

# Theoretical and Practical Research in Economic Fields

Special Issue

Quarterly

Volume XV

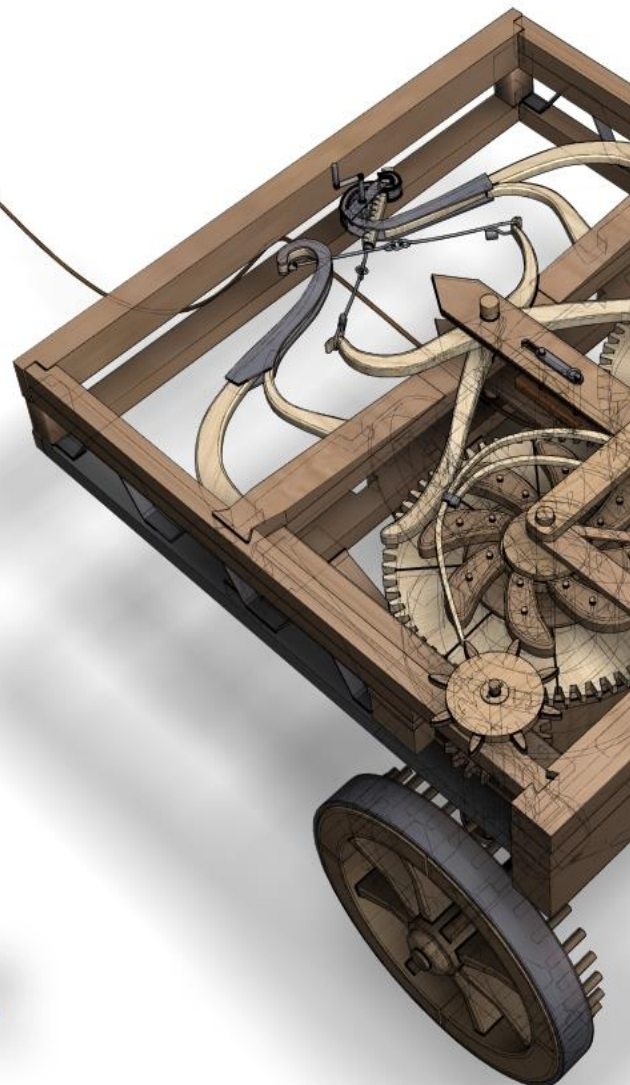
Issue 2(30)

Summer 2024

**ISSN:** 2068 – 7710

**Journal DOI:** <https://doi.org/10.14505/tpref>

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# Call for Papers Fall Issue 2024

## Theoretical and Practical Research in Economic Fields

Many economists today are concerned by the proliferation of journals and the concomitant labyrinth of research to be conquered in order to reach the specific information they require. To combat this tendency, **Theoretical and Practical Research in Economic Fields** has been conceived and designed outside the realm of the traditional economics journal. It consists of concise communications that provide a means of rapid and efficient dissemination of new results, models, and methods in all fields of economic research.

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**This Special Issue** was created at the request of a group of researchers from Ukraine. It is a response to the challenging situation of Ukrainian scholars due to the Russian invasion as well as the growing demand for knowledge on Ukrainian issues.

We would like to express our endless thank to our colleagues, scholars from Ukraine who are working amid the war on topics that are important for all. Also, we thank all our international authors for their valuable contributions to this Issue.

**Deadline for submission of proposals:** 10<sup>th</sup> August 2024

**Expected publication date:** September 2024

**Website:** <http://journals.aserspublishing.eu/tpref>

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DOI: [https://doi.org/10.14505/tpref.v15.2\(30\).03](https://doi.org/10.14505/tpref.v15.2(30).03)

## Leveraging Technology: Enhancing Operations and Boosting EBITDA in Private Equity Owned Portfolio Companies

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**Article info:** Received 19 March 2024; Received in revised form 4 April 2024; Accepted 30 April 2024; Published 28 June 2024. Copyright© 2024 The Author(s). Published by ASERS Publishing 2024. This is an open access article distributed under the terms of CC-BY 4.0 license.

**Abstract:** The aim of the study is to determine how private equities increase the earnings before interest, taxes, depreciation and amortization (EBITDA) of their portfolio companies via tech-enabled improvement of operations. The paper analyses how private equity (PE) firms can optimize their existing business products and services to reduce non direct IT related costs. It also breaks down the application of system enhancements which increase automation and drive improvement in the PE firm context. The skillsets and involvement of C-suite managers are analysed in-depth in tandem with the role of the value creation strategy in process reengineering. Cumulatively, the paper calls on the need to initiate tech-enabled improvement of operations so as to improve revenue which is positively correlated with an influx in the EBITDA rates. In order to explore the role of tech-enabled improvement of operations in the creation of value in PE firms, the researcher relied on the use of two research paradigms namely positivism and interpretivism. The two informed the qualitative design which adopted semi-structured interviews with 29 respondents from 3 private equity firms. The data analysis process involved the identification of themes through thematic analysis. Using the constant comparative method, the researcher was able to determine the specific themes that were correlated to the responses provided and subsequent classification into the aforementioned 3 categories. The qualitative data reveals that most PE firms rely on tech-enabled improvement of operations to increase their EBITDA and value.

**Keywords:** IT-cost reduction strategies; tech-enabled improvement; automation; reengineering concept; long-termism.

**JEL Classification:** F21; M15; L21; L32; G11.

### Introduction

At the core of the private equity business and operating model is the need to generate revenues. Historical research and contemporary reports adumbrate that revenue is a vital cog as it helps private equity (PE) firms determine their value through the use of the equities increase the earnings before interest, taxes, depreciation and amortization (EBITDA) and enterprise value. The most successful PE firms are those which can increase the value of their investments EBITDA through an influx in the revenue rates.

F. Barber (2008) opines that the ability of PE firms to achieve high returns is oft attributed to a number of factors such as provision of incentives, aggressive use of debt financing as well as a determined focus on the cash flow and margin improvement. For the purpose of this paper, the factor of cash flow and margin improvement serves as the crux with a quick breakdown revealing the role played by technologies in divestment contexts. At the turn of the century came an increase in concern about the role played by technologies in influencing the value of PE firms. Congruent denotations from research highlight those technologies serve as a double-edged sword that not only improves business operations but also accentuates the costs incurred. Historically, a good number of PE firms viewed investments as a pure numbers game with little focus being drawn on hands-on operational changes.

In lieu of this, researchers raised questions on how tech-enabled improvement of operations can serve as value creation strategies. By definition, tech-enabled improvements refer to a set of frameworks that permit the optimization of existing systems by reducing cost through productivity improvements as well as efficiency gains. The tech-enabled improvements have been touted by J.P. Fidrmuc *et al.* (2012) as effective in shifting the historic lens of PE firms that focus solely on numbers towards new perspectives that emphasize on operational changes.

Companies have initiated a myriad of tech-enabled improvements which drive change and increase the EBITDA percentage a great deal. What is not known is that the tech-enabled improvements play a major role in

increasing the sale value of a company (Osisanwo *et al.* 2024). This is down to the fact that the improvements update and streamline technologies which improve performance levels. The improvements are part and parcel of the digital transformation model which involves the adoption of technologies that transform services and businesses. The adoption permits the replacement of non-digital or manual processes with digital processes (Moszoro 2014; Loi 2023). Moreover, digital transformation enhances process reengineering with the existent systems being reviewed in order to identify loopholes that undermine value creation. The loopholes are then controlled or managed so as to improve productivity.

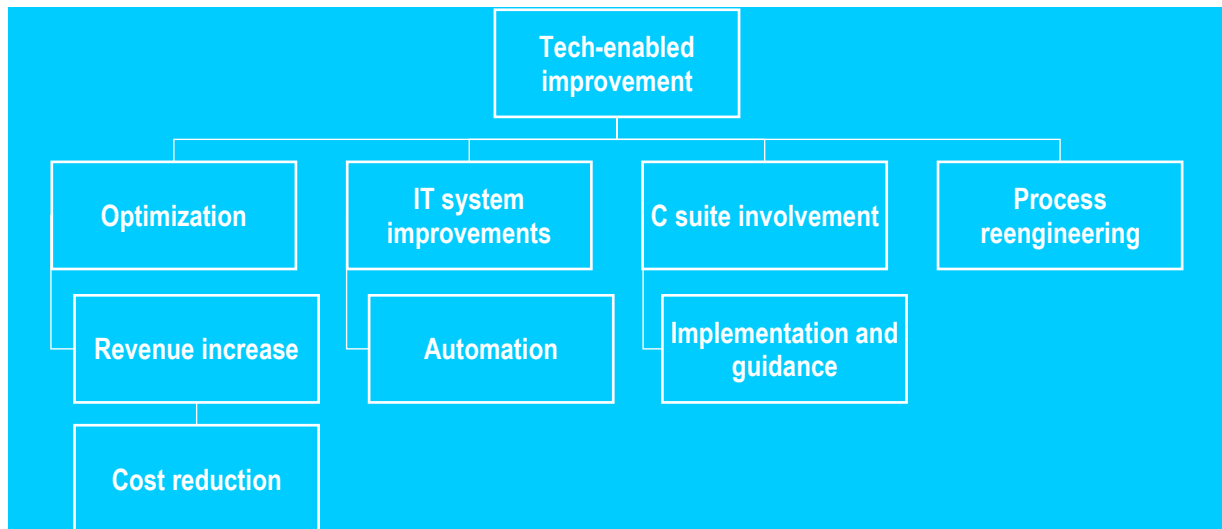
The success of digital transformation towards tech-enabled improvement comes is determined by whether the technologies can optimize existing business products and services. J.P. Fidrmuc *et al.* (2012) argues that optimization must be comprehensive and tailored with the focus being drawn on the planning, management and maintenance of operational efficiency on a day-to-day basis. Furthermore, the optimization prong of the tech-enabled improvement strategy requires the setting up of mission-driven Standard Operating Procedures (SOPS) which are guided by the aim of increasing EBITDA as well as the sale value of an organization (Scharfman 2020; Verbouw *et al.* 2021; Wetzler 2017).

Another vital prong of tech-enabled improvement strategies is IT system enhancements which increase automation as well as drive improvement. Current research pays less focus on IT system enhancements in the private equity context due to the fact that most practitioners emphasize numbers (da Fonseca Pinto Cardoso *et al.* 2022; Farman 2019; Kosarchyn 2023). With system enhancement comes the advantage of automation with firms being able to cut expenses and increase revenue through the minimization of manual tasks. J.P. Fidrmuc *et al.* (2012) opine that automation improves accuracy in the PE context as it streamlines a broad cornucopia of tasks through the integration of results and subsequent translation into data that can be used to define investment strategies. The system enhancements improve forecasting and planning with timely financial reports being generated through automation and advanced analytics. K. Lee *et al.* (2018) back this disposition by citing that the technologies support broader finance transformation goals with the errors emanating from manual processes being reduced in tandem with the setting up of a central data repository. The data repository is substantial in the provision of a single version of truth which drives effective decision-making processes (Leslie and Oyer 2009).

The third prong in the model is the role and responsibility of the C-suite managers in the PE firm. There is an apparent dearth of knowledge with regards to how C-suite managers such as chief executive officer (CEOs), chief financial officer (CFOs), chief operating officer (COO) and chief information officer (CIOs) can influence the EBITDA levels through the adoption of technologies. The tech-enabled improvements dole out information that improves decision making and the effective running of the PE firm. Through design thinking, C-suite managers are able to modernize the finance function of the PE firms while optimizing the deployment of the workforce. Furthermore, their involvement permits the development of a scalable technology backbone that connects the company and fund levels in the PE firm structure (Acharya *et al.* 2013; Gutierrez and Sastron 2017). The right skills are however required from the C-suite managers for the implementation and optimization of the tech-enabled improvements in a bid to improve EBITDA, cut on costs as well as increase revenue (Kapoor and Teece 2021; Tanklevska *et al.* 2023; Zhang *et al.* 2021).

The final prong is process reengineering with the aim of aligning the fund and company levels of the PE environment with the new system functionalities. The process reengineering prong involves the radical redesigning of the PE firms' business processes at all levels in order to achieve dramatic improvements in quality, cycle times as well as productivity (Bakhtiyari 2019). The introduction of technologies permits companies to rethink their existing processes and determine how they can deliver more value to the investors or stakeholders. Typically, the PE firms have to adopt a new value system that places emphasis on the needs of limited partners. The aforementioned gaps in knowledge are filled in this paper which conglomerates the four prongs of tech-enabled improvement of operations into a single value creation strategy (Figure 1).

Figure 1. Tech-enabled improvement value creation strategy



Source: compiled by the author.

The paper recommends that the adoption of tech-enabled improvement strategies is vital in increasing access to data, analytics and tools which will open up opportunities for the PE firms. Furthermore, the strategies are momentous in increasing revenues, expanding margins, and pursuing new revenue streams with divergent business models that are tailored to fit the needs of the limited partners or stakeholders.

## 1. Materials and Methods

In order to explore the role of tech-enabled improvement of operations in the creation of value in PE firms, the researcher relied on the use of two research paradigms namely positivism and interpretivism. With positivism, the researcher wanted to define how the C-suite managers in the selected firms explored the world. The research paradigm adumbrates that most people see the world as either objective or external while using observable and measurable data to formulate decisions. The paradigm adheres to the notion that factual knowledge can be garnered through measurements ergo it is trustworthy (Karupiah 2022). The interpretivism paradigm, on the other hand, was based on a naturalistic approach to data collection with the selected tool (interviews) permitting the researcher to approach the participants as experts in their own experiences. The interpretivism paradigm is touted as momentous in business research due to the fact that it takes into account cross-cultural differences in organizations, issues of ethics, leadership as well as the various factors that can influence value creation strategies (Darby *et al.* 2019; Zahle 2021).

Complementing the positivist paradigm with the interpretivism strategy was important in exploring variations in the different case studies based on the situation, leadership, and time frame. In lieu of this, the two-pronged model explores general dispositions of value creation strategies as well as specific insights on the same. A qualitative research design was used in the paper which involved interviewing the employees from 3 PE firms. The qualitative research design was chosen because it involves the collection and analysis of non-numerical data in order to understand the experiences, opinions, and concepts in the PE firm environment (Astalin 2013; Cohn *et al.* 2022).

For the interviews/qualitative research, a sample of 29 respondents was derived from the 3 companies with 10/10/9 coming from each. The inclusion criteria for the employees focused on their experience in the industry, position in the company as well as knowledge of value creation strategies using technologies. The interviews used in the qualitative research design were conducted in a semi-structured fashion thereby allowing the researcher to ask extra questions. The consent forms used in the interview process are shown in Appendix A. The interview questions in Appendix B were distinguished into 4 sections that focused on the 4 strategies namely:

1. Optimization of existing business products and services.
2. IT system enhancements.
3. C-suite managers involvement.
4. Process re-engineering.

Despite its efficiency, the qualitative research design chosen was marred by a myriad of limitations. The topmost limitation is that the sample size of 29 respondents was quite small ergo meaning that the results could not be generalized. The second limitation was the apparent bias in the sample selection with the researcher solely

choosing employees and managers who were well-versed on value creation in the PE firm context. The third limitation is that the qualitative research design is time-consuming with every interview with the 29 respondents lasting between 1 and 2 hours.

## 2. Results

Conventional research on private equity adumbrates a myriad of methods through which firms can add value to their portfolio companies. As per D.J. Teece (2018), PE firms can create value if the return on capital exceeds the weighted cost of value. In most instances, value creation is defined by short-term traps that allow for the management of earnings as well as maximization of share prices. The short-termism strategies emphasize on trading with the PE firms often focusing on how they can better price their portfolio. On the contrary, short-termism has been criticized in recent years due to the fact that it has the potential to undermine future creation of value for organizations.

The affliction of short-termism has created a viable environment for the introduction of long-termism value-oriented strategies which are distinguished based on industry-specific and sustainability metrics (Teece 2018). The long-termism strategies that revolve around sustainability are key in improving the competitive nature of the portfolios with primal emphasis being drawn on long-term organic growth. The long-term organic growth is further perpetuated by internal resources which play a role in improving the competitiveness of a firm. Using a resource-based view, one can understand the manner through which firms utilize their resources and capabilities to create value. T. Zhang *et al.* (2020) allude that most private equity investors create a group or set of distinct resources and organizational structures which are unique to the firms.

The resources developed in the PE firms tend to be novel since they result from close relationships between the deal target businesses, limited partners as well as PE investors. Therefore, the PE firms are viewed as repositories of valuable tangible and intangible resources which are quite hard to imitate (Jules *et al.* 2021; Kaplan and Strömberg 2008; Krysta *et al.* 2023). Through operational improvements, PE firms are capable of improving their competitiveness and generate long-term growth. This is attributed to the fact that the operational improvements smoothen the modus operandi of PE firms while allowing them to generate profits and revenues. Financial pressure pushes firms to engage in efficiency-enhancing activities with the aim of retrieving profit from the declining performance levels. The divestiture permits companies to raise the necessary levels of cash in a bid to satisfy creditor demands as well as structure firm operations (Acharya *et al.* 2013; Casalino *et al.* 2019; Hersh 2018). The reactive response to divestiture can be detrimental as it will inflict costs on the fund and portfolio levels. Furthermore, it can discourage the PE firm to abstain from generating new and high-growth opportunities.

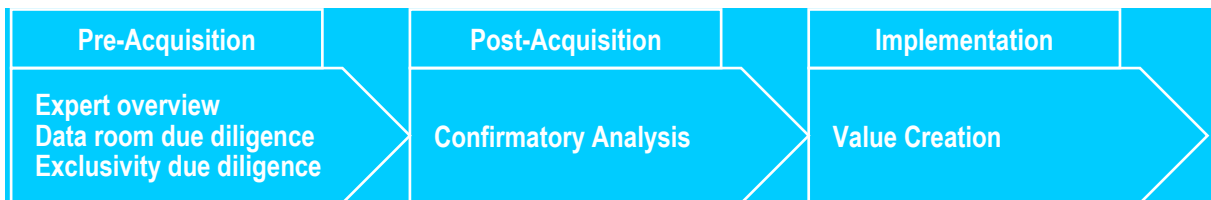
Companies that perform proactive divestiture with a long-term perspective are bound to generate positive results compared to those using reactive forms. T. Zhang *et al.* (2020) highlight that technology and innovative activities are however influenced by previous divestiture experiences owing to the fact that they cause organizational inertia. The inertia prompts companies to carry out things normally or shift to modernized versions that can improve their operational efficiency. What is more, the divestiture and long-termism ensure that the sole focus of the PE firms is on the creation of value. As per T. Zhang *et al.* (2020), private equity firms are required to maintain a laser-like focus on value creation beyond cost-cutting and financial engineering. A good number of PE deals are characterized by substantive operational improvements which emanate from the utilization of deep industry and functional enterprise. The PE firms serve the portfolio companies by investing in core operations more in tandem with minimizing the negative impact of extraneous costs on their operations. Moreover, the value creation process in PE firm contexts is marked by due diligence. The general partners in the fund level are required to carefully choose every target company while defining how to create incremental value and by when (Hege *et al.* 2005; Lahmann *et al.* 2017; Leleux *et al.* 2015a). The identification process should be based on the private equity lifecycle which determines the right time to invest in the portfolio companies.

The private equity lifecycle is characterized by 4 stages with due diligence coming in second. The deal origination precedes due diligence as it involves the development of optimal target search criteria (Caselli 2010). During this stage, the PE firm managers are required to identify the right target for the platform and how they can fill operational gaps that are crucial to value creation. Moreover, the stage is marked by enhancing the performance levels of the platform with key focus being drawn on maximizing the platform company growth while focusing resources on value targets. The due diligence stage is marked by the validation of an investment thesis. This involves understanding the supply chain and how improving value can enhance confidence, competitiveness and time-to-value creation in the long-term run (Davis *et al.* 2014). S. Caselli (2010) highlights that the due diligence stage requires PE firms to capitalize on the growth opportunities, reduce costs as well as improve the EBITDA.



During the due diligence stage, a thorough approach is implemented which increases the competitive stature of the PE firm. The approach accelerates the time-to-close while optimizing the realization of value creation opportunities (Caselli 2010). It is quite imperative to note that due diligence should not be a stand-alone activity rather it is continuous by nature. The stage is vital as it provides a solid foundation for the integration plan implemented after the closure of deals. Therefore, managers are able to establish a road map for the timing and resources useful in delivering the investment thesis. The due diligence is integrated into the value creation process through expert overview, data analysis, exclusivity, confirmatory analysis, and value creation as shown in Figure 2.

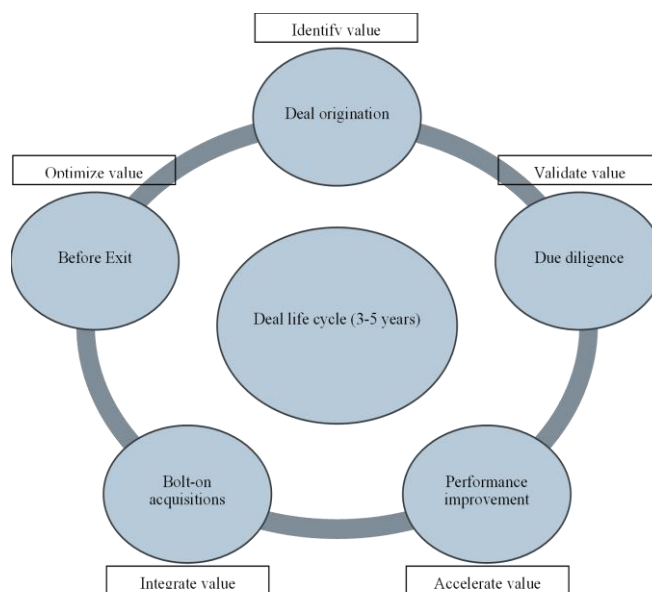
Figure 2. Due diligence stages



Source: compiled by the author

Following due diligence, the PE firms are required to create value through long-termism strategies that align the management and organization to drive quick wins. The initiatives put in place should sustain step-change improvements all over the organization. The performance improvement stage is key in accelerating value as increases process consistency and maturity (Caselli 2010; Mehdiyev 2024). Furthermore, it ensures that there are sustainable platforms for growth using the two value prongs namely increasing functional capabilities and accelerating or sustaining EBITDA, cash and revenue. The next stage is marked by bolting-on acquisitions wherein the PE firms have to capture the quick wins while integrating and optimizing operational value. During this stage, the managers and employees have to identify the synergies and work toward standardizing all operations on both levels of the PE firm context (Caselli 2010). There is a need for the firm to reduce the selling, general, and administrative expenses (SGandA) costs as well as the working capital requirements while realizing any prospects of growth. The end result in most instances is the acceleration of the EBITDA cash and revenue as well as the consolidation of the organizational resources. The final stage is value creation before exit whereby the PE firms have to maximize investment returns. The timing is oft set between 12 and 18 months prior to exit with accelerated benefit capture as well as long-term improvement plan (Caselli 2010). The optimized market value with demonstrable long-term value results being generated. Furthermore, the stage requires a supportive management team with the sale price being maximized (Figure 3).

Figure 3. Private equity lifecycle



As opined prior, the 29 respondents used for this research were sourced from 3 private equity companies. The results from the responses highlight that 23 of the respondent’s viewed optimization as a vital strategy that helps in the creation of value in the PE firm context. One of the employees defined optimization as ‘the initiation of

processes that ensure that our technologies are being used to their utmost capabilities'. This assertion was confirmed by another respondent who argued that the optimization process 'focuses on reshaping information technology by emphasizing on the delivery of the best possible value to the business using the fewest costly resources'. For question 3 in the optimization category, 27 of the respondents cited that the specific style of optimization they use is the consolidation of data enterprise centres. The consolidation process is touted by the respondents as key in helping in the collection of data which informs decision-making for most of the managers. 15 of the respondents cited that the strategies conform to the long-term principle whereby they create value in the long-term period by reducing non direct IT related costs ergo increasing the EBITDA levels.

The results for the second category reveal that most of the employees were not cognizant of IT system enhancements. On the contrary, 22 of them effectively defined the strategies used for IT system enhancements such as automation. One of the respondents alluded that 'we use automation to cut on costs that would have been incurred through manual processes'. Another respondent opined that automation is key in the PE firm context as it focuses on analytics which fuel private equity EBITDA. This is because intelligent automation allows for tactical decision making which drives tangible growth and performance.

24 respondents cited that their organizations use IT system enhancements to drive performance with the long-term benefits including profitability tracking. 5 of the respondents noted that the profitability tracking allowed the general partners to exercise due diligence for their limited partners by identifying portfolios that were profitable. This would in turn increase EBITDA by reducing the risk of investing in non-profitable ventures (Candasamy and Jugurnath 2015; Zhang *et al.* 2020). Furthermore, the automation improved performance by increasing insight on capital distribution. 14 of the respondents cited that their firms are wholly successful since the digital technologies track spending and reduce costs while improving the management of portfolios as well as individual companies.

In the third section, all respondents cited the involvement of C-suite managers in value creation as substantial. The respondents opined that the CEO/CFO/CIO have to be actively involved in driving tech-enabled improvement of operations. This is because they act as the lynchpin between the organization and the employees by providing guidance on specific changes as well as *modus operandi*. One of the respondents alluded that the involvement levels should be distributed all through the 5 stages of the lifecycle. She cited that 'C-suite managers have to engage in due diligence whereby they validate the investment thesis. Their ability to lead is key in the performance improvement stage as they align the management with the organization. This in turn increases functional capabilities and the implementation of processes that cut on non-direct IT related costs and improve the EBITDA'.

Finally, most of the respondents were not cognizant of process re-engineering with 2 of them citing that the concept or idea was beyond their level of comprehension. On the contrary, 5 of them highlighted that process re-engineering is the 'redesigning of vital business processes with the aim of improving quality and productivity'. This definition correlates with the third stage of the value creation lifecycle whereby performance improvement involves the alignment of the management with the organization. Furthermore, one of the respondents noted that the process re-engineering strategy used involves the identification and capturing of synergies which falls under the 4th stage of the value creation lifecycle. The respondent went further to highlight that the re-engineering strategy is key in 'integrating and consolidating all standards in the organization which reduces the costs and accelerates EBITDA levels'. The respondents all confirmed that the process reengineering creates value by reorganizing the organization into cross-functional teams with information technology improving business processes.

### 3. Discussion

Based on the preceding results, it is vital to note that PE firms can create value through information technology system enhancements that increase automation and drive operational improvement. For instance, the adoption of enterprise's resource planning (ERP) improves business performance and operational efficiency during proactive divestment. Operating efficiency helps PE firms determine the ratio of the business output and input ergo gaining insight on the overall system performance (Bratton 2008; Ebrahimi 2019; Leslie and Oyer 2009). In light of this, PE firms are able to allocate set resources which optimize the portfolio outcome. They are also able to reduce the resources that are required in a bid to execute proficient functions.

With optimization comes the need to find the right solution which saves on costs and improves savings. The implementation of the optimization strategy has to be conducted in the due diligence phase whereby the business requirements are identified in tandem with the selection of technology solutions (Åstebro 2021; Aziz 2019; Chen and Tiejun 2017). Furthermore, researchers allude that optimization helps businesses to identify and prioritize the initiatives that they want to focus highly on. This cuts on non-direct IT related costs that come with investing in risky ventures.

The IT system enhancement process provides PE firms with the opportunity of capitalizing on intelligent automation as well as analytics. The introduction of automation helps in boosting the value of portfolio companies through the modernization and reduction of costs. Furthermore, it lends greater visibility into the transactions on every level of the PE firm which improves EBITDA by cutting down on costs. L.P. Casalino *et al.* (2019) indicate that ERPs have phased out the burden of manual processes through automation. The automated workflows greatly reduce administrative overhead so that the organization can drop more to the bottom line. During the implementation process, however, firms have to keep in mind that the internal processes evolve in an organic manner and are highly reflective of the people at the helm (Hiebl 2015; Leleux *et al.* 2015b; Tsvytkov *et al.* 2023). This correlates with the assertion made prior that the influence of the CFO/CIO and COO influences the cost reduction and operational improvement process.

Proactive divestment permits PE firms to conduct process re-engineering which aligns the entities with new system functionalities. The primary focus is to optimize the non-direct IT related costs which create a positive EBITDA for the organization. The CFO/COO/CIO is at the helm of the reengineering process as they place a high standard which helps promote efficiency and functionality. M. Bakhtiyari (2019) alludes that technological innovation has to be led by the right skill set at the C-suite level which helps in the transformation of private equity firms throughout the investment life cycle. The technologies merit the reengineering of processes in the PE firms with the aim of aligning them with new system functionalities. Spearheaded by the CFO/COO/CIO, the improvement allows PE firms to carefully manage costs during strong and weak economic periods (Teece 2018; Zhang *et al.* 2021). J.L. da Fonseca Pinto Cardoso *et al.* (2022) denote that most top PE firms are highly cost-conscious whenever the investment returns are soaring. Even though the non-direct IT related costs rise during the strong economic periods, the influxes are approximately equal to the investment returns. The variable costs are treated as fixed expenses with the CFO avoiding any strategies or pushes for more spending. During weak economic periods, the cost reduction efforts are accelerated by changing or reengineering the processes (Bratton 2008; da Fonseca Pinto Cardoso *et al.* 2022). The fixed costs are treated like variable costs which allow for the reduction of non-direct IT related costs. The emergence of Disruption 2.0 has added urgency to the need of managing costs. The integration of technology-enabled processes is momentous in generating productivity gains. J.L. da Fonseca Pinto Cardoso *et al.* (2022) cite that the automation of knowledge work addendum to the digitization of supply chains is key in improving EBITDA rates. What is more, the application of industrial IoT improves predictive maintenance which minimizes both variable and fixed costs in the future.

The improvement of core performance also requires measuring the absolute change in EBITDA not deltas in cost. The non-direct IT related costs have to be monitored with the focus being drawn on the unexpected headwinds (Kapoor and Teece 2021; Lubbers *et al.* 2015). The utilization of enterprise resource planning aids PE firms to manage and integrate their financials, supply chain, operations, commerce, manufacturing as well as reporting activities. Additionally, the management cross-examines operational costs with the peers in a bid to determine the position of the PE firm. Every system is assessed in terms of functionality and its role in increasing the non-direct IT related costs incurred (Lahmann *et al.* 2017). The determination allows for process reengineering whereby the business modus operandi is changed to fit the industry demands as well as conditions.

## Conclusions and Further Research

Technological innovation can act as a value creation strategy. The relevance of the chosen topic is shown by the fact that the conducted research reveals ways in which PEs can optimize their existing business products and services, increasing EBITDA and, at the same time, reducing indirect costs related to IT. According to the results of the conducted interview, it can be noted that the majority of respondents consider optimization as a necessary strategy that contributes to the creation of value in the context of the firm's PE. The consolidation process is recognized by respondents as essential for gathering data that facilitates appropriate decision-making for most managers.

The results obtained for the second category indicate that most of the workers did not have sufficient knowledge about the improvement of the IT system. At the same time, the majority of respondents adequately identified the strategies being implemented to improve the IT system. Automation has been identified as an effective way to reduce costs, and with a focus on analytics, automation contributes to direct investment EBITDA. This can be explained by viewing automation as an effective tool for making tactical decisions that improve productivity and drive growth. In the third section, all respondents note the important role of managers in creating value through active participation in improving operations using technology. At the same time, it was found that many respondents do not have a sufficient understanding of the process reengineering concept. Those familiar with the strategy point

to its importance in improving quality and productivity, and that the reengineering strategy helps reduce costs and accelerate EBITDA.

Summarizing the above, authors can testify that the preceding paper is a testament of the use of tech-enabled improvement of operations strategies in the creation of value in the PE context. The analysis shows that the use of optimization, IT system enhancements and process reengineering allows PE firms to improve their EBITDA by reducing non direct IT related costs. Congruent denotations indicate that the C-suite managers have to drive the improvement processes using their diverging skill sets. Furthermore, the implementation process has to be conducted all through the private equity and value creation cycle in order to record positive results. The managers and firms must adopt a long-term perspective that is guided by their exit strategies so as to capitalize on the benefits.

#### Credit Authorship Contribution Statement

Maximilian Liepert: Conceptualization, Project administration, Writing – original draft, Supervision, Validation, Visualization.

#### Declaration of Competing Interest

The author declares that has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

#### Declaration of Use of Generative AI and AI-assisted Technologies

The author declares that he has not used generative AI and AI-assisted technologies during the preparation of this work.

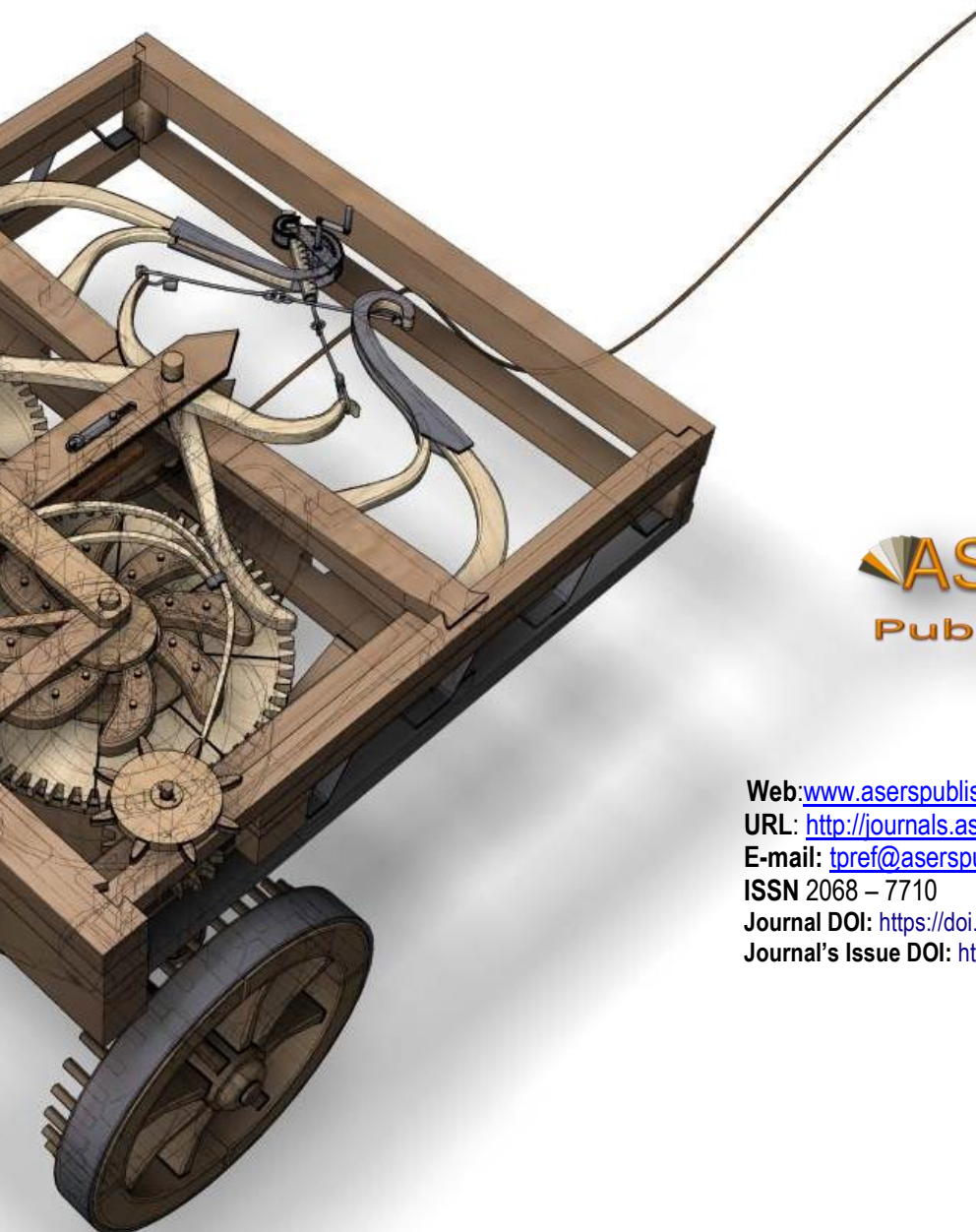
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ISSN 2068 – 7710

Journal DOI: <https://doi.org/10.14505/tpref>

Journal's Issue DOI: [https://doi.org/10.14505/tpref.v15.2\(30\).00](https://doi.org/10.14505/tpref.v15.2(30).00)