

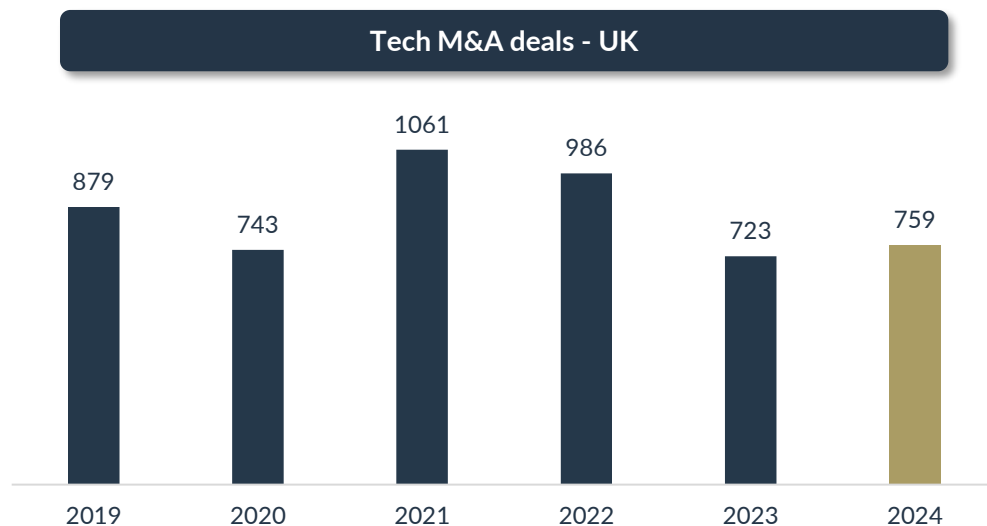
UK Technology M&A Review

2024 finishes strongly - Q4 up 20% YoY



January 2025

UK Tech M&A Review



2024 was the Chinese Year of the Dragon and it certainly breathed a bit of fire into financial markets!

2024 was a great year for equities (NASDAQ up 29.6%), driven by the Magnificent 7 (up 67.3%). It was also a great year for all things AI, for crypto (bitcoin up 120%) and for US economic growth.

UK Tech M&A continues to be driven by a wave of US buyers and so what is happening over the pond is crucial. The US economic growth looks to be in goldilocks territory. Not too hot, not too cold. Just right.

When interest rates went up in 2022-3 Tech M&A in UK had a pause for six months but since then has been very active. 759 deals were announced in 2024 and the year finished very strongly with Q4 up 20% YoY.

Some more frenzied PE-backed buyers (like **ClearCourse** and **Babble**) scaled back their appetite after feasting on cheap money. But others like **Aptean**, **Visma**, **Volaris**, **Focus** and **Ideagen** backed by the biggest PE funds have picked up the slack.

With IPO markets very weak around the world, companies are having to look to private capital to meet their needs.

In Software, we saw a lot of deals at 3-5x revenues but some (like **Darktrace**, **Preqin**, **FullCircl** and **FeatureSpace**) achieved valuations more than double that.

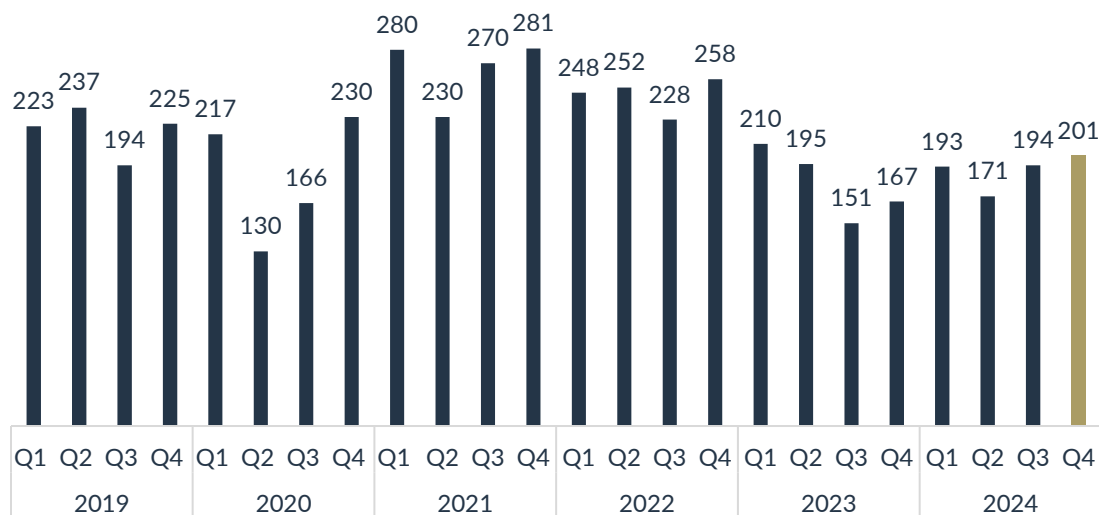
In Services, valuations remain in the 1-2x revenue range. We saw ongoing UK buy-and-build deals but also large overseas buyers like **Bechtle**, **Advania**, **Devoteam**, **Insight** and of course **Accenture**, which was again one of the most acquisitive buyers in 2024, with 21 deals globally.

In 2025 we expect lower interest rates and with Trump 2.0 both cosying up to Big Tech and driving a growth agenda, we expect another good year in Tech M&A in the UK.

“2025 is the Year of the Snake, and they have a habit of eating their prey whole! That sounds good for business,” says Brian Parker, Head of M&A at ICON.

Strong end to 2024

UK Tech M&A deals recovered back to pre-COVID levels



Q4 is up 20% YoY

- Q4 saw the largest number of UK Tech M&A deals in two years. 201 deals were announced, a significant jump of 20% from Q4 last year.
- Activity is clearly building strongly, although its lower than the deal frenzy of a few years ago, these were fed by zero interest rates. But activity is back to pre-COVID levels and improving.
- One of the biggest drivers in Q4 was the resurgence of PE-backed acquirers; notably companies backed by the larger funds like **Hg**, **LDC**, **Bridgepoint** and **Apax**.
- Notable deals in Q4 were the acquisition of **Eckoh** by Bridgepoint (4x revs), **FullCircl** by US-listed **nCino** (9x revs) and **TeamViewer** of Germany acquiring digital experience platform **1E** at a lofty 11x revs.
- Although there is obviously a lot of excitement around AI, the busiest sectors in UK Tech M&A this year included Compliance, DataTech, Supply Chain, Cyber and Cloud services, particularly Microsoft Partners.
- The highest value UK Tech M&A deals exits this year included **ThomaBravo/Darktrace** (10x revs) and **BlackRock/Preqin** (13x revs), **VISA/FeatureSpace** (10x revs).
- Overall, the market is in good shape with overseas acquirers still very hungry for UK Technology companies. At ICON, we have also seen this trend, with 8 of our last 10 deals being cross-border.

Analysis of UK Tech M&A deals

34%

Of 2024 deals are PE-backed

45%

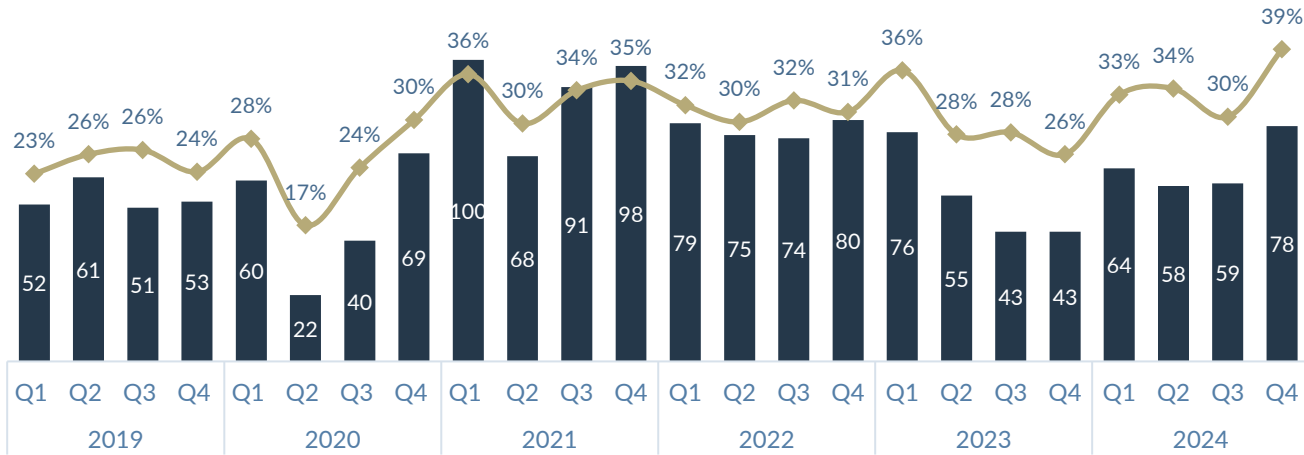
of 2024 deals are cross-border

Most Acquisitive Sectors

- All things GenAI
- Cyber
- Payments
- DataTech
- Compliance
- Supply Chain
- Cloud Services

Type of Acquirers

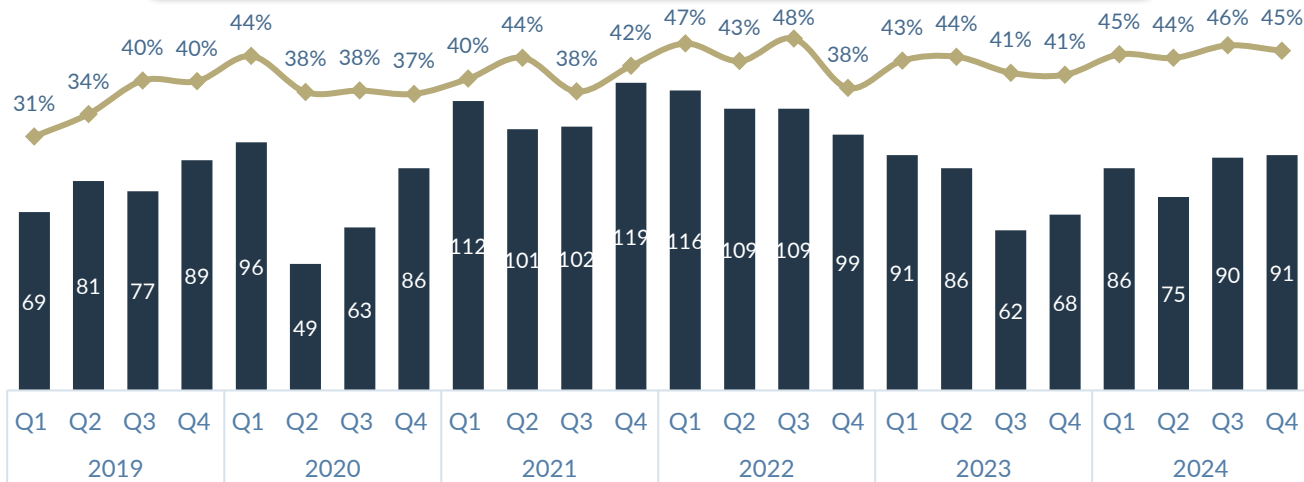
UK Tech M&A - PE/VC-backed acquirer deal count



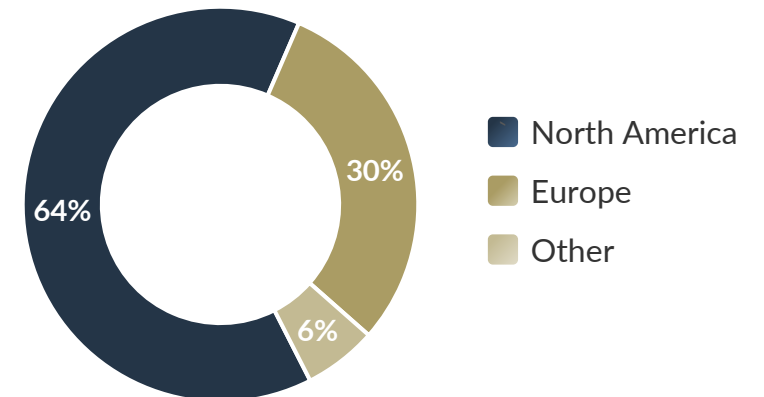
Resurgence in PE buyers

- Q4 was the strongest quarter of M&A deals in two years.
- The key driver was the resurgence in PE-backed buyers which accounted for 39% of all deals – a record high.
- Overseas acquirers were also very strong and have been remarkably consistent through 2024 accounting for 45% of all deals.
- North American buyers dominate, accounting for nearly two thirds of all cross-border deals.

UK Tech M&A - Cross-border acquirer deal count

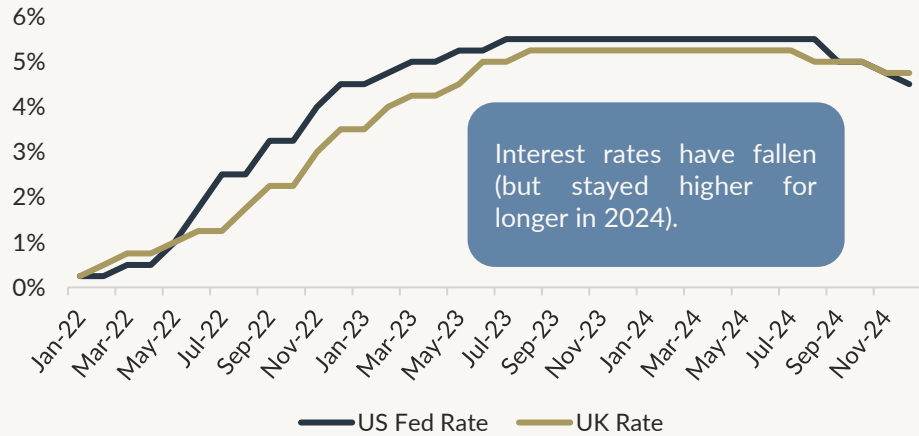


Overseas acquirers by geography (2024)

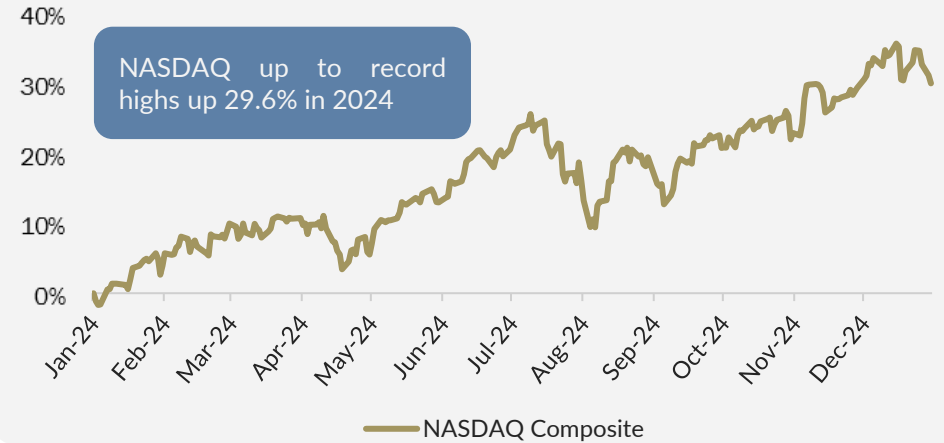


2024 Financial Dashboard

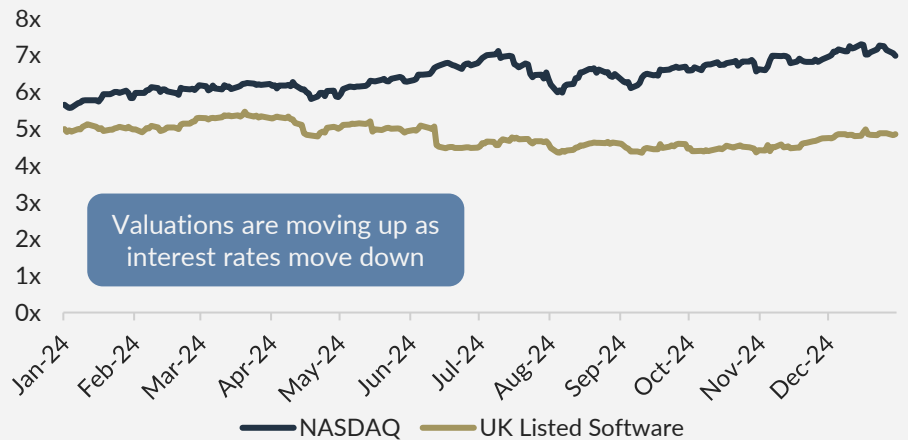
US vs UK interest rates



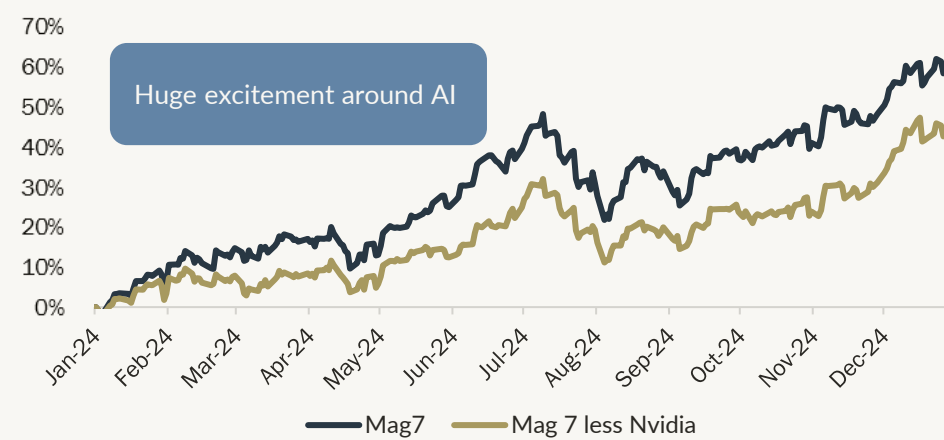
NASDAQ Composite



2024 EV / Revenue Multiples



'Mag7' and 'Mag7 less Nvidia'

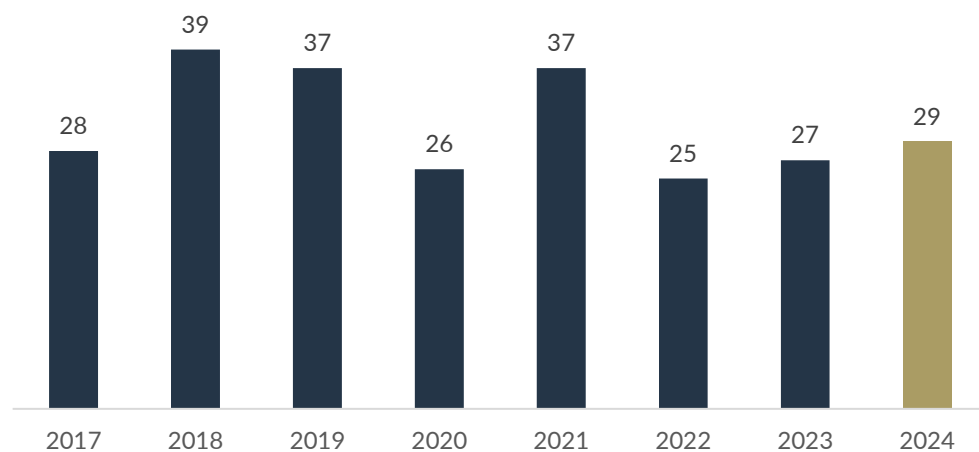


Larger UK Deals

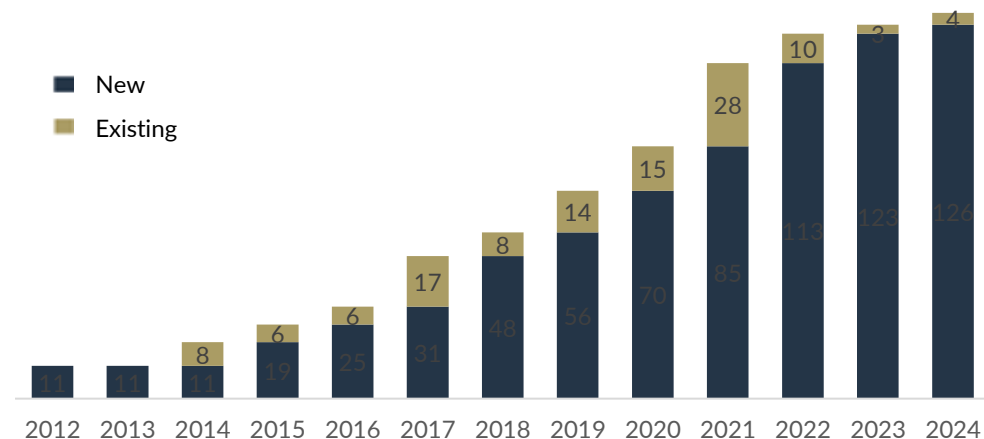
M&A – 2024 saw a decent rise in the number of larger transactions, with 29 deals exceeding £100m, up from 27 in 2023. With PE firms holding substantial dry powder, falling interest rates and a strong appetite to boost AI capability then 2025 should see more of the same. But with more listed companies like **Spirent**, **Darktrace** and **IQGeo** disappearing, that cupboard looks a little bare.

Funding - In 2024, the UK welcomed just four new Unicorns: **Lighthouse** (enterprise tech), **Focus Group** (MSP), **Flo Health** (women's health platform), and **Huma** (AI-driven HealthTech). With the IPO market still dead, many unicorns are opting to stay private for longer, rather than pursuing public listings. UK unicorns have continued to accelerate growth raising large new private funding rounds, most noticeably **Revolut** and **Monzo**, raising \$500m and \$425m, respectively.

UK deals >£100M



Number of UK tech Unicorns 2012-2024

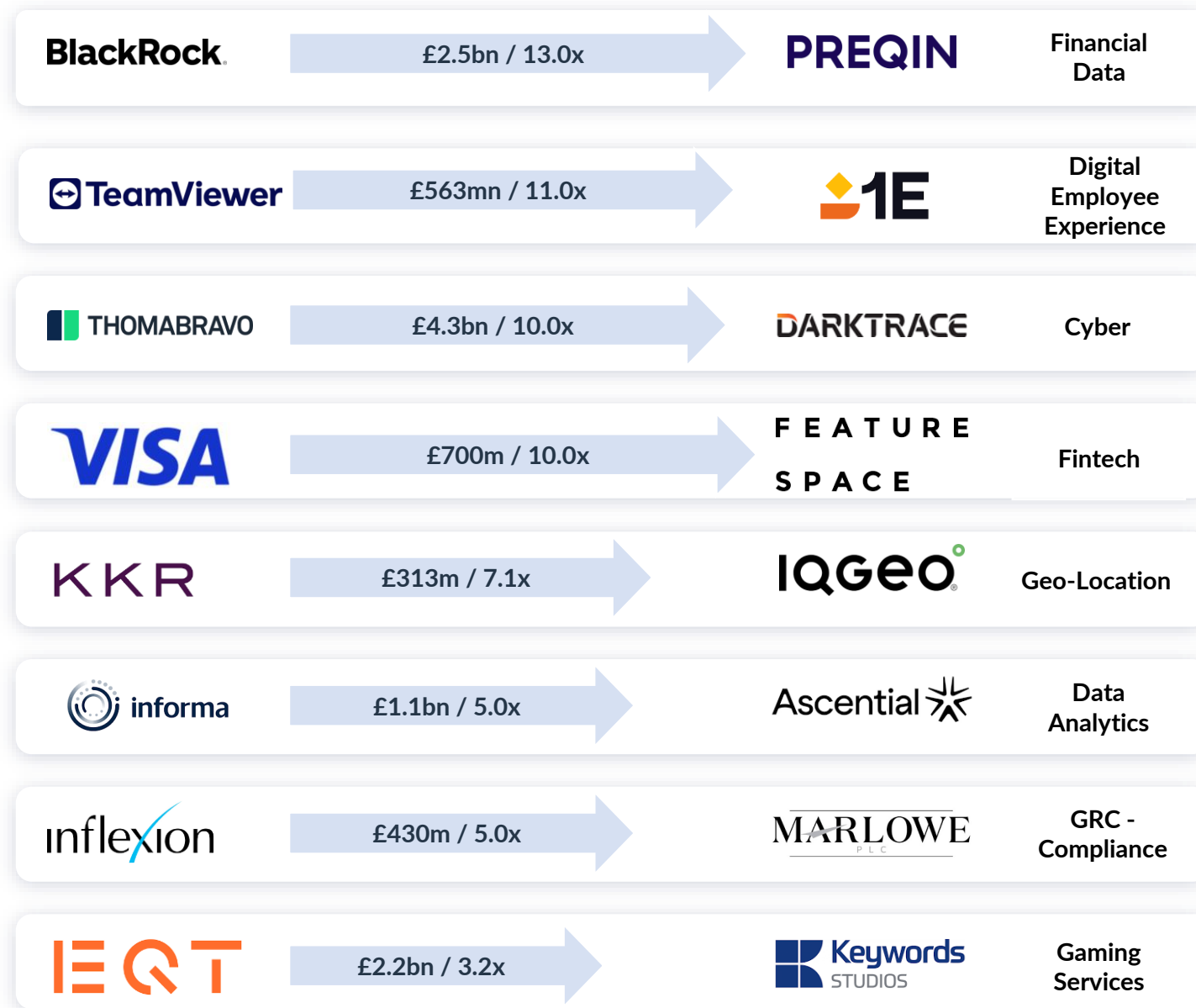


Landmark UK deals in past 12 months

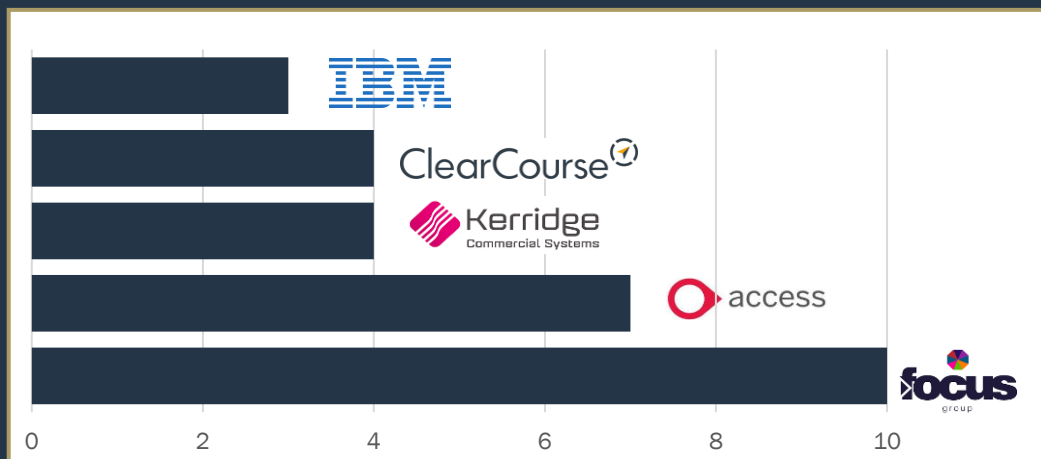
There has been quite an uptick in larger M&A deals in the past 12 months and it has been dominated by private equity despite the higher funding costs.

Valuations also look chunky. A lot of UK software deals are at circa 5x revenues. But the higher growth ones like Darktrace, FeatureSpace, 1E and Preqin exceeded 10x revs.

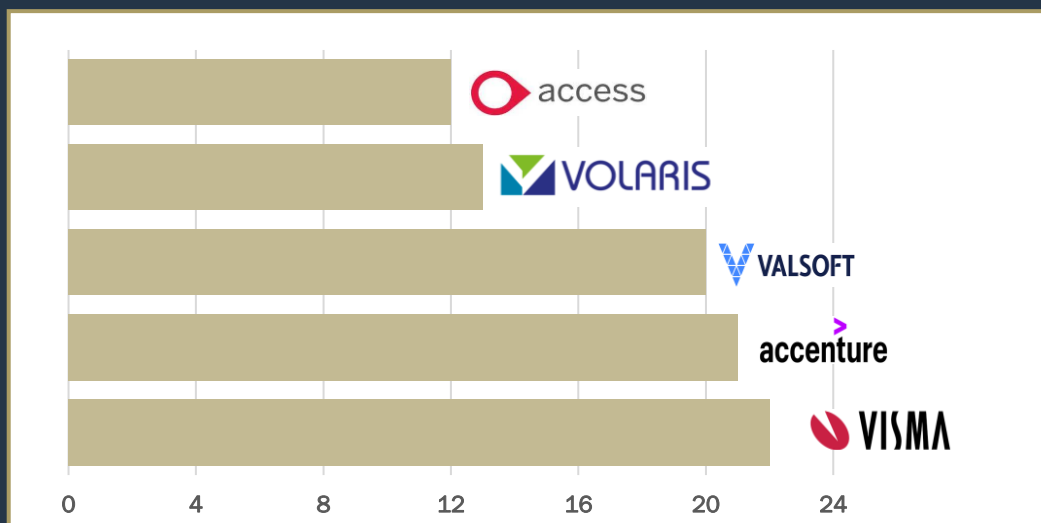
EV/Rev Multiple



Top UK Tech Buyers



Top Global Tech Buyers



Busiest Buyers

In many ways 2024 was very much business as usual. Particularly for those backed by Big PE funds. In the UK, the most aggressive acquirers were backed by Hg Capital who raised a \$11bn mega fund, the largest new fund in Europe in 2022.

Focus Group (software and comms services) finished top of the podium as the most acquisitive UK acquirer with 10 UK deals in 2024. Hg only invested in Focus Group in the Spring (in a deal which valued them at over \$1bn) and so they are clearly in a hurry. As mentioned in ICON's recent managed services report, linked [here](#), there is plenty of activity in the IT Managed Services space.

Access Group (also backed by Hg) were also acquisitive and have now started to turn their eyes overseas making their largest ever acquisition (Paytronix) in US, they still acquired 7 UK companies too.

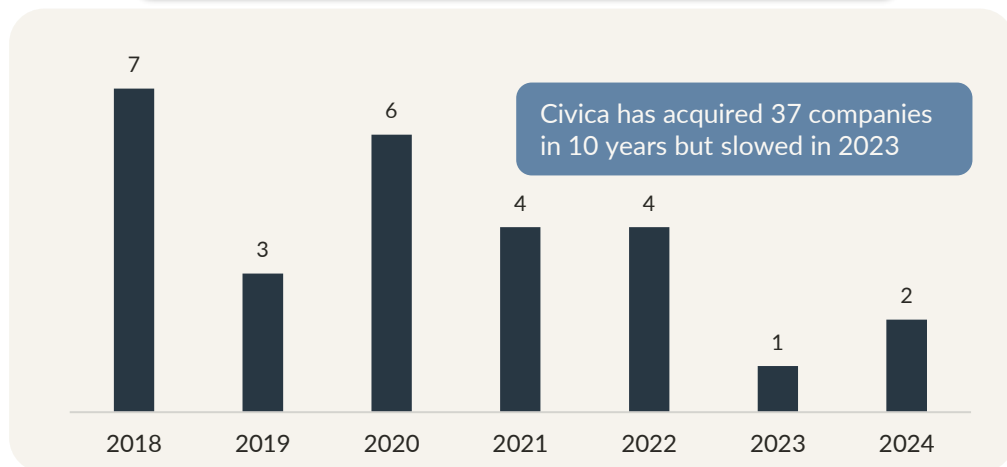
ClearCourse has returned to acquiring membership-based software businesses after a pause. Both **Kerridge Commercial Systems** and **Aptean** remain very persistent buyers in ERP and Supply Chain respectively.

Globally, **Visma** was the most acquisitive company with 22 deals, mainly in accounting software, just pipping **Accenture**. You may not be surprised to learn that Visma is also backed by Hg!

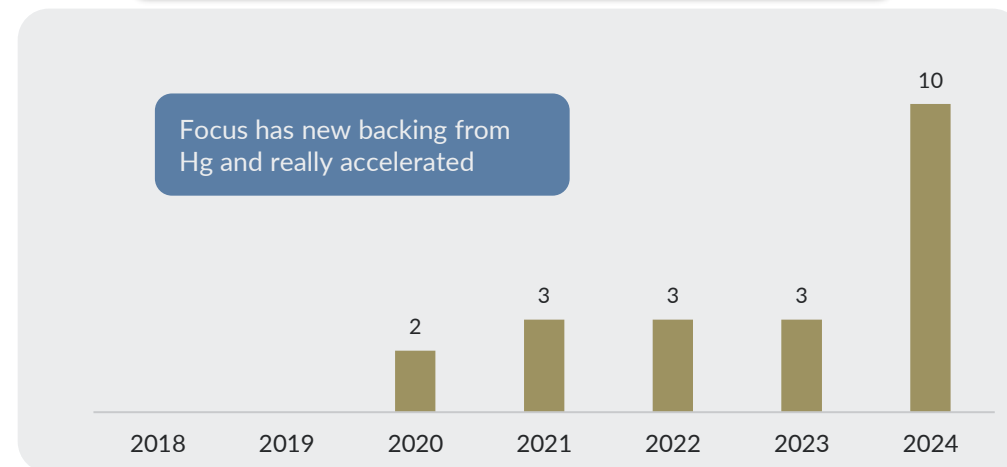
Meanwhile, **Volaris** and **Valsoft** have cemented their reputations as busy tech acquirers in vertical related software. Volaris now covers 40 industries and Valsoft covers >25.

Serial UK Acquirers

Civica Deal Count



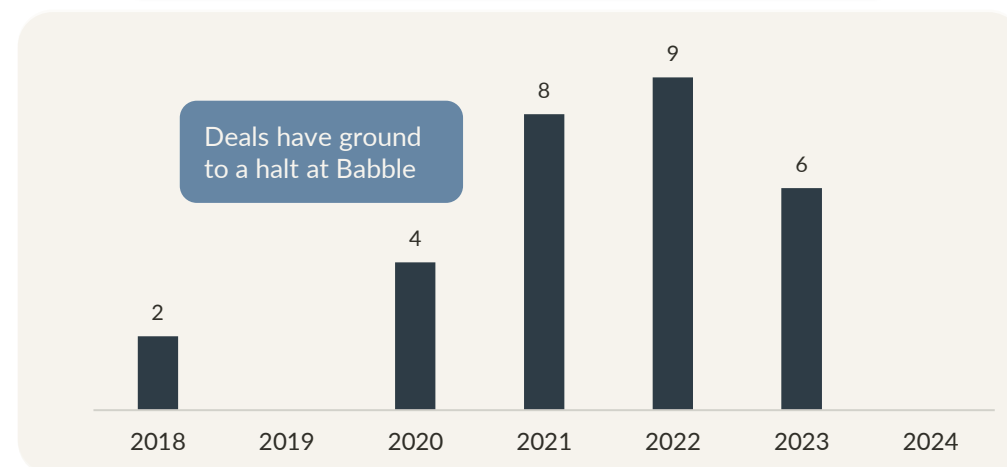
Focus Group Deal Count



ClearCourse Deal Count



Babble Deal Count



Q4 - Software Deals

- UK-listed **Eckoh PLC** was taken private by **Bridgepoint** for £169m or 4x revenues for its secure payment solutions for contact centres.
- Aspen Tech Inc** paid £35m for Glasgow based **Open Grid Systems** which has model-driven software solutions for utilities – particularly for power system network analysis.
- Aptean** acquired Durham-based **Indigo** software a warehouse management platform. Aptean is an acquisition machine making over 50 deals, of which five were in 2024.
- Infoshare** were acquired by **Omni Partners** and merged with data analysis tools from CIPFA. Infoshare is a data cleansing tool.
- Nasdaq-listed **nCino** (cloud banking) acquired **FullCircl** (a RegTech platform formed by merger of DueDil and Artesian) for £103m, 8x revs.
- TeamViewer** acquired **1E** from Carlyle for £530m or a whopping 11x revenues (9x ARR). 1E helps create a better Digital Employee Experience (DEX). It “provides real-time diagnosis, remediation, and automation to proactively fix issues before they ruin the workday”.
- FIS** the \$46bn US giant has paid £240m to acquire London-based supply chain finance (working capital) software provider **Demica**.
- US-based **Everfox** acquired Garrison Technology for £127m, a leader in hardware-enforced security (hardsec) mainly for government. The valuation of 7.5x revenues was similar to IP Group’s own valuation of Garrison.



Q3 - Software Deals

- **VISA** acquired Featurespace for £650m attracted by its AI based fraud detection and behaviour analytics. It was a spin out from Cambridge and backed by Mike Lynch. VISA paid a chunky 10x revenues in cash (50% greater than IP Group and Crystals valued it!).
- **MRI** (the US property software developer) acquired Capita One public sector software business unit as part of Capita's multi-year restructuring for £200m or 3.6x revs. The valuation is 15% lower than **Civica** was valued last year, but similar to the multiple that **Netcall** paid for Govtech this summer.
- **Kondor** (vision based AI) is acquiring Ora (carbon trading platform) in a £40m all share merger, although the synergies aren't obvious!
- Two Nordic buyers. Finish listed **Vaisala Oyj** has acquired Harpenden based Speedwell Climate which provides climate risk software and Norway's **AKVA** paid up to £34m for Observe Technologies that uses computer vision and AI for aquaculture (fish farms). It identifies changes in patterns to resolve issues around fish health or feeding.
- Canadian listed **Propel** acquired Stagemount (aka Quidmarket) a short-term consumer lending platform. They paid £53m or 7.5x revenues.
- **Aptean** doubled up. It acquired SSH Insight, founded way back in 1983 that provides Agility, an EAM platform for asset intensive users. Aptean also bought Principal Logistics an Irish warehousing solution.
- **Thomson Reuters** sold its regulatory compliance business to Hg funded CUBE earlier in the year and now acquired SafeSign, a 2-year-old start-up developer of large language models (LLM) for legal professions.



Q2 - Software Deals

- The sale of **Darktrace** and **iQGeo** in Q2 added to the growing list of larger UK listed tech companies that also have been recently privatised such as Marlowe and Spirent in Q1. The UK stock market is fast running out of listed technology names!
- Cyber darling **Darktrace** was acquired by Thoma Bravo for £4.3bn, a very attractive sounding 10x revenues. Given its roots were from Autonomy, it is also somewhat ironic that it has exited in the same quarter that Mike Lynch was cleared in US courts of fraud charges when CEO of Autonomy, which sold to HP for an even chunkier 12x revenues. It was also just months before he tragically died in a yachting accident.
- **Preqin** (private markets technology and data provider) is being acquired by US PE giant BlackRock for over £2.6bn, which equates to an attractive sounding 13x forward revenue.
- **iQGeo** was acquired by KKR in a £313m deal that valued the UK listed geo-location specialist for utilities at 7x revenues (15x ARR). Double its share price a year ago.
- Crimson Tide (owner of mpro5) had agreed a deal of £12m to sell to **Checkit**. But that alerted the highly acquisitive **Ideagen** who offered £8m more. That's the power of competitive tension. Ideagen continued to ramp up its acquisitions under Hg ownership, acquiring InPhase which has mobile compliance software for healthcare workers.



Q1 - Software Deals

- Things can change quickly. **Marlowe** previously acquired 20 companies in 2022 (and was worth £1bn) but its shares then fell by two thirds and that attracted a bid from **Inflexion** for its GRC division. They paid 5x revenues or 16x EBITDA.
- Compliance continues to be a busy sector, as we also saw the acquisition in Q1 of **CUBE** (AI-enabled RegTech) by **Hg Capital** and US-based **Symphony** bid £135m for listed **Gresham** (financial regulation software) equating to 2.7x revs.
- Logistics also remains a very busy space. German based flexis (logistics software to automotive and industrial sectors) was sold to **Blue Yonder** in a very exciting deal. In UK, **Wincanton** (which is itself being acquired by France-based **CEVA Logistics**) acquired **Invar** (warehouse automation and robotics).
- Spirent** (network testing) is the latest in a very long line of UK-listed companies to be acquired, with a £1bn offer from US-based **Viavi** which was then gatecrashed by a 15% higher offer from **Keysight** valuing it at nearly 3x revenues. In this case, competitive tension was worth £150m to shareholders.
- Apax** acquired controlling interest in **IES**, a Glasgow-based PropTech used to improve energy and carbon footprint in 1.5m buildings globally



Q4 - IT Services Deals

Ongoing themes are very large overseas acquirers, buyers from adjacent sectors and of course PE backed buy-and-build:

- **Advania**, the Scandinavian group backed by Goldman Sachs, have been busy acquiring Microsoft Partners like Content+Cloud. This year they have shifted gears. In June 24 they acquired **Servium** which is primarily in procurement/VAR. Then in October acquired another reseller, this time **CCS Media** a fairly chunky reseller with £280m revs.
- Similarly, **Academia**, which is a VAR focused on NFP and related verticals has acquired **Smartdesc** which also serves NFP sector providing IT Managed services.
- **Bechtle**, the massive German group, has now acquired a UK IT services business each year for the past three years. This year it acquired **Qolcom** the Newbury based IT integrator with 44 staff and £30m in revs.
- **Aspire Technology**, backed by LDC-acquired **CloudCoCo** in November adding £10m revenue to its buy-and-build strategy.
- **Integrity360** is one of a few UK-based cyber services groups expanding eastwards acquiring DACH-based **Adsigo**, a cyber and PCI compliance services business.
- **Reply**, the €2bn rev Italian group, acquired London's **Solirius** which has £50m in revenues from digital transformation of Govt projects.
- **IBM** made an unusual acquisition, buying SixWorks, a 175-man defence consultancy based in Farnborough.



Q3 - IT Services Deals

In Q3 we saw quite a lot of PE-backed domestic ITMS deals like:

- 1 UK listed **iomart** acquired Marlow-based Microsoft Solutions Partner **Atech** for £57m which equates to 1.8x revenues and 17x EBITDA and is equivalent to £380k per person. Atech had 75% recurring revenues.
- 2 Elsewhere, there was lots going on in the Microsoft ecosystem. **Kerv** bought Inciper, a Microsoft Dynamics specialist with £10m revs and 70 staff. **Littlefish** acquired Ireland-based Microsoft unit called Storm Technologies. BeechTree sold its **Transparity** stake to Bowmark and PE firm **Pictet** acquired Graham Wylie's **TSG** which has 250 staff.
- 3 **FluidOne** acquired Orca IT, a managed services provider in NW England. It is its 9th acquisition since an MBO in 2019. **Focus Group** (now backed by Hg) is also doing a regional roll-up, acquiring managed voice and IT resellers this year.
- 4 **Gamma** acquired BrightCloud a cx specialist for £9m upfront (1x revs and 10x EBIT) plus £4m earn out. Listed competitor, **Netcall**, has had a busy year making three acquisitions.

We also saw foreign buyers. UK's biggest IT distributor **WestCoast** with £4bn revs (who acquired Spire in April) was sold/merged with Swiss based reseller **ALSO Holding** in the summer. **Insight** (the huge \$8bn US reseller) who bought Amdaris last year, acquired digital consultancy **NWT** with circa 40 staff.

In cyber services, **Integrity 360** acquired Grove, a South African based Darktrace Partner. This is its 4th deal, taking revenues above €130m.



Q2 - IT Services Deals

- Latest growth figures from Microsoft Azure, AWS and Google are still showing really strong growth of 20-25%, helped by new AI-related demand. As a result, there is an ongoing shortage of digital skills, which is feeding IT services M&A demand.
- Hg acquired Bowmark's stake in Focus Group valuing it at estimated \$1bn. The Brighton-based business provides comms and software services to 30,000 businesses in UK. It is not hanging around, between April and the end of 2024 Focus then acquired 7 additional companies and appointed a new CEO.
- **Wavenet** (backed by Macquarie who acquired 6 businesses since 2021) has announced a £1.2bn merger with **Daisy** Corporate Services creating an IT managed services gorilla with 22k customers.
- EQT acquired video games services provider **Keywords Studios** in a £2.2bn deal (3.2x revs) having been floated with original value of £50m. Keywords grew 13% last year, despite the threats from AI, partly from over 60 acquisitions they have made since 2013.
- Meanwhile the wave of acquisitions of smaller/medium IT managed services providers continues:
 - Scandinavia-based **Advania** (who bought Content+Cloud) acquired Servium (IT procurement).
 - France-based **Devoteam** acquired AWS specialist Ubertas,
 - **CACI** acquired defence focused Rowe
 - **AirIT** made their 13th acquisition acquiring SoConnect in Scotland.



Q1 - IT Services Deals

- **SCC** claims to be Europe's largest private investor in technology. Having acquired £100m revenue **Vokhus** last year, they acquired **Resonate** a Microsoft Teams and UC specialist in Q1 2024.
- **Accenture** continues to be most active buyer globally spending \$5bn in 2024 (mainly mid-sized) to boost digital services. In Q124 they added CX analytics specialist **Gemseek** and **Unlimited** - a digital agency with 600 staff in London and £10m EBITDA and features a 'Human Understanding Lab'.
- Competitive tension is so valuable in a deal. That was clearly shown by listed **Kin + Carta** (previously St Ives), as **Valtech** (owned by BC Partners) outbid Apax by £40m.
- Again, with the unrelenting growth at Microsoft we saw ongoing M&A demand for Microsoft Partners. Notably:
 - **AirIT** made their 12th acquisition with the deal to acquire **SCS** a Microsoft partner to add to its regional footprint.
 - Microsoft and Sage specialists **GCC** was acquired by **Xperience** (Bowmark Capital).
 - **Cloud Business**, based in Guildford, was acquired by **Codestone** (FPE Capital) to increase its Microsoft skills, diversifying from its SAP roots.
 - **Bridgepoint** acquired **kerv** from LDC, where it helped it grow from £20m to £100m revenues.

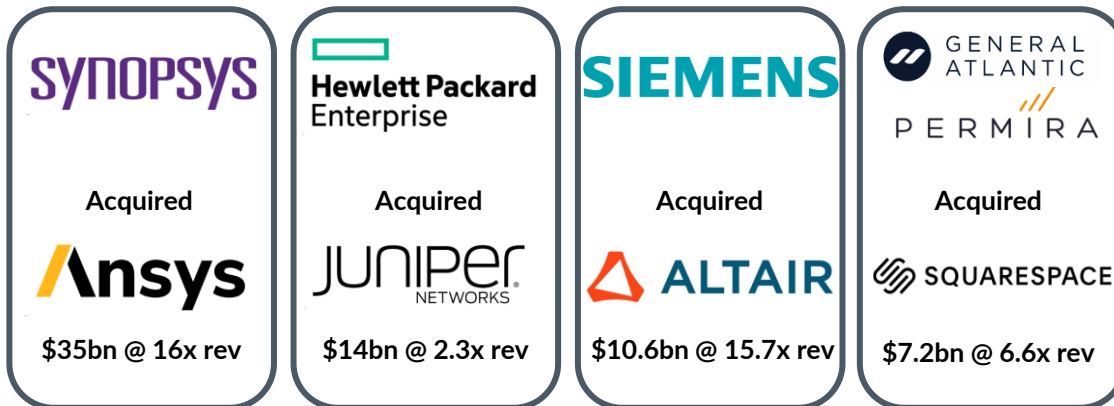


The US keeps on rolling.....

Uptick in US large cap deals at punchy valuations

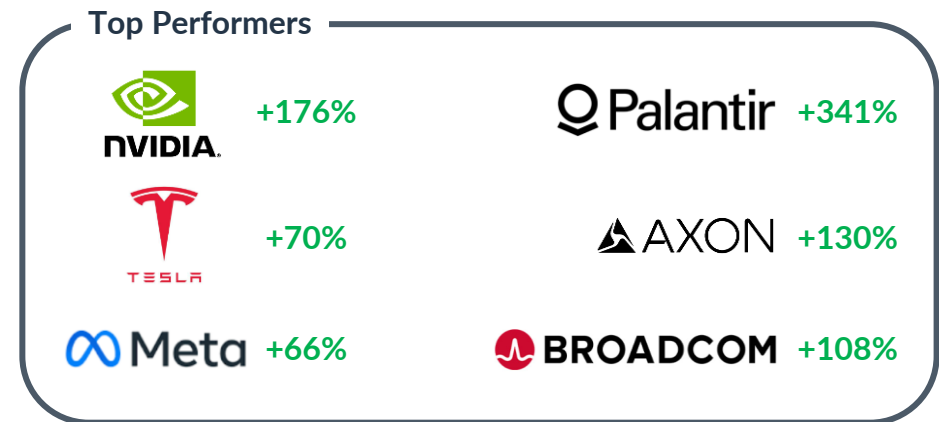
Large cap. (>\$1bn) deals are a pillar of confidence in deal making and so it was promising to see a 35% uptick in US large cap tech deals in FY24 compared to FY23. Despite interest rates remaining stubbornly high, 6 of the biggest 8 large cap US Tech deals in 2024 were at >6x revenues.

- Ansys, the engineering simulation software provider commanded a chunky **16x** trailing revenue multiple from Synopsys at \$35bn.
- Siemens clearly felt left out and followed Synopsys with a similar simulation engineering acquisition, Altair, for \$10.6bn, equating to a stellar **15.7x** revenue multiple.
- HPE acquired Juniper Networks (networking products) for \$14bn, all-cash!
- A standout “take private”, was the \$7.2bn acquisition of Squarespace by Permira and General Atlantic at a healthy **6.6x** trailing revenue.



NASDAQ surges 29.6% on investor confidence in AI

- Buoyed by investors continued appetite for stocks that will benefit from AI and an expectation of rate cuts in 2025, the NASDAQ ended 29.6% higher for FY24 (off the back of a 44% rise in 2023!)
- Much of this performance was down to the “Magnificent Seven”, up a combined 67.3% in the year. Of the Seven, Nvidia was the standout performer, gaining 176% as it benefits from its dominant position in the AI chip market and GPU technologies.
- However, the standout performer from the NASDAQ goes to Palantir, gaining 341% as the market sees Palantir as a massive beneficiary of AI with its cutting-edge Artificial Intelligence Platform (AIP).
- The other big Tech players are also doing well, boosted by AI, cloud services/infrastructure and their vast economic moats.



Recent ICON deals

 BlueYonder

Acquired

 flexis

Supply Chain

 VAULTSPEED

Funded by

 octopus
ventures

Data Warehouse

 DataGuard

Acquired

 DPOrganizer

Cyber

 MAYFAIR
EQUITY PARTNERS

Funded

 JONCKERS
ANY WORD . ANY TIME . ANY PLACE

AI Translation

 babble

Acquired

 TechQuarters

Cloud Services

 interact

Acquired

 sideways6

Employee
engagement platform

 CLOUDERA

Acquired

 OCTOPAI

Metadata
management

 scaleworks

Acquired

 import.io

E-commerce DataTech

PE Fund

Acquired
(Announcement
Pending)

Digital workplace
Platform

 HCLTech
ACTIAN™

Acquired

 zeenea

Data discovery
platform



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