



# Picking up steam

M&A trends in technology,  
media, and telecom

Q3'24

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# Momentum intact

The deal market in the technology, media, and telecom (TMT) sector avoided the summertime lull in Q3'24 with transaction value rising 10.5 percent from the previous quarter even though volume fell 6.2 percent. Indeed, the stronger dealmaking momentum in the first three quarters of this year remained intact. Year-to-date deal value was more than double the amount of the same period in 2023, while deal count was up less than 5 percent. This indicates that transactions are also getting larger.

The biggest deal of Q3'24 was Verizon's planned \$20 billion takeover of Frontier Communications to expand its fiber broadband footprint across the US and outcompete rivals; it touted the transaction as a "strategic acquisition of the largest pure-play fiber internet provider" in the country. The second biggest deal of the quarter was the \$16.1 billion bid to acquire Australian data center group AirTrunk by Blackstone and CPP Investments. We expect to see more investments like this in the data center area, supporting the focus on the "picks and shovels" parts of the booming ecosystem in artificial intelligence (AI).

As usual, the technology subsector was the most active in Q3'24 with 1,028 transactions together worth \$77.9 billion. With the Verizon-Frontier deal, telecom was about the same as the media subsector at \$28 billion in deal value on 57 transactions. Media registered 346 transactions worth \$28.5 billion. Strategic deals outperformed private equity (PE) ones with their total value increasing 126.4 percent while PE's decreased 33.6 percent. Overall, 12.3 percent of deals were worth \$1 billion or more compared to 10.4 percent in Q2'24.

Now that the Federal Reserve has started its rate-cut cycle, we expect dealmakers' sentiment to improve in the coming months. The TMT sector will continue to undergo a significant transformation, in particular, driven by advancements in AI and the constant need for stronger cybersecurity, creating potential merger and acquisition (M&A) opportunities. Pent-up demand is also expected to drive sustained PE investment in TMT companies amid a more favorable macroeconomic environment. At last, the long period of weak dealmaking looks to be behind us, and we are optimistic for the balance of this year and going into 2025.

“ Year-to-date deal value was more than double the amount of the same period in 2023.



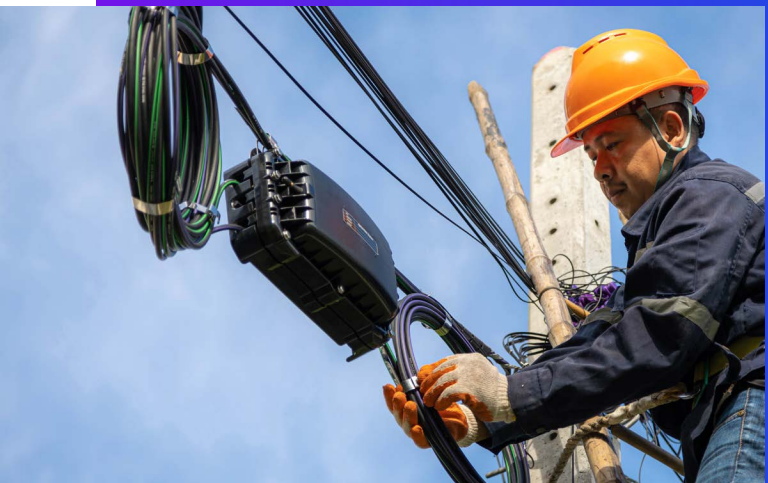
**Anuj Bahal**

*Principal  
Deal Advisory & Strategy  
TMT Leader*

The data

# Big quarter for telecom

In Q3'24, the trend toward larger deals continued, with 25 transactions worth \$1 billion or more; in Q1'24, there were 17. The \$20 billion Verizon-Frontier deal (subject to shareholder approval) was one of the biggest in telecom in recent months. But the technology and media subsectors also notched megadeals worth more than \$10 billion.

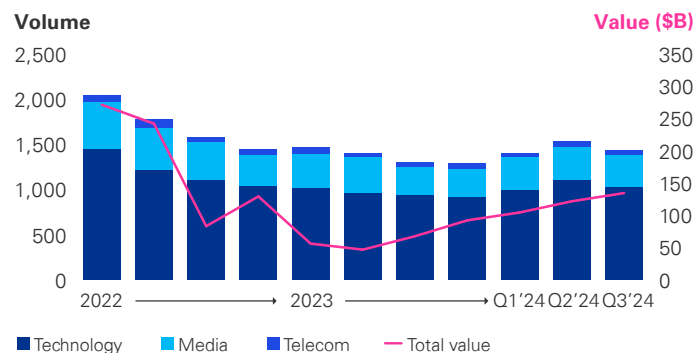


Q3'24 highlights

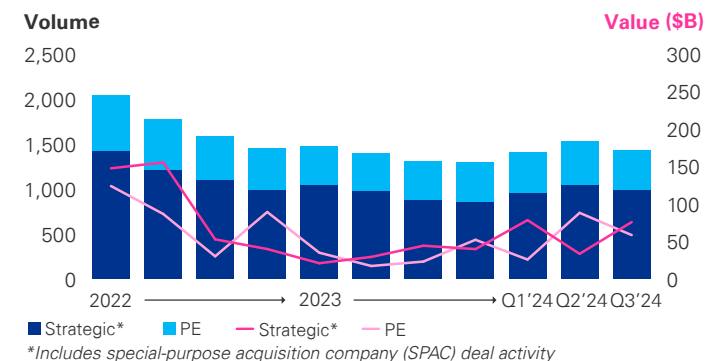


Although TMT deal volume declined slightly from last quarter, deal value rose by double digits.

TMT deal activity by sector



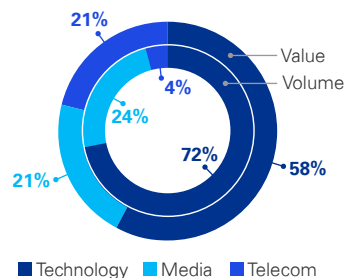
TMT deal activity by type



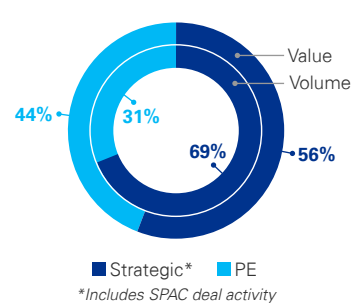
Q3'24 deal mix

Outer ring represents value. Inner ring represents volume.

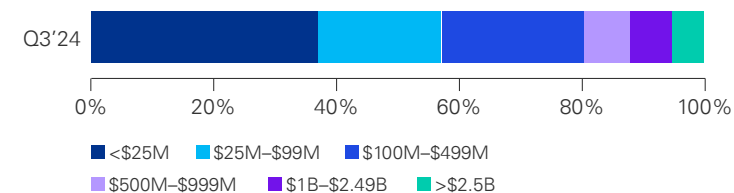
Sector mix



PE/strategic mix



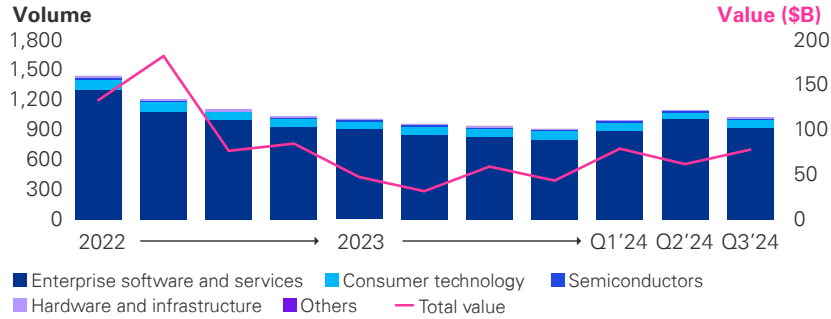
Q3'24 deal size mix



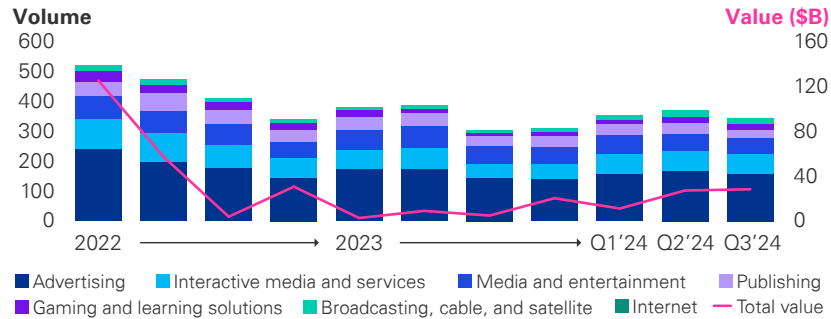
Deal data has been sourced from Capital IQ, Pitchbook, and KPMG analysis. The values and volumes data cited are for US deals announced between July 1, /2024 and September 30, 2024. Deal values are only presented based on publicly available deal data and are not exhaustive. Previously published statistics may be restated to incorporate new data and/or any change.

## Deal activity by subsector

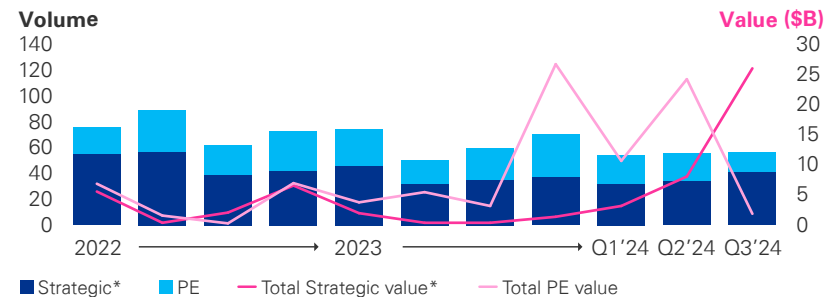
### Technology



### Media



### Telecom

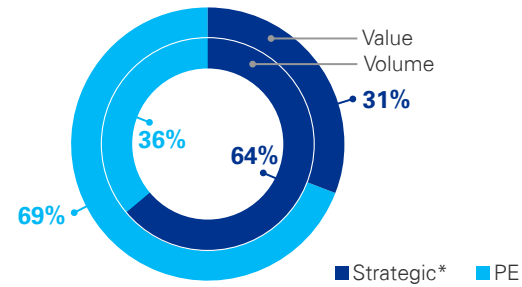


\*Includes SPAC deal activity

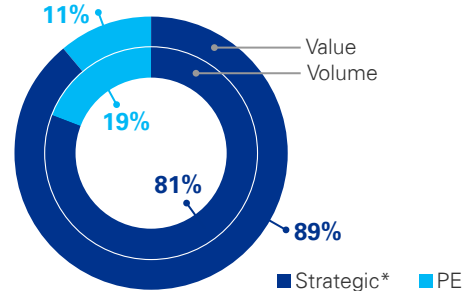
## PE/strategic mix

Outer ring represents value. Inner ring represents volume.

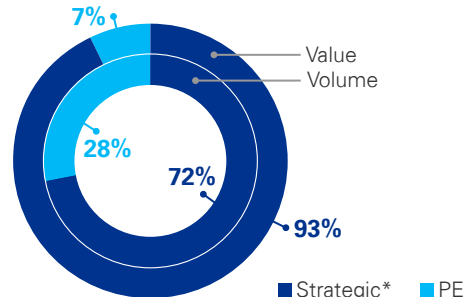
### Technology



### Media



### Telecom



## Top deals

Acquirer: <b>Verizon Communications</b>	<b>Value (billions)</b> <b>\$20.0</b>
Target: <b>Frontier Communications</b>	

Acquirer: <b>Blackstone, CPP Investments</b>	<b>Value (billions)</b> <b>\$16.1</b>
Target: <b>AirTrunk</b>	

Acquirer* <b>DIRECTV</b>	<b>Value (billions)</b> <b>\$11.8</b>
Target: <b>DISH DBS</b>	

Acquirer: <b>Blackstone, Vista Equity Partners</b>	<b>Value (billions)</b> <b>\$8.4</b>
Target: <b>Smartsheet</b>	

Acquirer: <b>RedBird Capital Partners, Skydance Media</b>	<b>Value (billions)</b> <b>\$8.4</b>
Target: <b>Paramount Global</b>	

\* On November 22, DIRECTV called off the merger after DISH's bondholders expressed opposition.

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Deep dive

# Time to double down on pre-deal value diligence



Significant deal activity, including in the TMT sector, is expected in the coming year. Falling interest rates and PE firms' need to exit thousands of assets to return capital to investors, as well as corporates looking to optimize their portfolios through M&A in a less uncertain economy, look set to fuel the market.

However, the recent uptick in M&A activity has largely been driven by PE sponsors exiting their best performing assets, which make up a relatively small percentage of their portfolios. That means buyers need to more accurately distinguish between assets with significant future value potential and assets that have either largely maxed out their topline and margin potential, or have structural issues or risks that a return on investment is too uncertain.

Leading investors today know that achieving sustainable improvement in earnings before interest, taxes, depreciation, and amortization (EBITDA) and cash flow will be the primary avenue to ensuring expansion of multiples.

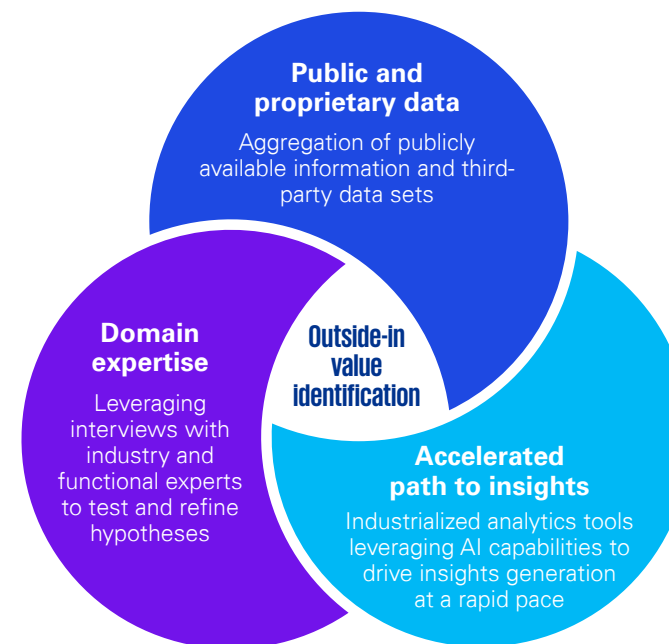
Seeking conviction on this as early in the investment process as possible will allow buyers to:

Rapidly seize opportunities and avoid wasting time on assets not meeting investment criteria

Be aggressive and competitive in their pursuit of assets they choose to focus on

Be thoughtful with external spend and only launch full diligence on assets already vetted from a value potential perspective.

The common enabler of all these goals is predeal value diligence that can be conducted before traditional due diligence. This holistic approach to value creation is explicitly designed to support a rapid assessment of investment targets and provide high-confidence perspectives on the EBITDA and cash improvement potential, as well as the path to realizing the impact during the investment period.



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The method relies on integrating proprietary and publicly available (“outside-in”) data with advanced analytical models to deliver detailed and comprehensive performance analytics on various company topics. Expert interviews conducted using a standardized methodology to create the outside-in target P&L and identify sector-specific value creation levers will also complement that approach. The process can be executed within days, equipping functional and sector specialists with data-driven results necessary to quickly outline and quantify the value case.

The output will have direct impact on the buyers’ decision-making, offering them a more objective and quantifiable case to pursue or not to pursue a target. If the outside-in assessment does identify a material value potential, it can be further refined with more detailed, task-level value capture plans, both pre- and post-sign, using the target’s data and access to management. In so doing, the buyer will be able to take advantage of a rebounding M&A market in a more precise and surgical manner.



“ Leveraging large data sets, the knowledge of thousands of transactions, and customized AI tools drives gains in early insights. It is a newer and more innovative approach.”

## Outlook

# Soft landing

Heading into the final quarter of the year, the US economy continues to be resilient, although it is forecast to slow. Inflation is under control. The labor market is not as strong as in previous months but remains solid, and consumer spending is still healthy. KPMG Economics foresees no recession ahead and is forecasting a softish landing with a slight increase in the unemployment rate and inflation reaching the Fed's 2 percent target.

After slashing its benchmark interest rate by 75 basis points (bps) since September, our economists expect the Fed to cut again in December and four more times in 2025. We forecast US GDP to grow 2.7 percent this year and 2 percent in 2025.

## A sector full of powerful trends



### Technology

Market players are trying hard to stay abreast of trends in AI, which is perceived as foundational for the next phase in digital transformation for most medium- to large scale enterprises.



### Media

Continued consumer interest in streaming, gaming, and experiential entertainment is expected to keep companies pursuing deals for more content/intellectual property and scale.



### Telecom

Following the recent trend, further consolidation is anticipated, with telecom operators renewing their interest in fiber to compete in underserved markets, improve retention with convergence, and reduce cost with better scale.

## Key considerations as we look ahead

In the coming months, the combination of the second presidency of Donald Trump and a more stable economy may provide a more favorable backdrop for TMT dealmakers. However, our watchlist of potential disruptors is the same as Q3'24:

1

#### US election

Decreased regulation and lower corporate taxes may provide a small boost in 2025. Impending tariffs and a slowdown in immigration will likely lead to higher prices in 2026.

2

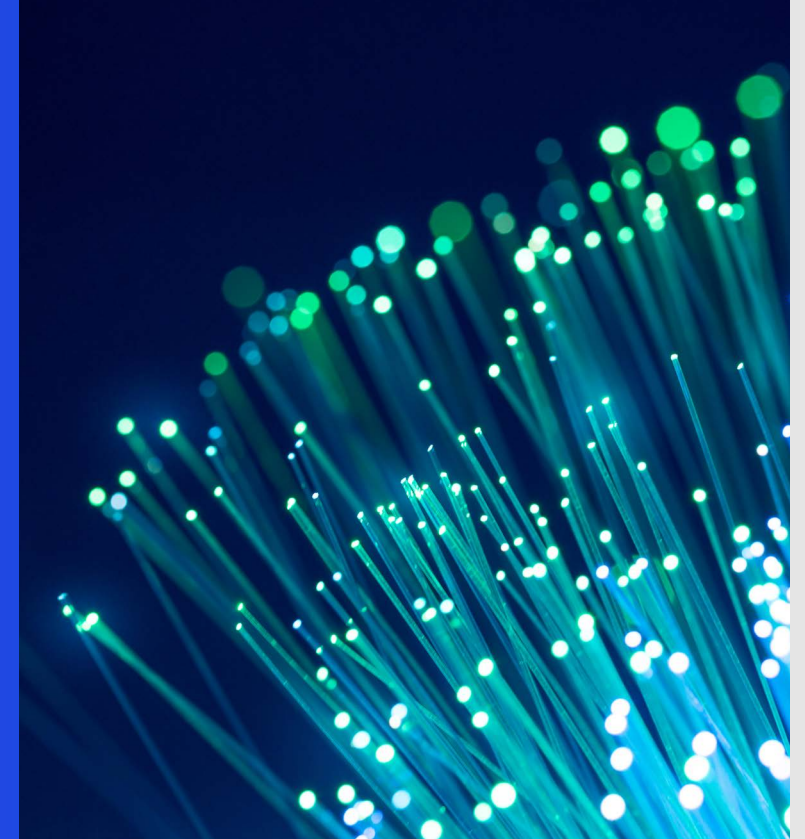
#### Interest rates

The fed funds rate could be higher than previously thought given higher expected inflation from trade and immigration policies.

3

#### Geopolitics and the global economy

Conflicts in the Middle East and Ukraine could escalate. China's domestic demand remains weak.



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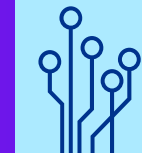


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## How we can help you

KPMG helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value, leveraging its depth in the TMT industry, data-supported and tools-led insights, and full M&A capabilities across the deal lifecycle.

With a TMT specialization, our teams bring both transactional and operational experience, delivering rapid results and value creation.

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