

Technology

## Apollo's Sambur Sees Prolonged Period of Software Pain for Private Equity

By [Ryan Gould](#)  
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Buyout firms are on the brink of a software reckoning, having failed to spot signs that technologies like artificial intelligence would upend one of private equity's favorite sectors, according to one of Apollo Global Management Inc.'s top executives.

"Only now have people focused on the multi-car pileup that's about to happen on the software investing highway," co-head of private equity David Sambur said in an interview. "It was all there if you were willing to see it in 2022."

Sambur pointed to the advent of OpenAI's large language model ChatGPT and a higher interest rate environment around three years ago as the progenitors of the tech selloff that's been churning markets in recent weeks.

Wall Street has been dumping software stocks on fears that new AI tools from companies like Anthropic PBC will ultimately render incumbent software-as-a-service providers obsolete. Private equity's heavy exposure to the sector has seen an S&P index of listed buyout firms drop around 8% since the start of 2026.

Private equity firms have historically been eager buyers of SaaS, drawn to these companies' reliable revenue streams generated by loyal customer bases across major industries. They've spent big in the sector in the past few years, including a record \$348 billion in 2021, data compiled by Bloomberg show – often at rich valuations.

### Red Flags

"Have we had groupthink where you've got 30% or 40% of buyouts being in software? In retrospect, it was a pretty big red flag," said Sambur, who co-leads Apollo's private equity business alongside Matt Nord. "I think that people are going to look back on this episode and just say there was a failure of risk management."

As many of the pandemic-era software investments come to the end of a traditional private equity holding cycle, there are growing concerns about firms' ability to offload the assets at prices that will deliver returns. This could have a damaging effect on firms' fundraising plans and their ability to strike new deals.

Sambur, who joined Apollo in 2004, said the industry needs to prepare for a "much needed reset" in valuations as investors rethink the economic model and growth rates of software firms going forward.

"You're going to see what happens when they sell these businesses," he said. "It's going to take a while for this to play out."

### 'Zero Exposure'

Apollo, which had about \$938 billion in assets under management as of Dec. 31, has "zero exposure" to software in its private equity business and less than 2% across the firm's entire platform, according to Sambur. Apollo's stock is down roughly 17% this year, in part because of fears of overheating in the private credit markets that the firm is a major player in.

In a letter reviewed by Bloomberg



David Sambur Source: Apollo Global Management, Inc.

News that was sent to the firm's clients this week, Apollo's private equity leaders, including Sambur, said the decision to "steer clear was an investing and risk management decision, not a blanket referendum on the sector." While there will be winners and losers in software, "we simply didn't find the reward to be worth the risks in a levered equity fund," they wrote.

Apollo will continue to target opportunities created by the market dislocation, according to the letter.

Other high-profile buyout names have been rushing to reassure investors in recent weeks that they have minimal or manageable exposure to software in their portfolios. Thoma Bravo and Vista Equity Partners have met with investors to calm fears, Bloomberg News reported, and, speaking on the Bloomberg Deals TV show this week, TPG Inc. Chief Executive Officer Jon Winkelried said his firm had reset its approach to the sector in recent years.