

Newsletter

# IT M&A Deal Trends – Q3 2025

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# Industry Overview – Navigating Growth: Trends, Spending & Top Deals in Q3 2025

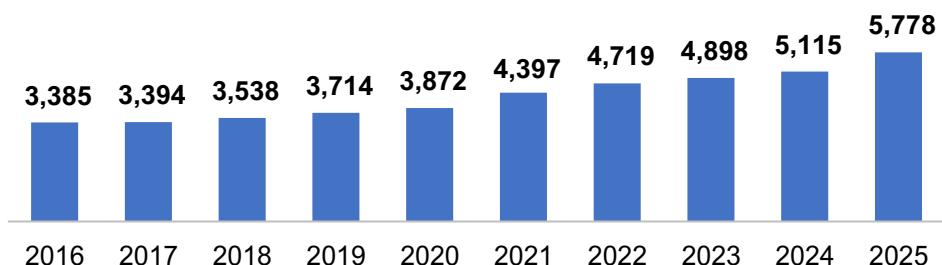
## IT Industry Market Insights & M&A Trend

- Global IT spending reached **\$5.7T** in 2025, growing ~13% YOY, driven by increased investment in **cloud infrastructure, AI adoption, and enterprise software modernization**. Spending priorities continue to shift from **discretionary to strategic initiatives**, with capital increasingly allocated to cloud, AI, cybersecurity, and data platforms. Public cloud spending surpassed **\$700B** in 2025, rising over 20% YOY as enterprises accelerate hybrid and multi-cloud adoption.
- Improving buyer sentiment, stabilized financing conditions (with base rates largely unchanged through Q3 2025), and continued participation from both strategic and financial acquirers point to a sustained period of strong, broad-based deal activity rather than a temporary rebound.
- IT M&A activity remained elevated through 3Q25, with **~1,700 transactions** closed, and YTD volume reaching **~5,300 deals**. YTD IT M&A value has surpassed levels seen until 2024 with **~4,000 deals**, and 2025 is shaping up to be the second-best year for IT M&A activity after 2021, indicating the robust opportunity fueling investor interest.

## Global Industry Market Size



## Global IT Spending (\$T)



## Top M&A Deals Q3 2025

IBM

Acquires Confluent for

**~\$11.0B**

CoreWeave

Acquires Core Scientific for

**~\$9.0B**

ServiceNow

Acquires Armis for

**~\$7.0B**

Workday

Acquires Sana Labs for

**~\$1.1B**

Source: Aranca Research

# Industry Overview – IT Sector Leading Trends in 2025

## Quantum Technologies

**Quantum technologies** use principles of quantum mechanics to enable **faster computation, ultra-secure communication, and highly sensitive sensing** beyond the limits of classical systems. In 2025, major players like AWS, Google, IBM, and Microsoft have made meaningful progress in quantum chips, error correction, and scalability. While real-world applications are still developing, these advances signal growing momentum and long-term potential across industries such as finance, life sciences, and mobility.

**\$2.0B**

Equity Investment in 2024

**-15%**

Rate of difference in job postings,  
2023-24

## Future of Mobility

**The future of mobility** is rapidly evolving, driven by electric vehicles, autonomous systems, drones, and micromobility solutions. Advances in **AI, sensors, and connectivity** are improving safety, efficiency, and sustainability across transportation networks. These shifts are reshaping urban mobility and creating new economic opportunities, though regulatory and infrastructure challenges remain. As technologies mature, mobility innovation is set to transform how people and goods move globally.

**\$131.6B**

Equity Investment in 2024

**6%**

Rate of difference in job postings,  
2023-24

## Digital Trust and Cybersecurity

**Digital trust and cybersecurity** are becoming foundational as organizations face increasingly sophisticated cyber threats. Advances in **AI-driven security, identity verification, encryption, and blockchain-based trust systems** are strengthening resilience and protecting critical data. As AI becomes embedded in everyday decision-making, building transparent, secure, and trustworthy digital systems is essential. Strong leadership and enterprise-wide adoption will be key to fully capturing the benefits of digital trust.

**\$77.8B**

Equity Investment in 2024

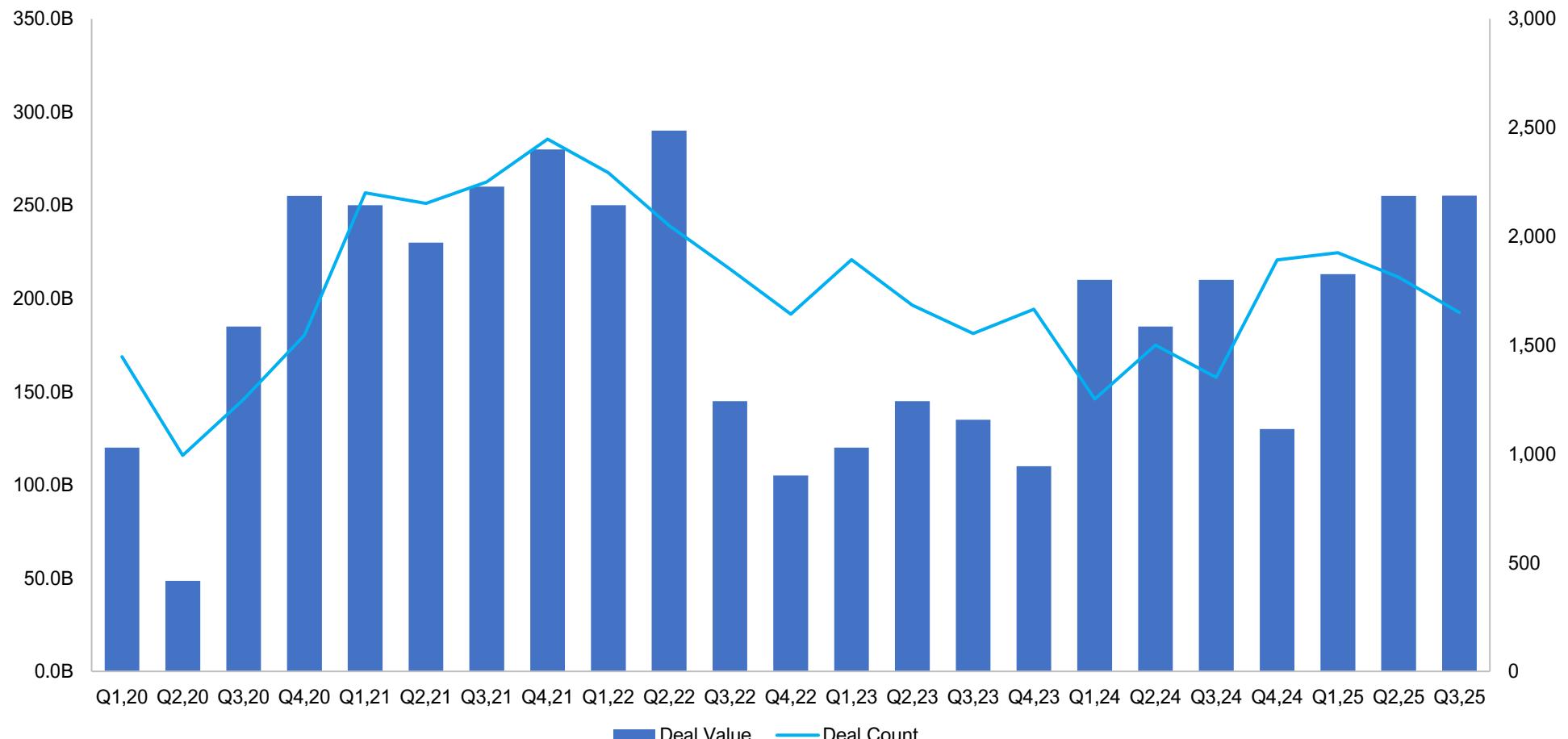
**7%**

Rate of difference in job postings,  
2023-24

Source: McKinsey & Co. Technology Outlook, 2025

# Global M&A Deal Value & Volume Trends – IT

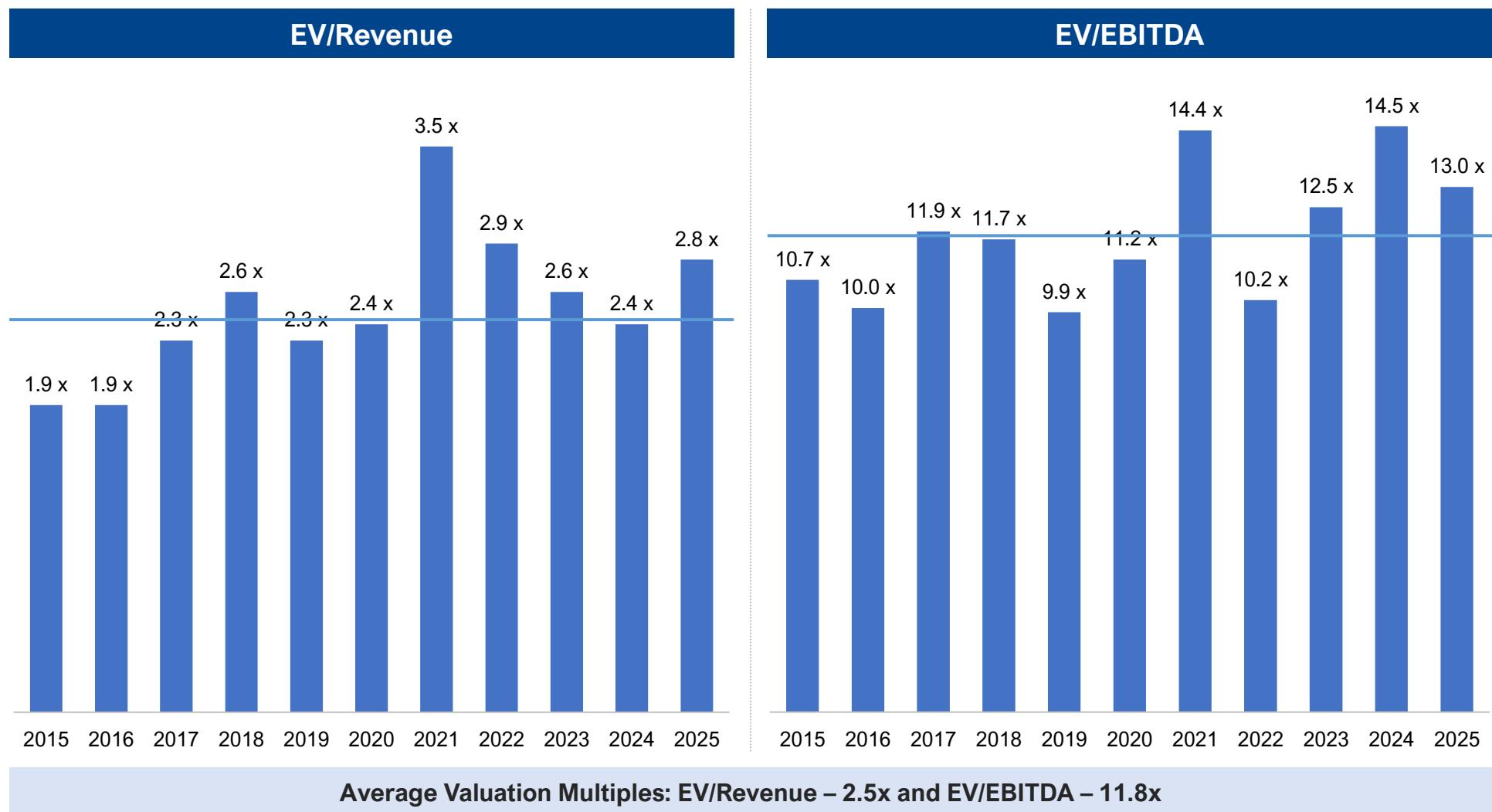
In Q3 2025, IT deal value remained stable at **\$255.1B**, broadly in line with that in the prior quarter (**\$255.0B**), while increasing **21.5% YOY**.



*Note: Transaction Details are indicative. This might differ due to availability constraints of undisclosed transactions*

*Source: Pitchbook*

# M&A Deal Multiple Trends – IT (North America & Europe, Q3 2025)



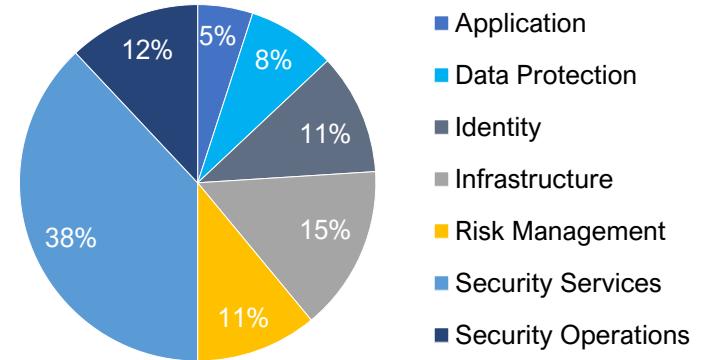
Source: Pitchbook

# Cybersecurity – Growing Threats Drive a Wave of Cybersecurity M&A

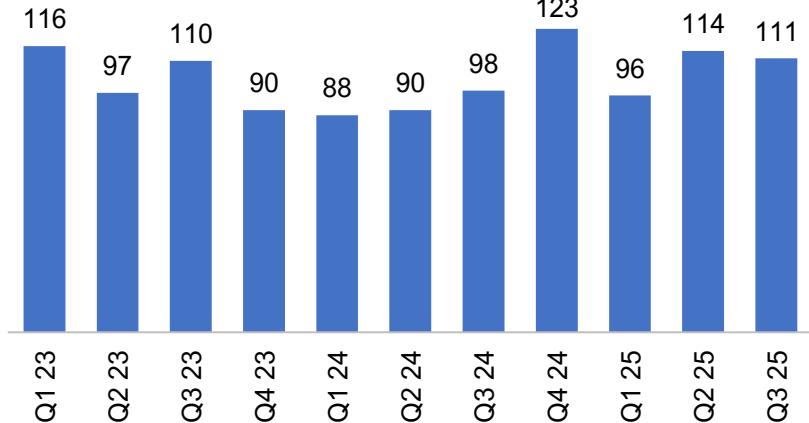
## Cybersecurity M&A Market Insights

- **Cybersecurity remains a top IT M&A priority**, driven by the rising complexity of threats, regulatory pressure, and enterprise demand for end-to-end security platforms.
- **Platform consolidation is accelerating**, with buyers favoring vendors that **combine identity, cloud security, endpoint protection, and AI-driven threat detection**. AI is reshaping cybersecurity offerings, improving real-time threat detection and response while increasing the strategic value of data-rich security assets.
- In Q3 2025, M&A activity in the cybersecurity sector remained steady at **111 transactions**, slightly below that in the prior quarter (**114**) but up meaningfully YOY from **98 deals**. Activity was strong in July, softened in August, and rebounded in September, signaling healthy momentum heading into Q4 2025.
- Strategic buyers executed several large transactions in Q3 2025, acquiring complementary capabilities to expand share in core markets. Notable deals included **Palo Alto Networks' acquisition of CyberArk (\$25B)**, **Mitsubishi Electric's purchase of Nozomi Networks (\$900MM)**, and **Accenture's acquisition of CyberCX (\$650MM)**.
- Venture funding for cybersecurity companies declined to **\$3.3B in Q3 2025 from \$5.1B in the prior quarter**, alongside a drop in deal volume to **167 rounds from 209**. Activity was concentrated in larger financings, led by **Quantinuum (\$600MM)**, **Ontic (\$230MM)**, and **Vanta (\$150MM)**.
- Public market valuations continued to diverge, with **high-growth cybersecurity companies (>20% growth) trading at a median 13.1x EV/2025E revenue** versus **5.3x for lower-growth peers (<10%)**. The recent IPO of Netskope may signal renewed public market appetite and additional cybersecurity listings in 2026.

## Cybersecurity M&A Deal Mix



## Cybersecurity M&A Deal Volume



Source: Aranca Research

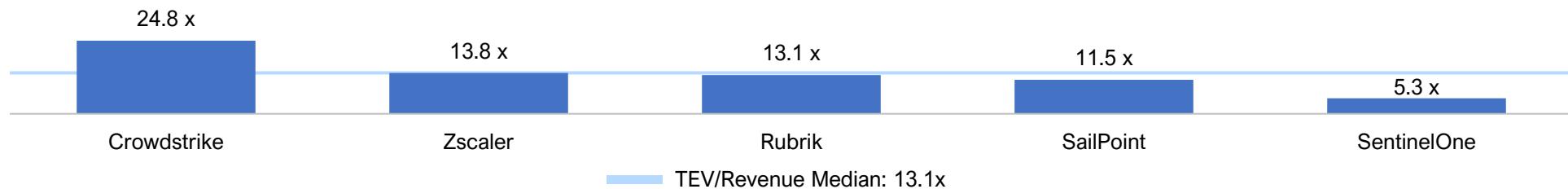
# Cybersecurity – Selected M&A Activity, Q3 2025

Announced Date	Target	Acquirer	Buyer Type	Sector	Transaction Size	Target Description
Jul-25			Strategic	Identity	\$25B	Cybersecurity vendor focused on identity market
Sep-25			Strategic	Infrastructure	\$883MM	Developer of online cybersecurity platform designed to deliver real-time visibility into process network communications and configurations
Sep-25			Strategic	Security Services	\$650MM	Provider of cybersecurity services intended for private and public-sector organizations
Sep-25			Strategic	Infrastructure	\$350MM	Developer of generative AI security platform designed to offer a guide to secure generative AI adoption
Sep-25			Strategic	Risk Management	\$305MM	Developer of an AI-based security assessment platform designed to streamline and facilitate third-party security compliance
Sep-25			Strategic	Infrastructure	\$300MM	Developer of security platforms designed to protect generative AI systems
Sep-25			Strategic	Security Operations	\$290MM	Developer of data orchestration edge computing platform designed to reduce noise in data management
Sep-25			Strategic	Infrastructure	\$260MM	Developer of security APIs portfolio designed to deliver a collection of security services and APIs for application builders
Sep-25			Strategic	Infrastructure	\$250MM	Developer of singular security platform designed for generative AI protection

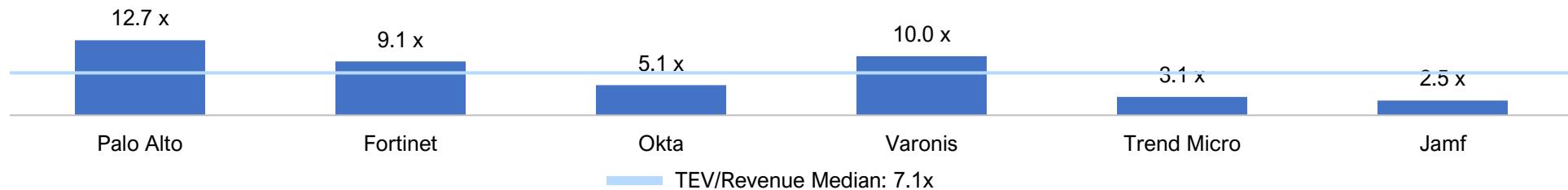
Source: Aranca Research

# Cybersecurity – Public Market Valuation Metrics

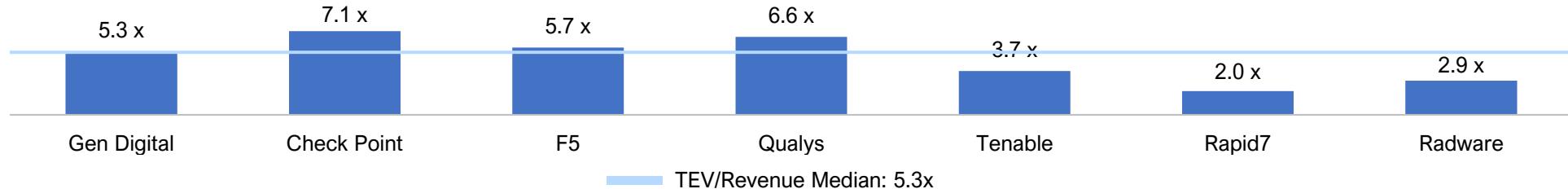
## High Growth (Revenue Growth >20%): Cybersecurity Total Enterprise Value (TEV) / Revenue



## Medium Growth (Revenue Growth >10% and <20%): Cybersecurity Total Enterprise Value (TEV) / Revenue



## Low Growth (Revenue Growth <10%): Cybersecurity Total Enterprise Value (TEV) / Revenue



Source: CAPIQ, Aranca Research



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