



M&A trends in tech, media, and telecom

Q1 2025 M&A trends report

Working through shorter term volatility

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Longer-term fundamentals remain in place despite short-term volatility.

The technology, media, and telecommunications (TMT) sector has always been a bellwether for innovation and disruption, and this quarter has been no exception. As 2025 began, a resurgence of dealmaking, fueled by improved economic conditions, the artificial intelligence (AI) boom, and strategic portfolio optimizations, set the stage for a better year ahead. However, as the curtain closed on the first quarter of 2025 (Q1'25), tariff announcements and volatile markets began telling a different story.

In 2024, key economic metrics, such as gross domestic product and the Consumer Price Index, described a robust US economy with cooling inflation. The financial environment at the start of 2025 was mostly stable, as evidenced by Treasury yields and a strong dollar.

Then March came, and along with it, the tariff announcements. Q1'25 ended on an uncertain note, with sector companies like Klarna and StubHub hitting pause on their planned initial public offerings as economic uncertainty roiled markets, paused some dealmaking, and reduced investor confidence. Nevertheless, most of Q1'25 has been marked by continued dealmaking, with an increase in both deal value and strategic transactions compared to the first quarter of 2024. The sector observed

growth in private equity (PE) investments, particularly in technology and media, as firms seek to capitalize on AI, digital transformation, and portfolio reshaping. The semiconductor industry has experienced a surge in activity, driven by the high demand for AI-related technologies and the strategic importance of key semiconductor companies and PE pushing into adjacent technologies complementary to the AI offerings in their portfolio companies.

In the media sector, consolidation remained a dominant theme as companies strive to enhance content accessibility and improve service offerings. The telecommunications sector continued to see interest in data center investments and a renewed attention on fiber. The integration of AI and advanced technologies is reshaping the landscape, creating new opportunities and challenges for dealmakers.

This report delves into the key trends, major deals, and strategic implications of the merger and acquisition (M&A) activity in the TMT sector for Q1'25. We will explore the current state of the sector, analyze the data on deal volumes and values, and provide a forward-looking perspective on the challenges—and opportunities—that lie ahead.

Q1 2025 highlights

1,469
deals

 **-4.7%**
decrease in number
of deals QoQ

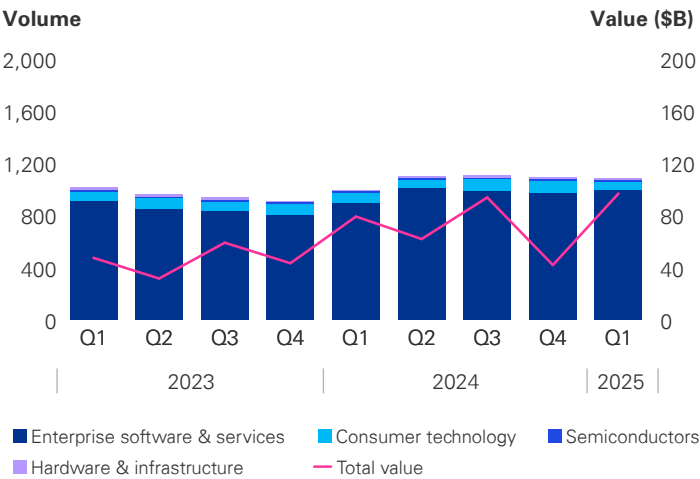
\$127.3
deal value (in \$US bn)

 **67.7**
increase in deal
value QoQ

Strategic deal value and volume increased in Q1'25

The following tables present the year-over-year (YoY) and quarter-over-quarter (QoQ) percentage changes in deal volume and deal value for the sector, subsectors, and by deal type (strategic versus PE).

Technology, media and telecom deal volume and value



Strategic/PE deal volume and value

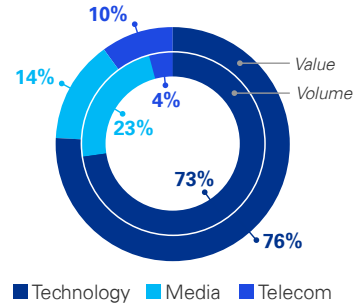


*Data also contains figures for SPAC deals.

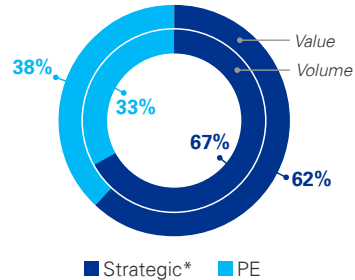
Tech companies dominate dealmaking in Q1'25

Technology, media and telecom - Q1'25

Sector mix

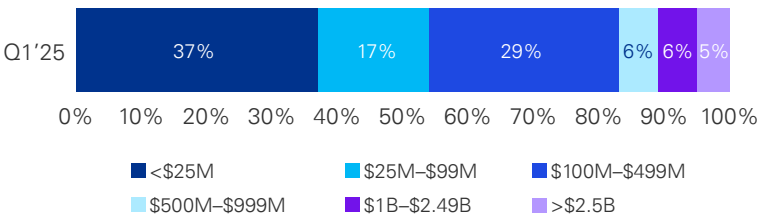


PE/strategic mix



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Technology, media and telecom deal size mix - Q1'25



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

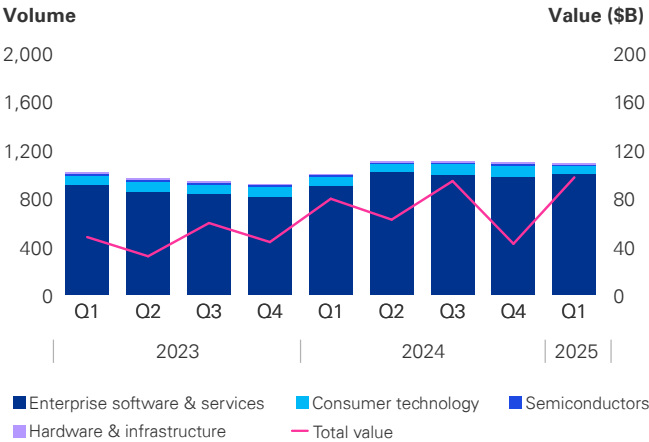
Technology lead the way in Q1'25

The AI boom is driving deals across TMT.

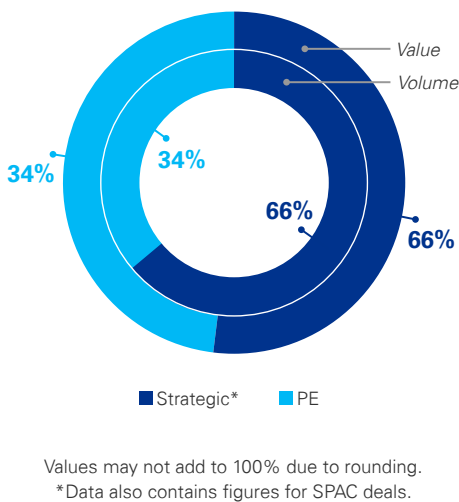
Technology

The technology subsector continues to dominate the TMT landscape, driven by the AI boom and the growing semiconductor ecosystem. The sector saw a slight decline in deal volume QoQ but maintained strong YoY growth. The integration of AI into enterprise software and the expansion of semiconductor, data center, and cloud infrastructure are key drivers of this growth.

Technology deals by subsector



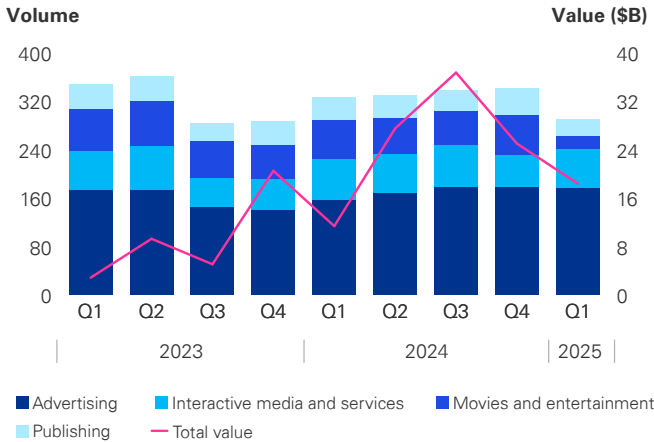
Technology strategic/PE mix - Q1'25



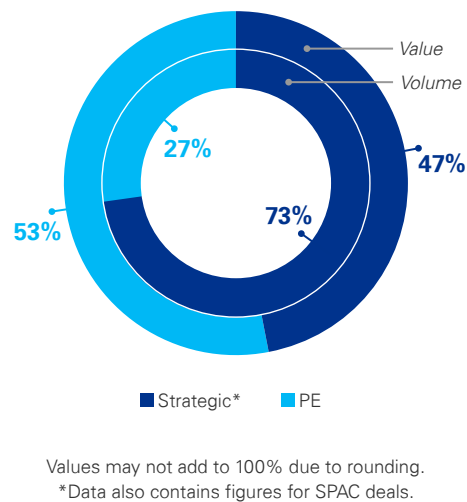
Media

The media subsector experienced a decline in deal volume both YoY and QoQ, reflecting the ongoing consolidation trend. The implementation of AI and generative AI (GenAI) in content creation and distribution is reshaping the media landscape, driving operational efficiencies and enhancing consumer experiences.

Media deals by subsector



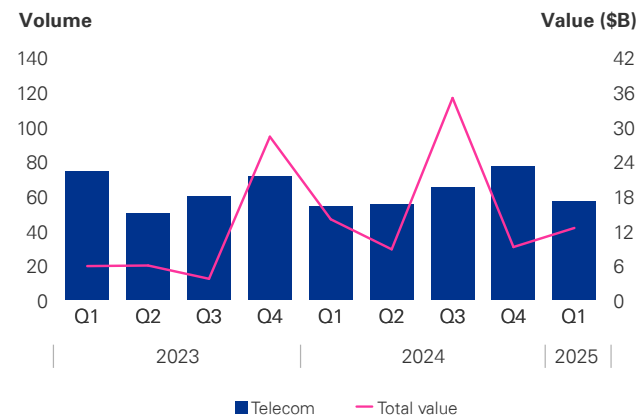
Media strategic/PE mix - Q1'25



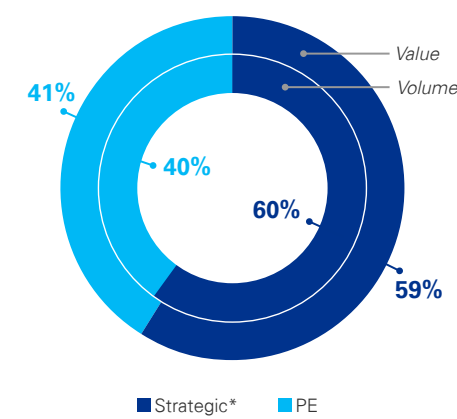
Telecommunications

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Telecom deal value and volume by subsector



Telecom strategic/PE mix - Q1'25



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Top deals

Acquirer: Google LLC Target: Wiz, Inc.	Value (billions) \$32.0
Acquirer: CenterSquare Investment Management, Macquarie Asset Management, PATRIZIA Target: Aligned Data Centers	Value (billions) \$12.0
Acquirer: Clearlake Capital Group Target: Dun & Bradstreet	Value (billions) \$7.7
Acquirer: SoftBank Group Corp Target: Ampere Computing LLC	Value (billions) \$6.5
Acquirer: Turn/River Capital Target: SolarWinds	Value (billions) \$4.4
Acquirer: Zayo Group Holdings, Inc. Target: Fiber Solutions Business of Crown Castle Inc.	Value (billions) \$4.3

Deal data has been sourced from Capital IQ, Pitchbook, and KPMG analysis. The values and volumes data cited are for US deals announced between January 1, 2025 and March 31, 2025. 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.

Agility matters in an age of economic uncertainty

TMT's underlying fundamentals remain intact for growth over the longer term. However, the KPMG Economics outlook for the shorter term has shifted, with the most recent forecast predicting a potential move from stagflation with a recession, specifically a three-quarter recession characterized by negative growth, higher inflation, and rising unemployment. The Federal Reserve is expected to start cutting interest rates in October 2025 to stimulate growth. This potential economic downturn, coupled with the uncertainty caused by tariffs, is expected to significantly impact deal activity across all sectors, including TMT. In this challenging environment that may continue for the next three to six months, it's our view that companies must prioritize agility (and cash management) to navigate potential market downturns and rapidly changing conditions.



Telecommunications

The agentic AI boom and the pull-through integration of advanced technologies will continue to be key drivers of M&A activity over time, although technology deals in the near term are expected to remain relatively flat as companies remain cautious while we face economic uncertainty and regulatory scrutiny. PE investments are expected to continue with smaller bolt-on deals, but we are likely to see a pause and delays in platform deals. The pressure to return capital to limited partners remains and so exit planning in the forms of recapitalization and selling partial stakes is likely to continue. The semiconductor, data center, and cloud infrastructure sectors will continue to attract significant investments, driven by the strategic importance of AI-related technologies and the need for advanced manufacturing and adjacent capabilities.



Media

In the media sector, deal activity has slowed due to regulatory scrutiny and tariff concerns. The integration of AI and GenAI in content creation and distribution may drive operational efficiencies and enhance consumer experiences. However, the uncertainty surrounding tariffs and regulatory changes has caused a pause in many transactions, leading to increased scrutiny and caution. We anticipate companies are moving towards scenario planning to remain agile in the face of rapidly changing market conditions.



Telecom

The telecommunications sector may see continued consolidation, driven by the need to manage spectrum, network, and other capital expenditures more effectively. Data centers will remain a focus from a digital infrastructure standpoint, especially with potential deregulation that leads to better access to power. The focus on fiber expansion, AI-driven data, and convergence will create new opportunities and challenges for dealmakers. However, the economic downturn and tariff uncertainty are expected to delay large capital investments and M&A activities, as companies wait for clarity on the financial implications of these tariffs.

Key considerations as we look ahead

TMT industry dealmakers should consider the following factors:

01

Regulatory and tariff concerns:

Dealmakers must closely monitor regulatory changes and tariff impacts, as these can significantly affect deal structures and timelines. Preparing for potential regulatory scrutiny and ensuring compliance will be crucial. The uncertainty surrounding tariffs is causing companies to delay large capital investments and M&A activities, as they wait for clarity on the financial implications of these tariffs and the related secondary and knock-on impact they are likely to have.

02

Organizational agility and cash management:

Companies should maintain flexibility and strong cash reserves to navigate potential market downturns. Scenario planning and operational agility will be essential to adapt to rapidly changing conditions. The current economic forecast and tariff uncertainty require companies to be prepared for various scenarios and to maintain a strong financial position.

03

Underlying positive industry trends remain intact:

Despite the slowdown in deal activity, the fundamental trends in TMT remain strong and intact. Companies should continue to invest in core technologies and strategic partnerships to drive long-term growth and innovation. The integration of AI and advanced technologies will continue to be key drivers of M&A activity and operational efficiencies for many years to come.

Dealmakers weigh strong longer-term fundamentals against shorter-term economic challenges

Overall, TMT companies continue to focus on growth (albeit at a slower pace), cost discipline, innovative technology enablement, and capital optimization. Dealmakers should focus on leveraging technological advancements, optimizing the focus and performance of their portfolios, and navigating the evolving regulatory landscape to capitalize on the burgeoning opportunities in the TMT sector. By maintaining organizational agility, improving working capital and cash processes, and closely monitoring regulatory and tariff impacts, companies can navigate the challenges and capitalize on the strong fundamental trends in the TMT sectors.



How KPMG can help

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.

Our team

Experience wins the deal.

Each member of our deal team brings extensive industry experience and functional depth, working together to help you win the right deals, divest successfully and create long-term value.



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