Gorilla Logic

Is your AI strategy creating value, or just noise?

Learn how PE operating partners are driving real returns.

Separating Value Creation from Science Projects

Nearly 40% of Gorilla Logic's clients are PE-owned, which means we spend a lot of time in rooms where the question isn't "***Is AI interesting?***" but "***Will this create measurable value before exit?***"

That question matters more than ever. With multiple compression across sectors, PE firms can't count on multiple expansion alone to deliver 20%+ IRRs. They need operational alpha, and AI has quickly become one of the most powerful levers to create it. The catch? It only works when applied with discipline.

Working with portfolio company leadership and PE operating partners, we're helping separate what can create value in 18–36 months from what amounts to a science project that pays off beyond the fund's hold period. Here's what we're learning from the field.

The Underwriting Reality: What Actually Drives Returns

When AI shows up in due diligence or value creation planning, the focus has to shift from buzzwords to hard metrics. The winning approach ties every AI investment to clear value levers:

Revenue growth: Pricing optimization, lead scoring, churn prediction, personalized marketing. AI-driven dynamic pricing can unlock 5–10+% revenue uplift without proportional cost increases.

Margin expansion: Process automation in back-office functions (AP, AR, HR), supply chain optimization, procurement analytics. When executed well, we're seeing AI initiatives add 200–500 basis points to EBITDA margins within 12–24 months.

Capital efficiency: Working capital optimization through better demand forecasting and inventory management. Predictive maintenance in asset-heavy businesses that extends uptime and reduces emergency repair costs.

The key is to set expectations clearly from the start. AI initiatives require investment in things like cloud infrastructure, data cleansing, and staff training. They should also follow a predictable timeline: a proof of concept in 3 to 6 months, scaling in 6 to 18 months, and measurable EBITDA impact in < 24 months. Investment committees need to see this staging and understand the main risk factors: execution capability, change management, and adoption barriers.

Scenario planning matters. Model conservative versus aggressive adoption cases. This isn't a magic bullet to reduce opex by 80% in 90 days. It's a tool that, applied correctly, can accelerate cash flows and support deleveraging or reinvestment strategies that drive IRR.

Where AI Delivers Fast ROI

The fastest payback comes from AI initiatives that deliver clear, measurable impact across core domains . Here's what's working:

Sales and marketing automation: AI-driven lead scoring cuts sales cycles by identifying high-intent prospects earlier. Churn prediction models help retention teams intervene before customers leave. Reducing churn by even 5% within 18 months directly impacts recurring revenue stability.

Revenue management: Machine learning models optimize price elasticity in real time, identifying where companies can push pricing without losing volume. In industries with complex promotional calendars, this eliminates guesswork and captures margin that was previously left on the table.

Customer service automation: Chatbots and AI-assisted agent tools reduce support costs while improving response times. The ROI is straightforward: fewer FTEs handling higher ticket volumes with better satisfaction scores. Our client, MavenAGI - a leader in agenticAI, has estimated that enterprise support tickets can cost $40-60 each, if worked on manually. Through AI tooling and workflows, this cost can be more than cut by 50% resulting in cost savings and a much improved customer experience.

For software and technology-centric businesses specifically, AI unlocks a different set of levers tied directly to product velocity and quality:

Engineering productivity: Code generation tools like GitHub Copilot are cutting development cycles by 20–40%. Engineers write boilerplate faster, refactor legacy code more confidently, and ship features quicker. That's a direct reduction in engineering cost per feature delivered.

QA and testing automation: AI-driven test case generation and regression testing reduce manual QA effort and catch defects earlier. Teams are shortening sprint cycles and reducing production bugs simultaneously—faster releases with higher quality.

On the cost side, the wins are equally tangible:

Cloud optimization: AI models analyze utilization patterns and recommend reserved instances, autoscaling configurations, or workload reallocation. We routinely see 15–25% reductions in cloud spend without sacrificing performance.

Back-office automation: Robotic process automation combined with AI reduces SG&A by handling invoice processing, expense management, and HR workflows that previously required manual intervention.

Supply chain optimization: Predictive AI improves demand forecasting, reducing working capital tied up in excess inventory while avoiding stockouts. This frees capital for debt paydown or reinvestment.

What Doesn't Fit PE Timelines

Not every AI initiative makes sense within a 3–5 year hold period. We help investment teams flag these early to avoid underwriting projects that won't pay off before exit:

Moonshot projects: Fully autonomous operations, heavy robotics implementations, or transformative AI platforms that require multi-year buildouts. These belong to the next owner, not the current fund.

Regulatory headwinds: Healthcare diagnostics awaiting FDA approval, financial services products navigating evolving compliance frameworks. The timeline risk is too high.

Data infrastructure prerequisites: If a company needs a multi-year data lakehouse project before AI can be effective, the sequencing doesn't work. Sometimes the answer is to focus on tactical data cleanup tied to specific use cases rather than boiling the ocean.

In other words: Don't underwrite science projects. Anchor AI opportunities in business use cases with clear ROI timelines. Investors don't need to understand model architectures; they need to see levers like "reduce customer acquisition cost by 15% via AI-optimized paid media" or "improve on-time delivery by 10% through predictive logistics routing."

The 80/20 Rule: Technology vs. Adoption

The hardest lesson, and the one that matters most, is that AI success is 20% technology and 80% adoption.

Tools without people and processes will fail. Companies invest six figures in AI platforms only to have them sit unused because no one was accountable for driving outcomes. The fix isn't more technology; it's governance and change management.

Best practices we're seeing in successful deployments:

Appoint AI product owners internally. Don't leave AI as a side project for the CTO or a skunkworks team. Someone needs to own the business case, drive adoption, and report results.

Build KPIs tied to AI ROI into management reporting. If it's not measured, it doesn't get managed. Track leading indicators (adoption rates, data quality) and lagging indicators (cost savings, revenue uplift).

Stage deployment to deliver quick wins. Start with high-visibility, low-complexity use cases that build organizational confidence. Sales enablement and customer service automation are often good entry points. Use those wins to fund broader rollouts.

Ensure the PE ops team keeps initiatives within the 36-month impact horizon. Their role is to pressure-test timelines and flag initiatives that drift into the next ownership cycle.

The firms that get this right know how to balance efficiency gains with growth opportunities. AI isn't just about cutting costs; it's about speeding up time to market, improving the customer experience, and building a competitive edge that leads to higher exit multiples.

Our Take: Pragmatism Over Hype

AI is now table stakes in due diligence and value creation planning. Every PE firm is asking about it; every portfolio company is exploring it. But the winners will be those who:

Underwrite with pragmatism, not hype. Model conservative adoption timelines and scenario-plan for execution risk.

Stage AI deployment to deliver measurable wins before exit. Front-load initiatives with fast payback and visible impact.

Distinguish clearly between what's investment-ready and what belongs to the next owner. Not every AI opportunity fits a PE hold period.

The job isn't to make portfolio companies "AI companies." The job is to use AI as a lever to make them better companies, faster, within the PE investment cycle. The discipline lies in knowing which levers to pull, in what order, and with what timeline expectations.

When teams get this right, and AI investments are tied to specific EBITDA drivers, staged for rapid impact, and supported by strong change management, portfolio companies can add 200 to 500 basis points to margins, unlock 5 to 10 percent revenue growth, and free up working capital that speeds up deleveraging. That's how AI contributes to 20%+ IRRs. Not through magic, but through disciplined execution.

About Gorilla Logic

Gorilla Logic works with global brands, private equity teams, and high-growth innovators to launch new products, evolve complex systems, and strengthen engineering operations.

Our work spans new product development, platform consolidation, application modernization, and sustained engineering—accelerated by Construct™, our portfolio of delivery-tested workflows and modular AI agents. Construct™ is how we deliver faster—with less engineering lift and greater confidence. Every workflow is proven in delivery, reusable by design, and capable of reducing engineering effort by 30–80%.

We deliver side-by-side with our clients, embedding the tools, guardrails, and patterns they keep using long after we're gone. Our dedicated pods integrate AI into every phase of the software development lifecycle—driving measurable impact on velocity, quality, and innovation.

We do more than engineer products—we engineer forward.