



Addressing top of mind technology, media, and telecom issues

January 2025



kpmg.com

Contents



Oversight of GenAI



Accounting and financial reporting



Managing risks and opportunities related to
economic shifts and policy changes



Merger and acquisition activity



Workforce transformation



Industry outlook reports and other insights



Oversight of GenAI

As generative artificial intelligence (GenAI) moves from market buzz to practical business applications accompanied by a large-scale rollout, it's critical that technology, media, and telecommunications (TMT) companies understand the potential opportunities and risks posed by the technology. While GenAI can be used by a company to generate business value, it also holds a number of potential risks.

For example, successful adoption of GenAI will require the refinement of risk management frameworks focused on mitigating hazards related to (1) inaccurate data and results, (2) bias, (3) cybersecurity breaches, and (4) the development and retention of talent.

It may also require the mitigation of potential compliance risks in connection with emerging AI, including privacy and intellectual property regulations (foreign and domestic) as well as environmental regulations due to increased greenhouse gas emissions.

There's no doubt that given the strategic importance of technology in the TMT sector, GenAI will be a critical priority for management and boards in 2025.



Potential actions:

The followings are suggestions to help you focus and structure your oversight efforts around GenAI:

- **Conduct a strategic value/risk assessment:** Clearly communicate your findings regarding the potential revenue, cost impact, and overall business value derived from GenAI. Also, establish a robust governance process for GenAI deployment, including decisions regarding the development and use of GenAI systems or third-party models.
- **Implement a risk management framework:** Focus on identifying and managing GenAI risks as well as staying informed about emerging AI laws globally (e.g., EU AI Act, US Executive Orders). Also, enforce compliance with these rules and regulations.
- **Invest in data quality and cybersecurity:** Increasingly sophisticated equipment/programming will be required to enforce oversight on data governance reforms and ensure that GenAI outputs are reliable and secure. Also, regularly review your cybersecurity strategies.
- **Integrate environmental considerations:** Assess the environmental impact of GenAI adoption, particularly in connection with greenhouse gas emissions, to ensure long-term sustainability and compliance with internal and external environmental standards.



Thought leadership:

- [On the 2025 board agenda](#)
- [GenAI: A game-changer for TMT organizations](#)
- [AI in finance: US report](#)
- [CFO views on the value of tax in an AI-enabled future](#)

Accounting and financial reporting

All public companies should be aware of the new disclosure requirements regarding segment reporting for the December 31, 2024 financial statements. The Financial Accounting Standards Board (FASB) amended, in November 2023, the US generally accepted accounting principles (GAAP) requirements for disclosing segment information, known as Topic 280, through Accounting Standards Update (ASU) 2023-07.

Our latest [KPMG's paper](#) outlined key considerations that are essential for TMT companies as they finalize their segment reporting disclosures:

- A reminder on changes introduced by ASU 2023-07 and Securities and Exchange Commission (SEC) staff clarifications.
- Challenges faced by technology companies, including the SEC's recent focus on segment reporting disclosures.
- What companies can still do to ensure successful implementation of changes.

As TMT companies are likely in their final stages of implementing ASU 2023-07, it's crucial to adopt a strategic approach that ensures a smooth transition and compliance with the updated rules. (For more details on the new segment reporting disclosure requirements, please see our [latest paper](#).)



Potential actions:

- **Involve key stakeholders early in the process:** The stakeholders should include staff that prepares and reviews the disclosures, internal and external auditors, and senior leadership.
- **Align internal and external auditors:** Ensure that both internal and external auditors are aligned on the risks of material misstatements and the scope and effectiveness of internal controls. Also, expedite internal controls testing by both internal and external auditors.
- **Accelerate the preparation of disclosures:** Do not wait until the draft financial statements are prepared.
- **Disclosure control and procedures:** Confirm that the Internal Control Over Financial Reporting (ICFR) and disclosure control and procedures are appropriately designed for segment disclosures, including the information used in preparing segment disclosures.



Thought leadership:

- [Segment reporting highlights for technology companies](#)
- [Hot Topic: SEC staff clarifies segment reporting disclosures](#)
- [Handbook: Segment reporting](#)

Managing risks and opportunities related to economic shifts and policy changes

As we begin 2025, TMT business leaders are continuing to grapple with uncertainty about the post-election economic and geopolitical landscape, and how it could impact the business environment in 2025 and beyond. According to KPMG Economics' [Turning Points: 2025 Annual Outlook](#), there are several potential policy initiatives that could have an effect on you and your organization, including:

- Deregulation that targets energy, finance, health, hiring, and training practices
- Personal tax cut extensions that are slated to expire in 2026
- Tariffs, which appear to be ramping up slowly
- Retaliation against US tariffs by other nations that will limit exports and disrupt supply chains
- Increasing border security measures that will tend to curb both legal and illegal immigration
- A significant slowdown in government spending

While the outlook for 2025 presents several challenges, TMT companies can navigate the uncertain economic and policy environment effectively by taking the actions set out on the right. Companies that prepare well will be better positioned to capitalize on potential opportunities arising from economic and policy changes.



Potential actions:

- **Proactively monitor trade regulations and understand the potential impact of tariffs:** This process may include implementing strategies to mitigate the effects of tariffs, such as strengthening or diversifying supply chains, executing tariff recovery initiatives, and leveraging technology that optimizes compliance with trade rules and regulations as well as boosts efficiency.
- **Invest in process efficiency, automation, and AI tools and technology:** Focusing on R&D and other innovations will help streamline operations and reduce costs.
- **Develop robust scenario planning processes:** This undertaking will help you prepare for a range of economic and policy environments. Being flexible and adapting quickly to changes in policy, such as new tariffs or deregulation, will be vital.
- **Focus on maintaining a healthy balance sheet:** A healthy balance sheet will help you weather potential economic instability and keep you in a position to capitalize on new opportunities as they arise.
- **Form alliances and partnerships:** Such business arrangements can provide mutual benefits, reduce costs, or help innovate new products and services; this could lead to competitive advantages in a shifting economic landscape.



Thought leadership:

- [Post-Election Regulatory Insights Industry View](#)
- [The Tariff Landscape Under the New Trump Administration](#)
- [Ten Key Regulatory Challenges of 2025](#)
- [Turning Points: 2025 Annual Outlook](#)

Merger and acquisition activity

The TMT sector witnessed a significant increase in merger and acquisition (M&A) activity and transaction value, indicating a trend toward larger deals. Megadeals in fiber broadband, data centers, and AI infrastructure highlighted the industry's focus on digital transformation and the growing importance of advanced technologies.

The sector will likely see increased M&A activity driven by the need for companies to stay competitive in the face of rapid technological advancements, particularly in areas such as AI and cybersecurity. Here are some key trends and insights from a recent [KPMG's report on M&A trends](#):

TMT deal value surged 10.5 percent quarter-over-quarter, reaching \$134.3 billion, even as volume decreased by 6.2 percent.

- Year-to-date deal value more than doubled compared to the same period in 2023.
- The technology subsector led activity with 1,028 transactions worth \$77.9 billion.
- Strategic deals outperformed private equity, with total value increasing by 126.4 percent.
- Pre-deal value diligence emerged as a crucial tool for buyers to identify high-potential assets and make informed decisions.



Potential actions:

- **Focus on value creation as part of effective deal-making:** For sellers, tapping into value creation opportunities can make them more desirable targets. For buyers, having the right tools, platforms, and processes in place can facilitate access to critical information for optimal business decision-making.
- **Use data and analytics (D&A) together with AI:** These innovative technology tools are crucial in performing due diligence and understanding value creation opportunities.
- **Put the right talent in place:** It's important to have the skilled talent required to harness company data effectively; they can influence the value of a deal.
- **Consider the tax consequences:** Proactively addressing tax implications early in the M&A process can prevent costly and complex issues down the line.



Thought leadership:

- [Picking up steam: M&A trends in TMT](#)
- [What media dealmakers are watching](#)

Workforce transformation

New technologies, changing employee expectations, and evolving business needs are reshaping the workplace. [The KPMG American Worker Survey](#), which included over 1,800 US-based employees from various industries and generations, reveals a workforce on the cusp of significant change. While challenges persist, employers have opportunities to adapt and create a more resilient and motivated workforce.

Key survey findings:

- **AI and automation:** Most TMT employees believe automation has improved their professional abilities and will provide new career opportunities.
- **Learning and development:** Over 60 percent of TMT workers agree on the importance of continuous learning and development, particularly with regard to learning with automation tools and technology.
- **Work and worker flexibility:** A significant portion of TMT employees prefer hybrid work over fully in-office or fully remote models. They also prefer a four-day work week and believe they could accomplish the same amount in four days as they currently do in five.
- **Rethinking degree requirements:** Almost half of TMT employees say their companies miss out on qualified candidates by requiring four-year college degrees. This highlights a growing consensus who believe we should rethink traditional education requirements and supplement or replace the need for a conventional four-year college degree with alternative educational paths.



Potential actions:

- **Embrace AI transparency and upskilling:** Maintain transparency regarding your intentions to adopt AI and communicate how AI will enhance jobs, not just replace them. Invest in continuous learning and upskilling programs to empower employees to adapt and thrive alongside automation technologies.
- **Enhance employee retention strategies:** Address key reasons employees consider leaving, such as work-life balance, financial compensation, and workplace respect. Invest in career mobility and upskilling opportunities, foster a respectful workplace culture, and review compensation practices to attract and retain talent.
- **Promote work flexibility:** Reconcile the need for flexibility with senior leadership's desire for employees to return to work in the office. Evaluate the benefits of hybrid work models and consider introducing condensed workweeks. Provide incentives and approach change management gradually to support work-life balance.
- **Adopt skills-based hiring:** Review traditional four-year college degree requirements based on what's actually needed to perform a particular job, and consider alternative education paths and skills-based hiring models. Invest in complementary education and internal mobility programs to optimize the candidate supply and align hiring practices with evolving job requirements.



Thought leadership:

- [Transforming work: Insights from American employees in the TMT industry](#)
- [Optimize your workforce to thrive with GenAI](#)

Industry outlook reports and other insights



[KPMG 2024 Technology and Telecommunications CEO Outlook](#)

This 10th edition of the KPMG CEO Outlook identifies insights from our survey of 240 technology and telecommunications chief executive officers (CEOs) and explores their views on the challenges and opportunities facing economic growth; GenAI; the workforce; and environmental, social, and governance.

[Telco to Techco](#)

Today's telcos know that in order to survive and thrive in the digital age, they should be built around their customers, with an ability to continuously respond and adapt to ever-changing needs.

[KPMG Global Tech Report](#)

The KPMG Global Technology Report dives into challenges and opportunities reported by 2,450 tech professionals worldwide.

[Global Semiconductor Industry Outlook for 2025](#)

KPMG and the Global Semiconductor Alliance conducted the milestone 20th annual global semiconductor industry survey in the fourth quarter of 2024. The survey captured insights from 156 semiconductor executives about their outlook for the industry in 2025 and beyond.

[AI Insights](#)

Get the latest thinking from KPMG on artificial intelligence and machine learning.

[Board Leadership Center Thought Leadership Series](#)

Insights and resources for directors focusing on today's boardroom challenges and priorities.

[KPMG Sustainability Insights](#)

Subscribe to receive sustainability insights, information, and event invitations from KPMG Sustainability.

[Financial Reporting View](#)

Subscribe to our Financial Reporting View newsletter for updates on accounting and financial reporting topics from KPMG.

[KPMG Economics](#)

Monitor trends and identify potential opportunities that could impact your strategic objectives in this economic environment.





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