernization and complicating AI integration. Meanwhile, AI introduces governance, data integrity and ethical risks that PE firms cannot afford to ignore as they race to embed advanced technologies.

The takeaway: While macroeconomic concerns have eased somewhat, technology-related risks dominate the agenda. PE firms must focus on mitigating operational and security vulnerabilities even as they step up innovation. Those that invest in workforce development, modernize infrastructure, and embed strong cyber and AI governance across their portfolio companies will be best positioned to navigate volatility and seize growth opportunities.

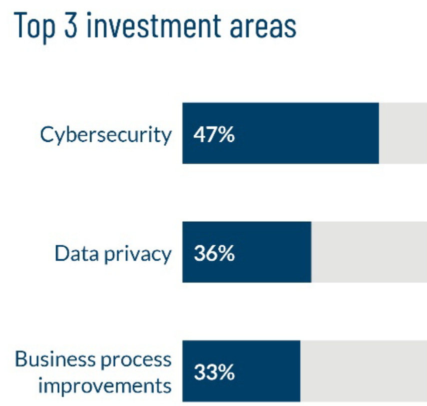
Top global near-term risks

2026 rank	Risk issue	Average*	2025 rank
1	Adoption of new and emerging technologies elevating the need to upskill/reskill our workforce	3.06	5
2	Cyber threats	3.01	1
3	Economic conditions, including inflationary pressures	2.98	2
4	Operations and legacy IT infrastructure unable to meet performance expectations	2.97	13
5	Emergence of new risks from implementing AI	2.97	10

* Average based on a five-point scale where 1 reflects “No impact at all” and 5 reflects “Extensive impact.”

Based on these near-term risk issues, in what areas is the organization likely to invest the most over the next two to three years, and why?

Leaders in the PE space are prioritizing investments that both mitigate risk and enable value creation.[2] Consistent with our global Top Risks survey findings, cybersecurity sits at the top of the list, reflecting heightened exposure as portfolio companies digitize operations and integrate AI-driven tools. Protecting sensitive data, proprietary algorithms and deal intelligence is non-negotiable. Breaches can quickly erode enterprise value and investor confidence. This emphasis aligns with the sector's recognition that technology adoption without robust security is a "house of cards."



Closely linked is data privacy, driven by regulatory scrutiny and the need to safeguard customer and operational data across global jurisdictions. For PE firms, strong privacy controls are essential not only for compliance but also for maintaining trust during M&A and exit processes.

Beyond risk mitigation, firms are investing in business process improvements (33%) and infrastructure modernization (30%) to unlock efficiencies, optimize costs and drive meaningful margin improvement. These areas directly support portfolio company performance and synergy realization in M&A scenarios. Legacy IT systems remain a persistent barrier to AI integration, making modernization a critical enabler of competitive advantage.

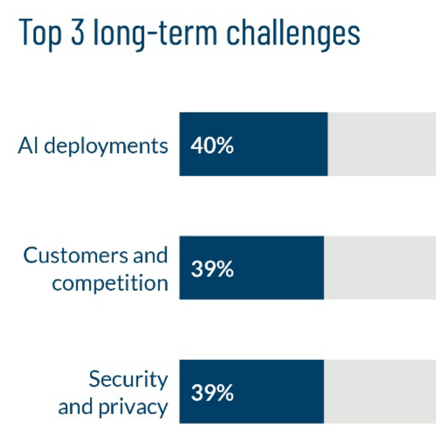
Human capital management and workforce skilling (26%) ranks as the fifth investment priority. Talent and labor availability were also prominent concerns in the 2025 survey, underscoring the ongoing importance of building a skilled workforce to support transformation. As PE firms and their portfolio companies race to deploy emerging technologies, equipping teams with the skills to implement and optimize AI solutions is essential. Workforce readiness is necessary for sustaining growth and delivering superior returns.

The common thread: PE firms are channeling investments into areas that protect enterprise value while enabling technology-driven growth. Cybersecurity and data privacy safeguard the foundation, while modernization, process improvements and talent strategies position firms to capitalize on emerging opportunities in an environment defined by rapid disruption.

[2] Percentages in the top investment areas chart and commentary reflect frequency with which each area was selected among the top three.

How do PE leaders and executives at their portfolio companies view the 10-year risk outlook for their organization?

Portfolio companies in every industry must anticipate a future defined by rapid technological disruption, evolving customer expectations and heightened security concerns.[3] AI deployments top the list of long-term challenges, signaling both opportunity and risk. While AI promises transformative value creation, its long-term implications — including governance, ethical use and integration complexity — remain uncertain. Many executives recognize that success will require robust oversight frameworks, strong data foundations and continuous innovation to avoid missteps that could erode enterprise value.



Other top challenges cited are customers and competition and security and privacy, underscoring the pressures of market dynamics and digital vulnerability. As technology accelerates, customer expectations will rise, and competitive differentiation will hinge on agility and innovation. Meanwhile, expanding digital ecosystems and data-driven operations will increase exposure to cyber threats, making security and privacy a persistent priority over the next decade.

From geopolitical shifts to interest rate fluctuations, markets and economies (37%) reflect ongoing volatility that can impact deal flow and exit strategies. While macroeconomic risk intensity has eased in the near term, PE investors remain cautious about long-term unpredictability.

The takeaway: Over the next decade, PE performance will hinge on how well firms can translate these risk themes into action at the portfolio level. Those that deploy AI responsibly, harden cyber and data defenses, and prepare portfolio companies for market volatility will be better equipped to preserve value, meet investor expectations and grow in an era of constant disruption.

[3] Percentages in the top three long-term challenges chart and commentary reflect frequency with which each area was selected among the top three.

Guidance/call to action for next two to three years

PE firms want to accelerate growth while mitigating risk. The following actions will help position these firms to capitalize on opportunities and protect enterprise value in a rapidly evolving market:

Strategic priorities

- **Modernize technology infrastructure:** Upgrade legacy systems to enable AI integration, scalability and operational agility across portfolio companies.
- **Embed responsible AI practices:** Establish governance frameworks and ROI metrics to help ensure AI deployments deliver measurable value while mitigating ethical and operational risks.
- **Strengthen cybersecurity and data privacy:** Invest in advanced cyber defenses and privacy controls to safeguard sensitive data, proprietary algorithms and investor trust.
- **Invest in workforce upskilling:** Develop talent strategies focused on AI, analytics and emerging technologies to close critical skills gaps and accelerate transformation.
- **Leverage ecosystem partnerships and strategic M&A:** Build collaborative networks with technology providers and other key partners and pursue targeted acquisitions to enhance capabilities, scale and market reach.

Execution imperatives

- **Align investments with value creation goals:** Prioritize spending on cybersecurity, infrastructure modernization and process improvements to help protect assets and drive operational efficiency.
- **Anticipate market volatility:** Incorporate scenario planning into growth strategies to navigate economic uncertainty and optimize exit timing.
- **Integrate ESG and sustainability practices:** Position portfolios for long-term resilience by embedding sustainability into investment decisions and operational practices.

About the author

Rob Gould is the global leader of Protiviti's Private Equity practice. Rob brings more than 25 years of experience advising PE firms and their portfolio companies on transformation, transaction services and public company readiness. A CPA with deep expertise in financial accounting and business process controls, he specializes in helping PE-backed companies navigate complex operational challenges and value creation initiatives.

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