EXECUTIVE BRIEF · JULY 2026

AI to EBITDA

Why commercial AI programmes stall—and how PE sponsors and management teams can force an investable answer

AI adoption is no longer the scarce resource. Commercial value capture is.

10–12%	39%	52%
annual EBITDA growth required for a typical 2.5x PE return	attribute any EBIT impact to AI	software buyout value creation historically driven by revenue growth

Sources: Bain Global Private Equity Report 2026; McKinsey State of AI 2025; Bain Global Private Equity Report 2025. Metrics describe different samples.

The investment question

- **The return math has tightened.** Bain estimates that a typical deal now needs roughly 10–12% annual EBITDA growth to generate the same 2.5x return that required around 5% a decade ago.
- **AI is being deployed faster than value is being captured.** McKinsey found that only 39% of respondents attribute any EBIT impact to AI—and most of those say the contribution remains below 5% of EBIT.
- **Commercial value is the prize.** Revenue growth accounted for 52% of value creation across Bain's software buyout analysis; margin expansion contributed only 6%.

Cobalt's point of view

The gap is usually organisational: no commercial owner, no budgeted EBITDA bridge, no redesigned workflow, and no management cadence that forces adoption. AI should therefore enter the investment thesis and value-creation plan—not sit beside them as a technology programme.

01 · DIAGNOSE THE REAL CONSTRAINT

Five failure modes repeatedly block value

The tools differ. The organisational pattern is remarkably consistent.

1	**Technology owns a commercial outcome** The programme has delivery milestones but no executive carrying the revenue or margin number.
2	**The use case is not in the budget** Benefits remain an aspiration; business-unit plans and incentives continue unchanged.
3	**A broken workflow is automated** AI is inserted into the existing process without removing steps, changing decisions or reallocating work.
4	**Adoption is mistaken for value** Log-ins, licences and prompt volumes improve while conversion, price realisation or retention does not.
5	**The pilot has no binary test** The organisation keeps experimenting because nobody defined the metric and date that would trigger scale, redesign or stop.

The board should ask for one chain of accountability: use case → workflow → owner → operating metric → EBITDA → cash.

02 · FOCUS COMMERCIAL EFFORT

Start with workflows close to economic outcomes

The best first use case is rarely the most technically impressive one.

Commercial area	Illustrative AI-enabled workflow	Economic test
Pricing & margin	Leakage detection, price bands, deal guidance, rebate governance	Price realisation; gross margin
Sales & pipeline	Lead prioritisation, next-best action, pipeline quality, proposal support	Conversion; sales velocity
Retention & expansion	Early-warning signals, renewal intervention, cross-sell prioritisation	Gross/net retention; expansion
Product & portfolio	SKU rationalisation, mix steering, offer configuration	Mix; contribution margin
After-sales & service	Demand triage, field productivity, service-to-sales loop	Cost-to-serve; attach rate

Sequencing rule

- **Value first.** Select the workflow by economic exposure and controllability, not by vendor enthusiasm.
- **Evidence second.** Separate observed facts, corroborated judgement and assumptions; narrow the value range as evidence improves.
- **AI delta third.** Size the commercial gap independently, then determine where AI increases speed, reach, consistency or precision.

A credible first move is narrow enough to test within 100 days and material enough to matter if it works.

03 · UNDERWRITE BEFORE SCALING

Convert gross potential into a defensible value bridge

A large theoretical opportunity is not the number that belongs in the investment case.

1. **Gross potential** — Full opportunity if identified gaps were closed
2. **Addressable** — Share within management control
3. **Executable** — What can be delivered within the hold period and capability constraints
4. **12-month net EBITDA** — Gross-margin conversion and implementation cost applied
5. **Cash** — Timing and cash-conversion effects applied

Evidence Grade

0	1	2	3
Assumption	Directional	Corroborated	Evidenced

The range should tighten visibly as evidence accumulates. Management validates the factual record; the adviser remains accountable for the conclusion and recommendation.

The discipline is deliberate: commercial gap and AI acceleration are two separate constructs. AI readiness must never inflate the underlying opportunity.

04 · PROVE DELIVERY

One real case, one disclosed demonstration

Track record and diagnostic output should not be blurred together.

Anonymised client evidence

$1.2bn	370 bps	1
global outsourcing-services revenue	gross-margin uplift delivered	central commercial deal desk

- **Situation** Margin performance was constrained by inconsistent pricing architecture and decentralised commercial decisions.
- **Intervention** Built a standardised pricing architecture, deal-simulation tools and a centralised deal desk with explicit escalation and approval workflows.
- **Outcome** Delivered 370 basis points of gross-margin uplift.
- **What this proves** The ability to turn commercial diagnosis into governance, tools and management routines that move reported performance.

Synthetic engine demonstration

Northbridge Analytics is a disclosed synthetic $45m-ARR SaaS company used to test the diagnostic engine. It demonstrates how the method identifies renewal-stage discounting, hidden usage deterioration and a prioritised first action. It is not presented as client evidence.

The real case proves delivery capability. The synthetic case shows what the new diagnostic output looks like. Keeping them separate increases credibility.

05 · FORCE A DECISION

A ten-day diagnostic should end with a go/no-go

The output is not another report. It is an evidenced position and an owned first sprint.

What the diagnostic answers

- **Where is the value?** A sized commercial opportunity range with a visible confidence label.
- **What is blocking capture?** A maturity position across value, ownership, operating model, data, usage and capability.
- **Where does AI help?** A separate view of where AI accelerates the commercial intervention—and where it does not.
- **What happens next?** A named owner, one operational KPI and a first sprint that starts within two weeks.

Board-level decision standard

45 days	100 days	1 owner
binary proof point	demonstrated commercial impact	accountable for the P&L outcome

Proceed only when the business can name the commercial owner, the value bridge and the dated test. Otherwise fix the foundation—or stop funding the pilot.

Cobalt Value Partners

Dr. Markus Schneider combines sponsor-grade strategy and value-creation experience with direct P&L accountability: former McKinsey Associate Partner, EY-Parthenon Equity Partner and CEO of HelloFreshGO. Cobalt works with PE sponsors, boards and management teams from diligence through the first value-capture sprint.

Selected sources: Bain, Global Private Equity Report 2026; Bain, “Wanted: Margin Growth in Software Investing”, 2025; McKinsey, “The State of AI: Global Survey 2025”. Practitioner observations and anonymised case data: Cobalt Value Partners.