

TECH M&A REPORT 2034/24

Created: **23.02.24**

Insights into the M&A deals within the technology sector and some predictions for the future.

MESSAGE FROM SYMMETRY

MAXIMISING VALUE, MINIMISING UNCERTAINTY

Symmetry Corporate Finance are a Corporate Finance and M&A advisory boutique serving clients across the UK.

Utilising our extensive experience and M&A expertise, we tailor our fully managed service around each business owner's needs & objectives to achieve maximum value for our clients.



In an era defined by rapid technological advancement and unprecedented digital transformation, the mergers and acquisitions landscape within the technology sector has never been more dynamic or impactful. As we venture into the pages of this report, we embark on a journey through the intricate intersections of innovation, strategy, and market dynamics that have defined the M&A landscape over the past year.

Throughout these pages, we uncover the stories behind the groundbreaking acquisitions, strategic partnerships, and transformative deals that have reshaped industries, redefined business models, and propelled the technology sector forward into new realms of possibility. From the emergence of disruptive startups to the strategic maneuvers of industry titans, each deal represents a strategic play in the ever-evolving chessboard of the tech landscape.

Through insightful analysis and comprehensive data-driven insights, the M&A Tech Report offers a nuanced understanding of the trends, patterns, and forces shaping the future of technology. From the rise of AI and machine learning to the convergence of cloud computing and edge computing, each trend underscores the transformative potential of technology to revolutionize industries, empower businesses, and drive innovation at scale.

Join us as we navigate through the complexities and opportunities of the M&A landscape, shedding light on the deals that matter, the trends that shape, and the strategies that define the future of technology. Whether you're an industry insider, a strategic investor, or a curious observer, the M&A Tech Report serves as your trusted guide through the ever-evolving landscape of technology and innovation.



KEY FINDINGS

01 | **Europe** leads the way in M&A deal volume

02 | Q3 median deal valuation was **£41m**

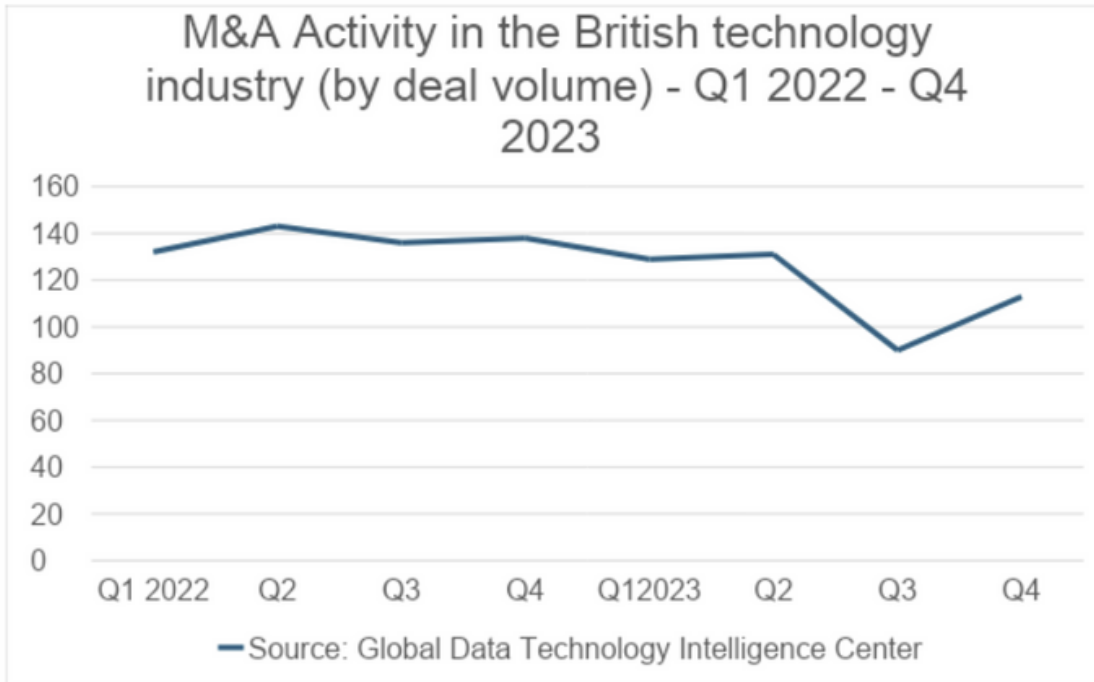
03 | Company valuation up **10%** QoQ

04 | Tech remained a top choice for dealmakers, accounting for **27% of deal value**

Data source: CB Insights report 2023



DEAL VOLUMES



Attractiveness of Industry

Tech remained a top choice for dealmakers, accounting for 27% of deal value. Dealmakers picked cybersecurity as the most promising subsector for deals over the next 12 months, with the AI sector also presenting strong dealmaking opportunities.

What are the challenges facing software company sales?

M&A activity in 2023 was subdued, as dealmakers grappled with geopolitical tensions, inflation, rising interest rates, and increasing regulatory scrutiny, against a backdrop of general economic uncertainty.

Why M&A activity is expected to take off in 2024

There are grounds to expect an acceleration in 2024 if inflation eases, interest rates plateau and the global economy stabilises as expected. Moreover, the UK and Ireland are expected to enjoy the highest growth in M&A this year, according to the European M&A Outlook 2024 report published by law firm CMS.



DEAL VALUATIONS

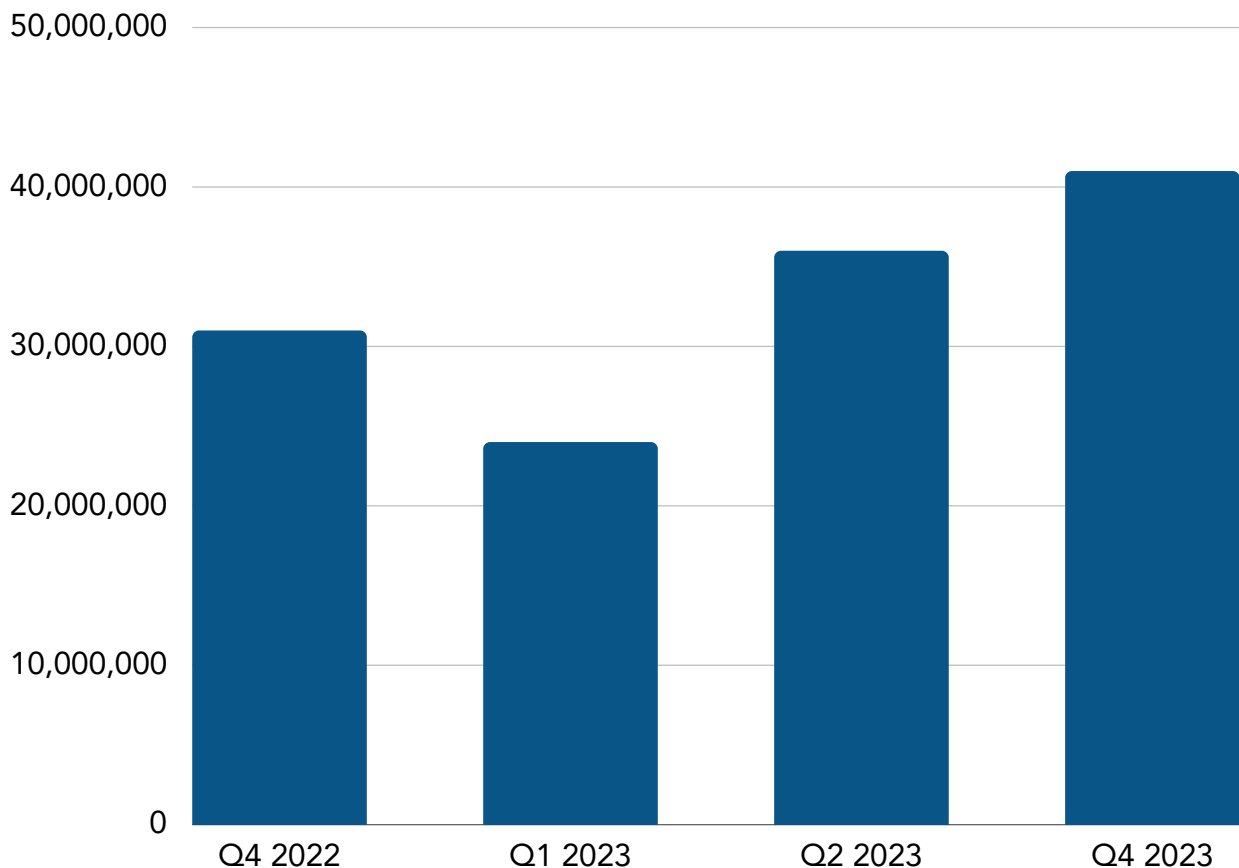
What should I be thinking about?

With favourable market conditions and your company's robust performance, consider taking the initiative to launch preparatory steps for a potential future exit through a proactive marketing route. As the pro-active route consistently delivers the best deal outcomes as determined by individual sellers, this is the pathway we recommend in most cases.

Time frames

With a typical 6-9 month sales timeline, consider how an upcoming sale might impact your near-term resource allocation, hiring plans, or investment decisions.

Median M&A vals rebound from Q1'23 lows to pre-pandemic levels



M&A DEAL VOLUME BY REGION

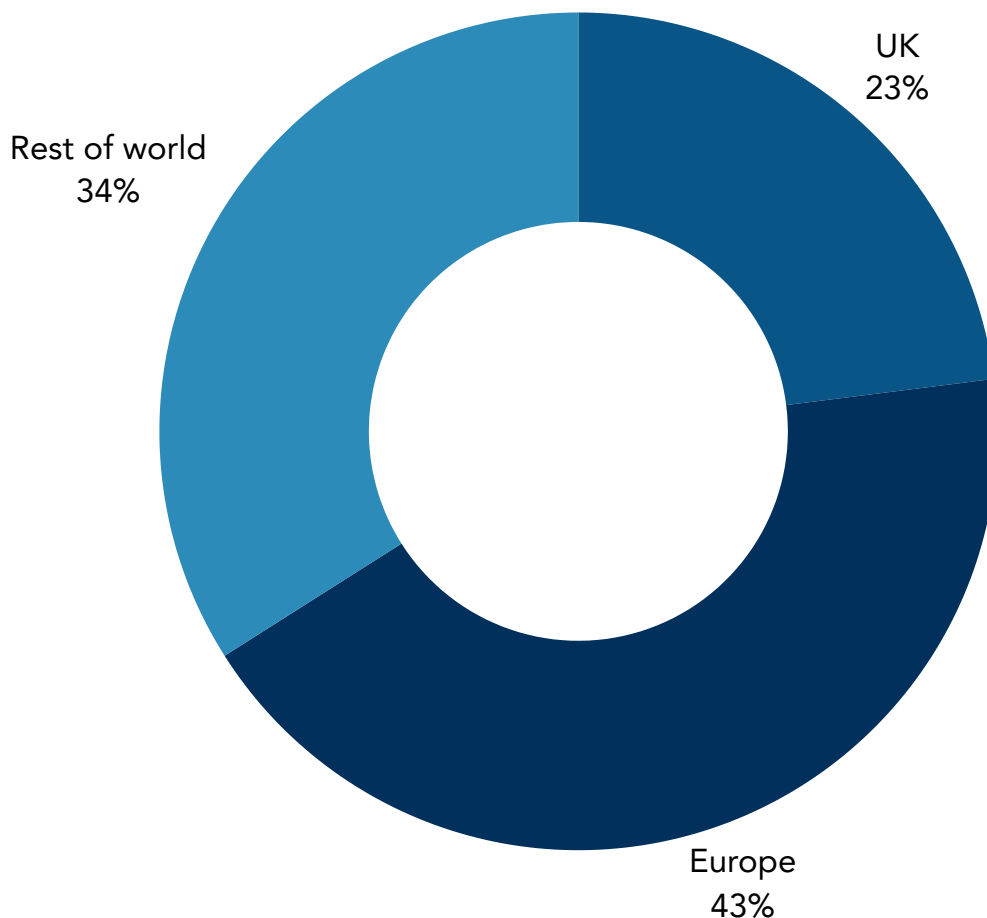
What does the data show?

While UK buyers, or those with existing UK footprints, account for the largest number of acquisitions in the Technology space, the sheer volume of foreign acquirers, surpassing levels seen in other sectors, speaks volumes about the industry's irresistible appeal to a global audience.

Options

Engaging with a corporate finance adviser early in the process significantly expands your potential buyer pool, allowing you to tap into both domestic and international markets.

US/EUROPE CONTINUE TO LEAD THE WAY IN M&A DEAL VOLUME DESPITE DIP, WHILE ASIA PICKS UP IN RECENT QUARTERS (2023)



M&A DEAL HIGHLIGHTS IN THE INDUSTRY

Acquiror	Target name	Description	Date
Dura Software (US)	Invosys	Manchester-based telephony technology business Invosys has been acquired by Dura Software, a leading US buyer of niche software companies. US-based Dura Software has a track record of acquiring, owning and operating 'hyper-niche' software businesses. Invosys is the company's 16th acquisition globally and its portfolio of companies includes SecureVideo, Vertex Systems and 6Connex.	17th January 2024
Kraken Technologies	Sennen	Kraken, the fastest growing software provider for the energy industry globally, today announces the acquisition of Sennen, a provider of advanced software for the delivery and operation of large-scale renewable energy generation.	20th December 2023
Today Digital	MyCustomer	CX Today, a leading platform in customer experience technology news and insights, and a division of B2B tech publishing group Today Digital, is pleased to announce the acquisition of MyCustomer, a prominent community and content platform focused on customer experience and customer relationship management, from Sift Publishing Group for an undisclosed amount.	4th December 2023
Price Hubble (Switzerland)	WhenFresh	PriceHubble, Europe's leader in performance data solutions for real estate and finance, has acquired WhenFresh, the UK's residential property data bureau, delivering data and decision engines to banks, insurers, the public sector and other Big Data users. This strategic milestone marks PriceHubble's 6th acquisition to date, making it a leading consolidating force in Europe's data proptech ecosystems.	25th October 2023



FUTURE INSIGHTS

Strategic bolt ons fuel growth

Smaller deals, often in the range of £2 million to £25 million, play a crucial role in tech M&A. These targeted acquisitions help established players fill technology gaps, expand into new markets, or acquire talent, propelling their strategic agendas.

Company Valuation Trends: 2015-2023

From 2015 to 2023, the typical SaaS company held an approximate value of 5.1 times its revenue. However, a significant portion, twenty-five percent, of these companies were acquired at valuations surpassing 9.7 times their revenue, indicating continued investor confidence in the tech sector long-term growth potential.

Multiple	Sample (n)	Median Size	1st quartile	Median	3rd quartile
EV/Revenue	365	\$86m	2.7x	5.1x	9.5x
EV/EBITDA	144	\$133m	12.9x	22.4x	46.6x

Source: Mergermarket



Beyond multiples

It's important to remember that EBITDA multiples are just one piece of the puzzle. Strategic fit, synergy potential, and future growth opportunities also play a crucial role in determining deal valuations.

OUR TECH DEALS

Sale of Codebase8 to The Davies Group

AI & Robotic Process Automation Business sold to
Insurance Services Group

“

“I am especially grateful to Jonathan and the Symmetry team for their work on this transaction. The whole sale process is very challenging for anyone who still has a business to run. Even more so if it is not something you have done before as there are so many complexities & technical points involved. But I had the comfort of knowing I had a trusted advisor who took the weight off my shoulders and who I honestly don't know if I would have managed to complete the deal without. Everything Jonathan said he could do for myself, Craig and all at Codebase8, he did.”

”

Sale of Xpansion to TRG

A provider of cloud-based solutions for reference data usage monitoring in the financial services industry sold to the leading provider of enterprise subscription spend and usage management software.



Sale of UKCaravans4hire.com to Sykes

UK Leisure Tech business sold to Private Equity backed National market leader.

Sale of Eposly to AscendX

A FinTech business providing a Salesforce Electronic Point of Sale module sold to an Enterprise CRM Solutions Group.

Don't miss out on this dynamic market

Contact Symmetry Corporate Finance for a no obligation confidential consultation and let us help you achieve your M&A aspirations.

KEEP IN TOUCH



Phone

0333 016 4130



Email

info@symmetrycf.co.uk



Website

www.symmetrycf.co.uk



LinkedIn

[Follow us](#)

SYMMETRY
CORPORATE FINANCE