



# Technology Sector M&A Survey

**Key Findings based on a survey of 150 deal professionals in the  
Technology sector as of September 30, 2024**





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## Key Findings



# Dealmakers expect increased M&A activity over the next 12 months, driven by improved economic conditions and financing environment

## Economic and M&A financing environment

Key finding	Supporting survey data
<p><i>Economic environment</i></p> <p>1. <b>Economic sentiment is more positive for the next 12 months than for the next 6 months</b> – Private Equity (PE) and corporate investors anticipate macroeconomic improvement over the next 12 months, though expectations are mixed for the six-month outlook</p> <p>Additionally, associated expectations for M&amp;A activity as per <a href="#">KPMG's mid-year M&amp;A pulse</a> is that 84% of PEs and 48% of Corporates anticipate more deals in 2025 compared to 2024. Such expectation is in line with an increase in YoY deal volume in Q3'24 of ~12% across corporates and PEs (source: Capital IQ)</p>	<ul style="list-style-type: none"><li>• <b>Question 1:</b> In the next six months, most dealmakers expect the economy to stay neutral (52% Corporate / 29% PE) or decline (21% Corporate / 42% PE), but outlook improves for the next 12 months, with 55% of corporates and 40% of PEs anticipating economic improvement</li></ul>
<p><i>M&amp;A financing environment</i></p> <p>2. <b>Securing financing has been more challenging year-to-date (Sep'24), boosting the role of non-bank lenders and additional financing terms</b> – still, this hasn't blocked deals, and continued interest rate cuts may further promote deal financing (source: <a href="#">KPMG Economics</a>)</p>	<ul style="list-style-type: none"><li>• <b>Question 2:</b> Corporate respondents agree that securing financing (43%) has become more challenging year-to-date (Sep'24) in light of changes in the macro-economic and corporate environments</li><li>• 69% of PE investors find that non-bank lenders have become more prominent in the market</li></ul>

# Corporate investors find AI capabilities crucial in acquisition targets, while all investors face diligence challenges focusing on data accuracy, scalability, and cybersecurity compliance

## Target selection and diligence

Key finding	Supporting survey data
<p><i>Target selection</i></p> <p><b>6. Corporate investors generally find more crucial the presence of artificial intelligence (AI) capabilities in M&amp;A acquisition targets</b> – while PE firms appear more cautious in considering AI capabilities of acquisition targets as crucial for target selection</p> <p>Even though PE firms may not currently view presence of AI as crucial in Target company capabilities, 59% of PE investor responses point towards investing in AI infrastructure and commitment to building AI capabilities in their portfolio companies</p>	<ul style="list-style-type: none"> <li>• <b>Question 7:</b> only 14% of PE investors view AI as critical in acquisition targets. A much higher 58% of corporate respondents consider AI important in this regard</li> <li>• <b>Question 8:</b> however, 59% of PE responses (and 57% of corporate responses) indicate portfolio company investments in AI talent, product, infrastructure and capabilities</li> </ul>
<p><i>Diligence</i></p> <p><b>7. The most significant due diligence issue in technology M&amp;A is centered around accuracy and completeness of financial and operational data from Target companies</b> – with additional diligence complexities arising from evaluating the scalability of technology platforms (top diligence topic to PE investors) and ensuring data privacy and cybersecurity compliance (top diligence topic to corporate investors)</p>	<ul style="list-style-type: none"> <li>• <b>Question 9:</b> Assessing the accuracy and completeness of financial and operational data is among top 2 challenges in conducting due diligence for tech M&amp;A deals for both corporates (25%) and PEs (19%).</li> <li>• Additionally, understanding the true capabilities and scalability of technology platforms is rated the top diligence challenge for PE respondents (21%) while ensuring data privacy and cybersecurity compliance, is rated the top diligence challenge for corporate respondents (16%)</li> </ul>

# Dealmakers prioritize profitable growth while pursuing at least one transformational M&A during 2025

## Value creation

Key finding	Supporting survey data
<p><b>8. Investment decisions are increasingly focused on achieving not just 'growth' but 'profitable growth'</b> – as the majority of corporate and private-equity dealmakers prioritize profitability and return on investment as the most important financial metrics influencing M&amp;A decisions.</p>	
<p><b>9. Looking ahead to 2025, 52% of corporates and 58% of PEs said they plan to pursue at least one strategic transformational M&amp;A</b> – as per <a href="#">KPMG's mid-year M&amp;A pulse</a>.</p> <p>A transformational M&amp;A brings about fundamental changes to the combined company's business model (unlike smaller, incremental acquisitions such as those aiming to enhance specific capabilities or add complementary products)</p>	<ul style="list-style-type: none"> <li>• <b>Question 10:</b> Not surprisingly, profitability and return on investment are the most important financial metrics influencing technology M&amp;A decisions (i.e., these were metrics indicated as 'most important' by more than half of corporate and PE dealmakers).</li> </ul>
<p><b>10. The greatest driver of not achieving synergy targets is overestimating growth and underestimating integration costs</b> – KPMG experience shows that buyers may overestimate growth rates driven by cross-selling and other commercial synergies.</p>	<ul style="list-style-type: none"> <li>• <b>Question 11:</b> Overestimation of growth trajectory (63% PE / 74% corporate) emerged as the primary driver of discrepancies between synergy estimates and actuals, while underestimation of integration costs (34% PE / 59% corporate) also played a significant role, particularly for corporates.</li> </ul>

02

## Survey Analysis



# Organizations believe that the macro-economic environment will improve more over 12 months than over the next 6 months but are largely mixed in expectations



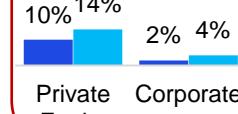
Q. On a scale of 1-7, what is your expectation of the macro-economic environment over the next 6 and 12 months? (a) N=150; Single select for each column



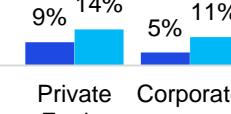
## Economic Performance

■ Next 6 months ■ Next 12 months

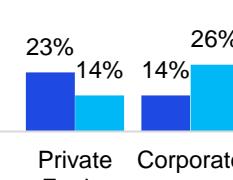
1 - significantly decline



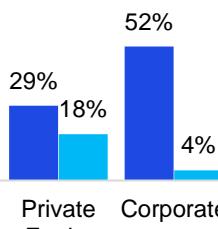
2 - moderately decline



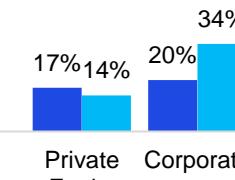
3 - slightly decline



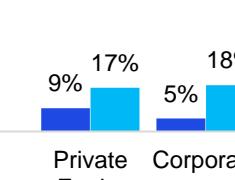
4 - remain neutral



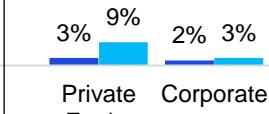
5 - slightly improve



6 - moderately improve



7 - significantly improve



Overall decline – next 6 months: 42% PE; 21% corporate

Overall decline – next 12 months: 42% PE; 41% corporate

Overall improve – next 6 months: 29% PE; 27% corporate

Overall improve – next 12 months: 40% PE; 55% corporate

## Key observations

- Most of the respondents (29% PE / 52% Corporate) expect the macro-economy to remain neutral over the next 6 months, together with mixed expectations of respondents expecting the macro-economy to improve within a year (40% PE / 54% Corporate, 5+6+7) as they are expecting a decline within a year (42% PE / 40% Corporate, 1+2+3).
- More PE respondents than corporates expect the economy to decline, both significantly and moderately.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



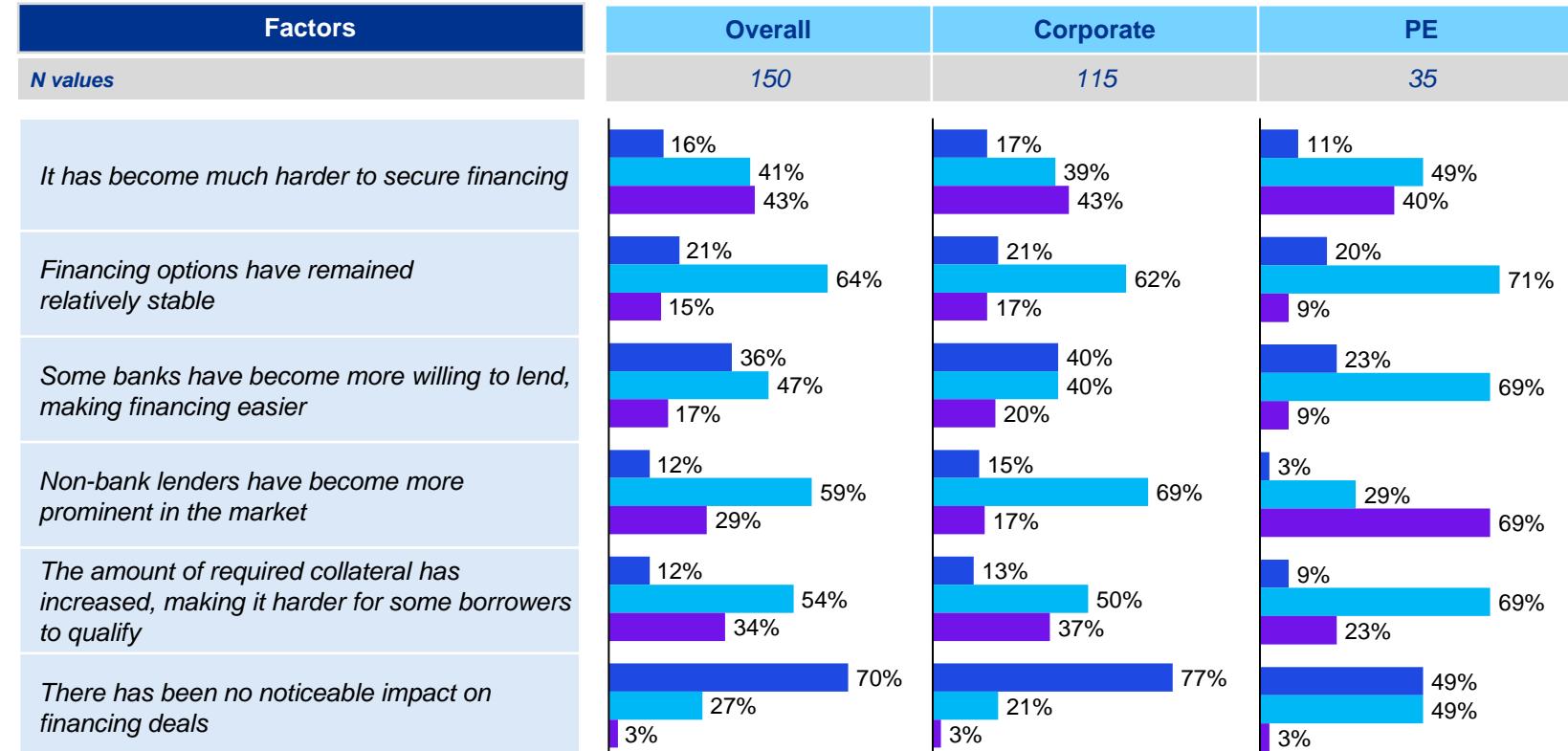
# Corporate and PE respondents align with views of a more challenging deal financing landscape in light of recent changes in the macro-economic and corporate environments



Q. In what ways have financing deals been affected by recent changes in the macro-economic (e.g. interest rates) and corporate environments? (a) N=150; Matrix rank - scale 1-7



## Deal Financing



## Key observations

- Corporate respondents find securing financing (43%) and meeting higher collateral requirements (37%) increasingly challenging.
- PE respondents show similar perspective on it being harder to secure financing. A majority (69%) agree that non-bank lenders have become more prominent in the market.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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# Top deal risks include financial performance of the target company and integration challenges



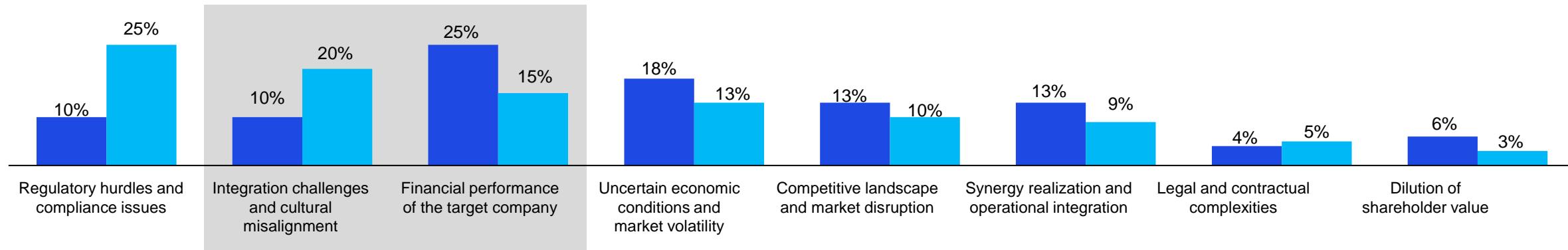
Q. Based on your understanding, which are the top 5 deal risks that are likely to affect your M&A strategy?



## Deal Risks

Private Equity

Corporates



## Key observations

- *Financial performance of the target company (25% PE / 15% Corporate)* and *Integration challenges and cultural misalignment (10% PE / 20% Corporate)* are top responses.
- The top identified risk affecting M&A strategy by Corporate respondents was *regulatory hurdles and compliance issues (25% Corporate)*, suggesting external factors are perceived as higher risk than those within an organization's control.
- *Uncertain economic conditions and market volatility (18% PE / 13% Corporate)* and *competitive landscape and market disruption (13% PE / 10% Corporate)* were identified as considerable risks, pointing to the influence external factors and competition play in formulating M&A strategy.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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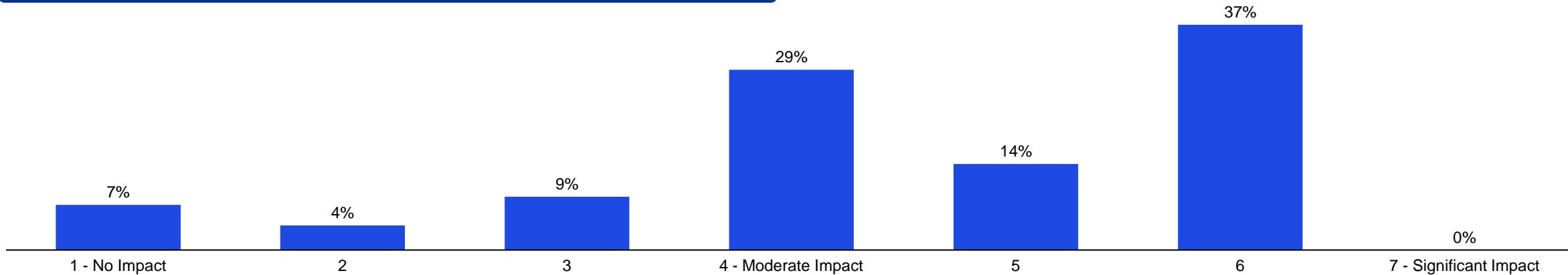
# Organizations expect a moderate to significant impact of the new HSR rules on the M&A process



Q. Overall, how impactful will the new Hart-Scott-Rodino (HSR) Act's rules be to your M&A process? HSR Rules require disclosure of more information in HSR filings to provide the Federal Trade Commission (FTC) and Department of Justice (DOJ) more definitive insight into potential transactions and the intended relationship of the parties after closing



## Political Climate - Hart-Scott-Rodino



## Key observations

- Majority of respondents (80%) foresee some kind of impact (ranging from *moderate to high*) of the new HSR act's rules on their M&A process with 37% expecting high impact suggesting that businesses expect additional efforts required to be compliant with new disclosure requirements, possibly due to anticipated challenges with more comprehensive disclosure requirements or adaptations needed.
- Note that **none** of the surveyed entities expect a *significant impact* from the HSR Act's rules, highlighting an overall expectation of manageable adjustments without massive disruption.
- Interestingly, a small portion (7%) predict *no impact* from the new HSR Act's rules, which might reveal a confidence in their existing compliance protocols, or predictability of the new rules.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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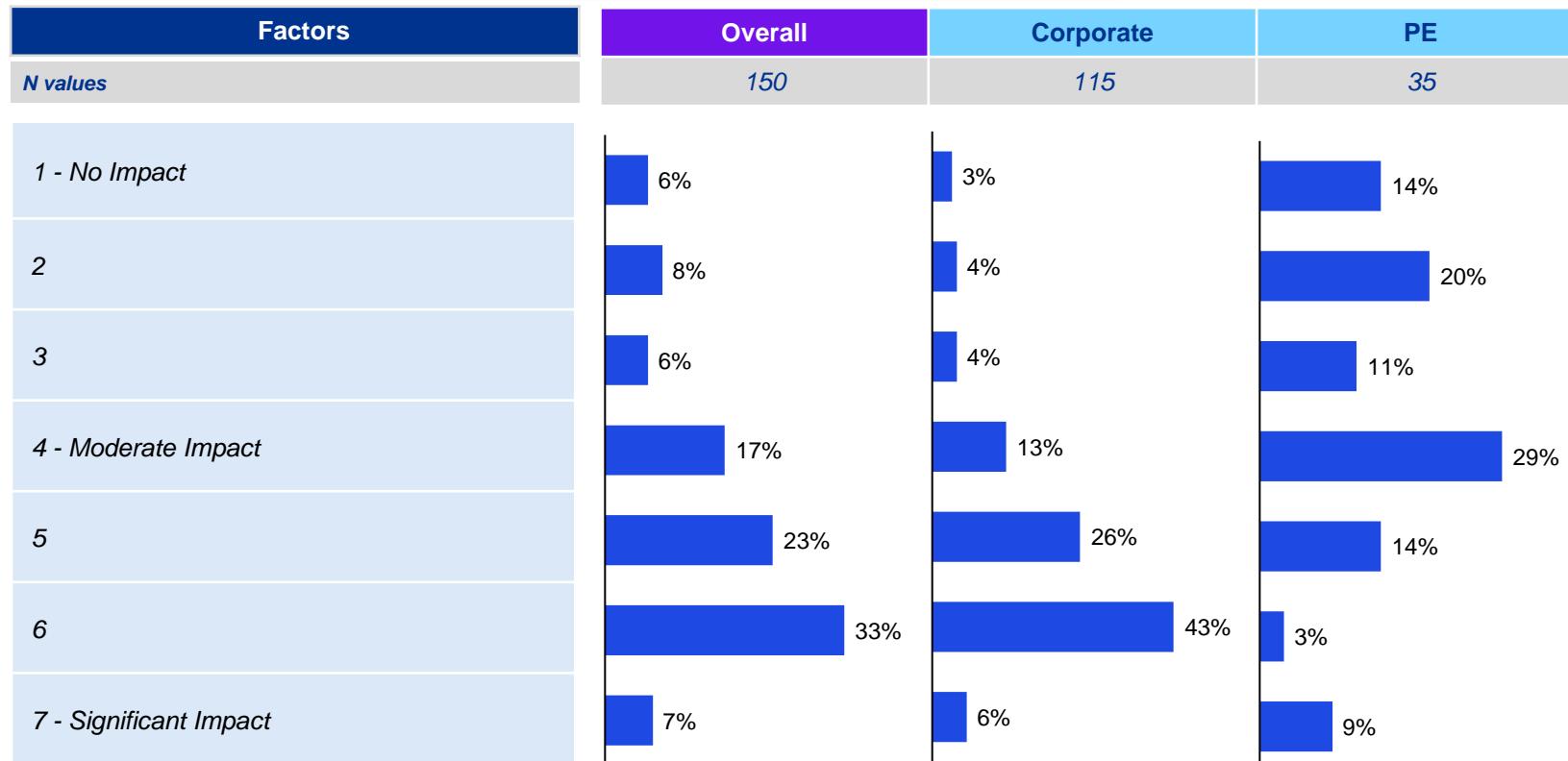
# Corporate investors report that a rise in corporate tax rate has a moderate to significant impact in their deal volume



Q. To what extent do you believe deal volume would be reduced if there was an increase in the corporate income tax rate (i.e., an increase to 25% or 28%)? (a) N=150; Slider scale (1-7)



## Corporate tax rates can be a significant lever for M&A activity



## Key observations

- Among the *corporate respondents*, the apprehension about increasing tax rates is more pronounced.
  - The most common response is *a higher impact score of 6*, selected by **43%** of respondents. An additional **26%** chose a *rating of 5*.
  - Together, this implies that *corporate respondents foresee a moderate to high impact on deal volume* due to potential tax hikes.
- In contrast, *PE respondents*' views are more dispersed across the scale. While **54%** expect a moderate impact (3-5), a combined total of **34%** consider there *would be a ranking of 2 or no impact*.
  - However, there's still some concern, with around **12%** expecting an impact rated *6-7*.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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# Respondents expect international matters to have a significant impact on their M&A decisions in the next 12 months

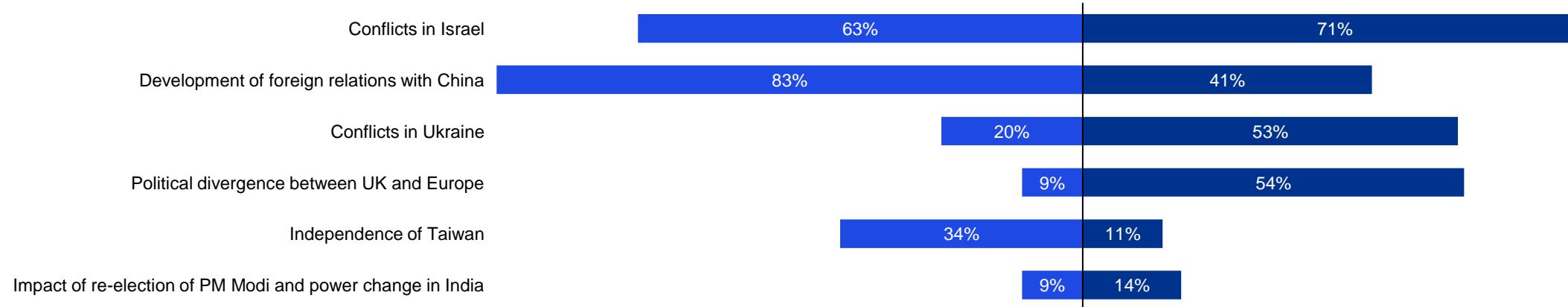


Q. Which of the following international matters are expected to impact your M&A decisions over the next 12 months?



## Political Climate

PE Corporate



## Key observations

- The international issues expected to impact M&A decisions within the next 12 months, as identified by respondents in both PE and Corporate, were *conflicts in Israel* (63% PE / 71% Corporate) and *development of foreign relations with China* (83% PE / 41% Corporate). This highlights potentially heightened sensitivity to the conflict in Israel and the potential increasing influence of the Chinese markets on global business dynamics.
- The conflict in Ukraine* (53%) and *political divergence between the UK / Europe* (54%) were also significant matters for Corporate but had limited impact on PE M&A decisions.
- Localized matters like the *independence of Taiwan* (34% PE / 11% Corporate), and *impact of re-election of PM Modi and power change in India* (9% PE / 14% Corporate) were expected to be the least impactful, indicating mainstream activities are not majorly influenced by these specific political scenarios.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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# Corporate investors generally find more crucial the presence of AI capabilities in M&A acquisition targets

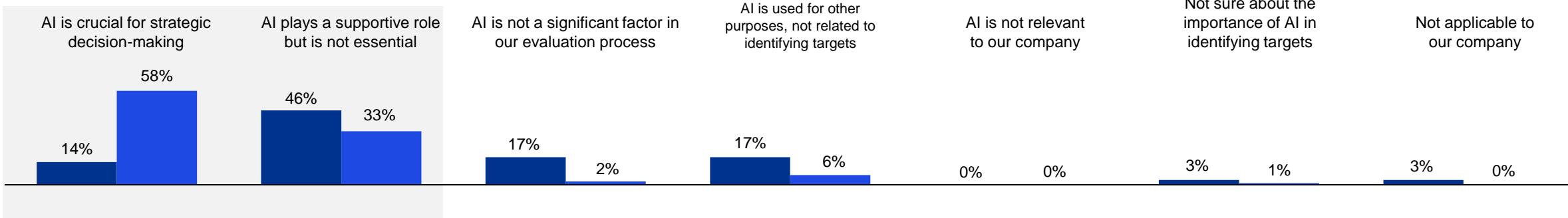


Q. How important is the presence of AI capabilities to your M&A target selection?

## Importance of AI in Target Selection

Private Equity  
Corporates

### Presence of AI as a capability in M&A acquisition targets



## Key observations

- 58% of Corporate respondents view AI as crucial for strategic decision-making in M&A target selection.
- Conversely, only 14% of PE respondents view AI as crucial for strategic decision-making in M&A target selection.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24

# A majority of respondents report investing in infrastructure and/or integrating AI into existing offerings

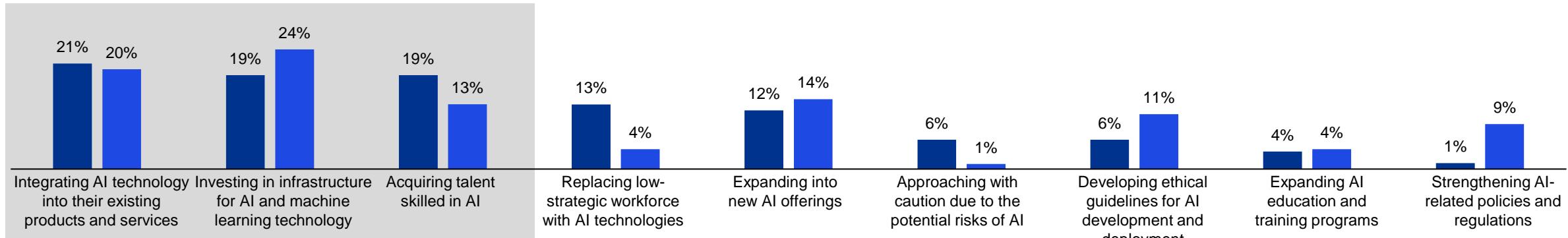


Q. What strategies is your company considering to adjust and thrive in the evolving AI landscape?



## Adoption of AI-Focus

Private Equity  
Corporates



## Key observations

- Investment in AI and machine learning technology infrastructure is a priority, with 61% of respondents committing to this approach, emphasizing the need for a robust technological backbone.
- Acquiring talent skilled in AI is crucial for 39% of respondents, indicating the importance of human capital in maximizing AI's potential.
- Integration of AI into existing products and services (56%) reflects an industry-wide shift towards embracing digital transformation and innovation to maintain a competitive advantage.

Note(s):

Source(s): TMT M&A survey, Sep'24



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# Accuracy in financial and operational data is the top concern in tech M&A due diligence

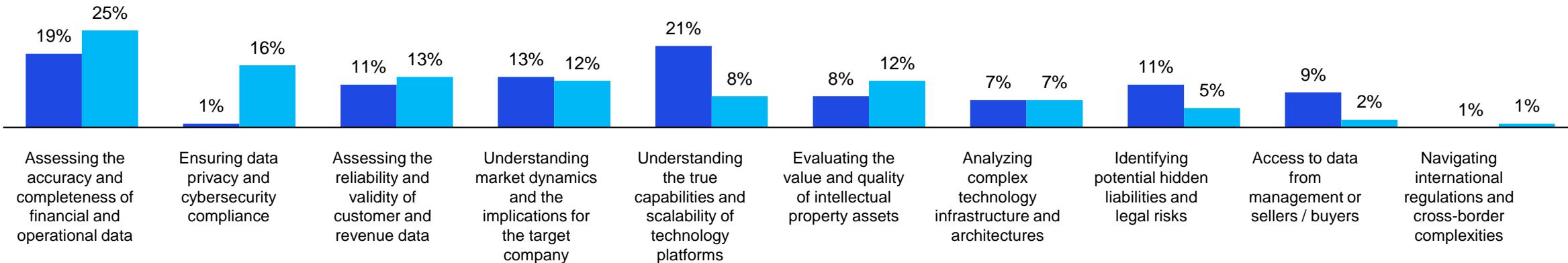


Q. What are the key challenges you face when conducting due diligence for technology M&A deals?



## Diligence Challenges

Private Equity Corporates



## Key observations

- Assessing the accuracy and completeness of financial and operational data is among the top 2 challenges in conducting due diligence for tech M&A deals for both corporates (25%) and PEs (19%).
- Understanding the true capabilities and scalability of technology platforms is rated the top diligence challenge for PE respondents (21%).
- Ensuring data privacy and cybersecurity compliance, is rated the top diligence challenge for corporate respondents (16%).

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



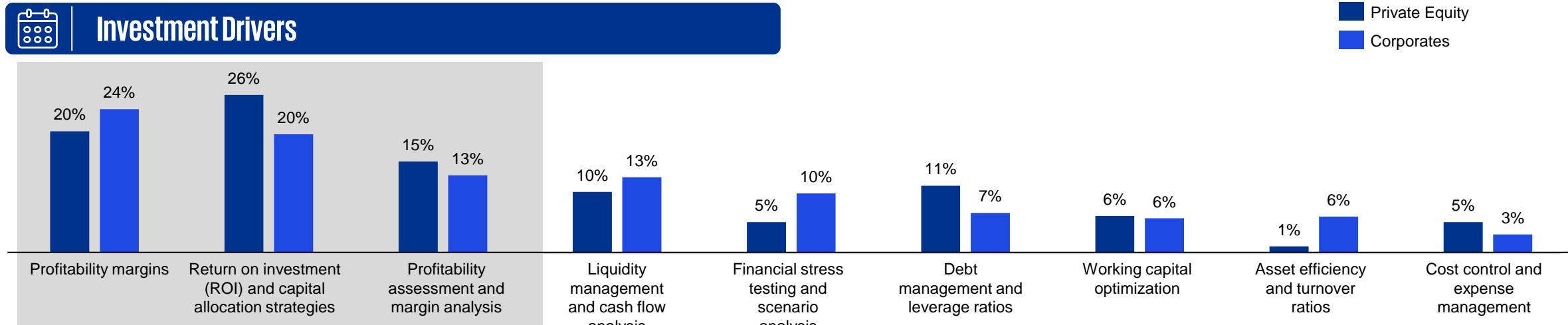
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# Profitability and ROI are the most important for dealmaker investment decisions



Q. As an investor, which of your financial metrics are most important to your decision to enter an M&A transaction?



## Key observations

- The most influential financial metrics for M&A transactions were *profitability margins (57% PE / 70% Corporate)* and *return on investment (ROI) (74% PE / 57% Corporate)*, highlighting the central role of profit and ROI in investment decisions.
- Profitability assessment (43% PE / 37% Corporate)* and *liquidity management (29% PE / 37% Corporate)* were also recognized as important, indicating the value placed on financial health and profit scrutiny.
- Lesser importance was given to *financial stress testing (14% PE / 29% Corporate)*, *debt management (31% PE / 19% Corporate)*, and *working capital optimization (17%)*, suggesting these aspects may be secondary considerations in decision making for M&A transactions.

Note(s): (a) Sum of percentages do not add up to 100 due to multiple selection responses.

Source(s): TMT M&A survey, Sep'24

# Overestimation in growth and underestimation of integration costs are among the leading contributors to discrepancies between initial synergy projections and actual outcomes in M&A

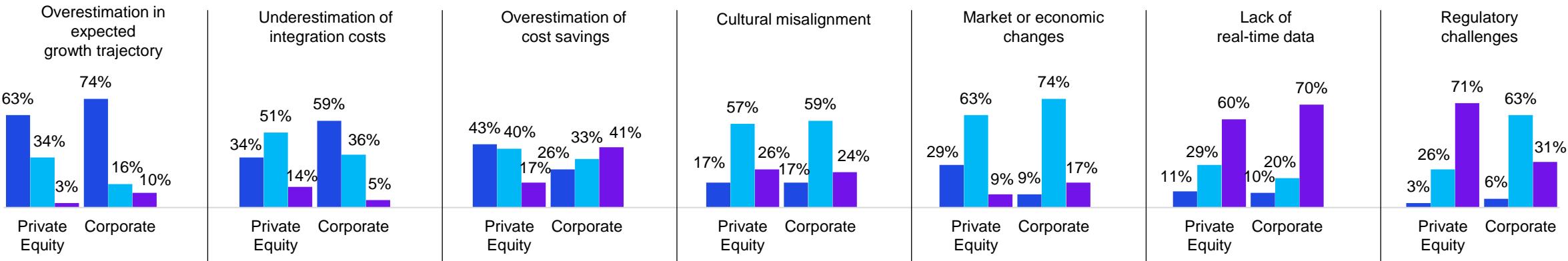


Q. What factors do you find most commonly contribute to discrepancies between initial synergy projections and actual outcomes?



## Realizing Synergies

High (Blue) Medium (Cyan) Low (Purple)



## Key observations

- *Overestimation of growth trajectory* emerged as the primary discrepancy driver (63% PE / 74% Corporate), stressing the need for precise target evaluations.
- *Underestimation of integration costs* emerged as another high discrepancy driver (34% PE / 59% Corporate), underscoring the oversight of financial and operational challenges (especially in corporate deals) and emphasizing the necessity of accurate cost estimation for successful M&A deals.
- *Market or economic changes* and *regulatory challenges*, were seen as moderate factors at 63% PE / 74% Corporate and 26% PE / 63% Corporate, respectively, reflecting the unpredictable impact of external forces and emphasizing the importance of adaptable M&A strategies.
- *Lack of real-time data*, deemed a low contributor by respondents (60% PE / 70% Corporate), indicates that, although timely information is valuable, strategic and financial planning inaccuracies are the more significant issues in synergy discrepancies.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) Sourced from [ITRC Annual Data Breach Report](#)

Source(s): TMT M&A survey, Sep'24



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# Most respondents report achieving financing gains from an acquisition in up to 4 years

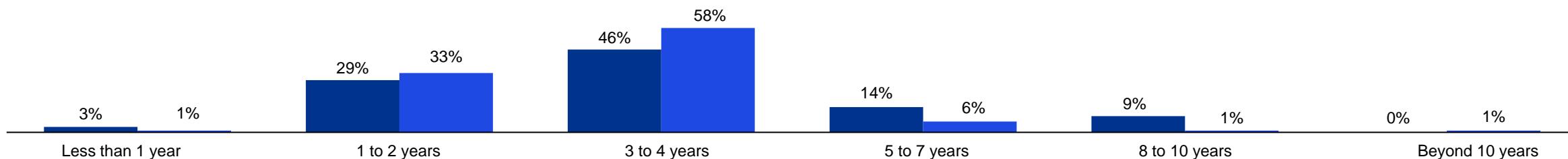


Q. How long do you usually expect it to take to achieve financial gains from an acquisition?



## Realizing Synergies

Private Equity  
Corporates



## Key observations

- 29% of PE and 33% of Corporate respondents anticipate gains within 1 to 2 years.
- 46% of PE and 58% of Corporate respondents expect financial gains from an acquisition within 3 to 4 years.
- KPMG's experience indicates that the timing of financial gains from an acquisition generally depends on whether the focus is on cost reduction, business growth, or both. Acquisitions focused on growth typically take longer to deliver financial gains.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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# Respondents considered a favorable acquisition price to have a high impact on increasing PE M&A activity over the next 12 months



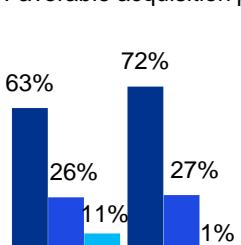
Q. What is the impact of the main drivers for increased PE M&A activity for the next 12 months? (a) N=35 (b) N=115; Matrix



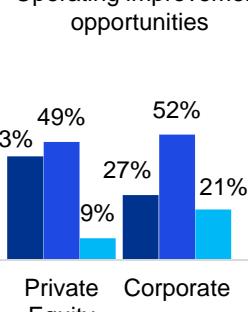
## Capital Deployment Targets

High Medium Low

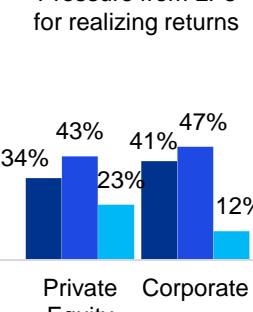
Favorable acquisition price



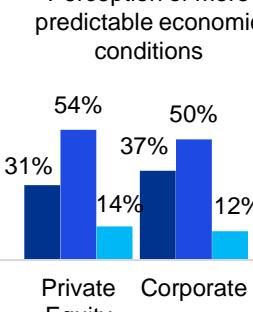
Operating improvement opportunities



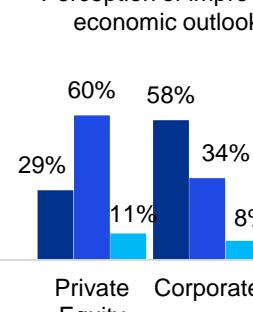
Pressure from LPs for realizing returns



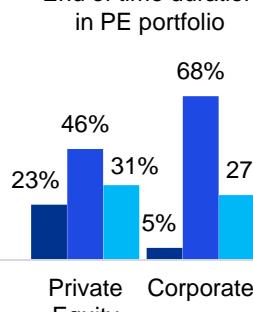
Perception of more predictable economic conditions



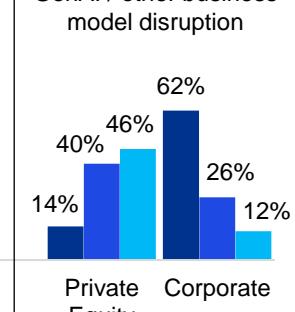
Perception of improving economic outlook



End of time duration in PE portfolio



GenAI / other business model disruption



## Key observations

- Most Private Equity respondents (63%) considered a *favorable acquisition price* to have a *high impact* on increasing PE M&A activity over the next 12 months, potentially highlighting the key role pricing plays in investment decisions.
- Operating improvement opportunities* was also perceived to have a *high impact* (43% high, 49% medium) on increasing PE M&A activity over the next 12 months, potentially highlighting the importance that improvement opportunities plays from the perspective of private equity.
- Differing from Private Equity perception, the *perception of an improving economic outlook* and potential *disruption from GenAI/other business models* were held with considerable influence, both with 58% and 62% *high impact* ratings, signifying the corporate perception on the considerable effect of external economic conditions and industry advancements.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



# M&A investments in AI are expected to increase in response to business disruptors



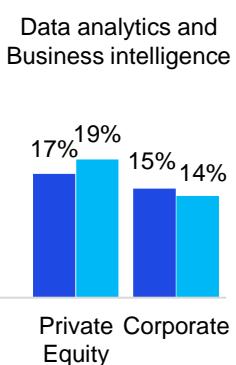
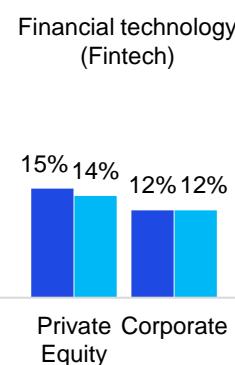
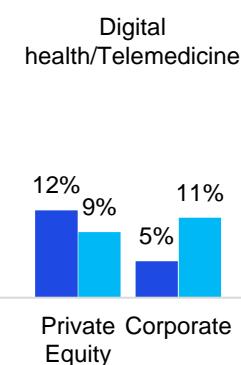
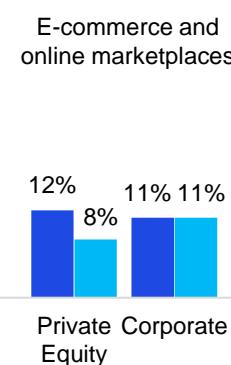
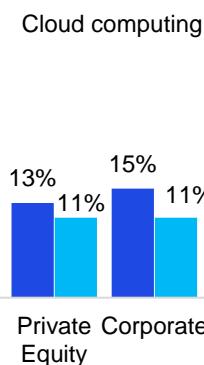
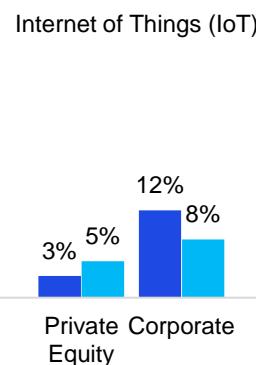
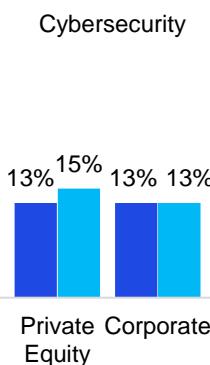
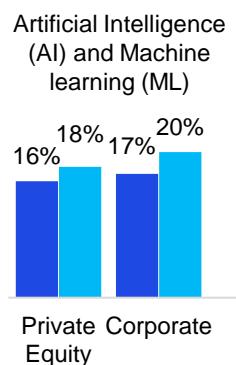
Q. In the last 12 months and in the next 12 months, in which of these areas have you invested or expect to invest through M&A?



## Business Model Disruption

Last 12 months

Next 12 months



## Key observations

- Artificial Intelligence and Machine Learning Surge: Compared to the last year, there's a significant projected increase (*the highest spike across all areas*) in M&A investment in *Artificial Intelligence (AI) and Machine Learning (ML)*, going from **51–69% PE and 64–86% Corp**, indicating a growing recognition of their strategic importance in the future of business
- Increase in *cybersecurity* in the *next 12 months* (**57% PE, 55% Corp**) against the *last 12 months* (**43–50%**) is supported by the elevating concern, with 2023 witnessing a 72% rise in data breaches since 2021<sup>(b)</sup>
- Digital health/Telemedicine* is expected to see a notable rise in Corporates, from **25–43%**, possibly spurred by the accelerated adoption and relevance of virtual health solutions amidst the pandemic.
- Financial technology* and *data analytics and business intelligence* areas both show moderate increases, reflecting an expected growing trend towards data-driven decision-making.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) Sourced from [ITRC Annual Data Breach Report](#)

Source(s): TMT M&A survey, Sep'24



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# Respondents expect private equity capital deployment to increase in 2025



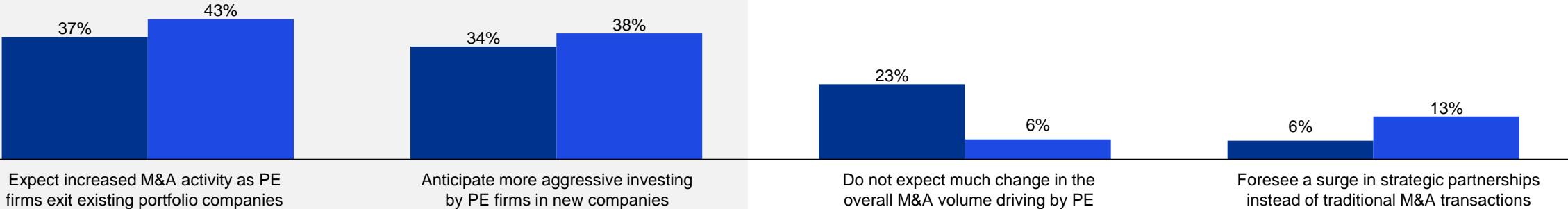
Q. In your opinion, how might the pressure on private equity firms to meet their capital deployment targets impact overall M&A activity in 2025? (a) N=150; Single Select



## Capital Deployment Targets

Private Equity  
Corporates

### Expectations for increased PE M&A activity



## Key observations

- 37% of PE and 43% of corporate dealmakers expect increased M&A activity as private equity firms exit their current portfolio companies.
- 34% of PE and 38% of Corporate respondents anticipate private equity firms will exhibit more aggressive investing in new companies.
- There were diverging perspectives on do not expect much change in overall M&A volume driven by PE (6% PE, 23% Corporate).
- Lesser proportions foresee a surge in strategic partnerships instead of traditional M&A (6% PE, 13% Corporate).

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



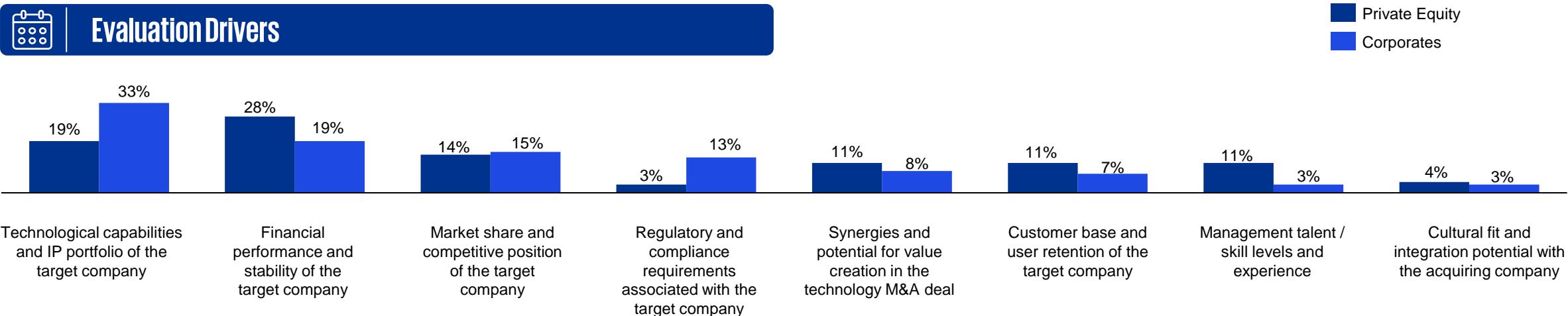
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# In due diligence, factors like technological capabilities and financial performance and stability are priority relative to other drivers



Q. As part of your due diligence activities, what factors do you prioritize when evaluating potential Technology M&A opportunities?



## Key observations

- High prioritization of *technological capabilities and IP portfolio* (19% PE / 33% Corporate) and *financial stability* (28% PE / 19% Corporate) may mirror their instant value-addition capability which can significantly impact due diligence decisions.
- Despite *regulatory and compliance requirements* (13% Corporate) being vital in the M&A process, their comparatively lower ranking may suggest that these are viewed as standard elements of due diligence and less distinctive among potential targets.
- The similarly weighted importance across *synergies and potential for value creation* and *customer base retention* (each 7%–11%) implies that their influence varies depending on the specific company scenarios, making them less universally decisive in due diligence.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24

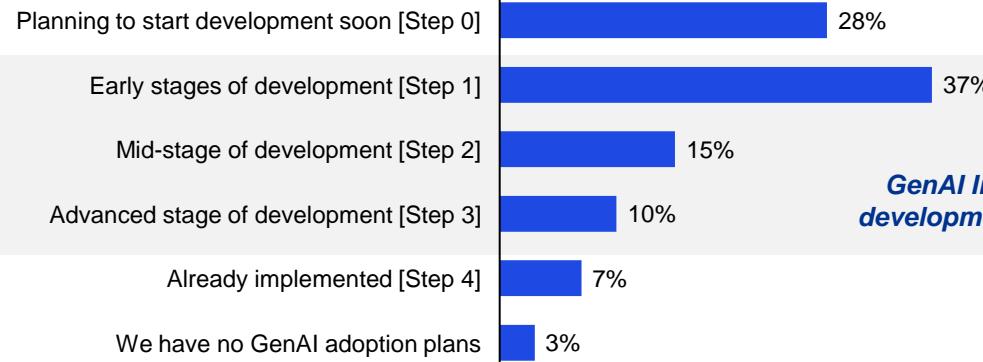
# Majority of dealmakers (~62%) report that their company is actively developing GenAI capabilities



Q. (1) How is your company progressing with GenAI adoption? (2) What specific GenAI applications would be most valuable for an M&A target/prospect to bring to your company?



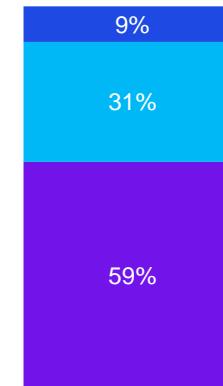
## Gen AI Adoption and Applications



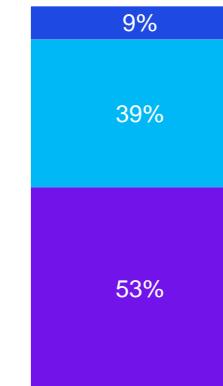
*GenAI In development*

## What GenAI applications are valuable?

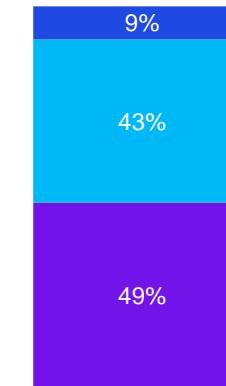
Low  
Medium



A more efficient way to support internal analytics/BI, decision-making and reporting processes



A tool to streamline and increase productivity of internal employees or corporate processes (including software development)



A capability in customer facing products or services to strengthen functionality and value of our offerings to customers



## Key observations

- 62% of respondents indicated they were *currently developing GenAI capabilities*, with 28% of companies with plans to start soon, suggesting a growing but nascent adoption curve among respondents.
- Respondents generally see value from GenAI in decision support, productivity, and customer facing offerings, but respondents noted a *stronger preference for internal capabilities* (59% for decision support, 53% for enhancing productivity) *over customer facing capabilities*.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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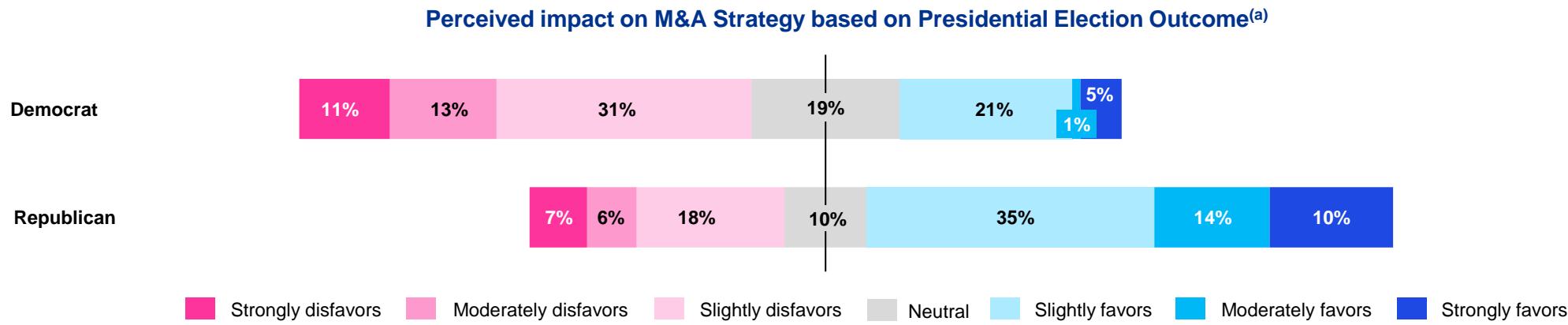
# Dealmakers expect the presidential election to impact their M&A strategy with a Republican administration generally perceived as more favorable than a Democrat administration



Q. How impactful will a change in administration be to your M&A strategy, based on having a Republican or Democrat in the White House? (n=150)



## Political Influence on M&A Strategy



## Key observations

- 59% of respondents felt that having a *Republican administration would favor their M&A strategy* (vs 26% for Democrats) while 55% of respondents felt that a Democratic administration disfavors their M&A strategy (vs 31% for republicans) which can indicate that a change in administration is perceived as promoting business-friendly policies or less regulatory scrutiny.
- However, the recent trends around *Republicans* not being as business friendly as earlier could account for the decreasing share from *slightly favors* to *strongly favors M&A strategy*.
- Remarkably, a *neutral* stance (not shown) was adopted by 19% on having a *Democrat*, which could indicate a level of adaptability to shift in political contexts or uncertainties over policy specifics.

Note(s): (a) Neutral responses not shown (Democrat =19%, Republican = 10%),

Source(s): TMT M&A survey, Sep'24



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# The specific legislation impacting M&A is anticipated to vary based on political party given the perceived differences in policy priorities



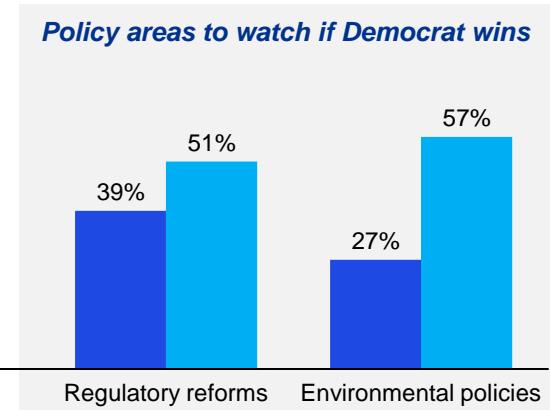
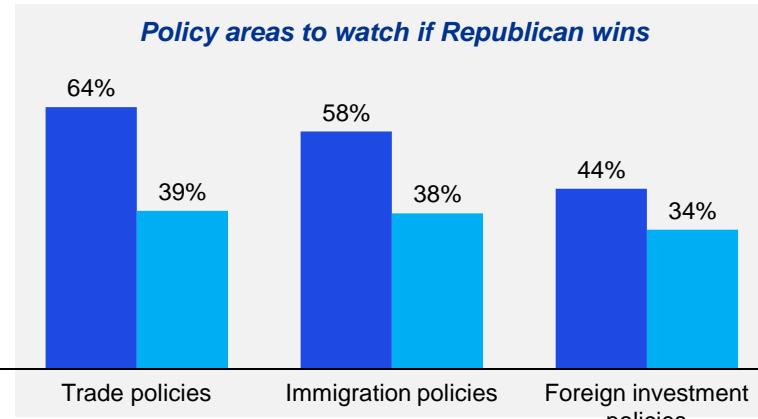
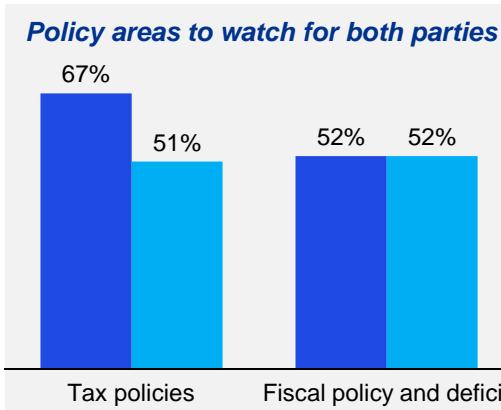
Q. What policy areas do you think will affect future M&A in your sector the most, based on having a Republican or Democrat in the White House?



## Policy Areas Affecting Future M&A by Presidential Administration

Republican

Democrat



## Key observations

- **67% of republican and 52% of democrat respondents identified tax policies as a significant factor** that will affect future M&A in their sector, highlighting the critical nature of tax considerations in deal-making.
- **Trade policy impacts were seen differently by administration** with Republicans (64%) and Democrats (39%), indicating a divergence in views on the impact of trade policies based on political leanings.
- Conversely, **environmental policies are seen as more impacting under Democrats (57%)** than Republicans (27%), suggesting sector-specific strategies might need to consider environmental regulatory expectations more carefully under Democrat administrations.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24



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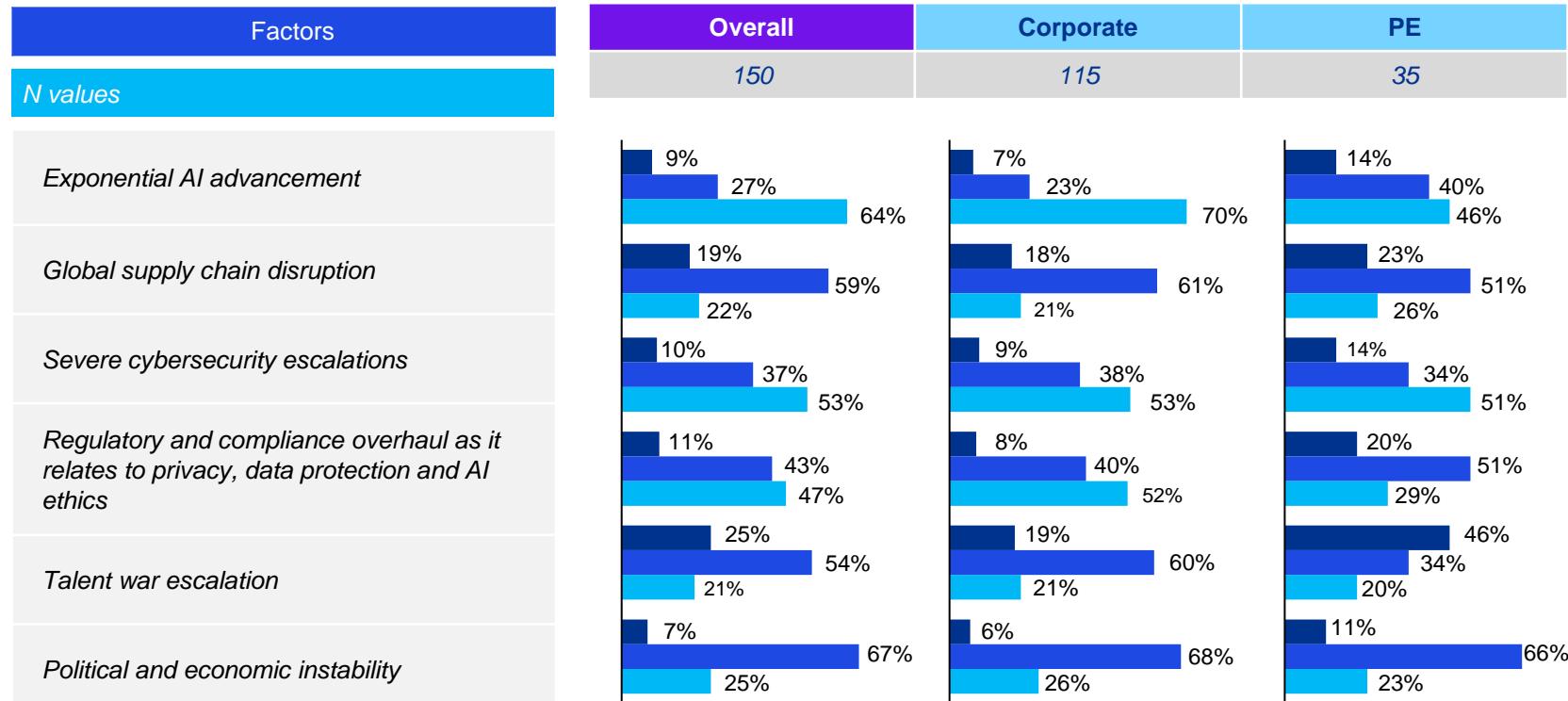
# Exponential AI advancement, followed by cybersecurity escalations, is considered to have a high impact, while political and economic instability is expected to have a medium impact



Q. Please indicate the impact of the following disruptors on your organization's path to growth. (a) N=150; Matrix: Low, Medium, High



## Growth Challenges and Disruptors



## Key observations

- *Exponential AI advancement* is considered a high-impact disruptor by **70% Corporate** and **46% PE** respondents.
- The following factors are perceived as mostly *high-impact disruptors* by both *Corporate* and *PE*:
  - *Severe cybersecurity escalations* (53% *Corporates*, 51% *PE*), and
  - *Regulatory compliances related to privacy, data protection, and AI ethics* (52% *Corporates*, 29% *PE*).
- *Talent war escalation* gravitates towards medium impact within the overall and *Corporate* respondents (54%, 60% respectively) but lingers around low impact (46%) for *PE*.
- Lastly, *political and economic instability* is overwhelmingly seen as a *medium impact disruptor* across **68% Corporates** and **66% PE**.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): TMT M&A survey, Sep'24

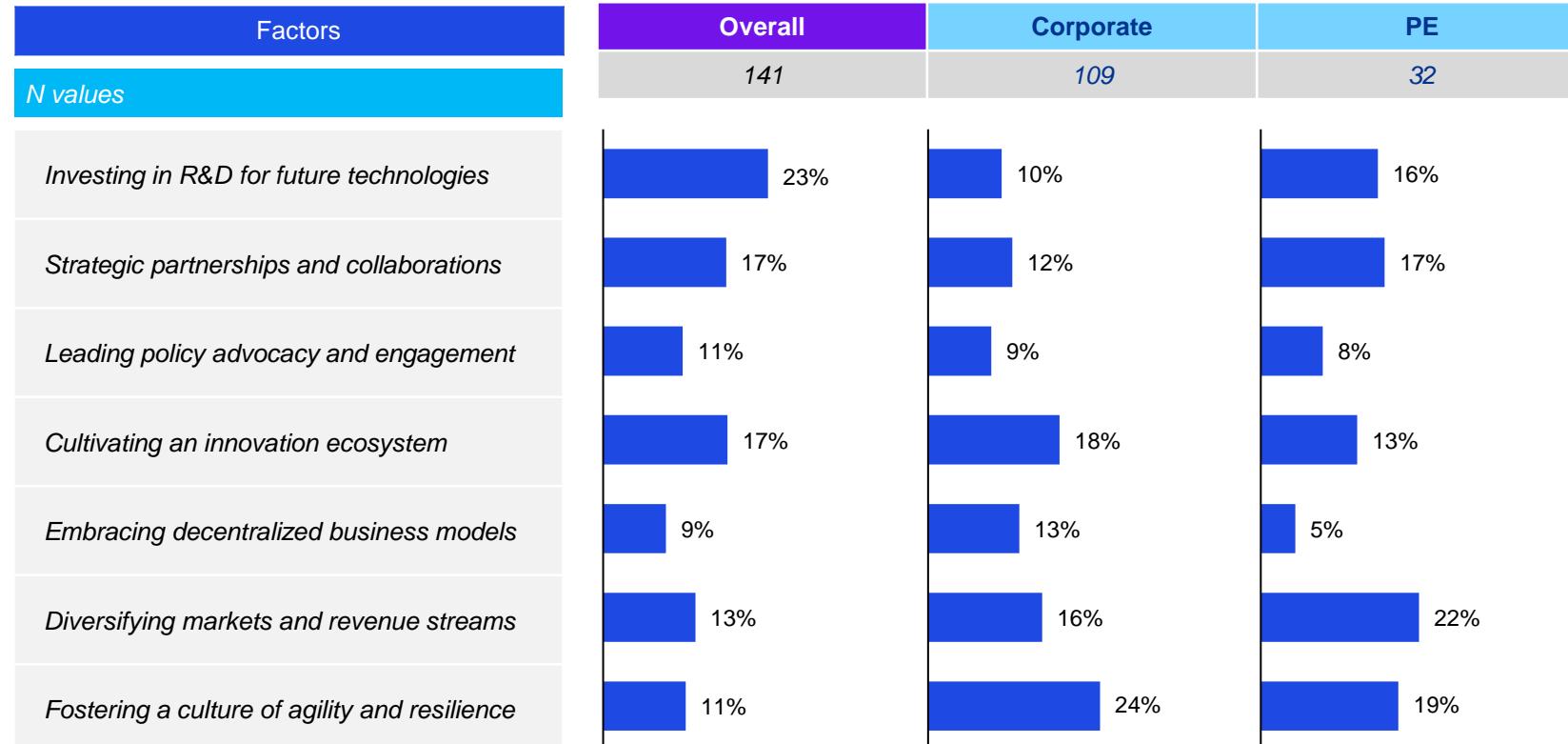
# Investing in R&D for future technologies is the major action that would be taken to counteract the high impact disruptors, followed by cultivating an innovation ecosystem



Q. For the disruptors that you designated as High, which of the following actions will you take to address these challenges? You indicated 'High' impact for the following disruptors:



## Growth Challenges and Disruptors



## Key observations

- A significant majority, particularly *Corporate respondents (90%)* more so than *PE respondents (63%)*, plan to *invest in R&D for future technologies*, potentially as a proactive measure to align with the *disruptive force of AI advancement, thereby sustaining growth, building strategic partnerships and collaborations* also emerges as a popular method, with a higher preference within *PE respondents (72%)* compared to *Corporate respondents (60%)*.
- Corporate respondents (48%)* also tend to lean more towards *leading policy advocacy and engagement* however this is least preferred by *PE respondents (16%)*.
- Lastly, *fostering a culture of agility and resilience* resonates more with *PE respondents (53%)* than with *Corporate respondents (39%)*.

Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) The question was only presented to those respondents who chose 'High' in the previous question (Q. A10)  
 Source(s): TMT M&A survey, Sep'24



# Appendix



# Survey respondent profile



# Survey respondent profile (1/3)

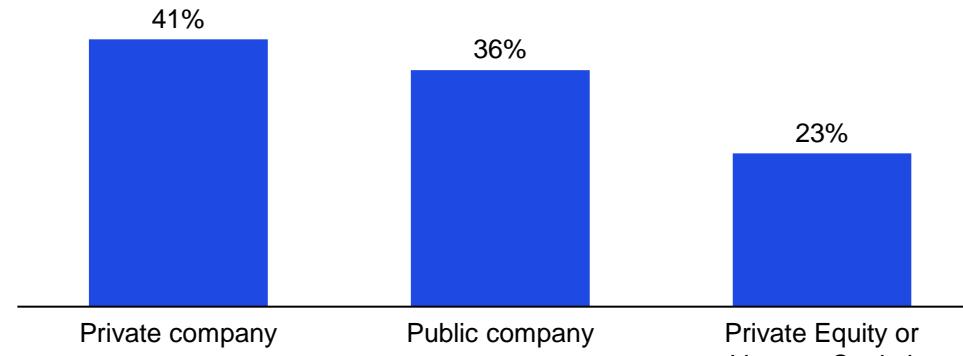
## Statistics (n=150)

Overall: Confidence level at 93% (based on z-score for proportions); Sample size (n=150) for infinite population; Margin of error (e =  $\pm 7\%$ )

Corporates: Confidence level at 91% (based on z-score for proportions); Sample size (n=115) for infinite population; Margin of error (e =  $\pm 7\%$ )

PEs: Confidence level at 82% (based on z-score for proportions); Sample size (n=35) for population (p=200); Margin of error (e =  $\pm 7\%$ )

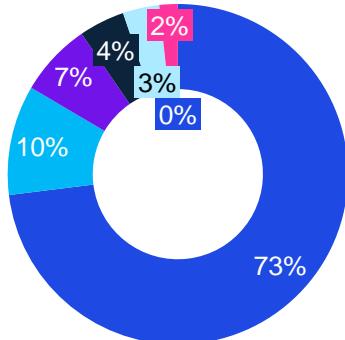
### S1. Please select the option that best describes your company N=150; Single select



### S2. Please select the country/region where your company is headquartered N=150; Single select



### S1a. Please select which sector your company is most closely associated with<sup>(a)</sup> N=115; Single select



- Technology - predominantly Software and/or SaaS
- Technology - predominantly hardware
- Technology - Semiconductors
- Media - Advertising and/or Digital Advertising
- Media - Broadcasting
- Media - Publishing and/or Electronic Information
- Sports Teams, Leagues or Sporting Events

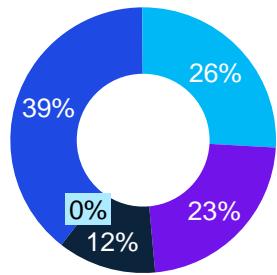
### S1b. Please select the sector(s) of your invested portfolio companies<sup>(b)</sup> N=35; Multi select



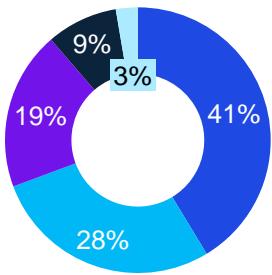
Notes: (a) This question was only presented to those respondents who selected options (a) or (b) in S1; (b) This question was only presented to those respondents who selected option (c) in S1  
 Source(s): TMT M&A survey, Sep'24

# Survey respondent profile (2/3)

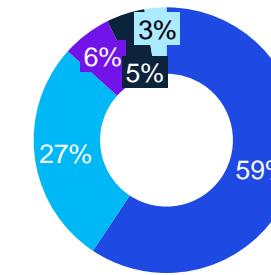
**S3. Please select the **number of acquisitions** closed since January 2021 (controlling investments only) N=150; Single select**



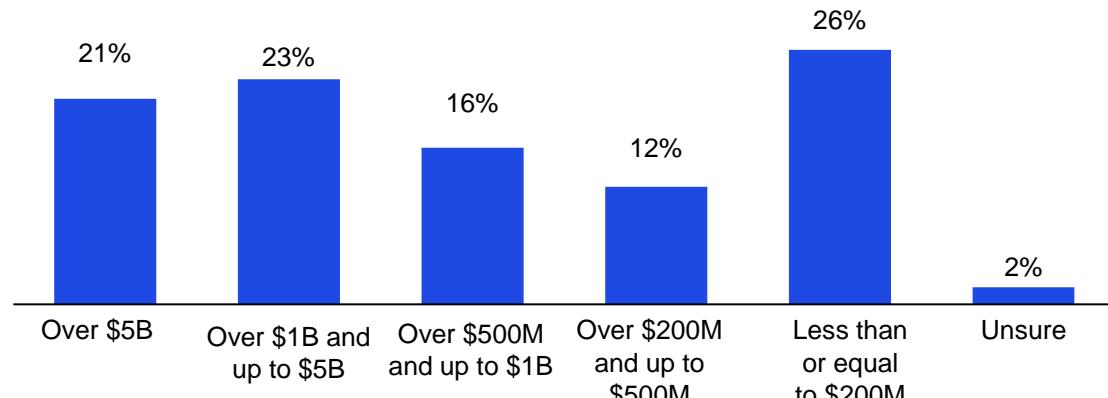
**S4. Please select the **number of divestitures** (sale or separation of a business unit) closed since January 2021 N=150; Single select**



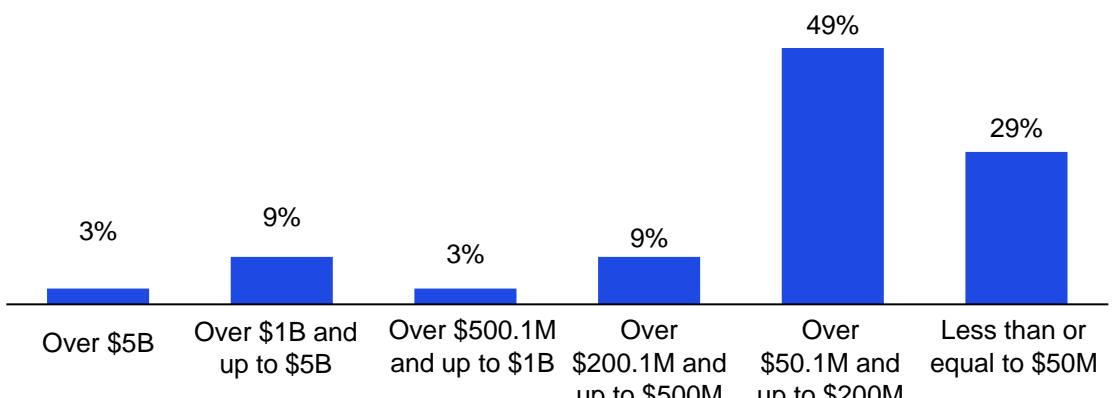
**S5. How many **acquisitions** do you expect to close in the next 12 months? N=150; Single select**



**S6a. What is your company's annual revenue? <sup>(a)</sup> N=115; Single select**



**S6b. What is the revenue range most applicable to your invested portfolio companies in Technology and/or Media? <sup>(b)</sup> N=35; Single select**



Notes:

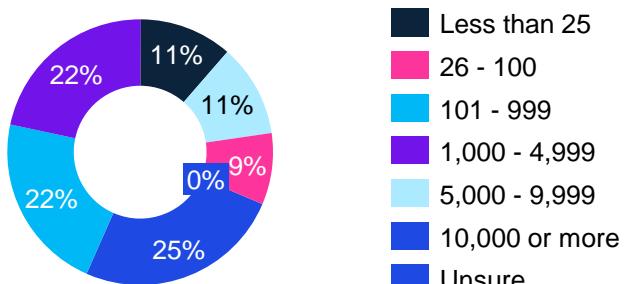
Source(s): TMT M&A survey, Sep'24



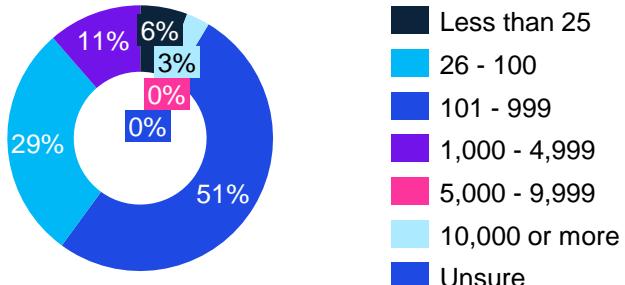
(a) This question was only presented to those respondents who selected options (a) or (b) in S1; (b) This question was only presented to those respondents who selected option (c) in S1

# Survey respondent profile (3/3)

## S7a. How many full-time employees do you have globally in your company?<sup>(a)</sup> N=115; Single select



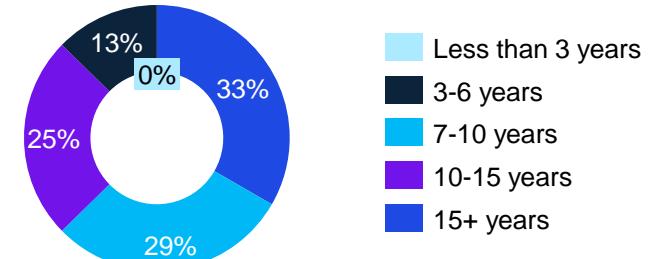
## S7b. What is the employee range most applicable to your invested portfolio companies in Technology and/or Media?<sup>(b)</sup> N=35; Single select



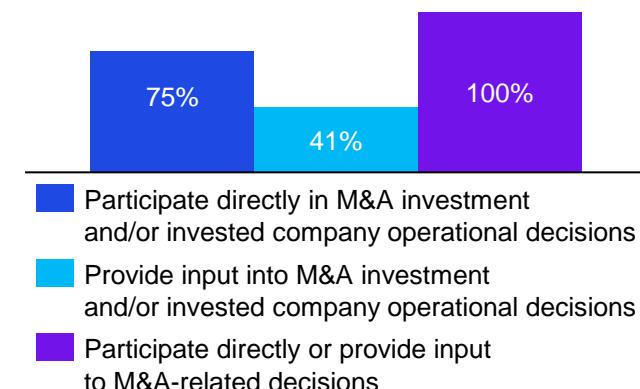
## S8. Which of the following best represents your role in your company? N=150; Single select



## S9. Please select your years of M&A experience N=150; Single select



## S10. Please indicate your level of involvement in M&A deal-making decisions and/or M&A operations/execution N=150; Multi select



Notes: (a) This question was only presented to those respondents who selected options (a) or (b) in S1; (b) This question was only presented to those respondents who selected option (c) in S1  
 Source(s): TMT M&A survey, Sep'24



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