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Data and AI for your business
by Ducker Carlisle

Why Most **Private Equity Firms** Are Missing the Real AI Opportunity

Summary

AI is not just another technology shift—it's a fundamental business transformation. While industries rush to leverage AI's potential, most Private Equity (PE) firms have yet to fully integrate AI into their portfolio companies (PortCos).

Rather than focusing on LLM rivalries or NVIDIA GPU stockpiles, PE firms should be thinking about AI's true business impact: accelerating custom-built technology solutions, dramatically reducing development costs, and unlocking new revenue streams.

This article outlines why AI demands a new approach beyond the traditional "buy vs. build" debate and highlights concrete business results achieved through AI-first strategies.

AI's True Potential: A Transformational Shift

AI is more than just an efficiency tool—it **is reshaping entire industries**. Yet, most PE firms remain on the sidelines, preoccupied with the hype cycle instead of implementing AI in ways that create real value.

The key misunderstanding? AI isn't just about SaaS solutions or which LLM model a company uses. It's about how AI is fundamentally changing the way technology is built, owned, and deployed—and in turn, how business value is created.

Instead of relying on third-party software vendors, companies can now rapidly develop AI-powered solutions tailored to their exact needs—at a fraction of the traditional cost.

No More 'Buy vs. Build'—AI Demands a New Approach

For decades, companies faced a binary choice when it came to technology:

- Buy a SaaS solution (and accept its limitations).
- Build software from scratch (which was time-consuming and expensive).

Every day, people are discovering new workflows that they can optimize. And so that's like the PC when it became standard issue in the early '90s. That's the closest analogy I can come up with."

— **Satya Nadella,**
CEO of Microsoft



AI changes this model. Forward-thinking firms are embracing a hybrid approach, leveraging modular AI components to develop custom, scalable solutions—faster and cheaper than ever before.

What’s driving this shift?

- ✓ **Full IP ownership:** Unlike SaaS, AI-native solutions allow companies to own their technology, ensuring long-term control and value creation.
- ✓ **Faster, more flexible development:** AI enables businesses to assemble and deploy solutions in weeks instead of months.
- ✓ **Lower costs:** Traditional enterprise software costs millions—AI can replace or complement these tools for a fraction of the price.

This shift is **already redefining how companies scale**. Consider these lean AI-native businesses that have achieved staggering growth with minimal headcount:

COMPANY	ARR GROWTH	TIMELINE	TEAM SIZE
Cursor	\$0 → \$100M	21 months	20 people
Bolt	\$0 → \$20M	2 months	15 people
Lovable	\$0 → \$10M	2 months	15 people
Mercor	\$0 → \$50M	2 years	30 people
ElevenLabs	\$0 → \$100M	2 years	50 people

The lesson for PE firms? AI-powered custom-built solutions are now accessible—and they deliver exponential results with leaner teams.



So What? What Does This Mean for PE Firms & PortCos?

For PE firms and their PortCos, AI is not a “nice-to-have”—it is a competitive imperative.

PE-backed companies can now:

- ✓ Develop solutions in weeks instead of months → AI automates software development, slashing development cycles by 500%.
- ✓ Dramatically reduce costs → Solutions that once cost millions can now be built for a few hundred thousand dollars.
- ✓ Unlock new revenue streams → AI transforms sales, pricing, and operations, driving millions in additional revenue.

REAL AI-DRIVEN VALUE CREATION IN PORTCOS

At SparkWise Data & AI, we’ve seen firsthand how AI-first strategies drive significant financial impact.

\$1B Automotive Company → Driving Car Sales With AI (\$32M Revenue Boost)

- Integrated online and offline media data with dealership sales.
- Built an AI-powered data quality tool to clean & standardize Dealer Management System (DMS) data.
- Improved audience segmentation & attribution analysis.

\$50M Global Market Research Firm → Unlocking \$28M In Value With AI

- Created new revenue streams from data monetization.
- Achieved major cost savings & operational efficiencies.

\$400M Industrial Firm → Transforming RFP Efficiency With AI (\$36M Impact)

- Implemented 7 AI agents (RFP analyzer, task dispatcher, content writer, AI coach).
- Streamlined processes by integrating CRM & contextual data.

\$750M B2B BPO Leader → Doubling the Win Rate in B2B Sales

- AI-driven automation & data insights to boost sales efficiency.
- Reduced sales cycles & increased conversion rates.



AI Is Replacing & Reinventing Traditional Software

For decades, companies have relied on rigid SaaS platforms, often:

- Expensive
- Hard to integrate
- Not tailored to business needs

AI eliminates these constraints, enabling hyper-customized, agent-based solutions that:

- ✓ Replace expensive enterprise software
- ✓ Fill gaps where SaaS solutions are too costly or inflexible
- ✓ Empower businesses to leverage AI without high licensing fees

Some examples of AI-driven solutions we've built at SparkWise:

- AI Sales Agents → Automating sales reports & RFPs by connecting directly with ERPs.
- AI Pricing Agents → Pricing millions of spare parts in seconds.
- AI Data Collection Agents → Combining human & machine for better data insights.

Conclusion: AI-First Strategy
Is the Key to PE Success

For PE firms and their PortCos, AI offers a clear path to value creation. But the focus must shift from hype to execution.

Instead of debating which LLM is best, PE firms should be:

- ✓ Building AI-powered, custom solutions that drive real business outcomes.
- ✓ Reimagining technology ownership, ensuring PortCos control their own IP.
- ✓ Embracing AI to replace or complement traditional software, reducing costs and improving agility.

Why We Built SparkWise

At SparkWise Data & AI, we help PE firms and their PortCos cut through the AI noise and focus on practical, high-impact implementations that:

- ✓ Drive revenue growth
- ✓ Reduce costs
- ✓ Deliver long-term, scalable solutions



AI isn't about which model you use today. The real advantage lies in how you integrate AI into your business for lasting impact.

Ready to explore how AI can transform your PortCos? Let's talk.



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For the next steps, please contact the SparkWise team at sparkwise@duckercarlisle.com to arrange a personalized discussion.

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