

February 2025

TMT Sector M&A to Rebound Amid Technological Advancements and Optimism of Dealmakers



Generational Group Technology, Media, and Telecom Update

The technology, media, and telecom (TMT) sector is rapidly evolving, fueled by innovations in sustainability, cloud solutions, and the Internet of Things (IoT). With 81% of companies reporting progress on carbon reduction targets in 2022, sustainability is now a cornerstone of operations, driving initiatives like energy-efficient data centers and eco-friendly product designs. These efforts are redefining industry standards and creating new avenues for growth.

Recent notable deals, such as the acquisition of Leading Edge, a manufacturer of commercial drones for precision farming, and Extreme Graphics, a provider of printing and signage solutions, highlight the sector's adaptability. These transactions, from IoT-driven automation to specialized printing solutions, reflect the creativity and innovation shaping the TMT landscape. Other deals, including SoftNext Solutions' AI-powered tools for construction and FirstCall's expertise in commercial refrigeration, demonstrate the focus on tailored services and cutting-edge solutions driving the industry's future.

Emerging trends are reshaping the industry. Cloud-based solutions like Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) help enterprises scale resources, enhance agility, and reduce IT costs, prompting telecom providers to expand cloud portfolios. The popularity of OTT platforms, live streaming, and social media continues to surge, driven by increasing mobile device usage. IoT is transforming industries into smart ecosystems, enabling real-time monitoring, predictive maintenance, and data-driven decision-making.

As the TMT sector continues to innovate, businesses are poised to seize opportunities that drive growth, improve efficiency, and achieve sustainable success. Whether through acquisitions, partnerships, or strategic divestitures, agility and strategic vision will be key to navigating this dynamic landscape.

Sincerely,
David Fergusson
Executive Managing Director, M&A
Technology Practice Leader
Global Cross Border Practice Leader



Mr. Fergusson is a respected speaker on the subjects of financial services, corporate transformation and social innovation at prominent educational institutions including Harvard and Cambridge and leadership assemblies including the Vatican, World Economic Forum at Davos, World Bank and the International Monetary Fund; and a contributor to major media organizations including CBS, BBC, NPR, ABC, CNBC, and Bloomberg. He is the editor of 5 annual editions of the mergers and acquisitions handbook – *“The Best Practices of The Best Dealmakers”* series with a readership of more than 500,000 in over 60 countries. Mr. Fergusson is also co-author of the bestselling technology book *“The transHuman Code.”*

Technology, Media, and Telecom Overview

The industry is witnessing a positive sentiment for M&A as macroeconomic conditions are becoming more favorable for the dealmakers.



Companies with pioneering technology and strong intellectual property are highly valued.



Innovations in AI, IoT, and 5G are creating new opportunities for strategic investments.



Private equity activism through bolt-on acquisitions to enhance capabilities and scale.

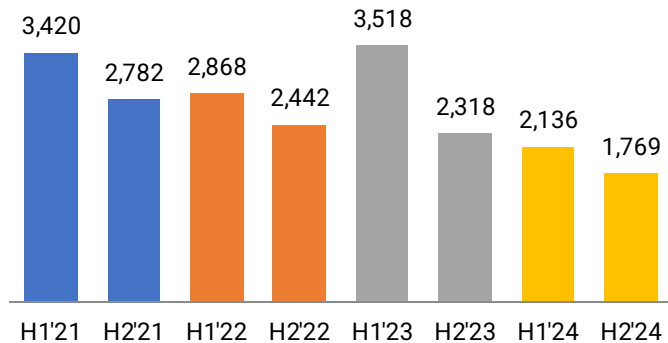


Increase in M&A activity in software and IT services due to predictable cash flows and revenue.

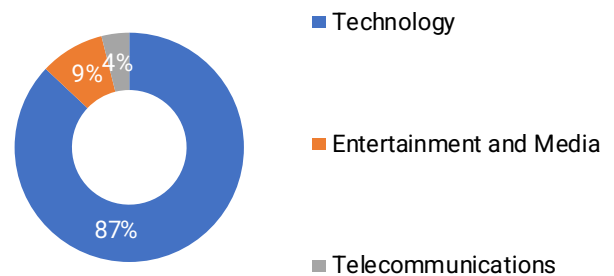
Resurgence in the Technology, Media, and Telecom M&A

The M&A landscape is optimistic as companies leverage mergers and acquisitions to adapt to technological advancements and stay competitive in the market.

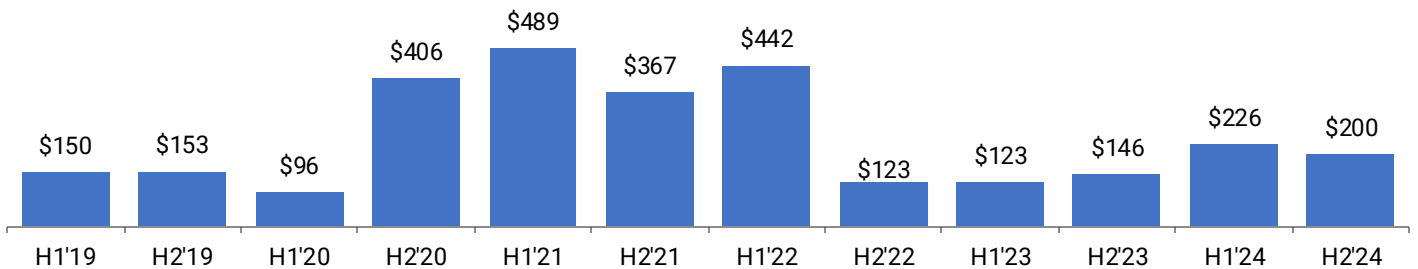
US TMT M&A Deal Volume



Deal Volume – By Subsector (H2, 2024)



US Technology, Media, and Telecom Deal Value (\$B)



Source: PwC, S&P Global, KPMG, Industry Research

Spotlight on Significant Deals

The M&A landscape is witnessing the industry’s commitment to growth and adaptation through consolidation and strategic acquisitions.

Strategic Deals – Technology, Media & Telecom



- Frontier provides fiber internet in the US
- The acquisition expands Verizon's fiber network to accelerate offering of premium broadband and mobility services to more customers nationwide



- ZT Systems offers AI and general-purpose infrastructure for hyperscale providers
- The acquisition expands AMD’s data center AI systems capabilities



- Metronet provides multi-gigabit internet service to homes and businesses
- T-Mobile and KKR’s acquisition expands the broadband portfolio and offers more consumers a differentiated experience, selling fiber internet services provided by the JV



- Skydance Media creates event-level entertainment for global audiences
- The acquisition enhances and strengthens Paramount, with a focus on technological advancements, across multiple entertainment platforms

PE Deals – Technology, Media & Telecom



- Operates as a joint venture between AT&T and TPG consisting of DIRECTV, DIRECTV STREAM and U-verse video services previously owned and operated by AT&T
- The acquisition strengthens TPG’s existing partnership with DIRECTV



- Operates as an enterprise platform for modern work management
- The acquisition accelerates Smartsheet’s vision of modernizing work management for global enterprises



- Provides learning management, education-tech effectiveness and credentialing solutions
- The acquisition accelerates Instructure’s long-term vision and growth strategy



- Provides integrated technology, intelligent data and wealth solutions
- The acquisition supports Investnet’s growth strategy

Source: FactSet, Industry Research

Spotlight on Generational Deals


Generational Group accelerates M&A growth through strategic technology, media, and telecom deals.

Generational Deals – Technology, Media & Telecom

 Acquired



- Leading Edge manufactures commercial drones for mosquito/vector control, weed control, and precision farming
- Central Garden & Pet manufactures products for consumer and professional use in the lawn and garden and pet supplies markets

 Acquired



- Concordia Technologies offers hypersonic weapons and missile defense modeling and simulation, guidance navigation and control development
- Special Aerospace Services manufactures aerospace and defense products

 Acquired



- Applied Controls provides industrial process controls and analyzer systems
- Wynnchurch Capital, a private equity firm, specializes in middle-market investments in industries like manufacturing, distribution, and industrial services

 Acquired



- Clareblend, Inc. manufactures electrology and microcurrent devices for the medspa and skincare industries
- Silhouet-Tone specializes in high-quality equipment for aesthetic professionals

Undisclosed Investor (ESOP) Acquired



- Star Signs specializes in providing custom architectural signage solutions
- The company offers a wide range of products including interior and exterior signage, digital displays, and wayfinding systems

 Acquired



- DTX Media offers video production and photography services for corporate and event markets
- DevRight provides support, education, and other developmental services

Source: Generational Group

Spotlight on Generational Deals

Generational Group accelerates M&A growth through strategic technology, media, and telecom deals.

Generational Deals – Technology, Media & Telecom

Individual Investor

Acquired



- Extreme Graphics is a premier provider of high-quality printing and signage solutions
- Spencer Evans, an independent buyer from Pennsylvania, has embarked on his first business venture with this acquisition



Acquired



- Compu-Call provides comprehensive enterprise printing solutions more than 300+ companies across North America
- Integrity Data Solutions provides automated data collection and supply chain solutions



Acquired



- Vision Graphics offers banners, vehicle graphics, and other promotional items
- Banner Capital, a private equity firm, provides capital to growth-stage companies and long-established family businesses



Acquired



- BAI Security, an IT security assessment firm, specializes in security solutions for highly regulated industries
- Cyber Advisors, a portfolio company of Goldner Hawn, offers a range of IT solutions



Acquired

Undisclosed Target

- SoftNext brings together the Tech and Software activities of Investment firm Baelen Group, having acquired over 40 B2B tech companies to date
- SoftNext has 8 business divisions: Real Estate, Retail, Telecom and Media, Leisure, Healthcare, Communication, Experience Management and Specialized ERP

Undisclosed Investor

Acquired



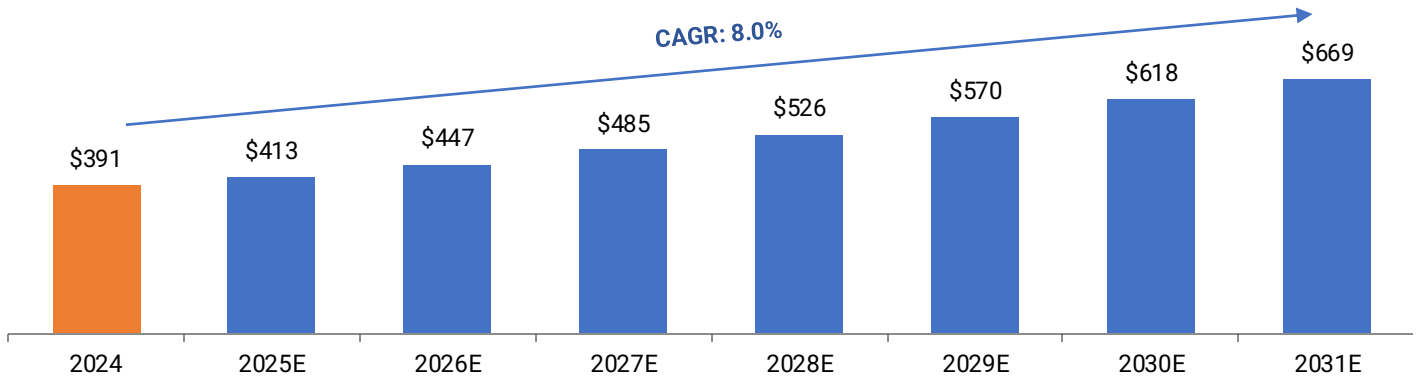
- FirstCall specializes in commercial refrigeration and building maintenance clients
- FirstCall owns, administrates, and manages the installation and service delivery process for clients based on defined and measurable performance metrics

Source: Generational Group

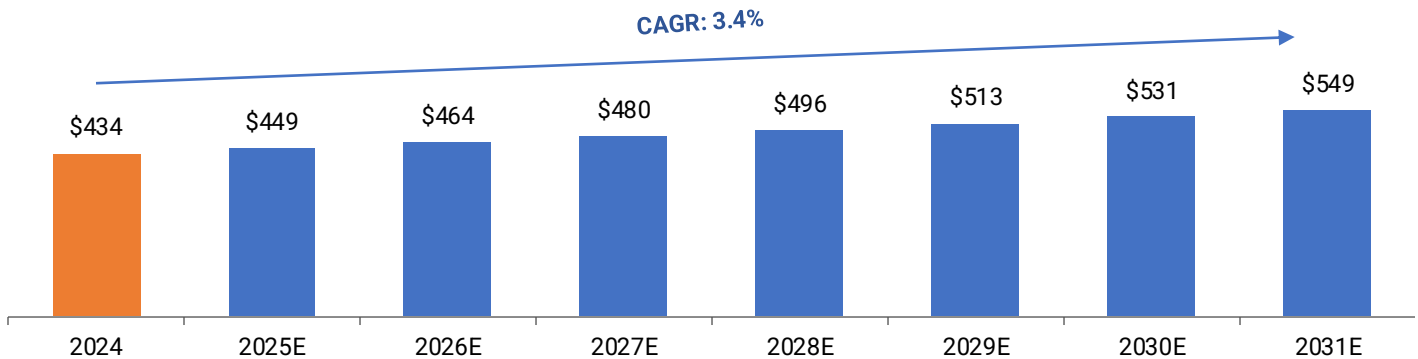
Continued Growth in the TMT Market

The US TMT Industry is experiencing strong growth, driven by rapid technological advancements and increased digital consumption.

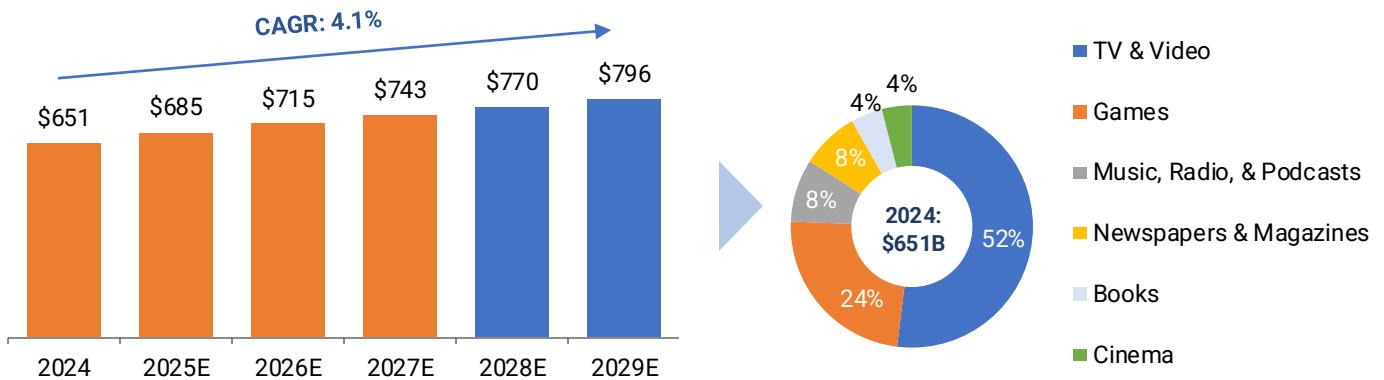
US Technology Industry (\$B)



US Telecom Industry (\$B)



US Media Industry & Segmentation (\$B)

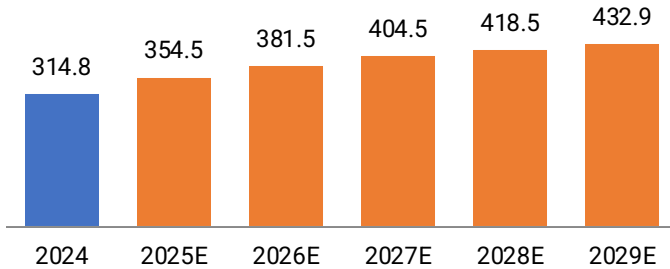


Source: Databridge Market Research, Spherical Insights, Statista, Industry Research

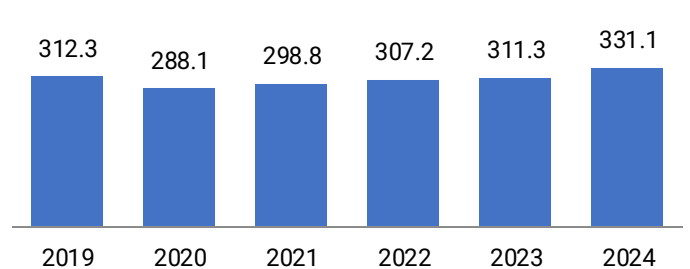
Significant Expansion in the TMT Sector

Expanding connectivity, a surge in demand for digital content and services, and investments in technologies such as Generative AI are driving growth.

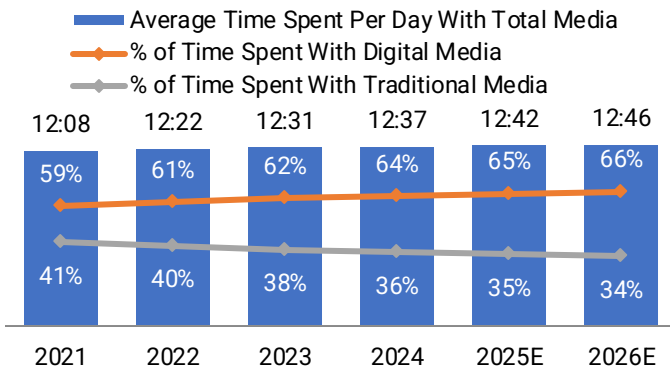
Increasing 5G Subscriptions in North America (M)



Growing # of Internet Users in the US (M)



US Adults Spend More Time With Digital Media (hrs:mins)



Evolving Market Dynamics Pave the Way for the Future TMT Market

- ✓ Significant investments in telecom infrastructure, including data centers are supporting the sector's expansion
- ✓ The pandemic sped up WFH, boosting reliance on digital communication tools, increasing the demand for TMT solutions
- ✓ Favorable regulatory policies aimed at promoting digital transformation are contributing to the sector's growth

The Rapid Adoption of Generative AI in the TMT Sector is Fueling Unprecedented Growth And Innovation

Adoption Rate

41% of TMT executives strongly agree that generative AI represents a significant opportunity for revenue growth or market share⁽¹⁾

Competitive Advantage

60% of TMT executives believe that leveraging generative AI will provide a competitive edge over peers⁽¹⁾

Innovation

100% of US TMT executives anticipate that generative AI will foster innovation among the workforce⁽²⁾

Implementation

15% of TMT companies have already implemented at least one generative AI solution⁽¹⁾

Source: Statista, Emarketer, PwC, Deloitte, KPMG, Industry Research; Notes: (1) March 2023 KPMG Survey of 300 Global Executives Across Multiple Industries, Including 60 from the TMT Sector; (2) Follow Up Survey in June 2023 of March 2023 KPMG Survey With 200 US Executives

Four Key Trends Are Driving Growth in the TMT Sector

Sustainability Has Become a Major Focus

- Many TMT companies are setting ambitious carbon reduction goals; the sector has seen significant growth in reporting these targets, with 81% of companies disclosing their carbon reduction efforts in 2022⁽¹⁾
- TMT companies are integrating sustainable practices into their operations, from energy-efficient data centers to eco-friendly product designs

Cloud-based Solutions

- Cloud-based solutions such as IaaS, PaaS, and SaaS are in high demand, allowing enterprises to use scalable computing resources, boost agility, and cut IT infrastructure costs
- Many telecom companies to expand their portfolio of cloud services to meet rising customer demand

Live Streaming and Bundled Streaming Services in Media

- Live-streaming on OTT platforms, social media, and YouTube is gaining popularity as mobile device usage and internet users increase; every social media platform now includes an integrated live-streaming feature
- Despite the popularity of OTT platforms, managing multiple subscriptions can be cumbersome, and customers now seek seamless, cost-effective bundled offerings

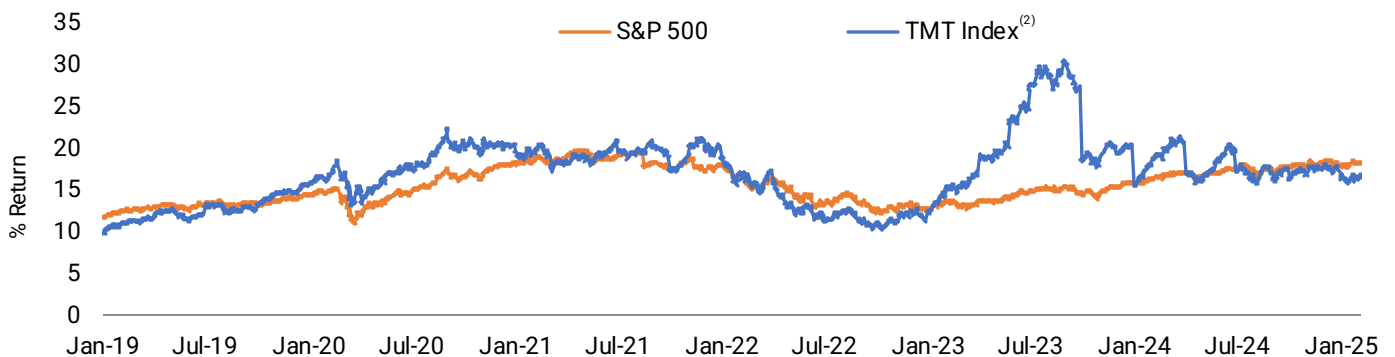
Internet of Things (IoT)

- The IoT is transforming industries into smart sectors, including homes, cities, and industrial processes; it enables real-time monitoring, predictive maintenance, and increased efficiency
- IoT adoption is particularly high in sectors that derive help from automation and data-driven decision-making

Trading Performance

Public equity valuations to witness a slow upward trend.

Historical Trading Performance, 2019 – YTD 2025⁽³⁾ (EV / LTM EBITDA)



Source: Deloitte, FactSet, Industry Research; Note: (1) The KPMG Survey of Sustainability Reporting 2022; (2) TMT sector consists of a diversified set of companies across the sector, including Apple, AT&T, Charter Communications, Comcast Corp., IBM, Meta, Netflix, Nvidia, T-Mobile, and Verizon; (3) As of Feb 6, 2025

Technology, Media & Telecom Team

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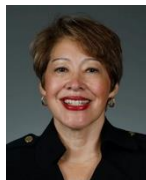
David Fergusson leads the M&A team for the Eastern North American and Mid-Atlantic region from the company's New York office. He has over 35 years of experience in the creation of businesses, the acceleration of corporate growth and the facilitation of global mergers and acquisitions.

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