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Increasing the EBITDA of private equity portfolio company through digital enablement

Abstract. The study of the role of digital implementation in increasing earnings before interest, taxes, depreciation and amortization (EBITDA) in portfolio companies of private equity funds is a topical issue for the development of strategies and competitiveness. Thus, the main purpose of the study was to determine how private equities increase EBITDA in the portfolio companies via digital enablement. For the purpose of understanding the role of digital enablement strategies in value creation, the critical realism research paradigm was identified as the best-fit philosophy. The critical realism approach was chosen because it advances research methodologies through the development of a qualitative theory of causality. A sample of 26 respondents was used with semi-structured interviews being conducted. The data analysis process involved the identification of 3 themes through thematic analysis. Three themes were identified, namely new digital capabilities to improve top-line growth, driven by the Head of Strategy/Head of Department, and transformative initiatives. The results from all three themes indicate that digital enablement is useful in improving private equity firm revenue and EBITDA levels through digital transformation, improved customer engagement, and identification of market opportunities towards digital data capabilities. The findings show that redefinition is critical to improving EBITDA, as it challenges the existing model and provides a forward-looking approach to strategy formulation. Digital enablement strategies are an unexplored area in the context of private equity firms. The strategies are momentous in improving revenue levels and competitiveness while accentuating the EBITDA rates by cost reduction. The results of this study will be of practical use to both businesses and other economic entities

Keywords: transformation process; company strategy; customer engagement; market opportunities; data capabilities; revenue level

INTRODUCTION

The nexus between private equity (PE) and value creation has for decades now served as the crux for disputatious debates among scholars and practitioners alike. Common dispositions from the debates adumbrate that PE firms utilize their industry expertise to pinpoint attractive investments. The expertise is combined with operational know-how when developing value creation plans for the investments. The PE firms stress more on the operational stature of the investments in a bid to generate attractive returns for their investors. The value creation plans are revamped or tailored to fit every portfolio company in the PE firm structures. It is imperative to note that the portfolio companies are classified under the company level with the general partner setting up an investment fund that is managed by the holding company, as noted by D. Robu & J.B. Lazar (2021) and J.B. Cohn *et al.* (2022). The holding company gauges the operations of the portfolio company with the aim of generating revenue, equity, dividends as well as proceeds from the exit.

Considering the changing nature of the PE environment, firms have been prompted to adopt new strategies of value creation. What is not known to most practitioners is

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that strategies such as digital enablement are momentous in increasing revenue as well as the equities increase earnings before interest, taxes, depreciation and amortization (EBITDA). By definition, digital enablement is a strategy that utilizes technologies with the aim of improving a portfolio company's operational efficiency, performance as well as reach. T. Tawaststjerna & H. Olander (2021) alludes that digital enablement creates efficient business processes while modifying the PE firm model to fit modern needs. Some schools of thought confuse digital enablement with digital transformation. E.J. Omol (2023) denotes that digital transformation serves as a catalyst for change management and the transformation of businesses. With digital transformation comes the revamping of the business model with digital tools being introduced (Tenyukh *et al*., 2022). This means that the entire structure of the PE firm is digitalized with everything undergoing change which results in improved output, better experiences, and a surge in the revenue streams. The digital transformation allows companies to grow rapidly and improve their competitive stature.

Digital enablement, on the other hand, sets forth a conducive milieu that permits digital transformation. According to E.J. Omol (2023), the two enjoy a symbiotic relationship in the PE firm environment although digital enablement focuses on improving the existing business process rather than completely changing it. The digital enablement strategy creates value by encouraging the use of new technologies that collect vital PE industry information which improves decision making. Furthermore, the strategy is substantial in maintaining business standards and alignment through the creation of objective funnels. The funnels determine whether the rules of the PE firm are being followed or not. Considering the confusion revolving around digital transformation and enablement, most general partners are not cognizant of the various strategies imbued in the latter that can increase EBITDA. At the centre of digital enablement is the introduction of new digital capabilities which improve top-line growth and increase customer engagement, as written by J. Gilligan & M. Wright (2020) and N. Hutchison *et al.* (2022). The digital capabilities focus more on top-line growth rather than bottom-line growth since the former increases the revenue earned by the PE firm through the business operations. Although there are various studies on aspects of digital enablement, the lack of manuscripts addressing the specific topic of this study demonstrates its relevance. Hence, the primary objective of the research was to ascertain how private equity firms enhance EBITDA within their portfolio companies through digital empowerment.

MATERIALS AND METHODS

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 thematic analysis revealed a number of emergent categories with key concepts being identified. The interview approach was chosen for the study. The interviews lasted an average of 60 minutes based on institutional review board (IRB) standards which state that any interview that is less or more than the aforementioned time limit is likely to be ineffective or intrusive respectively. Open questions were further applied which were important in improving the reliability and comparability levels of the results. The interview questions in were distinguished into 3 sections that focused on the 3 strategies (Table 1).

Table 1. Interview sections

I. New digital capabilities to improve top-line growth
1. What is digital enablement?
2. How do digital capabilities improve top-line growth?
3. How do digital capabilities/enablement increase customer engagement?
4. How do new business models correlate with improved revenue and customer engagement?
II. Driven by Head of Strategy/Head of Department
1. What is the role of department heads in digital transformation?
2. How can department heads influence the success of digital enablement/transformation?
III. Transformative initiatives
1. What is the relationship between digital enablement and digital transformation?
2 .What is the role of digital enablement in improving multiple business functions in order to accentuate revenue?

Source: made by the author

The questions were sent to the respondents 5 days prior to the interviews in order to appraise them of what was being covered. Questions or concerns raised regarding the clarity were handled through the second contact whereby clarifications were doled out. For the purpose of increasing the internal validity of the responses, the observer was involved. The data collected from the semi-structured interviews were recorded using notes with the responses being correlated with the themes. Even though the study was aimed at developing a theory on value creation strategies, the intended queries were sourced from the theoretical framework. By following the theoretical framework, it was possible to compare the findings and explain why specific actions are taken in the different companies.

The interviews were guided by a semi-structured questionnaire with the researcher applying an ad-hoc foundation based on critical realism. The semi-structured interview was chosen because it aligns with the theoretical framework with the researcher exploring the theme of value creation. 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 digital enablement. The semi-structured interviews were conducted through face-to-face interactions with the respondents from the 3 equity firms. On the contrary, some of the respondents preferred conducting the interviews through video calls due to their schedules. All through the interviews, confidentiality was assured to the respondents in order to create a climate of honesty and responsibility for all parties involved. The interviews followed an IRB-approved guide which required the interviewer to uphold objectivity. The interviewees were asked to avoid naming or directly identifying others prior to the start of the interview. Any questions that were correlated with the above requirement were removed. Furthermore, any questions that directly solicited negative/critical information about the organization were avoided when possible. This is because a breach of confidentiality would have a negative impact on the reputation of the interviewee as well as harm their relationship. It was ensured that strong protections for privacy and data storage were put in place if some of the questions were asked to adequately address the research topic. The study complied with the Declaration of Helsinki (2013).

The qualitative case study approach made it possible to examine areas of value creation research that are still in an early phase of investigation. There is a large gap in knowledge when it comes to the importance of digital enablement in increasing revenue and EBITDA. Using ontological questions such as "What is digital enablement and how does it work?" among others, it was possible to bridge the existent dearth of knowledge/information. As a result, the approach gleaned a verbalized business experience in the form of results. The main purpose of including this data was to increase the meaningfulness of the qualitative information gleaned from the respondents. For the interviews, a sample of 26 respondents was derived from the 3 companies with a split of 9/8/9 coming from each.

RESULTS

For the purpose of understanding the role of digital enablement strategies in value creation, the critical realism was identified research paradigm as the best-fit philosophy. The paradigm is a combination of the traditional interpretivism, and positivist positions used in qualitative research. Using a critique of ontological monovalence, critical realism permitted to explore the nexus between activation, success, and failure of digital enablement strategies. The ontological approach applied by critical realism emphasizes key questions such as "What is x and how does it work?" or epistemological questions like "How can we know x?". The paradigm highlights that the ontological questions are better compared to the epistemological questions as they offer deep transitive knowledge into phenomena like digital enablement. The approach ensures that the paradigm is methodologically ecumenical while defining which scheme is the best fit in data collection processes. The explanations were based on observed or experienced situations which conform to the events-effects relationship. The paradigm allowed to develop explanations that analysed the mechanisms of PE entities that generate revenue and EBITDA as well as the inchoate structures that empower or undermine value creation.

Digital enablement is a form of value creation that explores the divergent strategies that utilize technology in a bid to improve the reach, performance, and operational efficiency of an entity. The main aim of the technologies is to create flexibility and ease through the streamlining of processes. Furthermore, they improve data management and stakeholder communication all of which are connected to the organizational revenue. The key strategies and benefits to be accrued explored are shown in Figure 1.

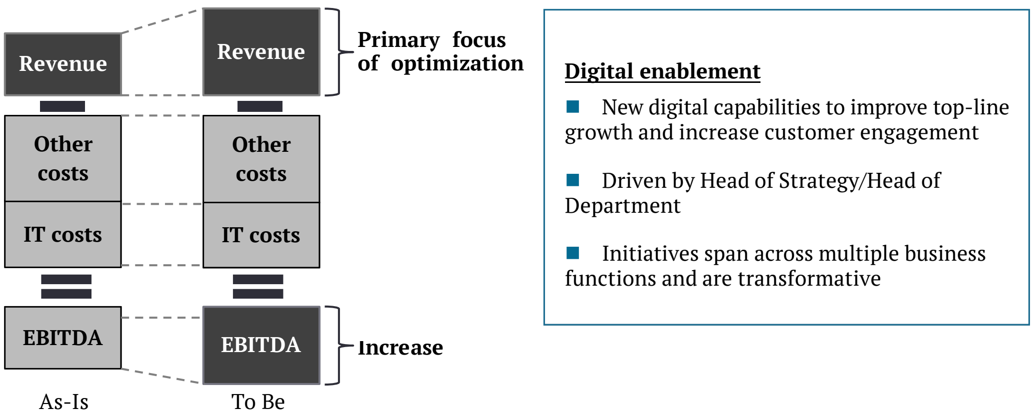

Figure 1. Digital enablement

Source: made by the author

The value creation strategy requires PE firms to incorporate new digital capabilities and initiatives that improve top-line growth and accentuate customer engagement. PE firms are required to plan an onboarding process that modifies the structure of the portfolio and its operations. Furthermore, the plan has to communicate the core message with new interaction models and interfaces being introduced for the teams. Regarding the topic of digital capabilities discussed by J. Gilligan & M. Wright (2020) and N. Hutchison *et al.* (2022), the top line refers to the gross sales and revenues over a predefined period. The growth is further correlated to the EBITDA metric as it emphasizes operational profitability from the primary operations (Biesinger *et al.*, 2020; Metselaar, 2021). With digital enablement comes an increase in the top-line growth since the portfolio companies operate on low marginal costs with their business models being scalable (Rosola *et al.*, 2018; Shebanina *et al.*, 2022). The digital enablement strategies increase top-line growth by involving more people through customer engagement. Global surveys, such as D. Rohn *et* *al.* (2021), S.K. Shivakumar (2023) reveal that the customer engagement process is key in improving sales as they are actively involved in the formulation of products, services as well as decision. The digital enablement tools permit the collection of data with a bifurcation being elucidated in the relationship between sales and customer engagement. The strategy accentuates interconnectedness which doles out vital data to the General Partners on how they can improve customer satisfaction rates.

The second strategy involves the inclusion of the Head of Strategy or Head of Sales Department. The work by A. Fuller *et al.* (2020) defined how the PE firms can venture into the niche or existing markets and capitalize on the demand rates. The reliance on digital enablement tools permits decision-making and nudges the firms to shift from the large off-the-shelf schemas used in PE firms. The new schemas harness insight that lives deep in the transactional data with PE firms fine-tuning simple portions of the sales process to improve effective transactions. The digital enablement strategy prompts the leaders to adopt a more scientific approach during decision making with iron-clad business and corporate strategies being formulated. The final strategy is the introduction of initiatives that span multiple business functions and are transformative by nature. As opined prior, digital enablement is commingled with digital transformation (Shivakumar, 2023). The latter acts as a catalyst for the transformation of business operations across the PE firm context with key areas like process, business model, domain as well cultural transformation being addressed.

The organization has to be aligned around the new processes and goals prior to valuation. This can involve the use of a lean governance model that supports the increased pace of digital structures. Digital enablement takes into account source optimization and returns on investment. A good digital enablement program reduces the cost and time taken when adopting new technology. Moreover, it minimizes reliance on information technology teams and improves the ability of a firm to attain high EBITDA. The lack of a digital enablement strategy means that a company will be unable to oversee the digital transformation.

The first facet is digital connectivity with the changing stature of the PE firm context amid digitalization allowing for the creation/collection of data. The conversion is key in capitalizing on the opportunities brought about by the advent of digital. The PE firms are also capable of unlocking insights from an avalanche of data. The second facet is digital services which can be exposed through digital channels. The main aim of exposure is to expand the business relationships as well as increase customer value. With digital enablement, PE firms leverage their services or products in new ways which in turn creates new streams of revenue. The third facet is digital experiences which are momentous in improving customer loyalty. V. Gurbaxani & D. Dunkle (2019) indicates that changing how PE firms work and creating new business models is vital to digital success. The business models help improve customer satisfaction with foundational elements allowing the digital business to yield agility. The agility is substantial in the delivery of customer experiences that are compelling by nature (Becker & Schmid, 2020; Mention *et al.*, 2020). Furthermore, the agility permits PE firms to capitalize on new business opportunities in their respective industries (Fig. 2). While the three facets might seem daunting to firms, the path is clear and geared towards value creation purposes. Astute leaders and executives have to embrace the changes and enable their PE firms to capitalize on digital technologies so as to navigate in the new environment.

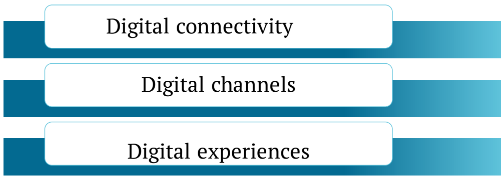

Figure 2. Three facets of digital enablement
Source: made by the author

Considering the novel nature of critical realism, one can note that there are no predefined methods of data collection. This is because the paradigm adopts an ecumenical approach to data collection with the choice of methodology depending on the nature of the study or topic (De Paoli & Foss, 2019). Qualitative interview techniques encourage respondents to talk freely with the information collected offering knowledge on how they feel or think about digital enablement. The interviews are often distinguished as conversations riddled with a purpose or aim. This means that researchers are able to probe in more depth about everyday issues or operations in the PE context. The interviews lasted an average of 60 minutes based on IRB standards which state that any interview that is less or more than the aforementioned time limit is likely to be ineffective or intrusive respectively. The interviews took place through problem-cantered and guideline-based structures.

By definition, open-ended queries are those which cannot simply be answered using rating scales, numbers, multiple-choice or options. Rather than fixed responses, the respondents are allowed to give statements or definitions of concepts. The open-ended questions permitted to adopt comprehensive look into the experiences and observations of the respondents with regard to digital enablement strategies for value creation. Moreover, the open-ended queries ensured that there is no limit to data collection possibilities. The questions were vital in understanding the perspectives and definitions of the respondents with regard to digital enablement or transformation. Different respondents approach questions from a myriad of angles that have to be conglomerated so as to align them to the theme or topic. Also, it was possible to make appropriate follow-up queries in the event that some of the information provided was not clear.

The interviews are lauded by scholars and practitioners alike for their flexibility with the queries being asked using a different order with the aim of understanding tech-enabled improvement of operations in the PE context. The structure permitted to omit or add specific queries which did not in any way or manner fit the context. The first portion of the interview focused on the new digital capabilities which are imbued in digital enablement strategies so as to improve top-line growth and increase customer engagement. In this portion, the questions revolved around the pragmatic definitions of digital enablement. 18 respondents provided a definition that is aligned with the theoretical framework.

7 respondents opined that they were not cognizant of digital enablement with their responses showing confusion in the nexus between the concept and digital transformation. One of the respondents however quipped in and cited that digital enablement comes intact with a select number of capabilities that drive top-line growth. The respondent cited that the topmost capability is "digital sales enablement which involves empowering the customer-service staff with technology to be more effective". This response correlates to the question in the first portion which focuses on how digital capabilities improve customer engagement. The respondent cited that the technologies allow for continued engagement and interaction between the "PE firm managers and investors". This then creates a sustainable and trustworthy relationship. Additionally, 25 of the respondents opined that digital enablement capabilities drive top-line growth through optimization.

The optimization process was lauded by 12 of the respondents as substantial in "improving existing operating processes and introducing new business models". The introduction of the new business models is defined by the business and PE firm environment. The aim of digital optimization is that it allows for the identification and creation of an exceptional user experience that delights the investors or customers (Gorb *et al.*, 2022; Loi, 2023). The digital capabilities were also cited by 26 of the respondents as momentous in the collection of data. One of the respondents indicated that "we use digital enablement strategies to collect information and data on our market. The data is then used to formulate iron-clad corporate strategies that allow us to maximize revenue and value for our investors. This then increases satisfaction and the rates of investment into our holding firms". The response is indicative of the fact that the digital enablement variable of data is useful for decision-making purposes. Furthermore, the application of a centralized data storage framework ensures that all the required information is readily available for the management to formulate decisions on the way forward for the PE firm.

When prodded about the correlation between new business models, improved revenue, and customer engagement, 11 of the respondents cited that there is no direct nexus. On the contrary, 15 of the respondents highlighted that introducing a new business model via digital enablement adds new product revenue streams to the business. A response from one of the participants highlights that "effective PE firms are those which transform their business models by creating new ways to monetize the products and services". "The redefinition process is important in improving the EBITDA levels as a result of a spike in the top-line growth. The promise of digital enablement is that it allows PE firms like ours to leverage the connected capabilities of the internet and adopt different models". Based on the response, one can note that the digital enablement schemes are substantial in creating new value-added services which attain the capacity and utilization needs of the entities. Furthermore, standardized data connectivity through the data variables of the digital enablement capabilities allows the PE firms to pivot to remote resolution and provision of predictive services for optimized user productivity.

The second portion of the interview explored the involvement of the Head of Strategy/Head of Department in the implementation of digital enablement strategies. At least 18 of the respondents opined that the department heads are immensely involved in the digital enablement process via digital transformation. This is because the department heads are well versed in the position of the PE firm in the market and how they can initialize new schemes or models that improve the revenue. The interview results reveal that most respondents stand for the idea that process transformation strategies imbued in digital enablement schemes help in the reinvention of business processes with the aim of improving quality. The quality information is based on the department heads with predictive data being used to determine market response. The end result is a decline in the costs and an influx in the customer satisfaction rates.

Subsequently, the respondents opined that the department heads and strategy managers directly influence the success of digital enablement/transformation. This is because they define the finite nature of the process transformations or business model changes. The process transformations and business model changes are focused on creating foundational building blocks which improve value delivery. One of the respondents cited that the strategy managers have to possess a forward-looking perspective that focuses on digital connectivity, channels and experiences. The lens ensures that the digital transformation/enablement strategy shifts the company directly from the traditional models toward contemporary ones that are aligned with the market. Furthermore, 21 of the respondents highlighted that the department heads and strategy managers are responsible for digital enablement success through cultural/organization transformation. The redefining of the PE firm mind-set towards revenue creation involves usurping the existent culture and initiating new ones. The new strategies have to "emphasize a flexible workflow and improve the decision-making processes through decentralization". 5 of the respondents cited that the cultural transformation requires the continuous involvement of employees in the PE firm context by providing them with information on how they can work towards improving the revenue and minimizing costs. This is correlated with a spike in the EBITDA levels due to improved cost-effectiveness.

The third portion analysed how the digital enablement initiatives can be transformative by nature while spanning cross multiple business functions with the aim of improving revenue. The key query in this section explored the relationship between digital enablement and digital transformation. All of the respondents provided responses that were connected to the theoretical framework. The results showed that most of the respondents believed that digital transformation hinges deeply on digital enablement via digital capabilities. Digital enablement requires the digitization of specific and finite aspects of the business which in turn improves the existing business model. Furthermore, the digital transformation was cited as a tantamount on the success of digital enablement. This is because digital enablement is gradual by nature with transformation being conducted wholly by changing the whole business model. A response from the sampled participants shows that "digital enablement allows PE firms to become more agile and tech-savvy with predictive analytics and data variables preparing them for digital transformation".

The second query analysed how digital enablement can serve as a transformative initiative involving multiple business functions in order to increase revenue and EBITDA. 20 respondents indicated that digital enablement ensures that PE firms maintain business standards and alignment. This is attained through a one-size-fits-all culture and business model. If the culture emphasizes on cost reduction and top-line growth, then the multiple prongs will follow a similar pattern. Furthermore, fostering digital adoption is key in transforming the business model and generating revenue. The enterprise tools and platforms have a probability of increasing "revenue by a solid 70% in my opinion. In our company, we have seen influxes in the EBITDA due to top-line growth since the enterprise tools conglomerate our multiple departments. The conglomeration allows us to achieve the set objectives without any hassles whatsoever".

DISCUSSION

The relevance of critical realism as the best philosophy for research can be examined through an analysis of the views expressed in other studies. According to F. Haigh *et al.* (2019), critical realism adumbrates that there is a reality that exists independent of the thoughts of the researcher with observations improving in the data collection process. The paradigm breaks down reality and business contexts into three domains namely the empirical actual and real. The empirical domain largely focuses on the actual events and effects which can be observed or experienced. Using this domain, the researcher was able to determine whether digital enablement has generated more revenue and EBITDA for PE firms. Moreover, the critical realism research paradigm was chosen because it offers insight into the PE firm context and the various levels. As per S. Vincent & J. O'Mahoney (2018), the context comprises a broad range of entities that have properties that endow them with liabilities or powers. The activation of the powers in either level of the PE firm context (company/fund) leads to the occurrence of events. On the contrary, the stratified nature of reality into the real, actual, and empirical domain can cause some of the entities to be visible or invisible. Emphasis is drawn on the visibility of key entities like the Head of Department/Strategy who guides the digital enablement implementation strategy. In some contexts, employees or stakeholders are termed as invisible entities using the critical realism paradigm. The approach highlights that the absence of such entities can be causally efficacious or detrimental to the success of a digital enablement strategy.

When evaluating the tendencies, the researcher relied on seminal comments made by F. Haigh *et al.* (2019). The comments show that the tendencies are inclusive of recurrent relationships between value creation, variability in the relations or the absence of the nexus. The tendencies would then be classified in terms of complexity in order to understand the interactions between PE firms and value creation. The qualitative case study approach proved substantial to the paper as it offered an emic view of the PE firm context with contextual information being generated. The emic information cited the causal factors and effects of digital enablement strategy with the symbolic practices, meaningful beliefs and values being identified (Kakilla, 2021). Moreover, the qualitative approach was chosen by the author because it is attuned to the open or messy nature of the PE firm context. The approach helped collect insight based on the three reality stratifications namely empirical, actual, and real domains while determining how they all affect the outlook of the respondents in their everyday lives in PE firms. The qualitative case study approach is quite common in PE research since it collects data regarding the various value creation methods used by the firms. The qualitative information is touted by S. Vincent & J. O'Mahoney (2018) as one that contains a high degree of quality and detail. This is brought about by small samples which work better in qualitative designs compared to quantitative contexts. In light of this, the information contains a higher intrinsic value as it summarizes the experiences beliefs, values and perspectives of the respondents.

Digital enablement value creation is touted by practitioners as a holistic approach that enables entities to champion digital excellence and attains greater agility which ultimately scales the business faster (Dent *et al.*, 2021). The adoption of new business models requires direct input from the Head of Strategy at the PE firm. Furthermore, the digital enablement process is marked by the introduction of initiatives that span multiple business functions and are transformative by nature. The focus of the digital enablement value creation scheme is on revenue which has to be optimized in a bid to increase the EBITDA. V. Gurbaxani & D. Dunkle (2019) opines that digital enablement strategies used in value creation contexts have to be revamped to meet a targeted outcome or result. Most PE firms are designed for growth with managers and leaders being required to provide solutions that meet the demands of the investors. The solutions are oft tailored to enable PE firm growth and prosperity with access to technology supporting digital enablement. It is imperative to note that digital enablement strategies are based on three key facets.

K. North *et al.* (2018) introduces digital enablement as a process that helps in the realization of digital transformation through the use of digital tools. Firms that utilize digital enablement are granted the first adaptor advantage. This is because they are accorded a front-line view into how they can improve top-line growth by revamping their business models (Jules *et al.*, 2021). The Head of Strategy or Head of Department is required to undertake tech due diligence when evaluating a new deal opportunity. This means that they have to incorporate key findings and apply critical thinking while creating a value creation plan that permits them to continue to refine once they have invested. Accelerated technology enablement or adoption is something that most PE firms have adopted in the divestment context. The initiatives have to be designed in a manner that augments existing services while developing new ones. Furthermore, digital enablement is transformative by nature as it prompts PE funds to shift from their fear of changing frontline sales organization, especially in the early periods of the lifecycle specifically the ownership period. The fear causes them to worry about disruptions to the revenue flows. By applying digital enablement, portfolio companies are able to push the revenue growth past the industry average (Rohn *et al.*, 2021).

The digital enablement schemes help them determine whether the potential investment or portfolio entity has the right mix of field and virtual sales. The determination process allows them to recognize that virtual sales are becoming increasingly effective. Subsequently, digital enablement sharpens the execution of a strategy by allowing PE firms to adopt play-based selling techniques. The techniques assist in prescribing how resources will be orchestrated in an organization. At the end of the day, revenue influxes measure the sales of a firm which increases the profitability or EBITDA rates at a margin of 10% or more.

CONCLUSIONS

At the current stage of development, digital strategies play an important role in increasing the revenue and competitiveness of PE firms. Simultaneously, digital enablement strategies are an unexplored area in the context of PE firms. The preceding analysis shows the merits of applying digital enablement and how organizations can harness their merits. The analysis is based on qualitative responses from case studies in companies that have used digital enablement strategies before.

In general, the results obtained during the research are consistent with theoretical conclusions. However, respondents' views on the role and impact of digital opportunities for profit growth were mixed. Digital capabilities have been found to positively impact decision-making efficiency through improved data collection and analysis. The importance of digital optimization to improve customer experience and increase investment attractiveness was highlighted. In addition, the results of the conducted analysis can testify to the positive effect of the introduction of new business models using digital technologies on obtaining new sources of income from products and increasing EBITDA.

During the study of the aspects of involvement of strategy/department managers in the implementation of the strategy, a high interest of the department managers in the processes of digital transformation was noted. Digital transformation strategies have been found to improve quality through rethinking business processes, as well as reduce costs and increase customer satisfaction. The success of such strategies depends not least on managers and heads of departments, who determine the main directions of change and lead the company from a traditional business model to a more modern one. Also, it should be added that the successful implementation of digital technologies significantly depends on the implementation of appropriate transformations in the cultural and organizational sphere of the company.

Conclusive denotations indicate that there is a need for PE firms to adopt digital enablement strategies in order to change their business models and remain competitive while generating positive revenue and EBITDA. Further areas of research may relate to an in-depth analysis of the impact of the transformation of the company's cultural and organizational environment on the implementation of digital technologies.

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CONFLICT OF INTEREST

None.

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Збільшення EBITDA приватної інвестиційної портфельної компанії за допомогою цифрових можливостей

Анотація. Дослідження ролі цифрових технологій у збільшенні прибутку до вирахування відсотків, податків, зносу та амортизації (EBITDA) в портфельних компаніях приватних інвестиційних фондів є актуальним питанням для розвитку стратегій та підвищення конкурентоспроможності. Тому основною метою дослідження було визначити, як приватні інвестиційні фонди збільшують EBITDA у своїх портфельних компаніях за допомогою цифрових технологій. Для того, щоб зрозуміти роль стратегій цифрових технологій у створенні вартості, дослідницьку парадигму критичного реалізму визначено як найбільш підхожу філософію. Підхід критичного реалізму було обрано тому, що він розвиває дослідницькі методології через розробку якісної теорії причинності. Була використана вибірка з 26 респондентів, з якими проведено напівструктуровані інтерв'ю. Процес аналізу даних передбачав визначення 3 тем за допомогою тематичного аналізу. Було визначено три теми, а саме: нові цифрові можливості для покращення зростання прибутків, під керівництвом голови стратегії/голови департаменту, та трансформаційні ініціативи. Результати за всіма трьома темами вказують на те, що цифрові можливості є корисними для підвищення доходів та рівня EBITDA приватних компаній завдяки цифровій трансформації, покращенню взаємодії з клієнтами та визначенню ринкових можливостей для використання цифрових даних. Результати показують, що переосмислення має вирішальне значення для підвищення EBITDA, оскільки воно кидає виклик існуючій моделі та забезпечує перспективний підхід до формулювання стратегії. Стратегії впровадження цифрових технологій є недослідженою сферою в контексті діяльності фондів прямих інвестицій. Ці стратегії відіграють важливу роль у підвищенні рівня доходів і конкурентоспроможності, одночасно акцентуючи увагу на показниках EBITDA за рахунок скорочення витрат. Результати цього дослідження будуть корисними на практиці як бізнесу, так й іншим економічним суб'єктам

Ключові слова: процес трансформації; стратегія компанії; залучення клієнтів; ринкові можливості; можливості даних; рівень доходів