

TECH TITANS IN PRIVATE EQUITY

THE RISE OF THE TECHNOLOGY OPERATING PARTNER

Thought Leadership



There was a time when financial engineering generated the large returns that private equity (PE) firms are known for. It was their primary strategy—asset selection paired with financial engineering.

While this approach prevailed for many years, the landscape began to shift over the last decade. Private equity firms realized that financial engineering alone would no longer deliver sufficient returns. What's more, the PE industry became hyper-competitive, to the point where offering capital was no longer enough to attract potential investments. It was in this environment that operational excellence emerged as a new growth lever for the industry.

To drive enterprise value, PE firms began engaging with their portfolio companies (PortCos) at a deeper operational level. To build operating capabilities, they hired domain and functional experts to partner with key stakeholders at both the firm and PortCo management. While this trend occurred across all functional areas, technology quickly emerged as a dominant differentiation strategy, as more businesses leveraged technology to improve efficiencies, engage consumers, and create new revenue streams. As a result, PE firms invested in their own technological operating capabilities to drive growth, increase efficiency, and boost profitability across investments.

Today, these efforts have led to the rise of the PE Technology Operating Partner. This role provides operational expertise to private equity portfolio companies, complementing the financial and strategic oversight typically offered by the investment team. With deal flows expected to increase and emerging technologies like AI

playing a greater role in value creation, we anticipate that more PE firms will invest in this capability in the near term.

Despite the growing prevalence of Technology Operating Partners in the PE world, the role has a unique set of challenges that make it difficult for even top talent to succeed. To help bridge this gap, Korn Ferry spoke with investment partners, technology operating partners, and private equity talent leaders to learn more about how the role is evolving and what leads to success today.

Key Takeaways

- The Technology Operating Partner role is on the rise—many firms have them, while others are contemplating.
- Being a great technology leader does not translate to being a great Technology Operating Partner—the role demands distinct skills and nuanced leadership traits.
- AI will profoundly impact Technology Operating Partners, especially as it becomes integral to value creation within portfolio companies.

The Technology Operating Partner Role

While there are nuanced differences in the operating model, the core mandate of the Technology Operating Partner role is largely consistent across PE firms. They almost always play a significant role in pre-deal due diligence and the validation of the investment thesis. Post-acquisition, they work with the management team to achieve investment goals by delivering on the technology roadmap and implementations. In some cases, the Technology Operating Partner may serve on the board of the portfolio company, while in others, they function more as an advisor when it comes to technology-related decisions.

The role itself is also evolving. Many firms have ex-Chief Information Officers (CIOs) and technology leaders in these positions, who excel at managing core foundational technologies like ERPs and other business systems. Other PE firms are more interested in technology leaders who bring a product mindset, focusing on building external-facing systems that impact customer experiences and journeys.

AI and digital skills are indeed becoming more sought after, with some firms creating two distinct operating teams—one for core foundational tech and another for AI and digital. For example, one of the largest global PE firms appointed an AI-Digital Operations Partner and had great success driving productivity at PortCos by embedding AI in their business processes. After developing a playbook for finance processes, the firm achieved an average productivity gain of 25% within a year.

Operating Model Evolution

In the early days of experimenting with the Technology Operating Partner role, PE firms created a network of technology advisors to call on as needed. Many PE firms still operate under this model, often as a mechanism to build technological operating capabilities in the short term. This approach also gives both the PE firm and Technology Operating Partner a chance to “test drive” the model before committing to something more permanent.

As it became evident that operational engagement with PortCos was advantageous for driving the investment thesis, PE firms began hiring seasoned technology leaders—who were also industry stalwarts—into Operating Partner roles on a full-time basis. In most cases,

the Technology Operating Partner was expected to function as a “one-person army,” partnering with the investment partners and portfolio company leadership to drive value creation through technology.

Some PE firms gradually built larger teams under the senior operating partners they had hired. These teams functioned like in-house consulting capabilities, deployed on value creation projects across the investment portfolio. As this model proved successful, PE firms expanded their technology operating teams to include experts in niche areas like digital, data, cyber, and AI.

The need for a more effective approach led some PE firms to form relatively senior teams—comprised of a handful of technology specialists with niche expertise—to serve as Technology Operating Partners. This model, which is prevalent today, relies on external consultants and technology service providers to bring specific solutions and capacity to implement value creation programs. A variation exists in multi-asset class firms, where operating capabilities are highly specialized and segregated into business lines. Many firms we spoke with prefer to have a mix of in-house and outsourced capabilities, as this approach delivers an on-demand model with flexible costs. With the profitability of PE firms under pressure in the current economic environment, cost has become a key consideration in operating model decisions.

We are potentially entering a new phase in the evolution of Operating Partners, where leading firms are more fully embedding this role within deal teams and elevating it to a level equivalent to General Partners. These leaders bring extensive private equity experience, having navigated multiple investment cycles firsthand, and contribute value that goes well beyond their functional expertise. While the jury is still out on the model’s long-term viability, several executives we spoke with believe it represents the future, and that the days of separate Operating Partner groups are numbered.

Engagement Model

To be successful, Technology Operating Partners must strike the right balance in their relationships with key stakeholders in the private equity firm—including investment partners, talent partners, and other operating partners—and key executives at the portfolio company, such as the CIO, Chief Technology Officer (CTO), and CEO.

Portfolio Company Engagement

To determine the appropriate level of engagement between the Technology Operating Partner and the PortCo, PE firms must define how critical technology is to achieving value creation goals. Specifically, is the value creation thesis based on a technology transformation?

For PE firms focused on deep technology transformation, the Technology Operating Partner is typically more embedded within the PortCo. This role is hands-on, involved in day-to-day operations, and actively engages with the CIO/CTO and C-suite leaders to make strategic decisions.

If tech transformation is less essential to value creation, the Technology Operating Partner may take on more of an oversight role. In this case, they may sit on the board of the portfolio company, advising on technology decisions.

Firm-Level Engagement

For a Technology Operating Partner who is expected to be more actively involved with a portfolio company, the relationship with the investment partners can make or break success. Developing a strong rapport is crucial, as the investment team must be willing to transfer a certain degree of accountability for the PortCo to the Technology Operating Partner. Without this, they may find themselves in a reduced role or failing to meet KPIs.

Building strong relationships with the Talent Operating Partners—who help address technology and digital talent gaps—and other Operating Partners—who rebuild functional capabilities that impact the technology and digital organization—enables the Technology Operating Partner to successfully deliver on their mandate.

The Operating Partner is not solely responsible for building these relationships. Too frequently, we see investment teams hesitate to delegate control or provide the autonomy needed for Operating Partners to be successful. This dynamic can create a “utilization gap,” where Operating Partners are unable to deliver their full potential and generate significantly more value.

Cost Structure

One factor influencing the structure, size, and depth of the Operating Partner role is where the costs for the portfolio operations teams are allocated. With fund sizes declining or remaining flat, the question arises: who bears the cost of the role? Some PE firms choose to absorb this cost at the corporate level, rather than charging it to a fund or to PortCo. Although this approach gives the firm more flexibility to scale, it also means they absorb the added cost directly. As market conditions fluctuate, the PE firm may face pressure to reduce costs, potentially affecting the portfolio operations team.

On the other hand, some PE firms charge the cost of the Operating Partner to the fund, which can garner more scrutiny from Limited Partners (LPs) and lead to a more selective approach in building the team. Another model is to charge the cost to the portfolio companies, which has its own set of pros and cons. The majority of the PE firms that charge these costs to PortCos told us that this approach is well received, given the value this team adds.

Success Profile

Selecting the right Technology Operating Partner is a significant challenge. Private equity talent leaders must strike a delicate balance by identifying individuals who possess high emotional intelligence (EQ), a business-centric mindset, and robust technological expertise. Moreover, the skills most in demand are rapidly evolving. The IT leaders of yesterday may lack the expertise required to drive innovation in emerging areas such as digital transformation, advanced Big Data applications, and generative AI—fields that are poised to play a pivotal role in value creation. (Indeed, over 82% of top executives in [one Korn Ferry survey](#) believe AI will have an extreme to significant impact on their business).

So, what makes a good Technology Operating Partner? “High EQ and zero ego,” according to one Technology Operating Partner from a large, highly diversified PE firm. Another partner highlights “high ownership quotient” as key to success in the role. Specifically, we have identified the following competencies, leadership, and personality traits in successful Technology Operating Partners:

Background and Experience

Experience in a PE firm or portfolio company, providing an understanding of the fast pace of value creation.

- Multiple CIO roles, having “done the job” several times.
- Multi-industry experience, as PE firms often need to operate across diverse sectors.
- A broad network of consultants, service providers, and vendors to develop technology solutions for PortCos.

Leadership and Personality Traits

- Intellectual curiosity and [the ability to adapt quickly](#), as technology evolves rapidly and priorities change over time.
- Proactive with a bias for action, commercially minded, and focused on driving results.
- Ability to lead by influence and navigate ambiguity in a matrixed reporting structure.
- Humility, with success measured by the achievements of the PortCo management.

Looking Ahead

PE firms are deriving tremendous value from Technology Operating capabilities, and demand for this role will continue to increase. However, the role will evolve as new technologies like generative AI become more critical to achieving the investment thesis. Technology Operating Partners will face constant pressure to find new ways to add value to PortCos. Although important, traditional CIO skills will neither be sufficient enough to be hired nor to guarantee success.

As cost burdens grow and market uncertainties persist, firms will continue to refine their operating models. Some may rethink their commitment to operating capabilities and adjust the size of their portfolio operations groups accordingly. As demand for Technology Operating Partners escalates, the role will attract strong technology leaders, particularly those who are commercially driven and have experience building solutions that directly impact customer and revenue streams.

Nevertheless, we expect the role to continue attracting technology leaders who are innovative change agents and business-oriented leaders who take ownership of outcomes.

Questions for Private Equity Firms to Consider When Hiring a Technology Operating Partner:

- How pivotal is technology innovation to your investment strategy and the ultimate success of your portfolio companies?
- What is the strength of CIO/CTO talent and expertise across your portfolio companies?
- To what extent does your investment team recognize the opportunities presented by technology, and how thoroughly do they evaluate the associated risks?
- Is your firm committed to investing in transformational initiatives and innovation?

How We Help

Korn Ferry partners with Private Equity firms to help them navigate the complexities of hiring Technology Operating Partners or technology and digital executives, like Chief Information Officers (CIOs) or Chief Technology Officers (CTOs), for their portfolio companies.

Korn Ferry Experts

Maneesh Dube is a Senior Client Partner in Korn Ferry's Technology and Digital Officers Practice. Based out of the New York office, he specializes in advising PE firms and PortCos on Technology talent. He helps build Technology and Digital capabilities at Private Equity firms and their portfolio companies.

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About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organizational structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.