

Unlocking Growth in Europe's PE-Backed Software Market: Overcoming Scarcity and Leadership Bottlenecks





Enterprise software is one of Europe's fastest-growing sectors. In 2024, enterprise software spending across the region [expanded](#) by 11% – more than ten times the pace of EU economic growth – highlighting software's role as a resilient and investable driver of opportunity. More than 13,000 companies now generate over \$10 million in annual revenues (and almost 4,000 exceed \$50 million), making the region an increasingly vibrant proving ground for durable, profitable software businesses. For investors, the combination of recurring revenue models, resilience through cycles, and therefore attractive exit multiples makes European software a cornerstone of value creation. This is underpinned by strong cloud adoption, growing demand for local and compliant solutions, and access to capital that can accelerate profitable growth and M&A.

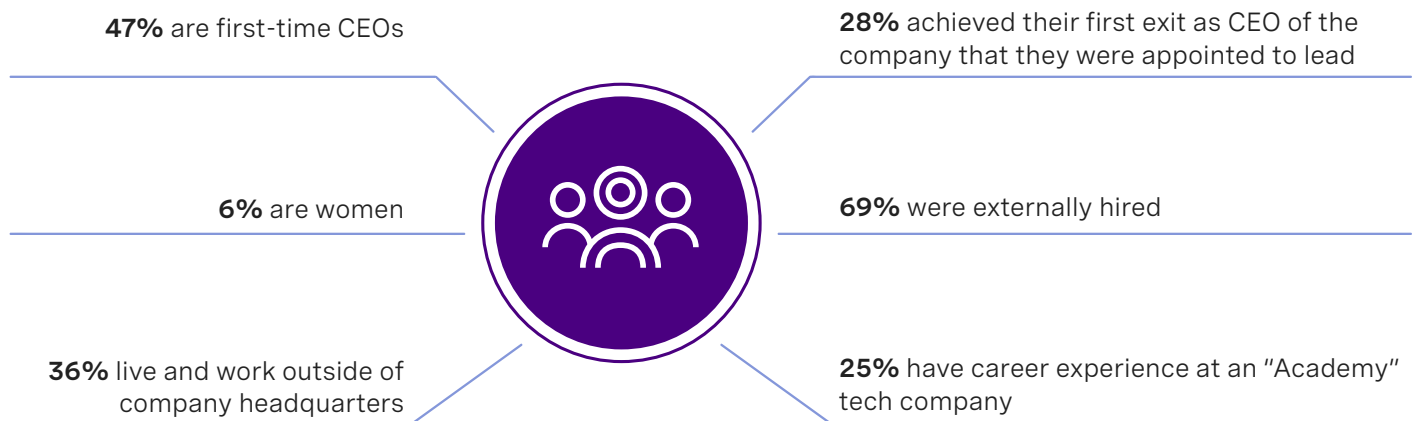
Nonetheless, despite the market opportunity expanding, the challenge to find great leadership is at an all-time

high. Unlike North America, Europe's CEO pipeline remains constrained. The ecosystem is broad, with many software companies pursuing similar plays in ERP, CRM, and vertical SaaS, but the leadership bench is shallow. As a result, high-quality CEOs are rarely "on the bench," and the mismatch between supply and demand creates real commercial risk. Without the right leadership, even the strongest investment thesis can falter.

Russell Reynolds Associates have examined the backgrounds of nearly 300 CEOs in leading PE-backed software companies across Europe to help CEOs, non-executive directors, chairs and investors gain a deeper understanding of the talent market. Our analysis reveals where today's leaders are coming from and shows how investors are adapting their strategies to secure the right leadership for value creation and exit success.

Unpacking the hiring trends

Figure 1: CEO Hiring Trends in European PE Software



Source: RRA analysis of 289 CEOs/co-CEOs at 277 PE-backed European software companies (200+ employees)

Demand for proven CEOs has accelerated in lockstep with PE deal activity, but supply has not. As shown in Figure 1, nearly half of recent CEO appointments in European PE software were first-timers, 69% were externally hired, and only 6% were women. While investors historically defaulted to hiring repeat CEOs, in a growing market this strategy is restrictive and unsustainable. Our analysis shows the following:

- **Expanding appetite for first-time CEOs:** One in two CEO appointments were first-timers, showing that [leadership capacity and potential](#) can outweigh a prior CEO title. Founders still lead 18% of these businesses, and boards/ investors are more open minded to a co-CEO model.
- **Underdeveloped internal pipelines:** 69% of CEOs were externally hired, meaning that less than a third of CEOs were promoted from within. A lack of succession planning can cost sponsors time and flexibility.
- **Timing of appointment is tied to deal cycle:** 65% of CEOs were appointed pre-deal. Of those hired post-deal, 60% brought prior exit experience, highlighting how investors mitigate risk by ensuring leadership is equipped for the next transaction.
- **Exit experience is highly valued, but not required:** Almost a third (28%) of CEOs achieved their first exit as CEO of the company that they were appointed to lead.
- **Academy experience remains influential:** One in four CEOs have career experience at an "Academy" tech company (e.g., Google, AWS, SAP, Oracle, Salesforce, IBM, etc.). These firms remain vital training grounds for scale, process, and global execution. Notably, however, only 8% of CEOs were hired directly from an Academy company — most applied this foundation later in GM, GTM, or product roles before stepping into the top job.

The market has evolved in response to PE investment but requires greater infrastructure for developing and sustaining CEO-ready talent to keep pace with the level of investment.

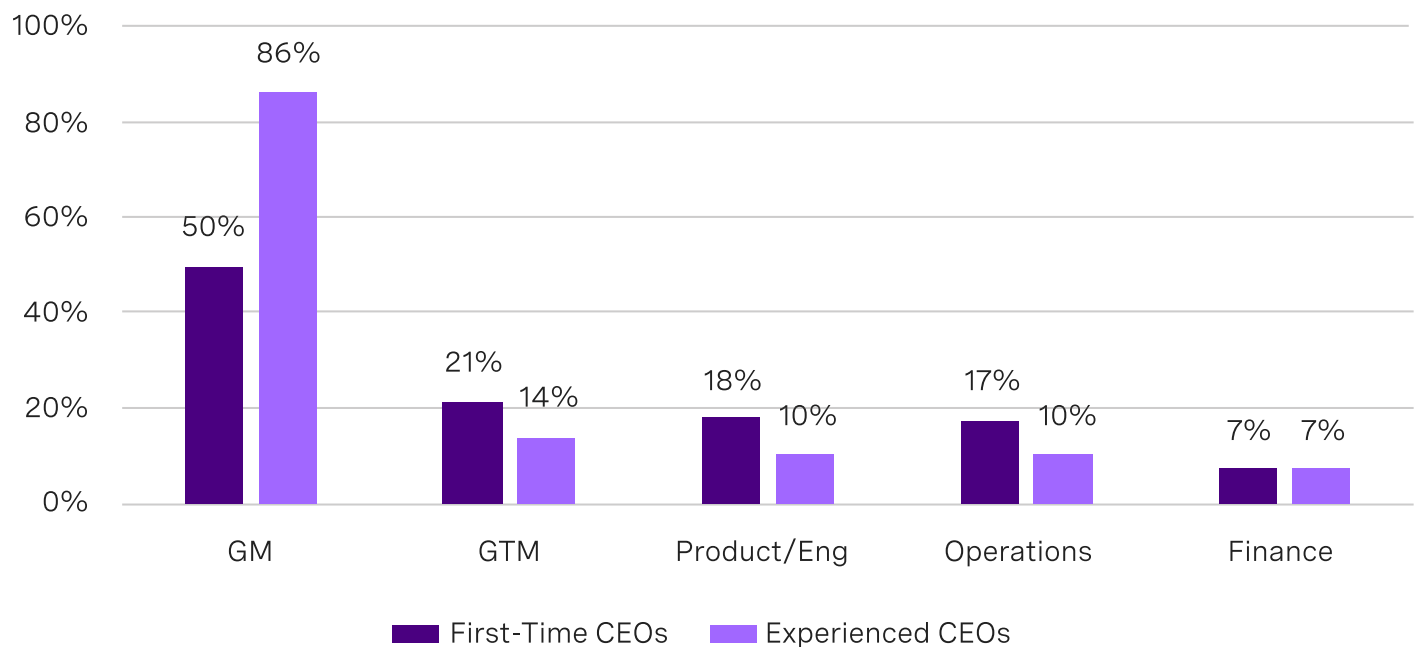


A closer look at the evolving CEO profile

Our analysis revealed that appointing a first-time CEO is now nearly as common as appointing a seasoned leader — with one in two appointments going to first-timers. Crucially, these leaders are performing on par with their more experienced peers. While average tenure differs slightly (5.8 years for first-time CEOs versus 7.4 years for experienced CEOs), both align closely with the PE ownership cycle and the discrete phases of value creation and exit. This indicates that first-time CEOs are fully capable of steering a company through the period that matters most to investors.

What's more, first-time CEOs are emerging from a broader set of functional backgrounds than their experienced counterparts (see Figure 2). While 86% of repeat CEOs previously held GM roles, only half of first-time CEOs followed that path. Instead, first-timers are more likely to come from GTM (21% vs. 14%), product/engineering (18% vs. 10%), or operations (17% vs. 10%). This diversification suggests boards are increasingly open to leaders with different skill sets and experiences, expanding the pool of viable candidates for the CEO role.

Figure 2: Functional Backgrounds of First-Time CEOs vs. Experienced CEOs



Source: RRA analysis of 289 CEOs/co-CEOs at 277 PE-backed European software companies (200+ employees) Note: Percentages exceed 100% due to overlap in functional backgrounds (e.g., GTM-oriented GMs, tech-oriented GMs).

For PE firms, these findings broaden the aperture of viable leadership candidates. A more varied mix of backgrounds strengthens the pipeline, reduces over-reliance on a narrow pool of "repeat CEOs," and introduces leaders who bring fresh perspectives to scaling, transformation, and growth. The takeaway is clear: appointing a first-time CEO isn't a compromise—it is often the most strategic choice to align with ownership cycles and drive investor outcomes.

How can investors adapt?

The data makes one thing clear: the default playbook — hiring a proven, repeat CEO — is misaligned with today's market realities. Investors who adapt in the following ways can gain a major advantage.

1. **Broaden the definition of CEO-ready.** First-time CEOs can and do succeed, especially those with backgrounds in GM, technology, or cross-functional GTM leadership roles. Investors should emphasize competencies over titles.
2. **Invest in succession planning.** Build CEO-ready pipelines inside portfolio companies to reduce external hire risk and time lag and accelerate transitions.
3. **Expand the talent pool globally.** International leaders are still underutilized. Relocation, hybrid arrangements, or fully remote models can expand the talent pool significantly.
4. **Address diversity head-on.** With women holding only 6% of PE software [CEO roles](#), broadening representation is no longer optional — it's a significant opportunity for innovation and growth.
5. **Balance track record with potential.** One-third of CEOs with exit experience delivered it in their first CEO role. Backing potential, by scaffolding around the right leaders, is what will build tomorrow's repeat performers.

CEO scarcity is real. PE sponsors, with more latitude than public-company boards to shape leadership choices, are uniquely positioned to set the tone. By broadening the aperture of what "CEO-ready" means, embedding diversity into succession planning, building inclusive slates, and investing in high potential leaders, investors can turn today's constraints into tomorrow's advantage. Those who adapt in this way will unlock faster, more resilient value creation through the best leaders.

Methodology

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

- **Sample size:** We analyzed 289 CEOs/co-CEOs across 277 distinct software companies.
- **Ownership profile:** Privately held and backed by private equity investors, including growth buyouts.
- **Scale threshold:** Minimum of 200 employees, ensuring that findings reflect leadership requirements of scaled organizations rather than early-stage or venture-backed firms.
- **Geographic focus:** Headquartered in Europe.

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

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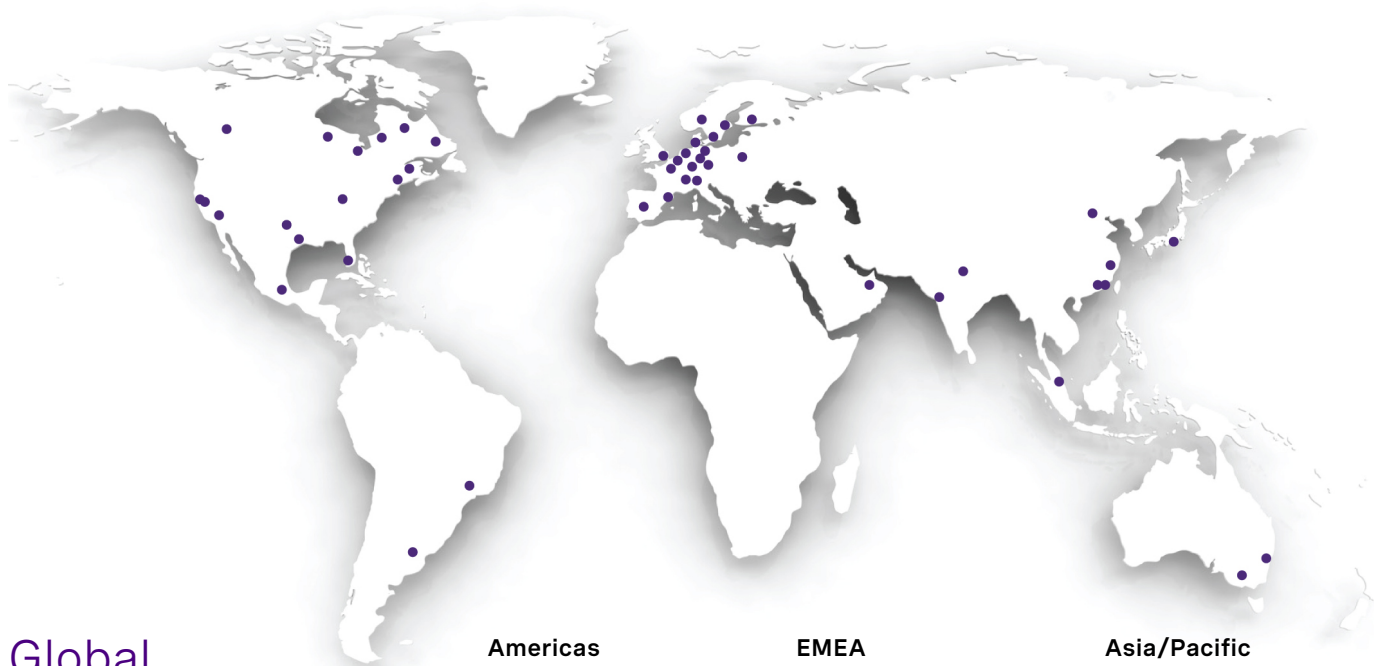
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About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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