



Private companies are betting big on technology, but execution will define the winners

The KPMG Technology Survey finds strong ambition around AI, data, and cybersecurity, even as legacy constraints, fragmented execution, and scaling challenges put value creation at risk.

Executive summary

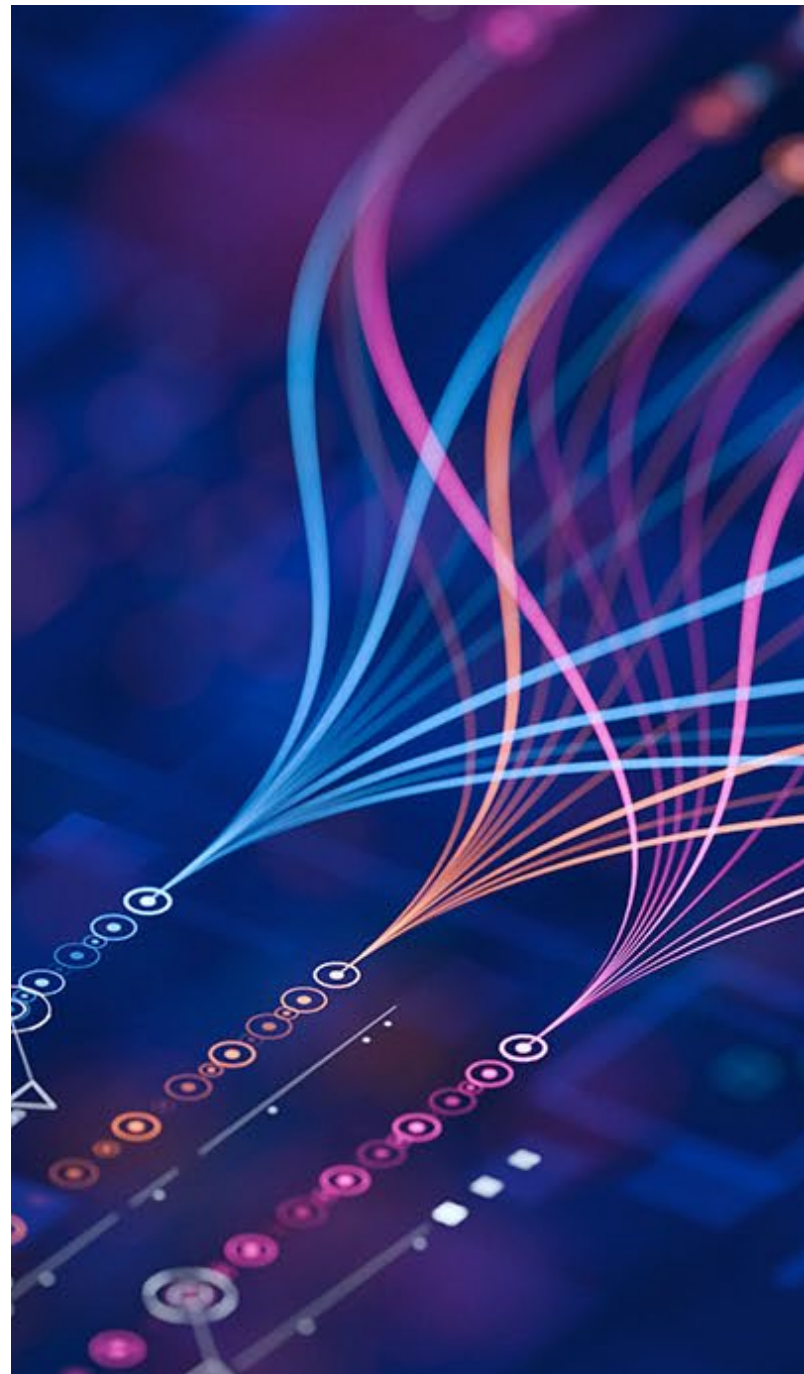
Framing the execution gap: strong ambition vs. constrained delivery

Private large-cap firms have strong ambitions when it comes to technology but face constraints in delivery compared with their public peers. They show strong confidence in technology's value but often lag in execution and maturity.

This disparity creates an "execution gap," where companies are confident about what technology can deliver but are structurally limited in how quickly they can achieve it. These insights are drawn from the KPMG 2026 Technology Survey.¹

Private companies are finding ways to invest in new technologies such as AI. But these efforts are often constrained by having to spend on legacy system upgrades, creating a need to find new capital or cut costs in other areas.

For private equity sponsors, this execution gap is a direct threat to value creation. Most investment theses now hinge on technology-driven efficiencies and growth. When portfolio companies on the large-cap private side—like the 186 companies analyzed in this report with revenues between \$1B and \$9.9B—fail to translate technology ambition into scalable outcomes, both their strategic plans and expected returns are put at significant risk.



43%

of large-cap private firms report making technology trade-offs that compromise security, scalability, or data capabilities—highlighting a significant execution gap between technology ambition and the ability to scale outcomes.

¹This report analyzes the responses of 186 private, large-cap companies based in the U.S. with revenues between \$1B and \$9.9B. The survey responses were extracted from the broader US Technology Survey, which surveyed 2,500 global technology professionals across public and private sectors. These 186 private organizations represent a range of industries—including Consumer and Retail, Technology and Telecom, and Industrial Manufacturing—with respondents holding senior technology leadership roles such as Chief Information/Data Officers, VP of Technology, and IT Directors.

Why ambition is accelerating in private companies

Confidence in technology as a driver of value, resilience and growth

Among large-cap private firms, confidence in technology as a competitive advantage is nearly universal. Large-cap private firms place a particular emphasis on revenue growth (cited by 41 percent of respondents) and operational efficiency (40 percent) as expected benefits of technology investments by 2027. This contrasts with large public firms, which prioritize operational efficiency (48 percent) and accelerated innovation (44 percent).

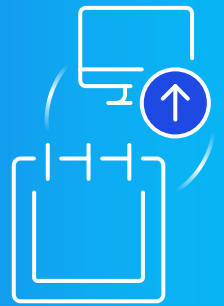
With regard to operating performance, respondents see strong value creation from their technology. Large-cap private firms report consistently high value delivery from technology (about 90 percent of respondents, with 74 percent saying they track performance frequently or very frequently). Foundational platforms and AI are the primary drivers of this value, the survey found.

Looking at where companies are making their technology investments, large-cap private companies and similarly sized public companies diverge.

For large private firms, the survey found the top planned technology investments (representing a 10 percent or more increase in funding in the next 12 months) are in cybersecurity (cited by 53 percent), AI and automation (45 percent), and data and analytics (42 percent).

93%-97%

of all respondents agree that advanced technology investment will be the primary driver of **advantage** over the next three years.



Public companies, in contrast, generally remain ahead of private firms in overall technology investment, focusing on growth areas. That higher spend can translate into greater value. Yet despite these pressures, private companies are still moving ahead with AI implementation.

Private companies are also moving ahead with AI implementation. Large-cap private firms report strong AI workforce readiness and governance structures: 67 percent reporting having cross-functional AI governance in place, and 93 percent confirming that their IT, security, and risk teams collaborate to deploy AI securely.

Where execution breaks down



Investment imbalance: maintenance vs. growth and transformation

While private firms are advancing with technology innovation, many find their efforts hindered by the need to maintain existing systems. The survey reveals that large private firms allocate a larger share of their technology spend to maintenance (legacy systems and "keeping the lights on") compared to large public firms, which focus more on growth and upgrades. Transformation spending rarely exceeds 40 to 50 percent of the budget, indicating that private companies are favoring controlled, targeted initiatives over disruptive change.



Maturity plateau: "managed" not "optimized"

The survey provided further evidence of this general lag of technology progress. Private firms tend to rate their technology maturity as less "optimized" than their public counterparts. Across all respondents, technology maturity is largely concentrated in the "managed" category (processes are monitored, measured, and actively managed). Cybersecurity shows the highest level of optimization (more than 50 percent) among private large-cap firms, with processes in the "optimized" stage continuously improved through innovation, automation, and best practices.



The hard trade-offs: sacrificing security and scale

Private companies that are seeing the most value from their technology investments are the ones that are executing them the best. However, many companies are running into constraints or challenges that will require trade-offs around other investments or operations.

For example, a significant number of private firms reported making trade-offs that negatively impact their security, scalability, and data capabilities. While 87 percent of large-cap private firms follow a long-term, innovation-led technology investment strategy, 43 percent of these same firms report frequent trade-offs that compromise security, scalability, or data, compared to just 27 percent of large public companies. Every trade-off is a decision that introduces potential risk and technical debt, directly threatening the stability and future growth outlined in the investment thesis.

Operating model constraints to scaling



"Fast follower" posture and reliance on pilots

Private firms, while ambitious with regard to technology, remain cautious. They describe themselves as "fast followers," adopting technologies only after early adopters have proven their viability. According to the survey, 64 percent of large-cap private companies adopt new technologies after they have been tested. When a breakthrough technology emerges, 42 percent of these firms prefer a selective adoption approach, and 36 percent wait for the technology to be proven before committing.



Fragmented governance and decentralized execution

Private firms tend to exhibit more decentralization in their innovation governance compared to public firms, which often favor a more centralized approach. This can lead to fragmented efforts and a lack of coordination across the enterprise.



Limited visibility into ROI and performance outcomes

A significant gap for private firms is the inconsistent tracking of performance and ROI from technology initiatives. Among large-cap private firms, 43 percent agreed that legacy processes often result in a poor return on investment, hindering their ability to demonstrate the value of their technology spending.

Scaling AI across the enterprise requires a more formal and structured approach that sets a clear trust-first framework or roadmap for prioritizing value, measuring ROI, establishing governance constructs, evaluating trade-offs, enforcing cybersecurity measures, and upskilling the workforce. A strong framework gives leaders the clarity to act with confidence: define a clear vision and business case, move quickly from proof of concept to enterprise adoption, deploy AI agents safely and responsibly, prepare employees at every level to work effectively with AI, and build the technology and data foundation needed to sustain progress.

What does this mean for private large cap portfolio company technology executives?

The credibility gap: When ambition outpaces reality

The aggressive claims from private organizations that they will be "fully scaled" in key technologies like AI, cybersecurity, and data analytics within 12 months often reflect high-level optimism rather than a realistic operational assessment. For example, while 90 to 96 percent of firms expect to reach advanced stages of maturity in these areas shortly, a significant portion (43 percent of large-cap private firms) simultaneously report making frequent trade-offs that negatively impact security, scalability, and data capabilities.

This disconnect between ambition and on-the-ground execution presents two critical risks:

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For portfolio companies, the gap is a direct vulnerability.

It threatens the very value creation theses they are mandated to deliver to their private equity sponsors. When overly optimistic roadmaps collide with the realities of technical debt and integration hurdles, technology executives risk falling short of the aggressive growth and efficiency targets tied to their investment thesis.

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The disconnect risks undermining long-term competitive advantage and operational stability.

When technological ambition outpaces structural readiness, these executives face the danger of misaligned resources, delayed ROI, and exposed enterprise vulnerabilities. For the management team the danger is not just underperformance, but a loss of credibility when promised transformation fails to materialize.

It is imperative to ground ambitious technological roadmaps in operational reality, ensuring that the foundational architecture can actually support the scale of the technology executive's vision without compromising security or performance.

As private companies plan their technology strategies, one important consideration is if they can use AI to identify and implement strategies to eliminate technical debt and modernize legacy systems and data platforms.

What does this mean for private equity operating partners?

Risk to EBITDA expansion, cost takeout, and growth timelines

The tendency for private firms to underinvest in growth and transformation while prioritizing legacy system maintenance (with maintenance spend concentrated in the 20-40 percent range) poses a direct risk to value creation plans. Every dollar spent on "keeping the lights on" is a dollar not invested in driving revenue growth or operational efficiency—key levers for EBITDA expansion. The trade-offs that impact security and scalability can introduce unforeseen costs, delay product rollouts, and create vulnerabilities that lead to business disruptions, ultimately threatening growth timelines.

The mandate for earlier, more active intervention

The survey data underscores the need for private equity sponsors to engage earlier and more actively in the technology strategy of their portfolio companies. Governance was repeatedly highlighted as a client pain point that inhibits scaling and introduces risks around auditability, security, and observability.

With 43 percent of large-cap private firms admitting that legacy processes result in poor ROI, there is a clear opportunity for PE firms to intervene.

Moving from AI pilots to enterprise-wide deployment requires more than ambition. It depends on a clear strategy, strong governance, and the operational readiness to invest, scale, and sustain adoption.

By providing rigorous oversight and instilling disciplined governance, sponsors can force the alignment of technology investments with value creation goals. This ensures that execution keeps pace with ambition, converting risk into returns.

Four imperatives for scaling AI across the enterprise



Knowing where AI investments will create the greatest business value, including closing the gap with legacy technology.



Securing the funding and resources needed to scale beyond pilots.



Building the data and technology foundations required to support enterprise adoption.



Reskilling and upskilling employees so they can work effectively with AI-enabled processes and tools.

Closing the gap: A blueprint for scalable execution



Aligning investment, governance, and execution pathways

To close the execution gap, private companies must create a direct line of sight between their investments, governance models, and execution capabilities. A key first step is implementing a "trusted AI/trusted data" framework. Before scaling any technology to a production environment, firms should establish clear governance guardrails, including robust security controls, auditability, risk management protocols, and full observability. With 67 percent of large-cap private firms already having cross-functional AI governance structures, the foundation is there. The focus must now shift to ensuring these structures are effective in mitigating risks like deepfakes and data bias—top concerns cited by private firms.



Moving from pilots to enterprise-wide deployment

The reliance on structured pilots, while a prudent way to manage risk, can also become a bottleneck that prevents valuable innovations from reaching enterprise-wide scale. The survey shows that large-cap private firms heavily favor a "wait and see" or selective adoption approach (78 percent combined) when faced with disruptive technology. To overcome this, there must be a clear and defined pathway from pilot to production. This includes establishing clear success metrics for pilots, securing executive sponsorship for scaling, and designing solutions from the outset with enterprise-wide deployment in mind.



Embedding measurable performance tracking into value creation plans

The lack of visibility into the performance and ROI of technology initiatives was identified as the most actionable area for improvement. A significant portion of large-cap private firms (43 percent) acknowledge that legacy processes lead to poor ROI. To address this, performance tracking must be embedded into the core of all value creation plans. This involves moving beyond traditional IT metrics to measure technology's impact on business outcomes, such as revenue growth, customer satisfaction, and operational efficiency. By linking technology performance directly to financial results, firms can make a more compelling case for strategic investments and ensure accountability.

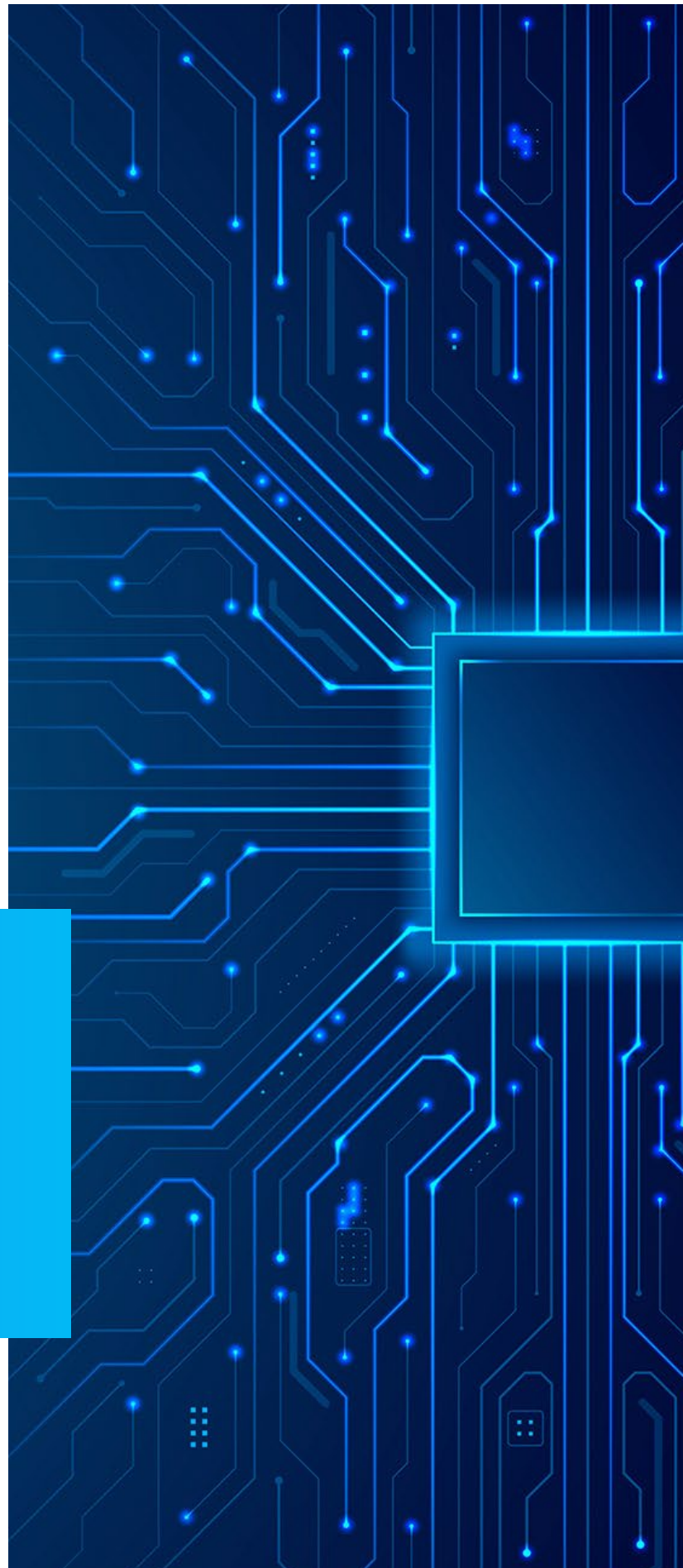
Conclusion

Execution will define the next cycle of technology value creation

Private companies are no longer lagging in their technological ambitions. They are confident, investing, and planning for a future driven by AI, advanced data analytics, and resilient cybersecurity. However, ambition alone is not enough. The findings of the KPMG 2026 Technology Survey reveal a critical execution gap, where structural constraints, investment imbalances, and underdeveloped operating models prevent these ambitions from becoming a scalable reality.

The tendency to prioritize maintenance over transformation, coupled with frequent trade-offs that sacrifice security and scalability, puts value creation plans at risk. For private equity firms, this gap represents both a challenge and an opportunity. The next wave of outperformance will not come from simply adopting new technologies, but from mastering their execution.

By intervening to instill stronger governance, creating clear pathways from pilot to production, and demanding measurable ROI, sponsors can help their portfolio companies close this gap. The firms that succeed will be those that align their technology strategy with their value creation goals, ensuring that every dollar invested is a dollar that drives growth, efficiency, and lasting competitive advantage. In the years ahead, execution, not just ambition, will define the winners in the technology-enabled economy.



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