Transforming Go·to·Market with AI in Private Equity

How To Conquer Today's Leading Challenges with AI-Powered Methods

From sales and marketing to business analysis, AI is poised to transform **Go-to-Market (GTM)** operations in mid-size companies to **generate greater insight**, **faster growth**, and **better exits**.

Here's how.

Our Q1 2024 report on artificial intelligence in private equity unpacks current insights from industry leaders and our own boots-on-the-ground experience. We dove deep into AI in 2023 to capture the proven approaches to help our clients leverage every opportunity. Our topline findings for private equity include:

- **AI is transforming the heart of Go-to-Market operations — revenue operations (RevOps).**

- **Data has become an organization's most valuable asset over the past decade, but it's still not being leveraged optimally in private equity.**

- **Structuring data to effectively train AI models can drive profitable growth, enterprise value, and exit potential.**

Discover how your firm can transform your data, RevOps, Go-to-Market strategy, and revenue generation with AI to achieve your exit valuation goals smarter and faster.

AI in PE
What's the Potential?

Do you know where to start incorporating AI into your private equity business operation and revolutionize your business model end to end? This guide will reveal competitive opportunities and advance your capabilities to achieve your growth aspirations. It's expected that AI will be a part of every aspect of the business world within the next two to three years — that's by 2026. Start taking advantage of the new capabilities to achieve a wide range of outcomes — from improving your sales and marketing organization to meeting your revenue generation and valuation goals.

Here's a brief overview of where top performing portfolio companies are today with AI — and where the world is going.

Three Ways to Use AI in Your Business

At its core, AI mimics human cognition to perform tasks ranging from basic problem-solving to natural-language processing. These are not merely programmed actions. These tasks represent behaviors that are learned and adapted through machine learning (after initial steps to define learning algorithms).

AI has two essential components:

- **Data:** AI requires clean, accurate, complete, relevant, and unbiased data (in the form of words, images, etc.) from which to discover relevant patterns.
- **Algorithms:** AI uses advanced functions that identify outcomes based on confidence. Depending on assigned parameters, it will make a decision with maximum confidence.

Today, AI-driven business applications generally fall into three high-level categories — generative, predictive, and prescriptive. Here's a brief overview:

- **Generative AI:** Applies to any application using AI or machine learning to create something new, such as chatbots, marketing content, and sales videos. It's designed to make humans more productive.
- **Predictive AI:** Helps businesses predict the future based on the past, such as forecasting sales, estimating customer lifetime value, predicting customer churn, and conducting a business risk assessment. It's designed to help organizations make more informed, data-driven decisions.
- **Prescriptive AI:** Suggests the best possible course of action for a scenario based on real-world inputs. Applications range from proactively determining the best actions to take to reduce the likelihood of a customer leaving, to mapping the most efficient routes each driver should take to complete their deliveries quickly and safely.

Where Do You Stand with AI Adoption?

When it comes to AI adoption, **Deloitte** identified four types of companies.

- **Transformers:** Have largely adopted the practices associated with the strongest AI outcomes. They are in the process of transforming and creating value across the enterprise by driving innovation. These companies are already generating greater revenue from AI.
- **Pathseekers:** They are achieving widespread value from relatively few AI deployments. Common successes include greater efficiency and cost reduction.
- **Starters:** They are behind in deployments but have an opportunity to adopt leading AI best practices based on value drivers within their companies.
- **Underachievers:** They have not yet taken any action steps to adopt the AI practices required to generate business value.

To become a starter, path seeker, or transformer requires creating an AI strategic plan. At Cortado Group, we've created an innovative four-step strategy to embrace proven approaches to quickly pivot to create an AI-driven organization — including transformations in digital, RevOps, Go-to-Market, and revenue.

Four-Step AI Strategy
for Go-to-Market Success

Deploying the tools, processes, and people required to support an AI-driven strategy begins with creating the right foundation. Data, tools for execution, and the expected results need to be correctly aligned to create a fully functional AI initiative. These are the four essential steps companies should take to leverage AI in order to optimize a Go-to-Market operation.

STEP 1

Build Your AI Foundation
Digital Transformation

STEP 2

Deploy Tools, Processes, and People
RevOps Transformation

STEP 3

Execute Your AI Strategy
Go-to-Market Transformation

STEP 4

Create Measurable Value
Revenue Transformation

Build Your AI Foundation
Digital Transformation

> "The number one criterion of a data-driven enterprise is that "data is embedded in every decision, interaction, and process."
> — *McKinsey*

The foundation of AI is data. Without consistent access to enough high-quality data, you can't leverage the transformative power of AI. In AI, data includes everything — both structured and unstructured data, along with images.

Data-to-Wisdom Approach

The way to think about data in the age of AI is, ironically, based on a data model created before the advent of the new age of AI — the DIKW pyramid. The DIKW model consists of four stages in the transformational evolution of data — from data to information to knowledge to wisdom. The theory of this approach is based on a reality — **most companies are drowning in data, but they are not deriving meaningful business insights (aka, wisdom) from it.**

The DIKW pyramid model provides a structured framework to transform data into valuable insights that yield intended outcomes through the four consecutive steps — each of which adds another layer of value to the data. The more data is enriched with meaning and context, the more knowledge and insight you can extract. Here is a brief overview of the four stages:

STAGE 4 **WISDOM**

STAGE 3 **KNOWLEDGE**

STAGE 2 **INFORMATION**
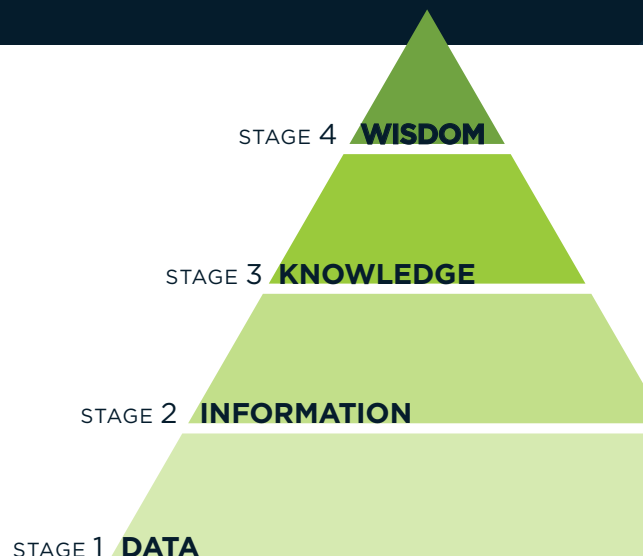
STAGE 1 **DATA**

Stage 1 — Data: This is a collection of raw and unorganized facts, typically numbers or characters. Without context, raw data provides businesses with no meaning. For example, the numbers 12202023 mean nothing. But if you add two forward slashes, they take on meaning: 12/20/2023. This is the type of context required to transform raw data into information.

Stage 2 — Information: This is data that has been scrubbed of errors and processed so it can be measured, visualized, and analyzed for specific purposes. Data processing involves a range of operations, including aggregating data into sets and validating its accuracy. When you have clean and organized data, you can ask basic questions such as who, what, when, and where.

Stage 3 — Knowledge: Information is transformed into knowledge, primarily when it derives value and meaning based on a company's specific goals. It's the "how" factor — how can we apply our information to achieve our goals? Reaching this stage can give an organization a competitive advantage in the marketplace.

Stage 4 — Wisdom: Data reaches its purpose at this stage by providing meaningful and actionable business insights. Now, a company can make informed business decisions that help it achieve its business goals. At this stage companies can proactively seek answers from the data, such as "What are our options?" and "Which approach is best?".

Critical Data Transformation Skills

If you don't have data transformation skills and resources in-house, look for these capabilities in a consulting partner.

- **Has boots-on-the-ground data transformation experience**
- **Leverages data transformation trends**
- **Has experience working with complex data models**
- **Employs the latest data cleaning tools**
- **Has certifications in data analytics**
- **Maintains an internal data innovation lab and culture**
- **Has extensive experience in private equity**

Deploy Tools, Processes, and People
RevOps Transformation

"88% of CSOs have already invested in or are considering investing in AI analytics tools and technologies."
— *Gartner*

The integration of AI into RevOps is not just a possibility — it's inevitable and it's already happening. RevOps is a natural place for private equity firms to leverage the power of AI to target critical business goals by creating greater productivity, accuracy, and innovation for revenue generation.

Gain the Benefits of AI in RevOps

After you create a steady incoming flow of high-quality data, you need three more capabilities to bring AI into your RevOps function — the right tools, the right processes, and the right people.

Right Tools: The right AI tools can unleash the power of a RevOps team by making collaboration more efficient and productive. AI tools and technologies can take over a wide range of time-consuming tasks, such as data entry, report generation, and administrative processes. This frees up RevOps teams to focus their time and energy on strategic initiatives that drive revenue growth. By leveraging AI tools, RevOps teams can be empowered to:

- **Save time:** Automate repetitive and manual tasks to work more efficiently, scale operations, and deliver measurable results.
- **Improve accuracy:** AI algorithms can analyze historical data, market trends, and revenue forecasts to deliver more precise insights.
- **Promote collaboration:** Team members can communicate more easily and seamlessly coordinate projects and progress tracking.

Right Processes: Generative AI dominates today's headlines as a game-changer in AI technology, offering a variety of impactful applications for companies. Key RevOps opportunities include:

- **Forecast sales:** Use your database and current market trends to create an accurate sales forecast, so you can make better-informed decisions, quickly.
- **Personalization at scale:** Use algorithms to analyze customer data to create more personalized offers, targeted marketing campaigns, and tailored customer experiences.
- **Leverage customer feedback:** Sort through mountains of data and find patterns that inform your customer success strategy.

Right People: According to **Forbes**, RevOps is the fastest-growing job category in America, "because growing a business in 2023 is a digital, data-driven, and technology-enabled team sport." Today, RevOps professionals not only need all the skills required to execute sales, marketing, and customer success effectively, but also they need to be AI savvy. In particular, they need to be aware of their critical responsibilities when it comes to AI. This means paying attention to the three factors of responsible AI:

- **Secure:** AI must be designed to not only achieve greater business outcomes but also protect data confidentiality and prevent misuse.
- **Equitable:** AI should help humans ensure that its benefits are accessible to everyone.
- **Synergetic:** AI should safely coexist with humans. Rather than taking over our jobs, it should enhance our intelligence and make us better at our jobs.
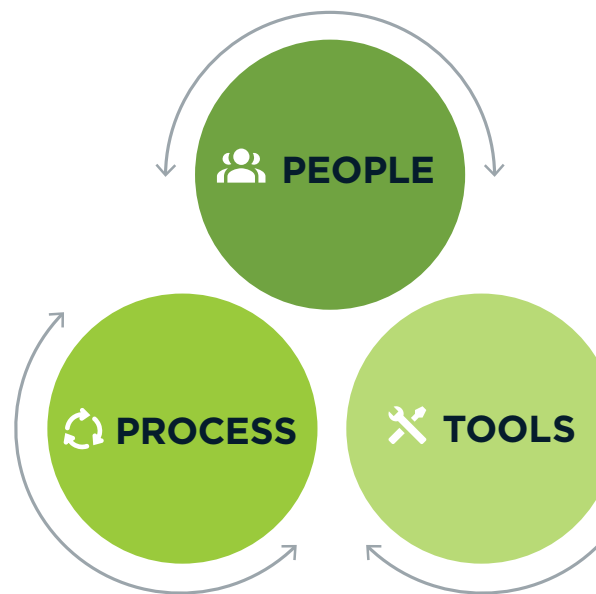
Critical RevOps Transformation Skills

If you don't have RevOps transformation skills and resources in-house, look for these capabilities in a consulting partner.

- Has boots-on-the-ground RevOps transformation experience
- Leverages RevOps transformation trends
- Has experience working with complex data models
- Employs the latest RevOps tools
- Has certifications in RevOps
- Maintains an internal RevOps innovation lab and culture
- Has extensive experience building RevOps capabilities within private equity and their portfolio companies

Execute Your AI Strategy
Go-to-Market Transformation

> "About 75% of the value that generative AI use cases could deliver falls across four areas: marketing and sales, customer operations, software engineering, and R&D."
>
> — *McKinsey*

Organizations around the world are deploying AI at a rapid pace. Use cases span a wide range of business demands — from making faster and smarter patient diagnoses in healthcare, to tightening up development gaps in software-as-a-service applications. The leading transformational opportunity with AI for private equity is their Go-to-Market program. AI offers opportunities to perfect your sales processes, meet marketing objectives, improve customer experiences, and positively impact revenue growth and valuation goals.

To know where to start, companies should identify the use cases that provide the most valuable opportunities. The following Go-to-Market use case examples can help private equity firms optimize results, cost savings, and profitable growth in sales, marketing, and customer success. Choose which opportunities present the greatest opportunities in your organization.

Marketing Use Cases

- **Lead generation:** Implement AI-driven scoring to identify high-potential leads and prioritize sales efforts.
- **Personalization:** Deploy AI algorithms to analyze customer data and behavior to create personalized product recommendations and marketing campaigns.
- **Advertising:** Employ AI for data-driven marketing strategies, including programmatic advertising and A/B testing.

Sales Use Cases

- **Sales generation:** Use predictive analytics to forecast sales trends and optimize pricing strategies.
- **Sales analytics:** Find better leads faster, gain critical buyer insight, and analyze outcomes.
- **Cross- and up-selling recommendations:** Identify sales opportunities that increase average order value based on customer profiles and purchase histories.

Customer Success Use Cases

- **Customer support:** Enhance customer service with AI-powered chatbots that can handle routine inquiries and provide 24/7 support.
- **Customer success:** Implement sentiment analysis to gauge customer satisfaction and identify areas for improvement.
- **Experience management:** Anticipate customers' needs and respond rapidly to improve satisfaction and retention.

WHAT TO SELL

GO-TO-MARKET STRATEGY

HOW TO SELL

WHO TO SELL

Critical Go-to-Market Transformation Skills

If you don't have Go-to-Market transformation skills and resources in-house, look for these capabilities in a consulting firm.

- Has boots-on-the-ground Go-to-Market transformation experience
- Is up-to-date on Go-to-Market transformation trends
- Understands relevant Go-to-Market KPIs
- Employs the latest Go-to-Market tools
- Has an internal Go-to-Market innovation lab and culture
- Has extensive experience in private equity

Create Measurable Value
Revenue Transformation

"Two-thirds of B2B leaders are planning to increase their investment in growth analytics and expect the additional investment will drive accelerated profit growth over the next several years."

— *Harvard Business Review*

One of the superpowers of AI is its ability to analyze vast quantities of data. By analyzing expanding data stores quickly and accurately, AI can help companies discover patterns, trends, and outliers that may indicate opportunities or risks. Here is a brief overview of the analytic opportunities and data-driven business wisdom you can gain with AI-powered revenue engines.

With AI, the opportunities to measure and assess your operations are nearly endless. Here are just three options:

- **Business analysis:** Using AI for market research, competitive analysis, trend identification, and enterprise valuation.
- **Analytics:** Employing AI-powered analytics tools to extract actionable insights from large datasets.
- **Market entry and expansion:** Deploying AI to identify new markets and opportunities for expansion.

The AI Analytic Advantage

AI analytics refers to a subset of business intelligence that employs machine learning to process vast quantities of data and find new patterns, uncover relationships, and deliver fresh insights. It automates much of the work that a data analyst would normally perform. Instead of replacing analysts, AI analytics improves the process based on scale, speed, and accuracy. Analysts invest their time fine-tuning AI efforts and helping the company understand and take action on insights.

- **Scale:** An AI-based anomaly detection solution learns the normal behavior of the data without being explicitly told what to look for. It does it at any level of granularity, for example, by products, channels, and revenues per country.
- **Speed:** An AI model can identify atypical declines in revenue and send alerts in real time. Also, it can leverage correlation and clustering algorithms to provide root-cause analyses. This means that issues can be proactively managed.
- **Accuracy:** AI analytics is based on machine learning algorithms that can learn patterns of normal behavior accurately and make correlations between anomalies in ways that are nearly impossible for a human to perform.

Four Key Stages of AI Analytics

AI analytics includes four key stages according to the Gartner Analytic Ascendancy model:

- **Stage 1 — Descriptive analytics:** Hindsight-based, it asks data to generate insights based on historical data, in other words, what has already happened.
- **Stage 2 — Diagnostic analytics:** Insight-driven, it asks data to identify why a particular event or change occurred.
- **Stage 3 — Predictive analytics:** Future-focused, it asks data to determine what will happen next.
- **Stage 4 — Prescriptive analytics:** Deterministic, it asks data how to make the desired outcome become a reality.
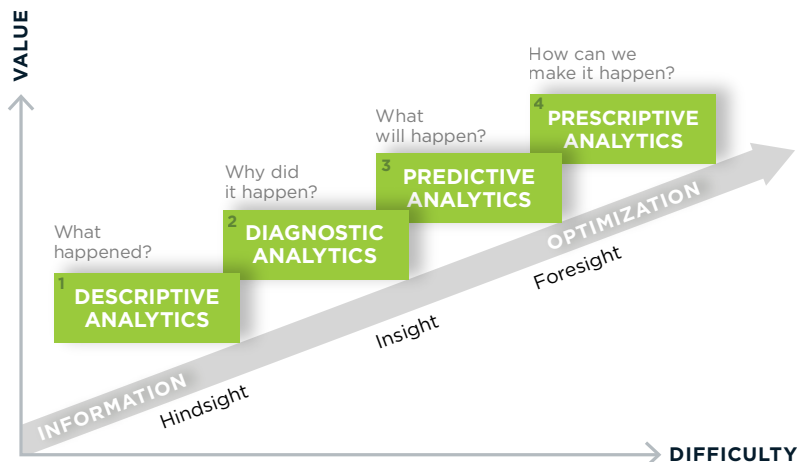
Critical Revenue Transformation Skills

If you don't have revenue transformation skills and resources in-house, look for these capabilities in a consulting firm.

- **Has boots-on-the-ground revenue transformation experience**
- **Employs sophisticated revenue analytics to prove results**
- **Knows how to balance margin with revenue growth**
- **Has extensive experience in private equity**

PE Major Trend 1
The Economy

The first of the two leading trends impacting private equity today is the current unstable economic conditions, as reported by multiple industry leaders — from **Bain & Company** to **Morgan Stanley**.

In 2023, **PwC reported** on economic pressures impacting this business sector: "Private equity has never been under more pressure, seen more competition, and been more motivated to do things differently. Firms and portfolio companies (portcos) that cling to their traditional playbooks will likely find themselves falling further behind in a world that values speed, digital prowess, and greater attention to ESG issues."

"Nontraditional players are moving faster, paying more for investments and competing for talent and expertise that was once the sole domain of private equity. Portcos, meanwhile, are trying to find a way to thrive in a down economy, while simultaneously meeting the demands of their stakeholders and regulators."

The overall advice for private equity firms from industry leaders is to change how they do things, rather than rely on outdated processes. According to the PwC, the new direction private equity firms should take includes:

- Follow a set of value creation techniques with a modern spin that enables you to plan efficiently on a digital platform, reduce waste, and maintain a focus on serving customers profitably.

- Advance digital transformation programs and build out data-driven capabilities.

- Produce real-time insights to improve your value proposition.

- Use monitoring tools and value analytics to backstop the execution of a strategic Go-to-Market plan.

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Artificial Intelligence

The second major trend impacting private equity is the rapid escalation of AI-driven processes. In particular, analysts are reporting on the enormous opportunities to gain higher productivity, cost savings, and revenue growth by adopting AI-driven intelligence in everything from sales to marketing to company valuation. Here are just a few of the leading AI insights.

Gartner
Leveraging AI-Driven Process Automation

"Sales operations leaders and their technology teams must prepare for the convergence of new forms of artificial intelligence, dynamic process automation, and reinvented deal-planning activities that will transform the sales function. Generative AI stands to revolutionize how sales organizations capture, understand, and use an array of more complex data signals. By combining external and internal data sources, and automating complex manual processes, generative AI will unlock a richer understanding of target audiences and usher in a new era of sales decision-making."

The **Gartner study** reported the following insights:

- **60%** of B2B sellers' work will be executed through conversational user interfaces via generative AI sales technologies by 2028, up from 5% in 2023
- **35%** of chief revenue officers (CROs) will resource a centralized generative AI operations team as part of their Go-to-Market organization
- **14%** of sales planning and deal negotiation will leverage AI-driven conversational experiences

IDC
Driving a Digital-First World

"The unprecedented digital transformation of companies over the past two years has ushered in an increasingly digital-first economy. AI and machine learning are at the forefront, helping organizations future-proof, digitalize, and permanently reduce the cost of doing business."

The **IDC global study** found:

- **95%** of organizations are implementing a digital-first strategy to support new digital revenue streams
- **41%** of revenue will be generated from digital products and services in the enterprise by 2027
- Organizations that build their technology investment strategies around data-driven operations will thrive in the face of digital disruption
- Data-driven operations open the possibility of optimizing operational performance
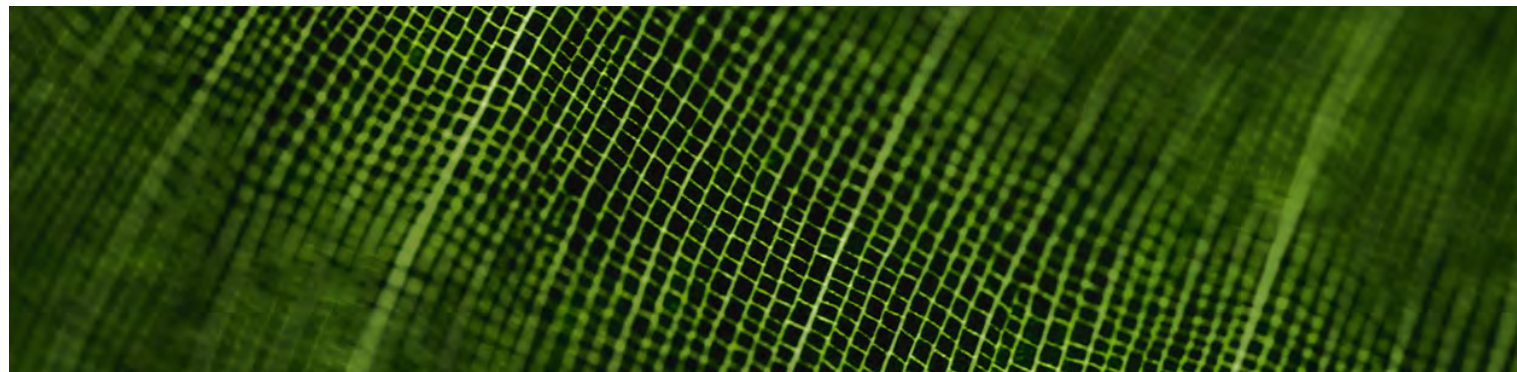
Artificial Intelligence

Bain & Company
The Future of Work is Automated

"Automation and artificial intelligence are changing the economics of work, leading executives to think differently about the possible value that each employee contributes. Efficiency is often the foot in the door for automation. But the real value of automation lies far beyond the traditional efficiency plays. Done right, automation enables employees to focus on truly human, high-value activities."

Findings from the **Bain study** include:

- **21-30%** reduction in workforce costs from implementing AI and automated technologies

- Leading firms will develop internal communities of expertise while automating or outsourcing tasks that do not require as much problem-solving, creativity, or interpersonal skills

- Advances in new digital platforms will allow companies to shift an increasing share of work outside of their traditional boundaries, reducing costs and improving flexibility

McKinsey
AI is the Next Productivity Frontier

"Generative AI is poised to unleash the next wave of productivity. It has the potential to change the anatomy of work, augmenting the capabilities of individual workers by automating some of their activities. The pace of workforce transformation is likely to accelerate, given increases in the potential for technical automation."

The **McKinsey report** found that the impact of generative AI on the economy includes:

- **60-70%** of employees' work activities have the potential to be absorbed by generative AI and other technologies

- **50%** of today's work activities could be automated in the near future

- **$2.6-$4.4 trillion** potential annual economic benefits from leading generative AI use cases

How Private Equity Can Deploy AI to Boost Revenue

RevOps became the preferred approach for optimizing revenue operations in the early 2020s. Today, AI is poised to make the art and science of revenue operations even more effective and powerful — including everything from marketing content creation to customer success optimization to worker productivity to the analytics of everything.

AI Go-to-Market Use Cases

According to IDC, companies are already prioritizing AI use in operations, automation, computer vision, and chatbots. But by 2025, firms will prioritize the use of AI in AIOps, augmented intelligence, and discovery and analysis applications.
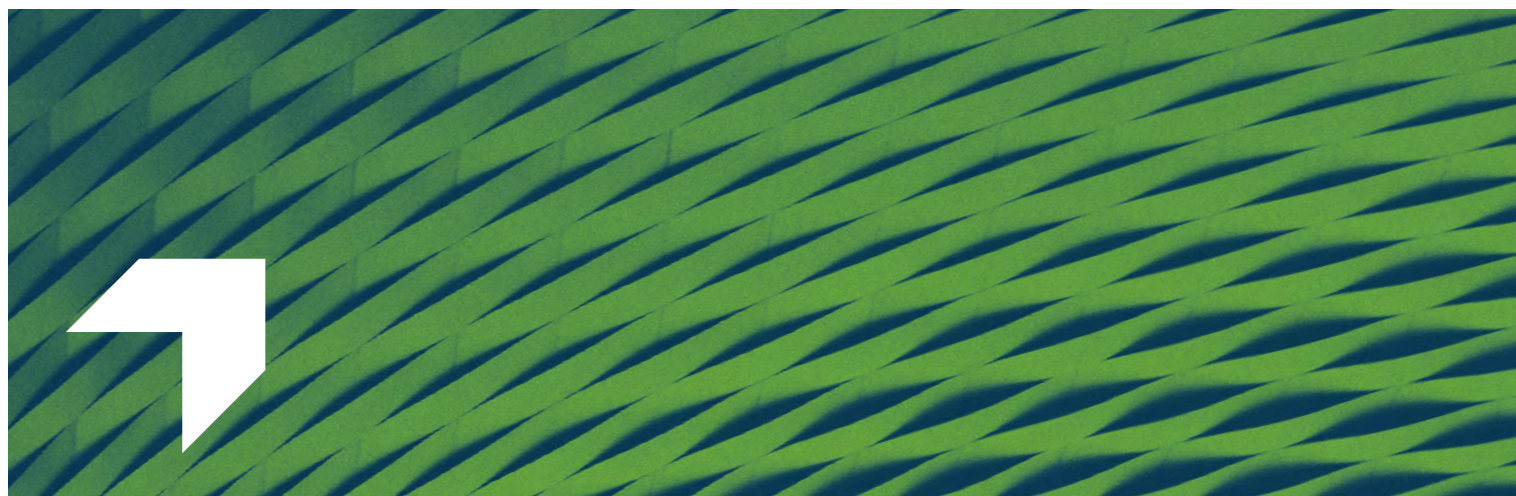
CROs Will Adopt AI

In mid-2023, **Gartner reported** that **35%** of CROs will establish a generative AI operations team to run their Go-to-Market organization. Their goals included improving the reliability of sales' decision making and end-to-end revenue outcomes. Across the portfolio companies served by Cortado, we saw that about one third of CROs began adopting AI. It helped achieve these goals by providing deeper insight faster and accelerating the speed at which Go-to-Market teams produce buyer content and adapt to market forces.

For example, one area that is gaining an AI-driven advantage is marketing content creation. According to Garner, there is a great burden on sellers to deliver customized value stories to all the buyers in all their pipeline deals. To meet this demand, marketing operations currently spend up to 52% of their time creating and delivering value messaging across the

sales process. Gaining the ability to harness the power of generative AI for buyer-centric messaging and content significantly reduces the time it takes sellers to produce and disseminate quality content.

By 2025, Gartner anticipates 45% of B2B revenue organizations will list "prompt engineering" as a required skill on job descriptions for messaging strategist roles. By adopting generative value-messaging — and other operations within RevOps — CROs aim to:

⌐ Improve sales execution for top-line growth

⌐ Drive resource efficiencies that lower the cost of marketing and sales

⌐ Create opportunities to support sales that have been constrained by human capacity limitations

AI Poised to Impact Labor Productivity

According to **Goldman Sachs**, "Artificial intelligence may be one of the biggest technological leaps in history. It's poised to unlock new business models, transform industries, reshape people's jobs, and boost economic productivity."

The firm reports, "As tools using advances in natural-language processing work their way into businesses, they could drive a 7% (almost $7 trillion) increase in global GDP and lift productivity growth by 1.5 percentage points over a 10-year period."

As an example, Goldman Sachs highlights AI's impact on labor productivity. Its findings include:

- **300M** full-time jobs could experience shifts in workflows triggered by advances in AI automation
- **900+** occupations are exposed to some degree of automation by AI
- Of the **25%** of occupations exposed to automation, **25-50%** of their workload could be replaced

AI Improves Customer Success

When implemented strategically, AI-driven models can generate, improve, analyze, summarize, and troubleshoot text, software code, and data with remarkable accuracy, **according to PwC**. This can help deliver a competitive advantage and contribute significantly to revenue growth and profitability.

For example, today companies can revolutionize an industry that requires highly trained workers and faces high turnover — customer success. AI-driven mechanisms, like chatbots, can enhance revenue generation capabilities while improving operational efficiency and profitability. The advantages of chatbots include:

- Available 24/7/365, providing instant responses to customer queries or issues
- Escalate conversations to human customer reps when necessary
- Improve customer satisfaction while reducing the need for human resources
- Save costs while freeing employees' time to focus on more complex tasks that require human expertise

Conquering AI Challenges for PE

AI is helping organizations around the world realize superior business outcomes, such as better customer and employee experience, innovation, competitiveness, and higher margins. Although adoption is rapidly expanding, project failure rates are high. The leading challenges of adopting AI include people, processes, data readiness, and technology adoption.

Data: Data can be compromised in multiple ways, from being locked in silos to not being up-to-date, accurate, and complete.

Technology: There is an exponentially increasingly number of AI-powered tools, making technology selection a challenge.

Process: AI creates business value but can also have unintended consequences, such as violation of regulations around data privacy, decision rights, accountability, and transparency.

People: Lack of skilled staff and concerns of role replacement hinders AI adoption at scale.

Avoid the risks of AI adoption. Turn to a trusted and innovative partner who can support your short- and long-term business goals with efficient and agile best practices processes.

Why We Went All-In on AI at Cortado Group

AI, more than any other technology, is viewed as a turning point in the evolution of business operations. It has the potential to impact everything from accelerating daily work processes to radically rethinking how work gets done to creating a total enterprise reinvention. For private equity firms, this means determining how AI functionality can and should be implemented across business processes.

During last year's AI revolution, our team saw the immense potential for the private equity sector — and we went all-in. We've already integrated AI functionality into multiple processes across our business framework — from data transformation to Go-to-Market operations to RevOps to business analysis. As a result, we're already delivering greater value to our private equity partners and their portcos.

We've embraced AI now for several reasons. A big one is that we recognize we're just at the beginning stages of what will become an AI-driven business world. We rode the wave in this early phase, to serve as a thought leader for our clients.
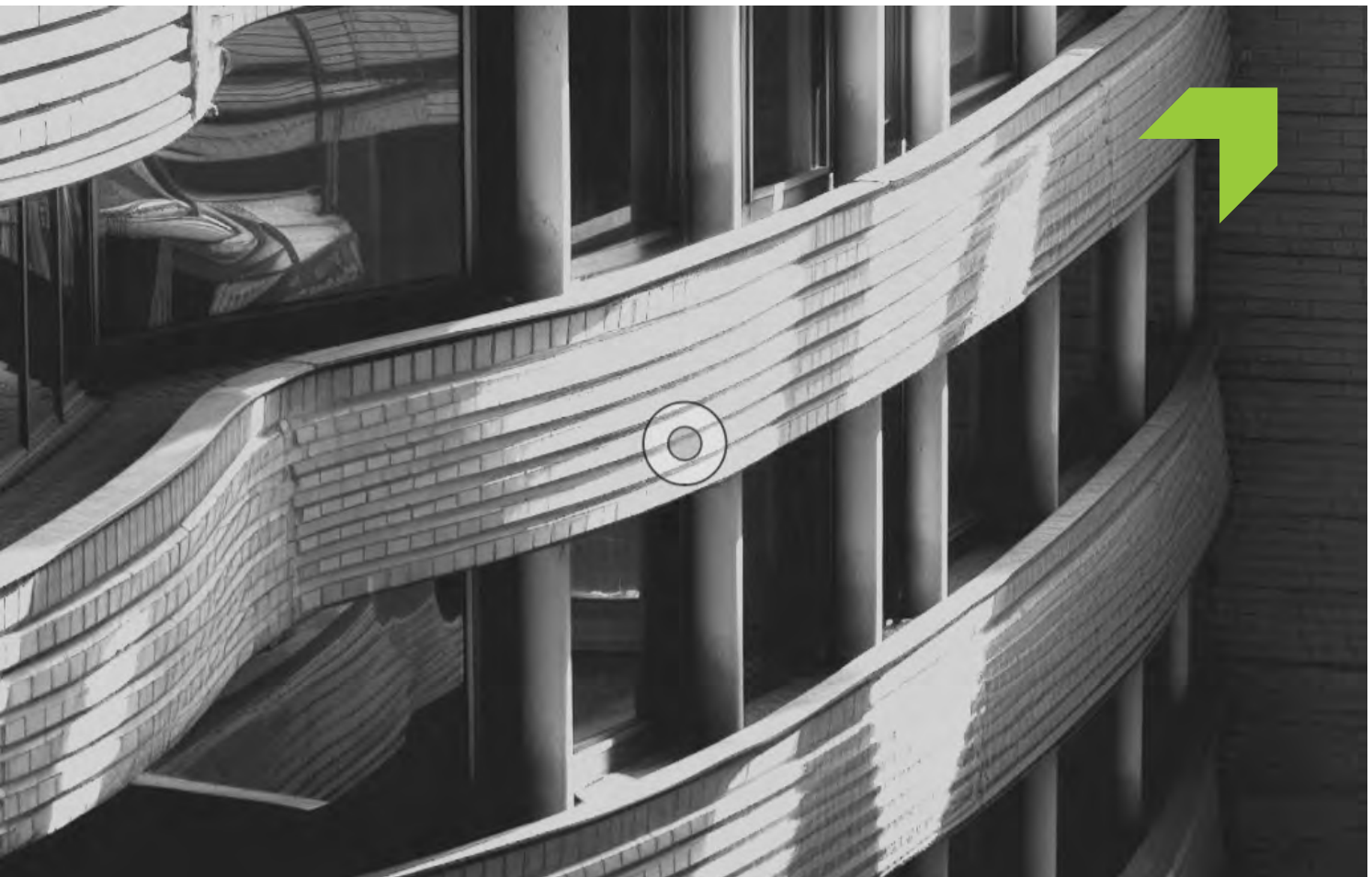
Gain the Benefits of AI-Powered Processes, People and Technologies – Ready to Go?

Email the Cortado team at info@cortadogroup.com
for a conversation about how AI can work for your team

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