Oaklins

Unpack the global TMT market — sector trends, what investors want now and AI's fast-paced dealmaking

SPOT ON | TMT | 2Q 2026

EXECUTIVE SUMMARY

July 2026 – The first half of 2026 saw significant shifts in the global technology, media and telecommunications (TMT) market, driven primarily by the rapid deployment of AI across sectors and geographies along with evolving investor interests. M&A in TMT has transitioned from a period of volume-driven hype to a highly selective, disciplined environment focused on infrastructure, defensible data and sovereign capabilities.

Regional drivers both overlap and speak to the specificities of each area, with cross-border consolidations and the active acquisition of innovation by PE and strategic buyers among standout trends. In terms of niche sectors, the AI revolution continues to dominate across media, defense and software. While events such as the SpaceX IPO and its US$250 billion acquisition of xAI make the headlines, factors including AI governance and the so-called "SaaSpocalypse" are having their own impact on valuations and transactions.

Oaklins has covered many of these themes and much more in its ongoing series of TMT-focused webinars. Check out all our sessions here.

"TMT continues to command a leading role in global dealmaking. As the AI revolution enters its next phase, investors are increasingly focused on meaningful acquisition opportunities in innovation and embracing cross-border transactions to find the growth partners that fit."

– Joanna Stone, Co-head TMT team, Oaklins

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Deal drivers by region

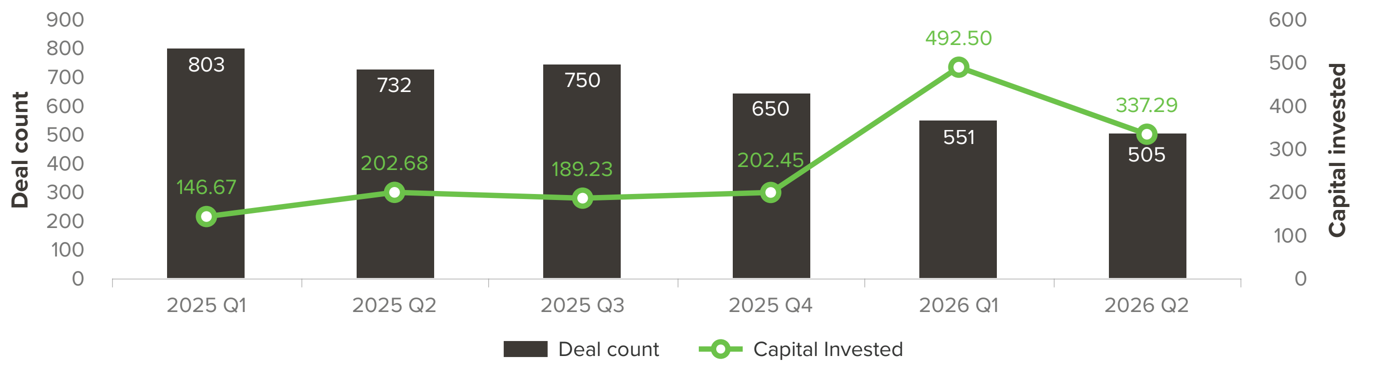
NORTH AMERICA — JOANNA STONE, CO-HEAD TMT TEAM, OAKLINS

After two years of elevated activity, North American TMT M&A volume is returning to more sustainable levels, with deal count continuing to moderate through 2025 and into 2026 amid increasing buyer selectivity. Even so, the underlying market remains healthy. Both private equity and strategic acquirors are active, and AI is increasingly driving demand to acquire innovation, reinforcing TMT's position at the center of North American dealmaking. The Americas as a whole remain the dominant engine of global cross-border activity, recording the largest net inflow of any region in 2025.

Key market trends include:

- **TMT deal volume is normalizing:** After an exceptionally active 2025, North American TMT M&A volume has eased over the past year. Deal count declined from 802 transactions in Q1 2025 to 494 in Q2 2026, down around 8.5% quarter on quarter and roughly 32% across the first half of 2026 versus the same period in 2025. The slowdown reflects a more selective, sustainable pace after two unusually active years rather than a retreat from the market: overall North American M&A value across all sectors reached a record US$1,022.2bn in Q1 2026 and AI continues to drive demand to acquire innovation. As is typical, deal counts for the most recent one to two quarters tend to revise upward.
- **AI driving M&A across sectors:** AI is increasingly driving demand for the acquisition of innovation, with investors targeting capabilities that accelerate AI deployment and bring specialized domain expertise. This is fueling growth across healthcare/biotech, energy, manufacturing, defense and technology, as enterprises operationalize AI-driven processes and competitive advantage increasingly depends on AI-enabled automation.
- **Private equity remains a major force, supported by rising divestitures:** Private equity continues to have a strong impact, deploying capital alongside strategics. At the same time, corporate divestitures and spin-offs are increasing, expanding the supply of high-quality carveout assets, including within TMT, and creating opportunities for both sponsor-led buy-and-build and strategic consolidation.
- **International appetite for North American tech assets remains strong:** The Americas remains the largest engine of global cross-border M&A, recording the highest net inflow of any region in McKinsey's most recent full-year data, 2025: +$149bn, up around 70% on 2024. This is an all-sector, Americas-wide figure, not North America TMT-specific (2025 TMT cross-border data is not yet available), but it reinforces that international buyers continue to see North American technology assets as attractive.

M&A activity by quarter (in US$ billion)



Source: PitchBook Data, Inc.

> "Buying criteria have become more selective, but the underlying drivers of M&A in the TMT sector remain strong. Innovative companies with leading market positions and strong fundamentals are commanding premium multiples, as investors and strategic acquirors compete aggressively for quality candidates."
>
> **JOANNA STONE**
> CO-HEAD TMT TEAM, OAKLINS

EUROPE — JAN HATJE, CO-HEAD TMT TEAM, OAKLINS

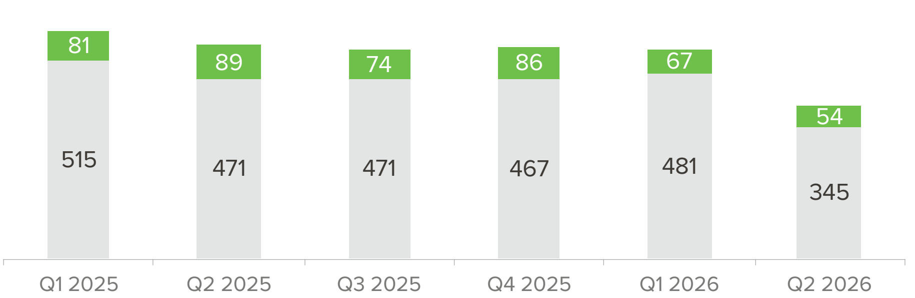
European TMT M&A activity is normalizing after two exceptionally active years, as buyers become more selective. Deal volume eased 27% quarter on quarter in Q2 2026 and was down 18% across the first half of the year versus 2025, yet the market's underlying structure has barely shifted — strategic acquirors and cross-border buyers remain as dominant as ever, and application software continues to draw a growing share of all activity even as the broader pipeline thins.

Key market trends include:

- **Deal volume normalizing:** M&A activity in the European TMT sector has eased steadily since peaking at 733 transactions in Q4 2024, falling to 399 deals in Q2 2026 — a decrease of 27% quarter on quarter and 18% across the first half of 2026 versus the same period last year. The slowdown reflects a return to a sustainable pace after two unusually active years, rather than a retreat from the market. Deal counts for the most recent quarters typically revise upward.
- **Strategic buyers keep driving consolidation:** Strategic acquirors have accounted for 84–90% of all European IT[1] transactions in every quarter since the start of 2024, with 86% in Q2 2026 squarely within that range — financial sponsors have shown no sign of stepping back despite the broader slowdown. Volaris Group, Visma AS and Main Capital Partners have been the region's most active acquirors since January 2024, each completing more than 20 IT deals in Europe over the period. Buy-and-build platforms remain the dominant consolidation vehicle in a market that is still highly fragmented.[1]
- **Cross-border appetite remains resilient:** Cross-border counterparties have featured in more than half of all European IT transactions since 2024 — including 57% in Q2 2026, up from 51% in Q1 2026 which was the lowest level since Q2 2024. International buyers' interest in European tech assets has held up even as overall deal volumes have eased — this remains a genuinely global market, not a domestically driven one.
- **Application software, a growing share of a smaller market:** Application software remained the single largest category of European IT M&A in Q2 2026, with 196 transactions. This represents a 22% sequential decline, smaller than the 27% drop across the broader IT market, which lifted the segment's share of total activity to 49%. Software targets are proving comparatively resilient even as overall buyer appetite cools, though rising AI-native competition is starting to test that resilience as boardrooms weigh a sale against the risk of disruption.

> "Near-term profitability will not be enough for many software companies in 2026," as boardrooms weigh the risk of AI-native disruption against a sale.[2]

European TMT M&A



Source: CapitalIQ – Europe IT M&A Transactions (Merger/Acquisition, Closed, any role)
Note: Q2 2026 to date as at 29/06/26

> "What's most striking isn't that deal volumes have eased — this development was overdue after two record years — it's how selective and, at the same time, competitive buyers have become. They're no longer paying for growth alone; they want defensible data, real workflow integration and genuine staying power against AI-native challengers. When we bring highly attractive targets to the European market that combine these qualities, we see more intense competition amongst bidders than ever before."
>
> **JAN HATJE**
> CO-HEAD TMT TEAM, OAKLINS

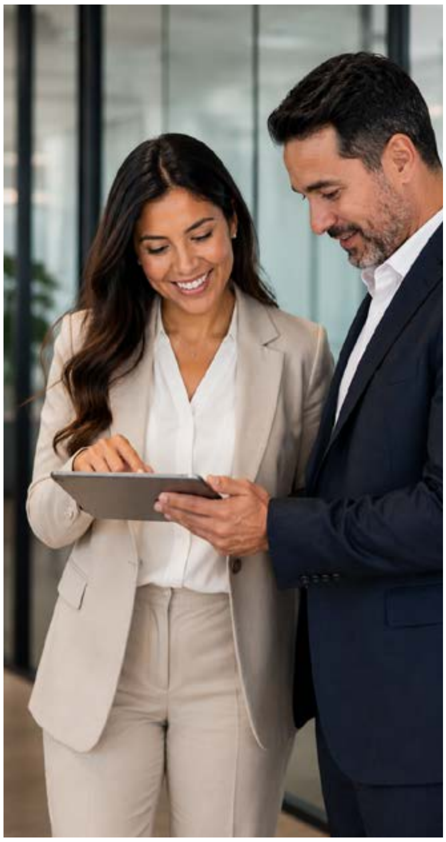
[1] Roland Berger, 'European Private Equity Outlook 2026'; [2] Freshfields, 'M&A Predictions and Guidance for 2026' (Ethan Klingsberg)

LATIN AMERICA — TARCISIO BORGES, PARTNER, OAKLINS, BRAZIL

Latin American TMT M&A is active but disciplined so far this year. Deal volume is concentrated in software consolidation, the largest tickets are in payments and fintech, and valuations are increasingly split by how exposed a business is to AI.

Key market trends include:

- **Broadening consolidation at disciplined prices:** Global software consolidators have landed where Constellation once operated alone. Visma has acquired Conta Azul, MaisMei, Comunidad Feliz and Rindegastos, while Valsoft and Enghouse are also active. Locally, Canopy (backed by Cloud9 and Bessemer) launched in Brazil and completed its first deal. Much of this is liquidity for low-growth legacy software at modest multiples.
- **Payments and fintech hold the largest tickets:** Regulated fintech remains a defensible niche where licensing is itself a moat, from Evertec's purchase of Brazil's core banking provider Dimensa to the landmark deals outlined below.
- **Cross-border deals happening but buyers are selective:** The notable acquirors are international, led by US and European software consolidators and strategics such as Visa and Instacart. Broader corporate strategics remain cautious about entering at this stage, particularly in Brazil.
- **AI is splitting valuations:** Deep vertical and niche software, where domain-specific data and expertise are a genuine barrier to entry, together with data-rich businesses, command premium multiples and are proving resilient. Generic, horizontal SaaS is being repriced as AI challenges the global model.



LANDMARK TMT DEALS ACROSS LATIN AMERICA — 2026 YTD[3]

Argentina	Brazil	Chile	Colombia	Mexico
Visa / Prisma	**TOTVS** / Linx	**Itaú** / Klap	**Instacart** / Instaleap	**Klar** / Yave
Card payments	Retail software	Card payments	E-commerce SaaS	Digital mortgages
~US$1.5bn	**~US$550m**	**~US$44m**	**Undisclosed**	**Undisclosed**

> "From where we sit in Brazil, this is a consolidation market. Global software consolidators have arrived in force in a segment that Constellation long had to itself, and local players also remain active. International strategics remain cautious about entering for the first time, which leaves real opportunity for cross-border buyers who know and operate in the region."
>
> **TARCISIO BORGES**
> PARTNER, OAKLINS, BRAZIL

[3] Freshfields, 'M&A Predictions and Guidance for 2026' (Ethan Klingsberg)

APAC — SCOTT MCINNES, MANAGING DIRECTOR, OAKLINS, AUSTRALIA

The TMT M&A market is rebounding in APAC, fueled by demand for AI infrastructure, data centers and vertical software platforms. Although the number of deals has dipped slightly, acquirors are committing larger sums to well-positioned, defensible businesses — reinforcing TMT's status as a leading sector in middle-market dealmaking.

Key market trends include:

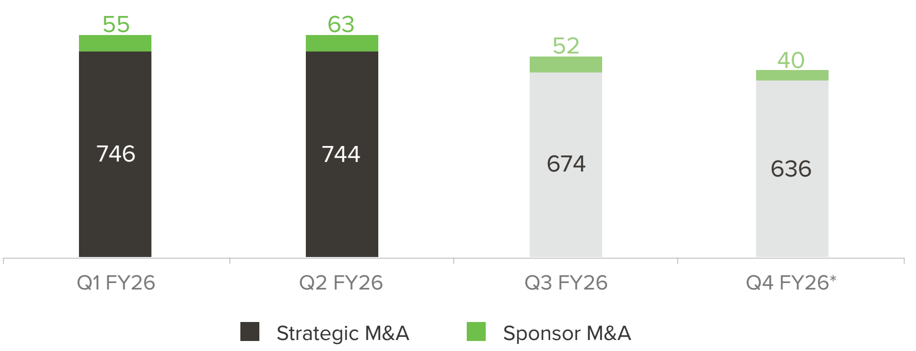
- **Investment channeling towards AI growth infrastructure:** AI is reshaping capital allocation and deal activity across the TMT sector. Large tech companies are increasingly directing investment toward the infrastructure underpinning AI growth, with data centers, networks and energy assets emerging as priority acquisition targets. The rapid expansion of AI and cloud computing has become a strategic priority, driving substantial capital investment into data center development and digital infrastructure.
- **Vertical software focus:** There is investor demand for mission-critical software solutions as well as those deeply embedded in Australia's real-economy sectors, such as infrastructure, mining and industrial services — where local expertise and defensibility provide a durable competitive advantage.
- **Accelerating deployment of AI:** Companies are increasingly targeting capabilities that accelerate AI deployment and bring specialized domain expertise, reflecting a broader market shift as AI agents transform SaaS workflows and enterprises across sectors operationalize AI-driven processes at scale. This activity is underpinned by a growing thesis that competitive advantage will increasingly depend on AI-enabled automation and innovation.
- **An ongoing "SaaSpocalypse":** Software companies are pivoting from SaaS to SaS, where value is captured through outcome-based delivery instead of user licenses — a shift from charging businesses for tools their employees use, to charging for work their AI completes autonomously. Software incumbents and AI-native operators with effective data, workflow integration, strong governance and distribution moats are well placed in this landscape.

Software companies have been facing significant investor scrutiny since the start of the year, while valuations for public companies have fallen dramatically during what's being dubbed the "SaaSpocalypse". According to a recent article in the Australian Financial Review (AFR), "investors worry that AI platforms like Anthropic's Claude make it easy for companies to build their own software rather than buying it."[4]

> "The firms that survive the SaaSpocalypse will be products that can't be rebuilt in an afternoon because they carry the support, security, compliance and governance that enterprises need."[4]

When it comes to assessing the potential of software companies, Leigh Jasper, an Australian venture capital investor, told AFR that there are four factors to look for in a business with legs: the network effect that gives platforms value; ownership and use of unique data assets that can't be replicated by an LLM; deep, industry-specific workflows; and the security that comes with regulatory and risk compliance certification.[5]

APAC tech M&A



Source: MergerMarket - Completed Deals in APAC Technology Sector
Note: *Q4 FY26 to date as at 29/06/26

[4] AFR: 'Big name investors back "SaaSpocalypse" busting AI software start-up', 10 March 2026

[5] AFR: 'SaaSpocalypse now: Is the great software sell-off over?', 27 February 2026

Our niche segments

DIGITAL MEDIA

Public market performance: subscription/authority wins, open-web reach loses

The New York Times (NYT), which owns its audience directly, grew its revenue 12% to US$712.2 million in Q1 2026, with digital subscription revenue up 16.1%, built on a direct, paid relationship with readers rather than referral traffic. The Trade Desk (TTD) — a proxy for open-web media — offers a counterpoint. As the largest independent platform buying open-web and connected TV (CTV) inventory, TTD is down roughly 75% over the previous 12 months. TTD monetizes shrinking inventory for open-web publishers as both ad dollars and attention continue to consolidate on the larger platforms.

The pattern across the sector is consistent: AI is both a serious headwind to undifferentiated digital audiences (anyone dependent on search/social referral traffic), while also a tailwind to operators with established content leadership, recognized brand authority and direct audience relationships. The NYT's subscriber-direct model keeps outperforming precisely because it isn't dependent on third-party discovery.

Ad dollars and creator M&A capital are converging on the same destination: platforms

Google, Meta and Amazon are collectively rising to an expected 56.2% of global digital ad spend in 2026, with walled gardens projected to reach 83% of global digital ad revenue by 2027. Strategic buyers are following that money one layer deeper, into the creator businesses that generate platform content or help to monetize it:

- Fox hired Billy Parks, a seasoned media and investment executive, to lead Fox Creator Studios
- CAA and TPG launched Compound Creative Holdings with an initial US$250 million fund to acquire creator-led businesses
- People Inc. acquired food creator network Feedfeed
- James Murdoch's Lupa Systems acquired the Vox Media Podcast Network, New York Magazine and vox.com for more than US$300 million

Capital is more risk averse on pure talent plays than on infrastructure. Creator tools and tech is the most active M&A category, while talent representation consolidation has been steadier. Buyers pay up for the operating layer that is less reliant on any single creator. The leverage shift is visible at Cannes Lions, where "brands were on the fringe... now they're on the beaches," and followers and views are diminishing in importance relative to brand sentiment and trust as the basis for valuing a creator asset.

Live events M&A: two back-to-back US$1bn+ platform deals

Apollo agreed to acquire both Emerald Holding and Questex, with Emerald valued at US$1.5 billion enterprise value, intending to combine them into a leading North American B2B events platform. Days later, Hellman & Friedman agreed to acquire Hyve Group from Providence Equity and Searchlight in a deal reported to be worth US$1.8 billion. Both followed Searchlight's co-control investment in CloserStill at a reported £1.35 billion — another of the largest trade show deals in history. The thesis driving capital here: B2B events are seen as genuinely insulated from AI-driven disruption, with the market valued at ~US$50 billion in 2024 and projected to grow at a 7–8% CAGR through the decade.

AI content licensing is now its own dealmaking track — and it's starting to shape M&A valuations directly

Microsoft launched a publisher content marketplace co-designed with AP, Condé Nast, Hearst, People Inc., USA Today Co. and Vox Media, giving publishers a monetization framework for licensing content into AI products.

Meanwhile, Meta, Microsoft and Amazon all signed their first publisher licensing deals in the past six months. Amazon's larger-scale deal with the NYT suggests the global leader in e-commerce may be the preferred partner for publishers who want to get paid without appearing in AI search products that cannibalize their own traffic — notably, the NYT runs that deal in parallel with active OpenAI litigation. Buyers are increasingly underwriting AI licensing revenue as a durable, semi-passive cash flow stream when pricing publisher and content-IP assets, which is starting to change how "audience-dependent" risk gets discounted in diligence across every mandate in this space.

ARTICLE BY:

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Oaklins, New York, USA

Jay is a digital media specialist, his recent transactions in the sector include leading the sales of Taunton Press to Active Interest Media, Network Media to Jellysmack, Centennial Media to Presidio Investors and Critical Mention to Onclusive.

DEFENSE TECH

Significant shift happening in defense

A generational shift is taking place in defense spending and technology investment as a result of geopolitical factors, such as the conflicts in Ukraine and the Middle East and pressure from the US government to increase spending, which together have seen a fundamental change in the political focus regarding defense.

Record NATO budgets, the UK's commitment to spending 2.5% of GDP on defense by 2027 (rising to 3.5% by 2035) and an accelerating European rearmament program are all creating unprecedented demand for innovative defense SMEs. For owners of high- quality defense tech businesses, the M&A environment is now in a window of opportunity that has rarely been more favorable.

Defense valuations increase with European stocks outperforming US

Defense sector valuations have risen materially in recent years, driven by sustained increases in global defense budgets and macroeconomic tailwinds. More recently, the most pronounced trend has been the significant outperformance of European defense stocks relative to their US counterparts, as increased NATO spending commitments and a broader drive to reduce dependency on the USA have fueled the continent's renewed focus on sovereign capability, attracting fresh investor interest. Overall, global deal activity involving defense companies has accelerated sharply.

Growing private equity and VC interest in defense

Private equity has taken notice of the sector, with financial sponsors playing an increasingly active role alongside strategic buyers. Private equity deal activity in the defense sector grew steadily from 52 transactions in 2017 to 82 in 2025, approaching the 2021 peak of 89 that was driven by the broader tech M&A surge. Defense electronics was the standout sub-sector in 2025 with 27 transactions, 14 of which were add-ons, reflecting sponsors doubling down on existing platforms through bolt-onconsolidation.

Venture capital deployment into defense technology has also grown rapidly, with an increasing number of specialist funds backing dual-use and sovereign capability businesses.

Aerospace sector enjoys rapid growth

Space systems and satellites are fast emerging as the next frontier, recording nine PE growth and expansion deals in 2025 alone. Oaklins Cavendish in the UK and Oaklins Janes Capital in Irvine, USA, co-advised on the sale of ExoAnalytic Solutions, a US-based provider of space-domain awareness solutions for both public and private markets, to Anduril Industries, a US-based military technology company specialized in developing advanced autonomous systems.

ARTICLE BY:

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Principal
Oaklins, UK

John has been involved in advising clients across a variety of segments, including internet and media, application software, SaaS, infrastructure software, online gaming, IT security, storage and tech-enabled services, involving M&A (sell-side and buy-side), LBOs, public takeovers, public-to-private and fundraisings.

AI

A defining role across companies and strategies

Artificial intelligence (AI) has become the defining strategic issue for boardrooms, investment committees and corporate development teams. Private equity firms are increasingly asking advisers to stress-test portfolio companies against AI disruption, while corporate acquirors face mounting pressure to complete an AI acquisition — even as many continue to refine their long-term strategy regarding the technology.

One clear investment playbook that's emerging sees buyers and investors pair established businesses that have strong customer relationships, distribution and sector expertise with AI-native companies that contribute proprietary technology, automation and product innovation. These "AI roll-ups" enable incumbents to accelerate transformation while providing AI challengers with immediate commercial scale, making them one of the defining M&A themes of the current cycle. While H1 2026 only saw a handful of these AI roll-up M&A deals reported others will be in play however not obviously showing up in a six month snap shot of data as they manifest themselves over an extended period of time. We anticipate the pace of AI roll-ups to pick up over the next 12 months and beyond.

The race to build frontier large language models is effectively closed following hundreds of billions of dollars of investment. Capital is now rotating toward vertical AI, sovereign AI and hybrid architectures that combine foundation models with domain-specific models across disciplines including engineering, physics, chemistry, finance and large quantitative models (LQMs). Vertical AI continues to attract the strongest investor interest, with frontier model developers expanding into large enterprise markets such as legal and financial services. However, sustained valuation premiums will increasingly depend on proprietary data, defensible intellectual property, workflow integration and market scale rather than AI capability alone.

The market is also shifting from generative toward agentic AI, reflecting growing demand for autonomous systems capable of delivering measurable productivity gains and enterprise ROI. At the same time, AI governance, cybersecurity, observability and compliance have become strategic priorities as enterprises seek to improve the reliability, transparency and regulatory compliance of probabilistic AI systems. Across the market, ownership of differentiated proprietary datasets — and the platforms that curate, govern, and operationalize them — is becoming a critical source of competitive advantage.

Six months of rapid deal activity

According to PitchBook, 1,031 AI-related transactions were announced in H1 2026, 700 or 67.9% were Vertical AI deals. Traditional M&A accounted for 77% of activity, buyouts represented 21%, and reverse mergers 2%, with just under three-quarters of buyouts backed by private or growth equity sponsors. The USA accounted for just over half of AI acquisition targets, followed by the UK, Japan, Germany and France, while Israel continued to outperform in cybersecurity and developer infrastructure.

The year's largest transactions illustrate a broader strategic objective: control of the AI value chain. SpaceX's reported acquisitions of xAI and Cursor reflect an ambition to integrate frontier models, developer tools and enterprise deployment, while SpaceX, OpenAI and Anthropic are simultaneously pursuing IPOs and competing to become the foundational enterprise AI platform.

H1 2026 AT A GLANCE

TOTAL DEALS **1,031** 1 Jan-30 Jun 2026	M&A SHARE **77.3%** 797 transactions
US SHARE **51.1%** 527 of 1,031 deals	ACQUIRORS **922** distinct buyers
BUY-OUTS **212** 73.6% sponsor-backed	EARLY EXITS **122** founded 2024-26
VERTICAL AI **67.9%** 700 of 1,031 deals - industry-specific AI	DISCLOSED VALUE **US$440.8bn** across 158 deals (15.3%)
UK SHARE **6.9%** 71 deals - #2 market, behind only the US	TOP SPONSORS **6 deals each** Vista, Blackstone, Insight, Thoma Bravo

ARTICLE BY:

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Oaklins, New York, USA

John helps clients assess how AI is transforming competitive positioning, growth prospects, operating economics and enterprise value. He also advises on emerging AI-related considerations affecting transactions, including proprietary data assets, technology differentiation, intellectual property, AI governance and regulatory risks, evolving diligence requirements, valuation frameworks and deal structures. Representative AI-related transactions include the sales of Fluidda to Banook Group, Epicenter (The People Platform) to Stagwell, Helixa to Telmar and Admeta to WideOrbit.

HEADLINE DEALS (IMPLIED EV)	
SpaceX / xAI	US$250.0bn
SpaceX / Cursor	US$60.0bn
SoftBank Group / Switch	US$50.0bn
Nvidia / Groq	US$20.0bn
Marvell Technology / Celestial AI	US$6.0bn
Capital One / Brex	US$5.15bn
Intel Capital / SambaNova Systems	US$5.0bn
Salesforce / Fin	US$3.6bn
Autodesk / MaintainX	US$3.6bn
Schneider Electric / Cognite	US$3.1bn

MICROSOFT ECOSYSTEM

M&A in the Microsoft ecosystem: stable valuations, new value drivers

The Microsoft ecosystem remains one of the most active arenas in global technology M&A, as strategic acquirors and financial sponsors target cloud, security and managed-service providers with a clear position in the Microsoft stack, while the partner program itself shifts from a licensing model toward a cloud- and AI-led platform.

Valuation levels

A peer group of Microsoft-adjacent technology companies has traded at between ~8.4x and just under 13.7x EBITDA over the past three years, oscillating around a long-term median of about 11.1x. The Azure/Copilot AI investment cycle lifted the peer group to a peak above 13x in early 2024. Since then, the multiple has gradually normalized and has softened further throughout 2026, as investors have become increasingly selective and differentiated between clear AI beneficiaries and more traditional technology service providers. Nevertheless, the current valuation level remains within the historical trading range and continues to reflect healthy demand for high-quality Microsoft ecosystem assets, as the chart below shows.

Realized M&A transactions across the Microsoft ecosystem confirm this valuation level, with buyers continuing to pay premiums for scalable, recurring-revenue cloud businesses. This trend is also consistent with major advisory firms ranking TMT among the most active M&A sectors globally in 2026.

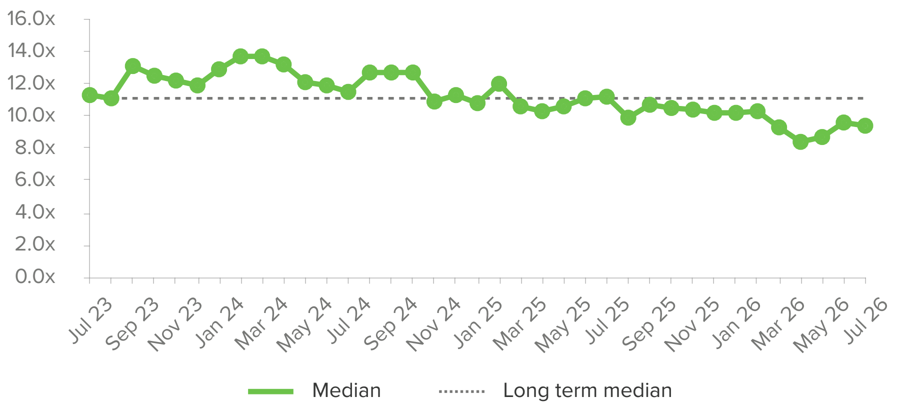
Realized M&A transactions across the Microsoft ecosystem confirm this valuation level, with buyers continuing to pay premiums for scalable, recurring-revenue cloud businesses — this tendency is also consistent with major advisory firms ranking TMT among the most active M&A sectors globally in 2026.

Value drivers

The most important value drivers are linked to the structural evolution of the Microsoft partner ecosystem. The market is shifting from traditional license resale and project-based services toward a cloud, AI and platform-led model. Microsoft increasingly emphasizes measurable cloud performance, specializations, certifications, marketplace transactions and joint go-to-market activities. Partners with deep technical expertise and standardized service offerings benefit disproportionately from this shift.

Demand is particularly strong for providers that deliver cloud migration and modernization end-to-end and convert these projects into recurring service revenues.

Comparable company analysis



Source: Capital IQ data as of 21 July 2026

ARTICLE BY:

JAN HATJE
Co-head TMT team
Oaklins

Jan has closed a range of deals in the IT services and software segments. He also concentrates on e-commerce companies with a strong technical background, and has advised businesses that offer combined hard- and software solutions. Key transactions he has advised on include the sale of Garz & Fricke to the private equity investor Afinum, the sale of Höft & Wessel to Droege and the sale of Acutronic to Vyaire, backed by Apax.

Key areas include Azure, data platforms, cyber security, Modern Workplace, Dynamics and the operation of complex cloud environments. AI is becoming an additional growth driver. Companies that help customers move from experimentation to productive deployment of Copilot, Azure AI and data-driven use cases are gaining strategic relevance.

Growth prospects remain attractive but uneven: providers that execute cloud migration and modernization end to end — particularly in Azure, data platforms, security and complex cloud operations — and convert this into recurring service revenue stand to benefit disproportionately, while providers with a pure licensing focus stay more exposed to pricing pressure.

AUTOMOTIVE TECHNOLOGY

Software and AI are reshaping the European aumotive value chain

The European automotive software landscape is undergoing a fundamental transformation, driven by structural trends such as the transition from ownership to usership, rising vehicle prices, accelerated EV adoption and growing demand for flexible, connected mobility solutions. Rapid advances in AI are further accelerating this shift. These developments are reshaping how automotive services, including leasing, rentals, sales, dealership operations, insurance and aftersales, are accessed, managed and monetized across the entire value chain.

At the core of this transformation is a surge in technology adoption. As legacy players grapple with outdated systems and operational inefficiencies, the industry is converging toward intelligent, SaaS-based platforms that offer integrated, end-to-end solutions. Increasingly, these platforms incorporate AI-enabled capabilities such as automated document and claims processing, predictive pricing and residual value management, and customer support. Solutions span leasing and rental management software, dealer management systems (DMS), digital insurance and claims tools, mobility-as-a-service (MaaS) platforms, and customer lifecycle and aftersales software.

Digital maturity gap creates significant growth potential

Despite the pace of innovation, digital maturity across the broader automotive services sector remains relatively low, especially among mid-sized dealerships, regional fleet operators and insurers. Many businesses continue to rely on fragmented data and outdated or highly customized systems, limiting their ability to adopt new technologies and AI effectively. This digitization gap presents a compelling opportunity for investors, as demand rises for modern, scalable platforms that can drive operational efficiency and customer satisfaction.

Within Europe, the Dutch market stands out as a leading hub of innovation. With its advanced regulatory environment, high consumer adoption of digital channels and dense fleet penetration, the Netherlands is ideally positioned to serve as a springboard for broader European expansion.

AI-enabled SaaS platforms can attract premium valuations

Valuations of automotive software platforms, like other vertical SaaS businesses, are primarily driven by their ability to scale efficiently, retain customers and generate high-quality recurring revenue. Investors favor companies that combine strong financial performance with technological leadership.

Platforms built on modular, scalable architectures that require minimal customization are particularly attractive, as they enable rapid deployment and operational efficiency. A high share of recurring revenue, low churn, strong net revenue retention and long-term customer relationships signal resilience and defensibility.

Increasingly, investors also consider a platform's data quality and its ability to embed AI into mission-critical workflows. Businesses that use AI to deliver measurable improvements in efficiency, decision-making and customer value can further strengthen their competitive position. Companies combining these capabilities with sustainable growth and robust EBITDA margins can command premium valuations.

Fragmentation is driving private equity interest

Favorable market tailwinds, including accelerating digitalization, electrification and the proliferation of connected vehicles, are transforming the automotive software landscape and amplifying private equity exit opportunities. While structural shifts in mobility demand a more tech-driven and digital infrastructure, large parts of the value chain remain under-digitized and fragmented. This immaturity presents a compelling runway for growth.

Mid-sized SaaS vendors offering mission-critical solutions are well positioned to capture this opportunity. Private equity investors are attracted by their predictable recurring revenues, low churn and strong customer retention. These businesses also offer value creation opportunities through pricing optimization, cross-selling, operational scaling, and the development of AI-enabled products and processes.

PE-backed automotive software platforms are actively pursuing buy-and-build strategies, including Main Capital Partners-backed CarCollect, CarWise & AutoDisk and UnameIT, Astorg-backed Sofico, PSG-backed Emotion Mobility and Nextlane, and Portiva-backed EAG. This activity underlines the continued investor appetite for scalable automotive software businesses with strong pan-European growth potential.

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Martijn advises entrepreneurs, management teams and investors on transactions in the technology sector. As part of Oaklins' Technology team, he leads the firm's Automotive Technology coverage. He has extensive experience advising high-growth SaaS businesses, and identifying strategic and financial partners to support international expansion and long-term value creation.

Key takeaways

The second quarter of 2026 confirms that global TMT M&A has entered a phase of disciplined normalization rather than retreat.

While headline deal counts have eased in most regions, the underlying structure of the market remains remarkably intact: strategic acquirors and cross-border buyers continue to dominate activity, and AI has firmly established itself as the single most important deal driver across all geographies.

Regional dynamics diverge in pace but converge in theme. In North America, dealmaking has proven resistant to macro turbulence: financial sponsors and corporates alike are putting money to work, while a rising wave of spin-offs and portfolio pruning is bringing attractive, ready-made acquisition targets to market. The Americas also account for the deepest pool of inbound capital worldwide — evidence that global buyers still view the region's technology assets as a priority. Europe has stepped down from the record levels of the past two years, but the machinery beneath the surface is unchanged: corporates drive the bulk of transactions, international counterparties are involved in over half of them, and software is claiming an ever-larger slice of the pie even as the pie itself shrinks. Latin America is going through an orderly wave of consolidation, spearheaded by global software groups and punctuated by sizeable fintech and payments transactions. In APAC, momentum is building again around the infrastructure layer of AI, with buyers writing bigger cheques for a smaller number of businesses they consider genuinely hard to displace.

Looking ahead, we expect buyer selectivity — not buyer absence — to define the coming quarters. Acquirors are no longer paying for growth alone; they reward defensible data assets, deep workflow integration and genuine resilience against AI-native challengers, while generic, horizontal offerings face repricing. AI is increasingly splitting valuations along these lines, and regulatory developments. For owners of high-quality technology businesses, the environment remains constructive: capital is abundant, cross-border interest is resilient, and well-prepared assets that combine these qualities continue to attract intense competition among bidders.

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 TMT sector include:

AlmavivA
has completed a voluntary public tender offer for
ALMAWAVE
M&A BUY-SIDE
TMT

Bridgepoint
has completed a minority acquisition of
Exile Group
M&A BUY-SIDE
TMT

Cook Defence Systems
has received a major investment from
HEICO
M&A SELL-SIDE
Aerospace, Defense & Security

DIGMATIX
a portfolio company of
LIVONIA PARTNERS
has acquired
ELIAN
M&A BUY-SIDE
Private Equity/TMT

EOS ELECTRO OPTIC SYSTEMS
has acquired the assets of
MARSS
M&A BUY-SIDE
Aerospace, Defense & Security

FLUIDDA
has been acquired by
Bancok MOTION
M&A SELL-SIDE
Healthcare/TMT

Hso
has joined forces with
BainCapital
M&A SELL-SIDE
Private Equity/TMT

QualityHosting
has been acquired by
PSG
M&A SELL-SIDE
Private Equity/TMT

CARWISE
&
autodisk
have been acquired by
MAIN CAPITAL PARTNERS
M&A SELL-SIDE
Automotive/Private Equity/TMT

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Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

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United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of over 900 financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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