Oaklins

Stack and scale: AI, M&A and the restaurant tech consolidation wave

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HIGHLIGHTS FROM OUR RECENT TMT WEBINAR

The global restaurant technology market estimated at US$6.9 billion today has been growing rapidly fueling a dramatic increase in investment in this sector in recent years. This growth is driven by the restaurant industry's increasing reliance on an ever-growing full digital stack of technology required to operate and grow – from point of sale POS systems to online ordering platforms to kitchen display systems.

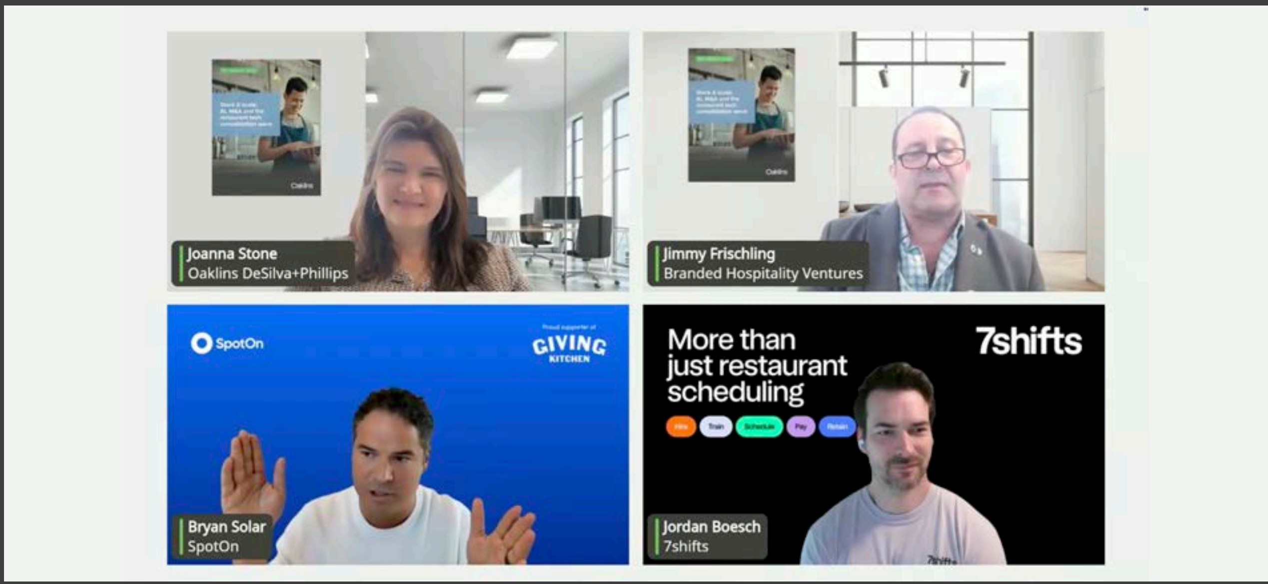
Restaurant technology sits within the broader Hospitality technology market which spans everything from core software (PMS, CRS, revenue management) to smart hardware (IoT devices, kiosks, robots), AI platforms, and digital booking infrastructure. Depending on how broadly you draw the boundary, the market size estimates range from roughly $10 billion to over $49 billion.

The overall market is highly fragmented — hundreds of point solutions across every operational category — which is both a driver of continued investment and the primary engine of consolidation.

AI is the catalyst. It is collapsing point solutions into integrated platforms, surfacing margin from data restaurants have always collected but never had time to analyze, and forcing strategics and PE to move quickly. At Oaklins we are seeing strong PE interest in this space, with increasing consolidation with aggressive M&A from the major incumbents in this space.

In our recent TMT webinar, Stack & scale: AI, M&A and the restaurant tech consolidation wave, **Joanna Stone**, partner at Oaklins DeSilva+Phillips, was joined by three of the sharpest voices in the category — **Jordan Boesch** (Founder & CEO, 7shifts), **Jimmy Frischling** (Partner, Branded Hospitality Ventures and Senior Advisor at Oaklins DeSilva+Phillips), and **Bryan Solar** (Chief Product Officer, SpotOn) — to unpack where capital is going, what buyers are paying for and what the next chapter looks like.

Our restaurant tech webinar panel



Clockwise from top left: **Joanna Stone** (Partner, Oaklins DeSilva+Phillips), **Jimmy Frischling** (Partner, Branded Hospitality Ventures), **Jordan Boesch** (CEO, 7shifts) and **Bryan Solar** (Chief Product Officer, SpotOn).

KEY TAKEAWAYS

The real AI story in restaurant tech is back of house.

Technology has a critical role to play in how a US$1.55 trillion industry — where 42% of operators reported being unprofitable last year — turns the corner. The restaurant industry is a people business and a food and beverage business, but it can be tech-enabled and tech-supported in ways that recover real margin.

It is one of the most misunderstood industries in the US. Because everyone experiences restaurants as a guest, a false sense of understanding has driven over-investment in front-of-house tech. The durable value is in the back: labor, inventory, supply chain and P&L intelligence — exactly where AI can convert data restaurants have always collected, but never had time to analyze, into recovered margin. As Frischling put it: “drive for show, putt for dough. Back of house is your putting green.”

“What we really care about is this idea of democratizing the technology so the independent operators can be profitable.”

– Bryan Solar

Independent operators are not buying AI features — they are buying time and margin. They want tactical recommendations they can act on, not dashboards. The most successful AI deployments are the ones where the technology recedes into the background and makes a manager look smarter. The wedge is moving from “here’s an insight” to “here’s the insight, and here’s what to do about it” — and once nine out of 10 operators agree with the recommendation, you have earned the right to automate the decision.

This is also why AI without a data moat does not survive this cycle. For founders and investors, the implication is sharp: AI-native restaurant tech businesses without proprietary data and a defensible operator footprint will struggle to command premium multiples.

“The next wave of value in restaurant tech won’t come from novelty — it will come from platforms that turn AI into measurable margin for operators and a meaningfully better experience for guests. That’s what’s driving the consolidation we’re seeing today, as strategics and PE race to assemble the operating system of modern hospitality.”

JOANNA STONE
PARTNER, OAKLINS DESILVA+PHILLIPS

“The best AI companies are the ones that are going to help operators more efficiently manage various parts of their business without ever talking about AI.”

– Jimmy Frischling

Why “third-party native” is the consolidation model that wins.

Operators are not asking for a single vendor — they are asking to stop being the system integrator. They want the breadth of a bundle and the depth of best-in-class specialists, integrated so seamlessly the experience feels native. SpotOn calls this third-party native: rather than build a mediocre workforce module, it went deep with 7shifts and embedded it directly. That model — best-in-class specialists elegantly integrated into a broader platform — is also driving an operating model reshaping the M&A map as larger strategics are acquiring the best in-class point solutions to create more robust workflow solutions while emboldening their innovation and AI capabilities.

Another area that is hot for M&A is around workforce engagement which is no longer a soft topic — it is one of the highest ROI levers an operator can pull. ODP saw the onset of the growing importance of workforce engagement when we sold Sling to Toast two years ago (and saw Toast’s stock increase significantly on the announcement!) The underlying principle the panel kept returning to: take care of your staff first, because they are the ones taking care of your guests. Hiring and retention are the two most expensive problems in the restaurant business, and technology is now closing the gap — surfacing real-time signals when an employee is disengaged, automating feedback loops and giving managers the cues to intervene before a top performer walks out. Critically, these platforms have to work as well for the line-level employee as they do for the GM. Because today’s line cooks become tomorrow’s managers and owners, the platforms that earn ground-level advocacy are the ones that compound into category leadership.

WHAT IT MEANS FOR M&A

Three things to watch over the next 24 months:

- Strategic M&A will accelerate around the workforce, payments and operator-intelligence layers. Platforms with breath and proven category depth and proprietary data will command the premium multiples.
- PE will lead roll-ups of best-in-class specialists into integrated stacks. “Third-party native” is the operating model, and platforms that integrate elegantly will be more valuable than those trying to build everything in-house.
- The independent operator segment is the prize / a huge opportunity. Comprising 70% of the US restaurant industry, it is the most under-served by technology, and the segment with the highest ROI per operator. The platforms that cracks distribution into independents will define the next generation of category winners.

LOOKING AHEAD

The restaurant industry is forever — but how people eat and drink is changing fast, and generationally. Gen Z is the fastest-growing segment of the consumer market and digitally native, demanding more from the experience and from the technology behind it. The panel converged on a bifurcated outlook: QSR and ghost kitchens will lean heavily into automation, kiosks and AI-driven efficiency, while casual dining will adopt AI-enabled back of house paired with a human-centered front of house, and fine dining will compete on personalized, data-driven hospitality where every guest “feels like they walked into Eleven Madison.” This reflects a "K-shaped" market, where investment and capital increasingly flow toward the strongest, most differentiated business models while weaker or undifferentiated operators face mounting competitive and consolidation pressure. Capital will flow to both ends of the market—technology-enabled, efficiency-driven concepts on one side and premium, experience-led brands on the other. The middle, where businesses lack a clear competitive advantage, is where consolidation pressure will be most acute.

Some of the most sophisticated full-service operators already deploy what the panel called “stealth tech” — technology the guest never sees, but without which the restaurant could not run profitably. Invisible to the guest, indispensable to the operator: that is the template for the next generation of category-defining platforms.

Restaurant tech is entering its M&A moment. The winners will be the platforms that turn AI into measurable margin, integrate best-in-class workflows elegantly, and crack distribution into the 70% of the US industry still operating independently. Capital is moving, strategics are buying and PE is assembling. For founders and investors evaluating their next move, the next 24 months are the window.

If you’d like to discuss how today’s restaurant and hospitality technology market dynamics, AI-driven disruption, consolidation trends, or evolving M&A landscape may create opportunities for your business or investment strategy, please reach out to Joanna Stone at Oaklins DeSilva+Phillips.

“We need to deliver an affordable and seamless solution that allows operators to get back to the reasons why they opened a business in the first place. It wasn’t to do HR, I can assure you of that!”

– Jordan Boesch

Our track record

Our clients rely on us to help them prepare for their next challenge, whatever it may be. With deep-rooted sector expertise in TMT, we are able to support you and provide the professional advice required to achieve a successful outcome.

Some of our recent deals completed in the restaurant tech sector include:

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has sold
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to
toast
M&A SELL-SIDE
Private Equity/TMT

EPICENTER EXPERIENCE
has been acquired by
STAGWELL
M&A SELL-SIDE
TMT

evoke
has been acquired by
STELIAU TECHNOLOGY
M&A SELL-SIDE
TMT

helixa
has been acquired by
telmar
A portfolio company of
Boathouse
M&A SELL-SIDE
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iens
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- Corporate finance services

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If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

JOANNA STONE

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Joanna co-leads Oaklins' TMT team and is a partner at Oaklins DeSilva+Phillips in New York. She also serves on Oaklins International's executive committee as vice president of the organization for North America. She has worked in the broader digital media and information industry for over 20 years and and has been involved in dozens of transactions on both the sell-side and buy-side. Recent notable transactions include representing Sling on its sale to Toast, advising Process Unity on its transaction with S&P, representing Workman Publishing in its sale to Hachette, and supporting the acquisitions of ShareDo by Clio and Netmaster Holdings Limited (CaseLines) by Thomson Reuters Corporation. Joanna has served in executive roles at Reed Elsevier, Thomson Reuters, Dow Jones, Time Warner and Accenture's media & entertainment practice. Joanna was co-founder and CEO of Librify, the exclusive e-book provider for Target, which was sold to Scribd.

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