Rethinking the CEO Pipeline
in US PE-Backed Software

The US remains the world's largest and most mature market for private equity–backed software companies. In 2024, US enterprise software spending exceeded $300 billion and continued to grow faster than GDP, underscoring the sector's role as a resilient engine of value creation. With hundreds of scaled software businesses under PE ownership, the US market combines unparalleled deal activity, depth of capital, and leadership maturity—creating an environment where competition for both assets and executive talent is intense.

Yet scarcity of ready-now CEO talent remains a real constraint. Exit expectations are higher, ownership cycles are shorter, and boards too often focus narrowly on hiring "proven" repeat CEOs. This overreliance on a small subset of experienced leaders has created bottlenecks in succession - companies frequently operate for extended periods without a permanent CEO or delay key decisions during searches, slowing value creation in the process.

To help software investors navigate this landscape, Russell Reynolds Associates examined the backgrounds of more than 300 CEOs across leading US PE-backed software companies. Our analysis reveals where today's leaders come from, how investors are approaching succession, and how widening the aperture - both within software and into adjacent industries - can uncover overlooked pools of high-performing CEO talent.

What the numbers reveal about US CEO hiring in the PE Software industry

As in other global markets, the pace of PE deal activity in the US software sector has amplified demand for proven CEOs. However, the scale and maturity of the US ecosystem create different dynamics compared to Europe. Our analysis shows:

- **First-time CEOs represent half the market:** One in two appointments went to first-timers, underscoring that potential and leadership capacity often outweigh prior CEO experience.

- **Exit experience, not CEO experience, is the differentiator:** Nearly 60% of US CEOs have led or participated in an exit, with more than a quarter achieving their first exit in their first CEO role—a critical reminder that repeat experience is not the only path to success.

- **Succession-planning gaps persist:** 73% of CEOs were externally hired, similar to Europe (69%), highlighting the lack of formalized internal pipelines.

- **'Academy' firm experience remains influential:** One in four US CEOs has career experience at an "Academy" firm (Google, AWS, SAP, Oracle, Salesforce, IBM), though only 13 were hired directly from one. Most apply these foundations later, in general manager, go-to-market, or product roles, before stepping into the top job.

- **Deal cycle pressures matter:** 65% of CEOs were appointed pre-deal, while post-deal hires show materially shorter times in the job, underscoring the pressure of accelerated ownership timelines.

- **Geographic flexibility is normalized:** 58% of US CEOs operate away from the company HQ, reflecting broad acceptance of remote leadership.

- **Gender diversity is limited:** Women hold fewer than 9% of CEO roles—better than Europe but still a major imbalance.

- **Founder leadership endures:** 32 companies in our sample remain founder-led, showing that continuity models remain part of the US playbook.

Together, these patterns point to a market that is both deep and dynamic – but still constrained by legacy assumptions. The US PE-backed software ecosystem benefits from a richer leadership bench than Europe, yet many boards continue to prioritize prior CEO experience over demonstrable readiness for the role.

To understand how the leadership profile itself is evolving, we examined the functional routes-to-the-top among first-time CEOs versus seasoned leaders. The findings reveal a gradual but meaningful broadening of the talent pool – and a growing recognition that high-performing CEOs are emerging from more diverse functional backgrounds than ever before.

Double clicking into the profiles of PE-backed Software CEOs in the US

The traditional US PE archetype – a repeat CEO with a pure GTM pedigree – is steadily giving way to more varied pathways. Our analysis of the route to the top for first-time CEOs shows:

- A GM role remains the most common stepping stone, but first-timers are more likely to have GTM (21% vs. 14%), product/engineering (18% vs. 10%), or operations (17% vs. 10%) experience compared with repeat CEOs.

- The average tenure for first-time CEOs is 5.2 years, compared to 7.4 years for experienced CEOs. Both align closely to PE ownership cycles.

The implication is clear: Appointing a first-time CEO is not a compromise, but a viable strategy that can deliver equally strong outcomes.

Experience still is critical, just in different ways. Nearly two-thirds of US CEOs had prior PE-backed experience within their previous two roles, and close to 60% have led or participated in an exit. Importantly, however, more than a fourth achieved their first exit in their first CEO role, proving that success in PE-backed settings depends less on holding the title before, and more on execution under ownership.

Timing also plays a role: most CEOs are appointed pre-deal, while those hired post-deal tend to serve shorter tenures, reflecting the compressed timeframes and heightened urgency of executing value-creation plans immediately after close.

Despite this depth, constraints remain. Boards continue to over-index on repeat CEOs even as first-timers prove equally effective. Representation gaps persist, with fewer than one in 10 CEOs being women. And talent remains concentrated in core verticals like ERP, CRM, and SaaS, often recycling the same leaders rather than drawing in fresh perspectives from adjacent markets such as data subscription, analytics, and tech-enabled services.

What should PE investors do next?

Even in the US, where the CEO talent pool runs deeper than Europe's, scarcity is real. Ownership cycles are tightening, exit expectations are rising, and boards too often default to a narrow definition of readiness. Investors that adapt in the following ways can gain a major advantage:

1. **Broaden the definition of CEO-ready.** First-time CEOs can and do succeed, particularly those with GM, GTM, product, or operations foundations. Over-reliance on repeat CEOs only narrows the pipeline.

2. **Strengthen succession planning.** Internal promotions are more common in the US but still underutilized. Sponsors should formalize CEO-ready pipelines early to reduce risk and accelerate transitions.

3. **Tap adjacent sectors.** Leaders from data subscription, analytics, and tech-enabled services bring highly transferable skills that remain underleveraged in software CEO succession.

4. **Rethink location parameters.** With most CEOs already operating away from their companies' HQs, remote leadership is not the exception but the norm.

5. **Address diversity head-on.** Expanding pipelines to women and underrepresented talent is both a moral and commercial imperative in a constrained market.

Sponsors who take a broader view—embracing first-time leaders, strengthening pipelines, tapping adjacent sectors, and embedding diversity into their strategies—will build more resilient CEO pipelines. In doing so, they will convert leadership scarcity from a constraint into a competitive advantage.

Methodology

Our analysis focused on the leadership profiles of CEOs at private equity-backed software companies headquartered in the US. To ensure comparability and relevance, we applied the following parameters:

1. **Sample size:** 302 CEOs/co-CEOs across 299 software companies.

2. **Ownership profile:** Privately held and backed by private equity investors, including growth buyouts.

3. **Scale threshold:** Minimum of 200 employees, ensuring that findings reflect leadership requirements of scaled organizations rather than early-stage or venture-backed firms.

This dataset was used to identify patterns in leadership backgrounds, experience, and archetypes across the US software landscape. While not exhaustive of the entire market, the criteria provide a representative view of how scaled, PE-backed US software companies are shaping their leadership profiles.

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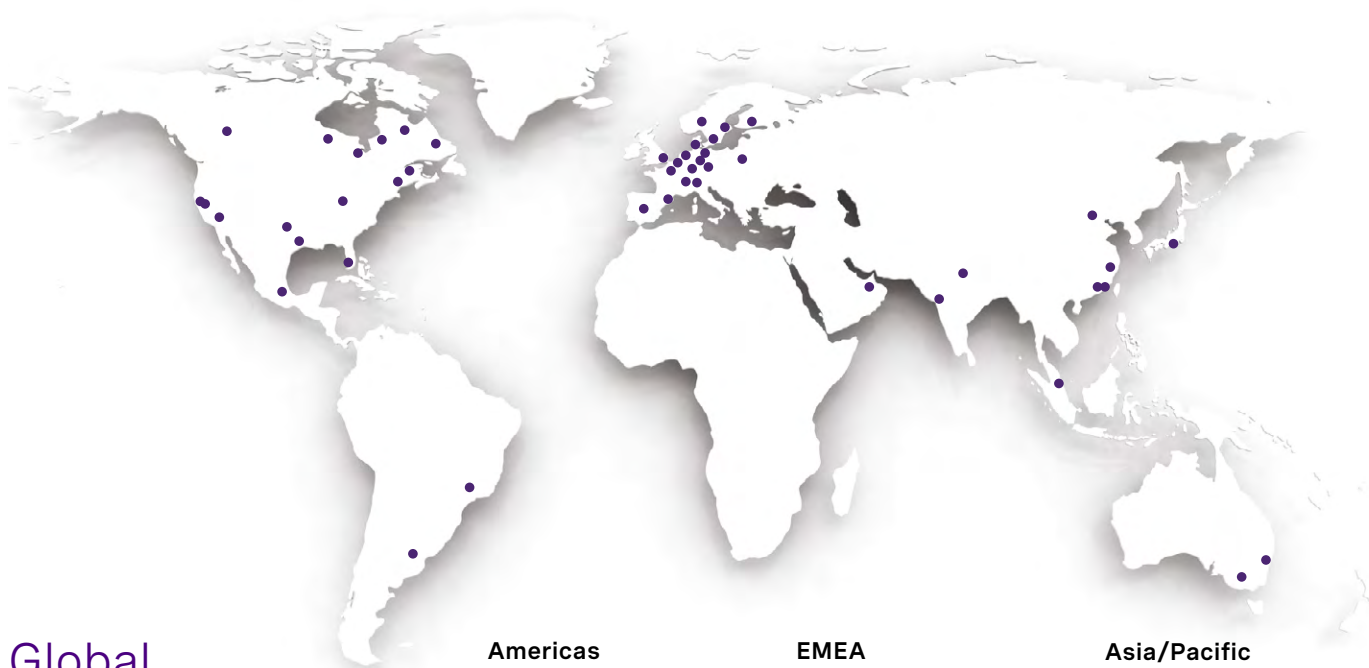
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