

Newsletter

IT M&A Deal Trends – Q2,2025



Industry Overview – Navigating Growth: Trends, Spending & Top Deals in Q2,2025

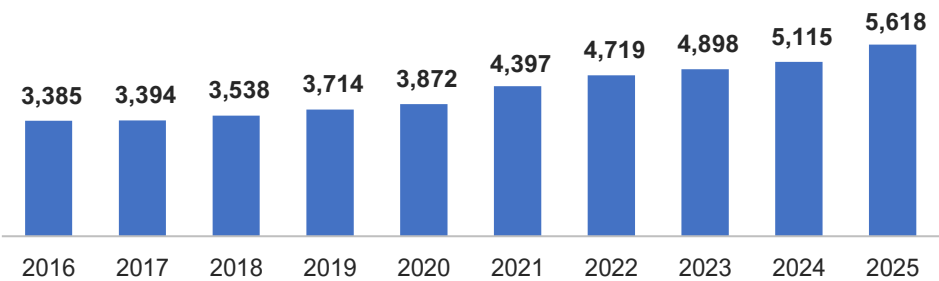
IT Industry Market Insights & M&A Trend

- From **2022 to 2023**, the Information Technology (IT) industry faced significant headwinds, including **high inflation** (~8.7% globally in 2022 and remained elevated); central banks raised rates aggressively; and global supply chain disruptions—including raw material shortages and logistical bottlenecks—added delays and cost inflation. Despite the bottlenecks, IT spending expanded by **~6%** annually and the resilience lies in stable demand for essential tech.
- The key growth drivers for the sector include **advancements in AI, ongoing digital transformation, expansion of IT infrastructure and cloud computing, and increased demand for cybersecurity solutions.**
- Big Tech is driving an Artificial Intelligence capex supercycle, with Microsoft spending **\$49.9B YTD (36% YoY) toward its \$80B AI data center plan**, and Meta raising 2025 capex to **\$64–72B, up ~74% from 2024.**, reflecting strong revenue growth and its aggressive push into AI and data center expansion.
- **IT sector made up 24.7% of global Mergers & Acquisition deal value in H1 2025**, well above the **five-year average of 20.1%.** Although tariffs raised concerns in the first half, in the second half U.S. trade tariffs may slow some deals while creating opportunities in others.

Global Industry Market Size



Global IT Spend (\$B)



Top M&A Deals Q2,2025

Thoma Bravo Acquires Digital Aviation Solution (Boeing) for \$10.6B	Salesforce Acquires Informatica for \$8.0B	OpenAi Acquires iO Products for \$6.5B	IBM Acquires HashiCorp for \$6.4B
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Source: Aranca Research

Industry Overview – IT Sector Leading Trends in 2025

Latest Trends

Agentic AI

Agentic AI is rapidly evolving from concept to real-world use, with advances in **multiagent reasoning, task-specific business solutions, deep-research tools, and even AI-to-AI communication**. These capabilities promise major productivity gains but also raise urgent concerns around governance, trust, and accountability as agents take on more autonomous roles.

\$1.1B

Equity Investment in 2024

985%

% Difference job postings, 2023-24

Application Specific Semiconductors

The semiconductor industry is being reshaped by AI-driven demand, with **custom chips for training and inference boosting efficiency, scalability, and cost savings**. Big Tech players and start-ups alike are developing proprietary hardware to reduce reliance on Nvidia.

\$7.5B

Equity Investment in 2024

22%

% Difference job postings, 2023-24

Future of Bioengineering

Bioengineering is rapidly advancing with breakthroughs in **3D bioprinting, CRISPR therapies, and regenerative therapies** into real-world use. Innovations in **stem cell systems** and biomimetic hydrogels are overcoming key challenges, paving the way for next-generation regenerative and genetic therapies.

\$57.3B

Equity Investment in 2024

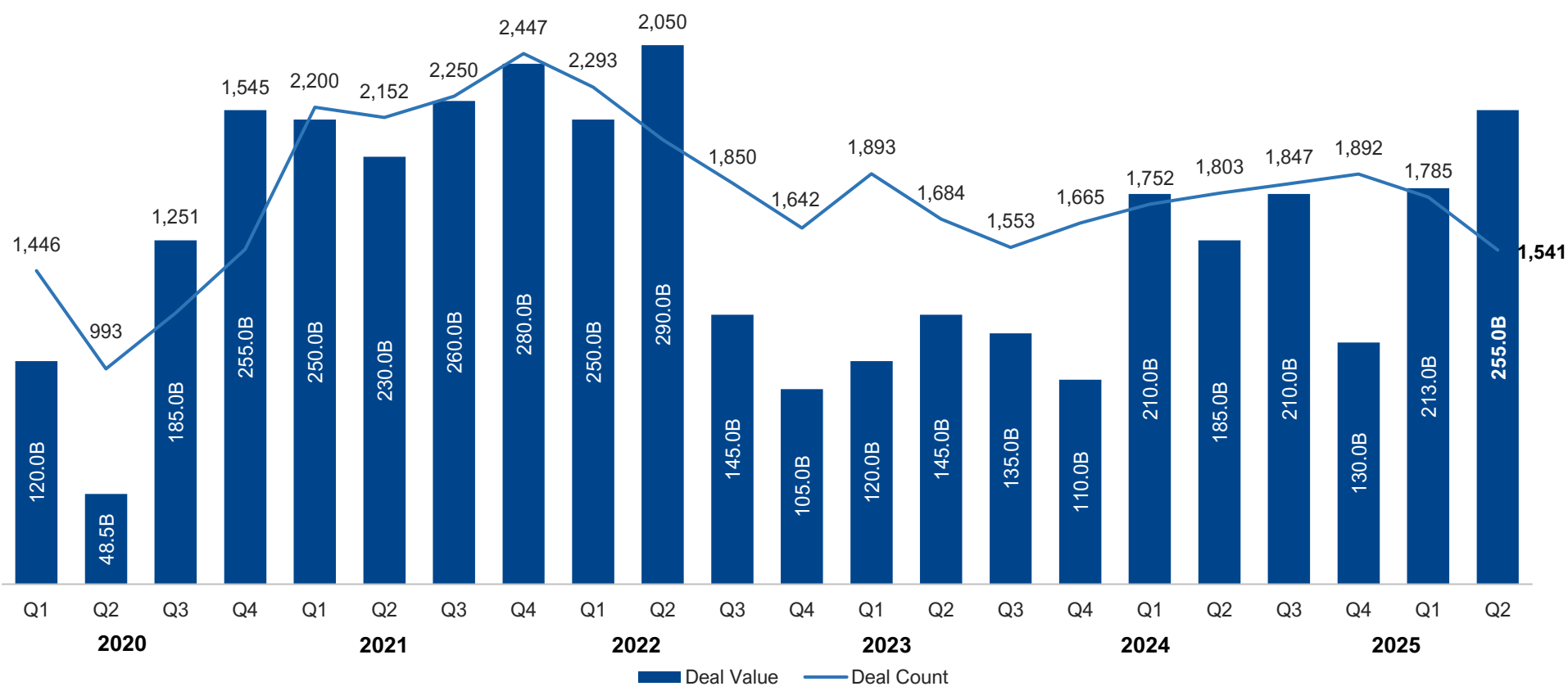
-17%

% Difference job postings, 2023-24

Source: McKinsey & Co. Technology Outlook, 2025

Global M&A Deal Value & Volume Trends - IT

In Q2 2025, IT deal value reached **\$255.0B**, rising **19.7% from the previous quarter** and **37.8% year-over-year**, driven mainly by **large consolidation deals**.

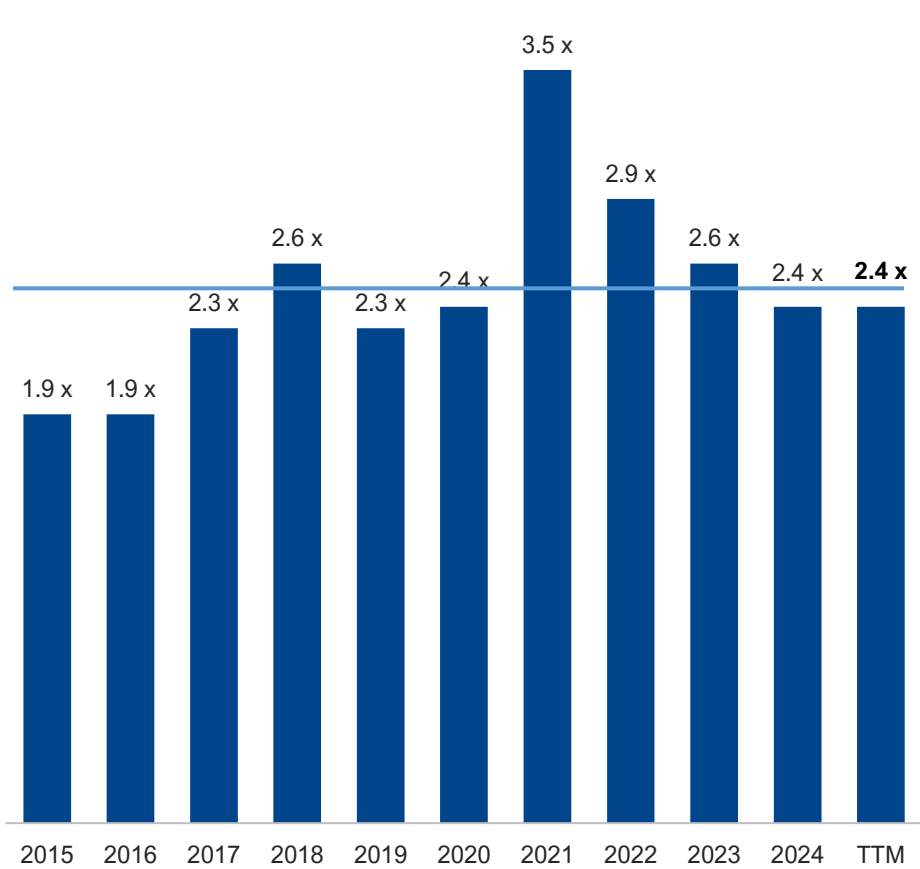


Note: Transaction Details are indicative. This might differ due to availability constraints of un-disclosed transactions.

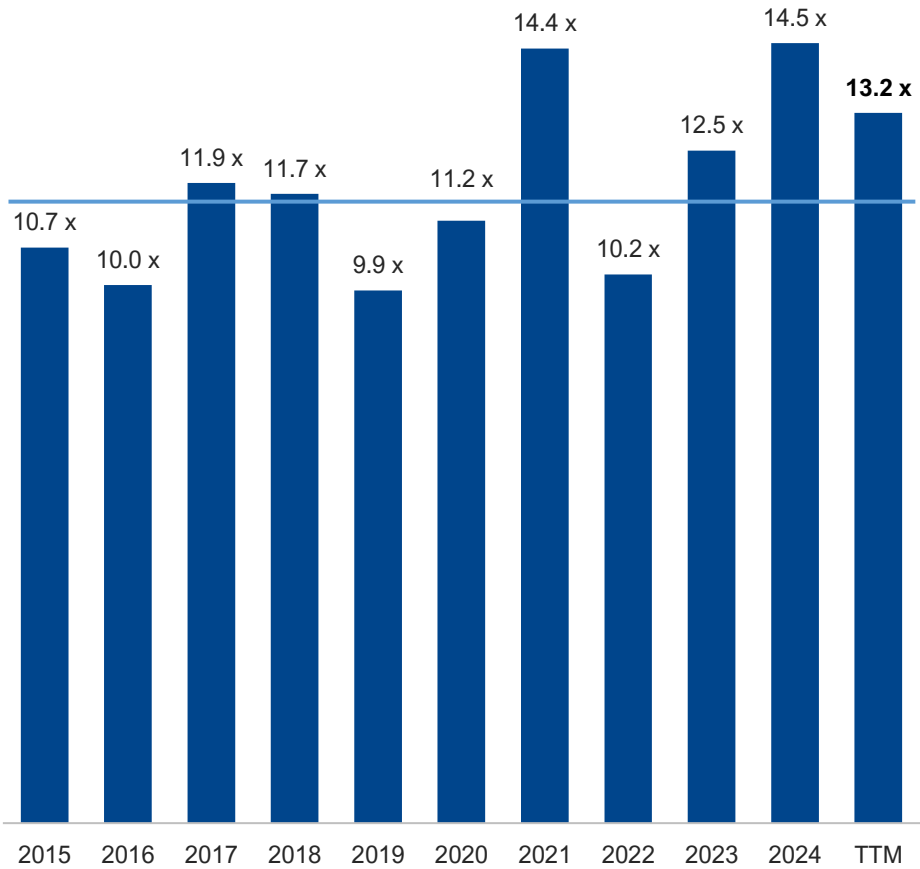
Source: Pitchbook

M&A Deal Multiple Trends – IT (US & Europe)

EV/Revenue



EV/EBITDA



Average Valuation Multiples: EV/Revenue – 2.5x and EV/EBITDA – 11.8x

Source: Pitchbook

Enterprise Software as a Service (SaaS) -The Growth Engine of IT M&A

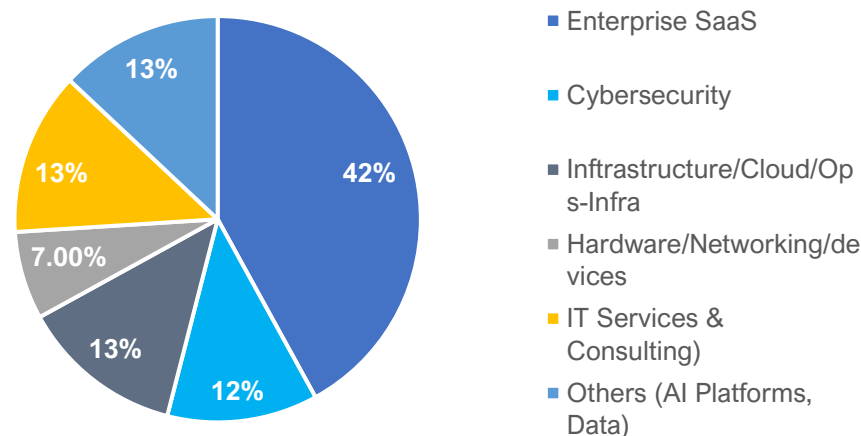
SaaS Market Insights

- Enterprise software is experiencing strong growth from the AI boom, as companies adopt generative AI and other advanced tools **to streamline operations, enhance technology capabilities**, and ultimately drive higher software spending
- Enterprise software is the fastest-growing facet of IT, with spending up **12.1% in 2024** and expected to rise **14.2% in 2025**.
- The category crossed the **\$1T threshold** for the first time in 2024.
- SaaS companies demonstrate remarkable resilience across market cycles.** Top performers maintain **Gross Revenue Retention above 85–90%**, meaning they lose only a small portion of recurring revenue each year.
- More importantly, many achieve **Net Revenue Retention well above 100%**, often in the **105–120%+ range**, as upsells, cross-sells, and price increases more than offset churn. This high retention and recurring revenue base provides predictable cash flows, cushions downturns, and reduces dependence on constant new customer acquisition.
- SaaS businesses consistently command premium valuation multiples.** As of mid-2025, **public SaaS companies trade at ~7.3–7.6x EV/Revenue**, while private M&A deals typically price at **4–5x**, with higher premiums for fast-growing or profitable companies.
- Vertical SaaS players** with strong industry focus and high switching costs often reach **~7.0x EV/Revenue**, versus **~4.8x** for horizontal peers. While multiples peaked in 2021 at ~15–20x, they corrected during 2022–2023 and have since stabilized, underscoring SaaS's relative strength and continued investor appetite.

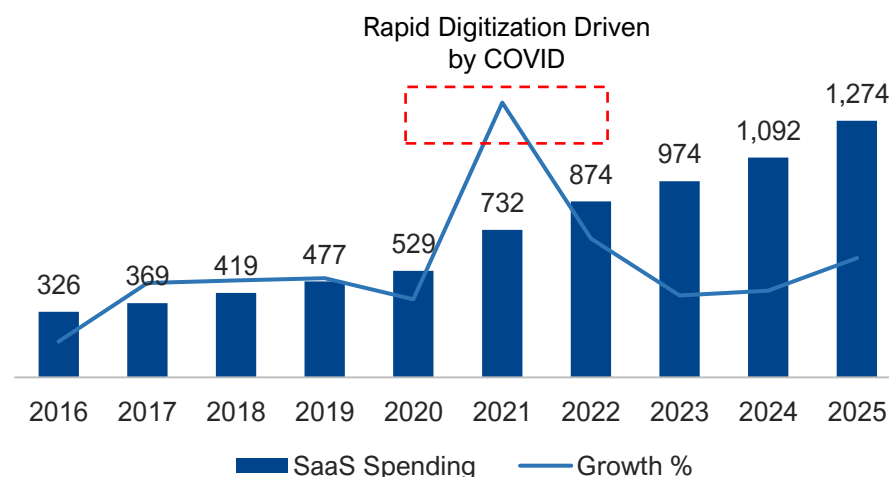
Note: IT M&A subsector breakdown is an approximate breakdown. This might differ due to availability constraints of un-disclosed transactions.

Source: Aranca Research

IT M&A by Subsector

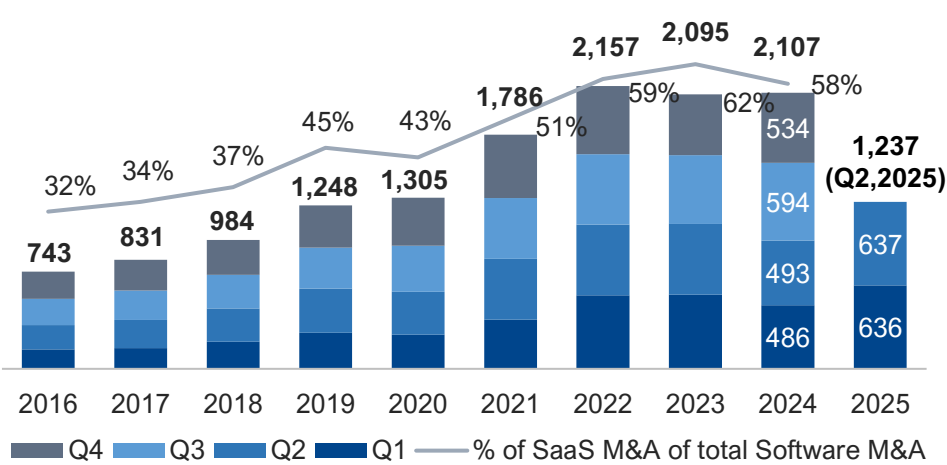


SaaS Spending



M&A Q2,2025 Highlight – Enterprise SaaS dealmaking remained resilient in Q2,2025

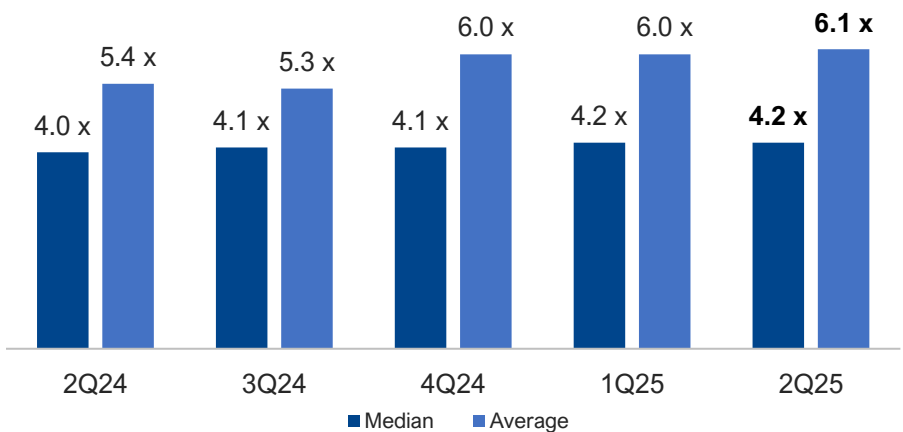
SaaS Deal Volume



- SaaS M&A hit an all-time high with **637 deals**, a 29% YoY increase, continuing four straight quarters of **530+ transactions**, putting **2025 on pace to meet or surpass 2022's deal volume**.
- Steady interest rate expectations and normalized valuations are driving consistent deal flow and renewed buyer confidence.
- Investors focus on SaaS businesses with **high retention, strong unit economics, and vertical specialization** (e.g., financial services, healthcare, real estate)
- With platform strategies accelerating and private equity buyers remaining active, SaaS M&A is poised to stay a key growth area

Enterprise Value/Trailing Twelve Months Revenue Multiples

- Median EV/TTM revenue multiple stayed at **4.2x**, while the average rose to **6.1x**, the highest since Q1 2023.
- Four consecutive quarters of stable or rising multiples signal a **steady and improving SaaS M&A market**.
- Competitive bidding drives higher valuations for SaaS companies with **efficient growth, strong retention, and vertical specialization**.
- If **interest rates ease** and the economy stays strong, multiples could expand further, benefiting high-growth, profitable businesses



Source: Gartner, Aranca Research



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researched by our analysis

80+

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