

TECHNOLOGY:

Innovation Drives Growth

2026 Private Equity Survey
Technology Spotlight



Technology investors are pairing acquisition-led growth with innovation, operational discipline, and flexible exit strategies.

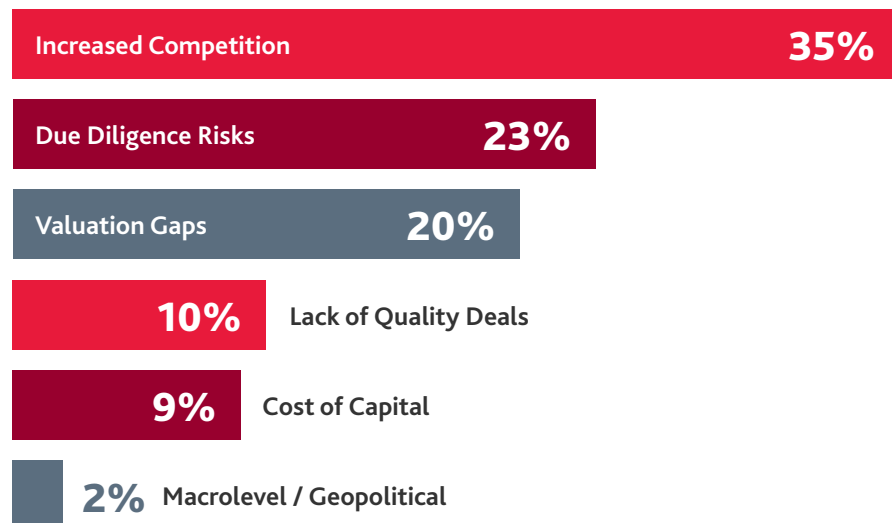
Technology investors continue to pursue growth aggressively, but competition for assets has become the defining challenge in today's market. While sponsors remain focused on deploying capital through acquisitions, they are increasingly relying on technology-enabled value creation, talent, and operational execution to differentiate themselves. Findings from BDO's 2026 Private Equity Survey reveal a sector where the need for innovation is influencing every stage of the investment lifecycle — from sourcing and diligence through value creation and exit planning.



FINDING # 1

Competition for Assets is the Primary Deployment Challenge

What is the top challenge you are facing when it comes to deploying capital?



Analysis

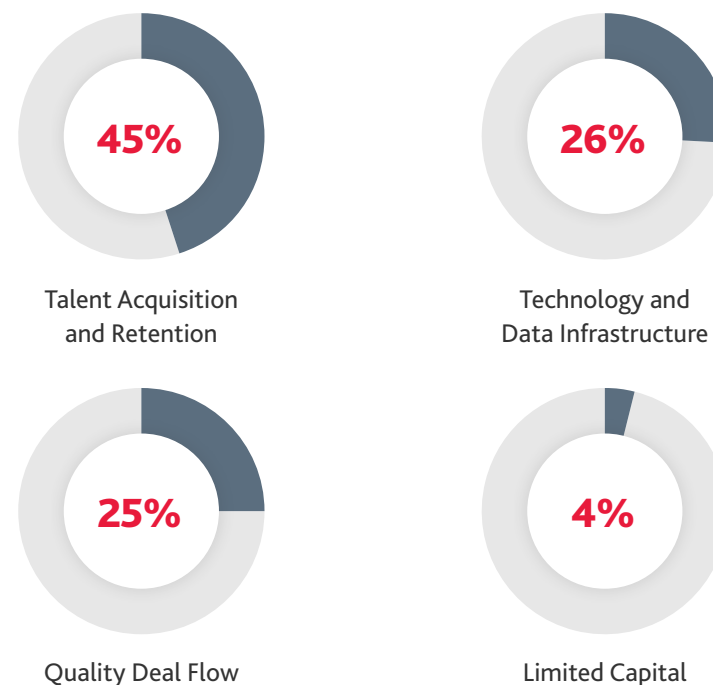
- ▶ Unlike several other sectors, technology-focused private equity (PE) firms identify competition for assets, not diligence risk, as their greatest obstacle to deploying capital. More than one-third of respondents (35%) cite increased competition from other buyers and investors as their primary challenge.
- ▶ Risk exposure uncovered during due diligence ranks second (23%), followed closely by valuation gaps between buyers and sellers (20%).
- ▶ As competition for attractive assets continues to drive pricing pressure, sponsors must sharpen their sourcing strategies, move quickly on high-conviction opportunities, and bring differentiated value-creation plans to the table.

*Totals may not equal 100% due to rounding.

FINDING # 2

Talent and Technology Infrastructure Remain Critical Execution Challenges

What internal capability is most limiting your firm's ability to execute deals at speed?



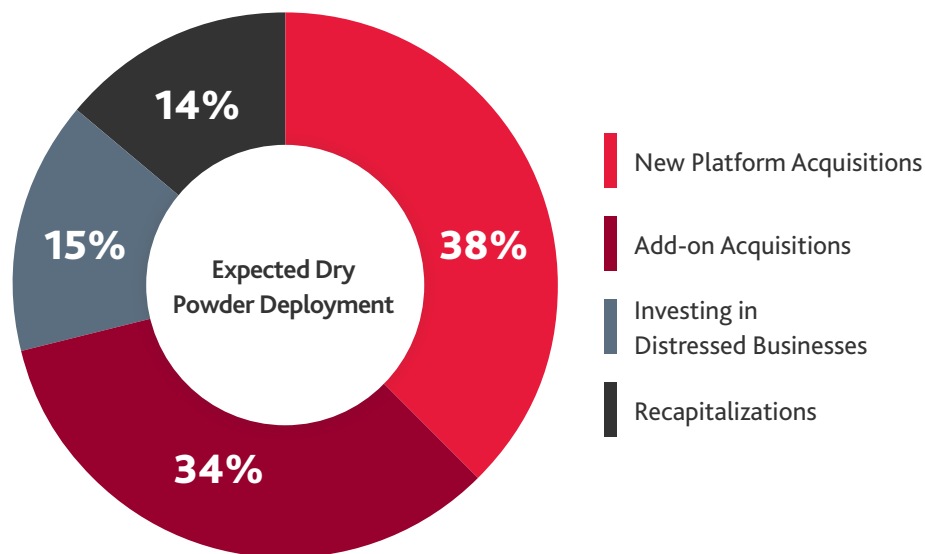
Analysis

- ▶ Technology investors identify talent as their greatest internal constraint, with 45% of respondents citing the ability to find and retain the right people across funds and portfolio companies as their most significant challenge.
- ▶ Notably, technology and data infrastructure ranks second (26%), narrowly ahead of access to quality deal flow (25%). This placement reflects the growing importance of digital capabilities, analytics, and operational systems in supporting investment execution and portfolio growth.

FINDING # 3

Acquisition-Led Growth Continues to Shape Capital Deployment

In the NEXT year, what is the primary way you anticipate your firm will deploy your dry powder?



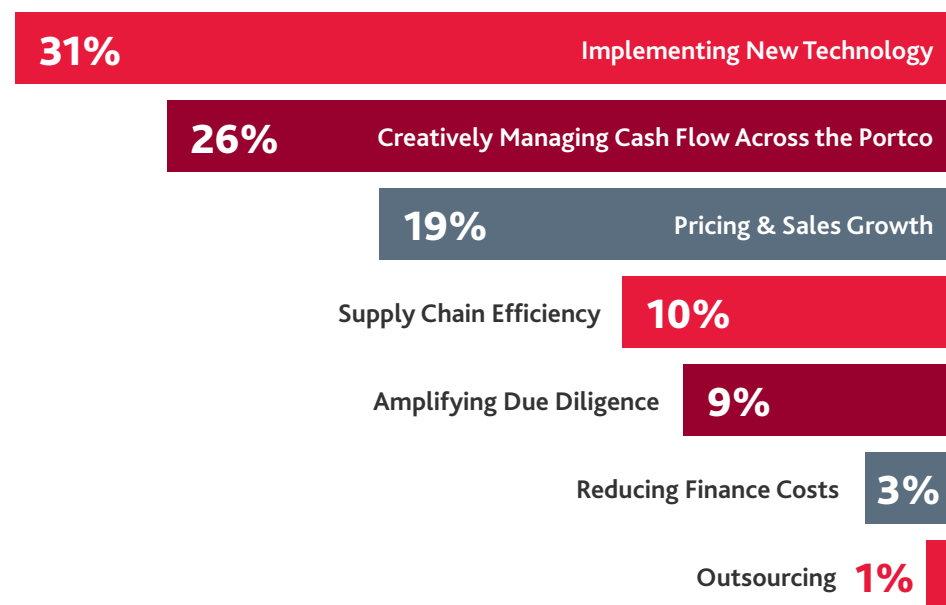
Analysis

- ▶ Technology sponsors remain firmly committed to acquisition-led growth. New platform acquisitions (38%) and add-on acquisitions (34%) together account for more than 70% of anticipated dry powder deployment.
- ▶ Continued confidence in mergers and acquisitions (M&A) underscores sponsors' view that acquisitions remain the primary mechanism for scaling capabilities, expanding market share, and accelerating growth.
- ▶ Even as deal dynamics become more competitive, sponsors remain focused on putting capital to work through strategic acquisitions.

FINDING # 4

Technology-Enabled Value Creation Leads the Agenda

Which of the following value creation strategies do you feel would have the most impact this year?



Analysis

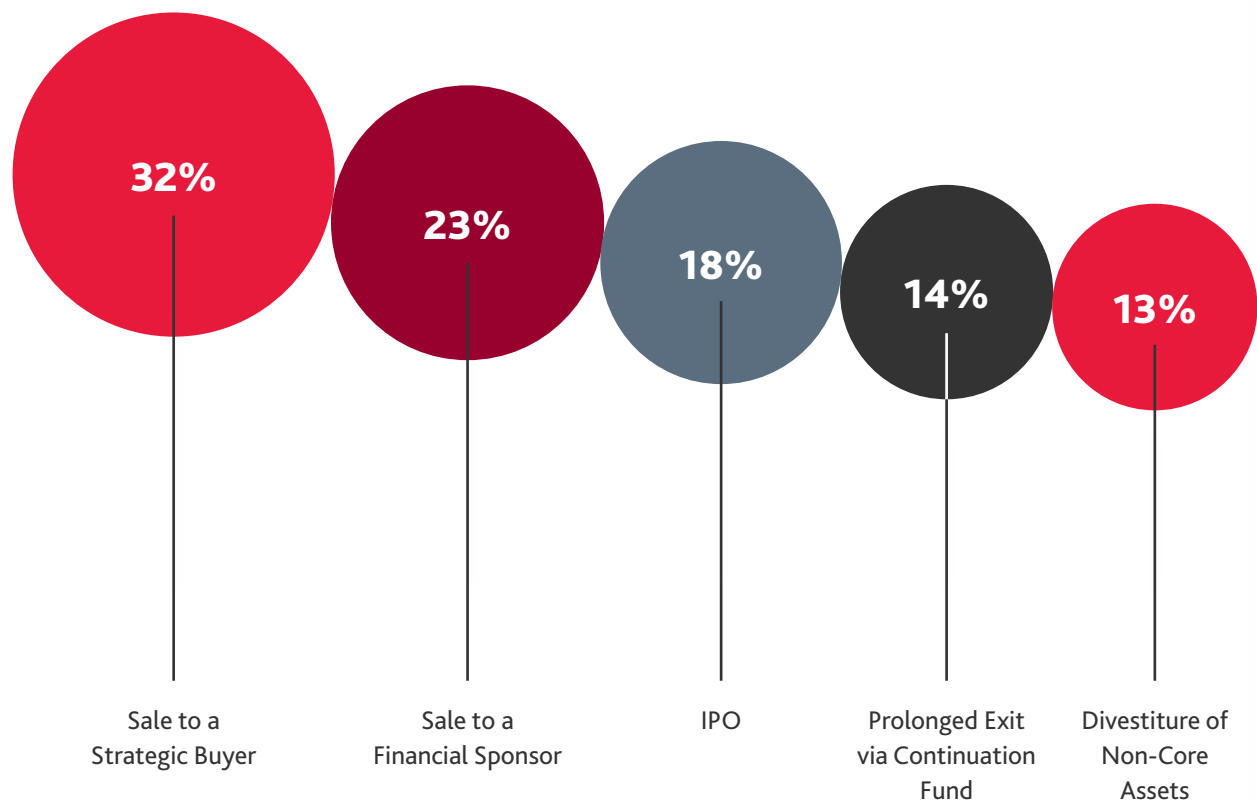
- ▶ Technology investors stand apart from other sectors in their emphasis on digital transformation and innovation.
- ▶ Sponsors say implementing new technology, including artificial intelligence (AI) and digital capabilities, is their most impactful value-creation strategy (31%). It exceeds both cash-flow management (26%) and pricing and sales growth initiatives (19%).
- ▶ These findings reinforce a broader shift toward growth-oriented value creation. Investors increasingly view technology not as a standalone initiative, but as an enabler of operational efficiency, commercial performance, and long-term competitive advantage.

*Totals may not equal 100% due to rounding.

FINDING # 5

PE Firms Investing in Technology Maintain Diverse Exit Strategies

Top path you will pursue for your exits in the next 12 months.



Analysis

- ▶ Technology investors are maintaining flexibility across a range of exit opportunities.
- ▶ Sales to strategic buyers remain the leading exit path (32%), followed by sales to financial sponsors (23%), IPOs (18%) and prolonged exits via continuation funds (14%).
- ▶ The distribution across exit paths suggests sponsors prefer to preserve optionality while adapting to evolving market conditions and valuation environments.



BDO's Take

Methodology: BDO's *2026 Private Equity Survey*, conducted by Rabin Roberts Research, polled 400 U.S. PE fund managers and operating partners in May 2026. This spotlight reflects responses from 182 PE firms that invest in technology.

Technology investors are highly focused on growth, but success increasingly depends on differentiation. Competition for attractive assets is intensifying, talent remains scarce, and digital capabilities have become a critical component of both investment execution and value creation. At the same time, sponsors continue to deploy capital aggressively through acquisitions while maintaining flexibility across multiple exit pathways. The result is a sector where innovation, operational excellence, and disciplined execution increasingly determine investment success.

See the full picture. Explore insights from all 400 respondents in the 2026 Private Equity Survey. ►

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