



Entering the Age of the AI Economy

Artificial intelligence (AI) continues to rapidly evolve and reshape industries and how people work. AI's ability to analyze data, identify patterns and streamline operations makes it a powerful tool that businesses can leverage to drive effectiveness and efficiencies.

Lincoln recently asked several leaders from the private capital market for their point of view on how AI will alter the future and its potential impact on dealmaking.

Exploring the AI Economy

1 Efficiency and Time-Saving Practices

AI can revolutionize business by seamlessly integrating into daily operations, streamlining and automating tasks, enhancing tracking and reporting and providing tailored insights on data. With increased efficiency, AI may allow focusing on higher-impact portions of jobs and developing personal relationships with clients.

"At a minimum, I believe AI can create efficiencies around routine tasks and workflows. At the portfolio company level, our operating partners are already implementing projects around AI / BI for Lead Gen." – **Partner in Private Equity**

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1 Efficiency and Time-Saving Practices (continued)

*"I think technology will continue to allow us to spend more time thinking / analyzing ideas and opportunities and less time processing information. This will allow top performers to "up-gauge" their time into the most impactful, most differentiated parts of their jobs." – **Managing Director in Private Credit***

2 Differentiation

As AI continues to advance, the human element of business will become increasingly vital for companies aiming to distinguish themselves in the competitive market. The ability to foster authentic human connections, creativity and empathy emerges as indispensable qualities that set businesses apart, amplifying their relevance and resonance with clients / customers.

*"I think technology / AI will make the human element of private equity, at least lower middle market where I participate, that much more important. With advances in machine learning and AI, access to information and analytics will continue to become more and more efficient, and more and more commoditized. It should make everyone better investors with regard to assessing opportunities and risks but will drive an increased need for differentiation on the strategy and EQ side of things that can't be replicated with technology." – **Partner in Private Equity***

3 Positive Impacts on Decision-Making

This tool may help standardize investment decisions and streamline expense allocations as it can track client activity and recommend better opportunities based on real-time analysis of industry trends.

*"As it relates to deal origination, AI and technology will enhance those efforts extraordinarily. Automating and aggregating data to help make decisions on who we spend time with, what processes we participate in, what opportunities we may have missed out on, etc. will only continue to bolster our sourcing efforts." – **Business Development Leader in Private Equity***

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4 Creation of New Economic Sectors

Many expect the birth and growth of a whole new sector in the global market: the “AI Economy.” Consequently, AI-related services and applications will become essential components of business operations, imperative for sustained success.

*“[I expect a] further heightening of competition and even greater divide of “haves” and “have nots” – those GPs with sufficient capital and foresight to invest in and deploy technology / AI solutions and those who don’t adapt quickly enough and are left behind with a “ceiling” to growth.” – **Principal in Private Equity***

Potential Growth Limiters

While AI has many benefits, several individuals are hesitant to fully embrace it as they know that nothing can replace humans. Others acknowledge that it is too early to tell what will happen with AI, and there is a perception that it may be overhyped.

Some noted that this technology may have a smaller impact in the next few years due to the steep learning curve in harnessing its capabilities. Change management, training and supporting people in adapting to AI developments will be as important as the technology itself.

Lincoln Perspective

With AI growing in importance by the day, buyers, sellers and lenders are keeping this tool top of mind when examining new prospects. They want to see AI in their next venture to ensure that the business has longevity and immense growth potential. Organizations seeking to stay ahead of the curve can explore how to incorporate AI solutions into their business models to ensure preparedness for future opportunities.

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