



M&A trends in tech, media, and telecom

Q1 2026

TMT dealmakers prioritize
conviction over volume

Issue date: May 1, 2026

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High conviction bets, low volume game

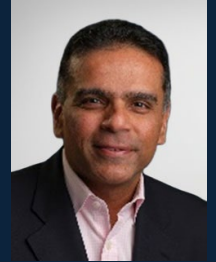
Q1'26 wasn't a comeback quarter for TMT M&A. It was a sorting quarter. Deal counts slid, disclosed value jumped, and capital stopped chasing momentum. Instead, it concentrated in a narrow band of premium assets that promise control over constraints: AI-era operating leverage in tech, monetizable IP at scale in media, and fiber density coupled with capital discipline in telecom. Companies with demonstrable AI integration, proprietary datasets, and durable recurring revenue drew intense competition, commanding valuation multiples two to three times higher than less-differentiated peers. The bottom line: TMT dealmakers should not confuse volume with confidence. This market is rewarding conviction, not activity.

Across the quarter, buyers favored decisive strategic transactions over exploratory minority stakes: Think full acquisitions, platform combinations, or consolidation of adjacent assets—over exploratory minority stakes. The scarcity of high-quality targets is amplifying a K-shaped M&A environment

where megadeals are dictating outcomes and “average deals” of less than \$25 million are vanishing. Conviction now comes at a premium and paying it without a clear integration playbook and bulletproof unit economics remains the fastest way to turn strategic intent into expensive goodwill.

Private capital constraints are further sharpening this flight to quality. In software-heavy TMT segments, tighter private credit conditions are cutting off oxygen for many PE-backed portfolio companies, slowing exits and widening the gap between assets that can attract capital and those struggling to stay relevant. Valuations, already compressed from their AI high-water marks, make secondary sales tougher and dampen appetite for fresh exposure in businesses without proven retention and margin resilience. As TMT dealmakers work through which business models are likely winners and which are structurally disadvantaged, deal momentum is giving way to deliberation over speed.

“We have moved from broad-based, speculative M&A to high-conviction, programmatic dealmaking.”



— Anuj Bahal
*US National TMT Deal Advisory and Strategy Leader,
KPMG LLP*

Regulatory timing joins the term sheet

March's Federal Trade Commission and Department of Justice reset on Hart-Scott-Rodino Act premerger notification rules, triggered by a federal court's decision to vacate last year's revised form, was a reminder that merger mechanics are no longer background noise. Rules can shift mid cycle, extending timelines and raising information risk even without formal enforcement or deal blocks. Duration risk now must be priced in from the start; underestimating it can strand leadership attention and let early synergies evaporate before Day 1.

Operating reality is driving diligence

The AI storyline still pulls capital, but the approach to diligence has changed. Buyers have turned their attention to power availability, security layers, and developer tooling. From a macroeconomic perspective, the downside risks are multiplying as energy bottlenecks and tariffs increase costs across compute, content delivery, and infrastructure. Adding even more pressure is labor disruption from AI, a problem that's hitting hardest in TMT and making workforce planning a key deal variable. And while the regulatory backdrop favors larger transactions, uncertainty is stretching hurdle rates and lengthening deal timelines.

Looking ahead

The Q2'26 pipeline is live but uneven and the watch-out for buyers is clear: Overpaying for theoretical AI leverage without underwriting integration friction is now the fastest way to destroy value. The winners will be the buyers who commit where they have a genuine right to win, who price in regulatory and macro friction from the start, and who see integration not as a postclose chore but as the defining factor in value capture. In this market, drifting is the surest way to lose.

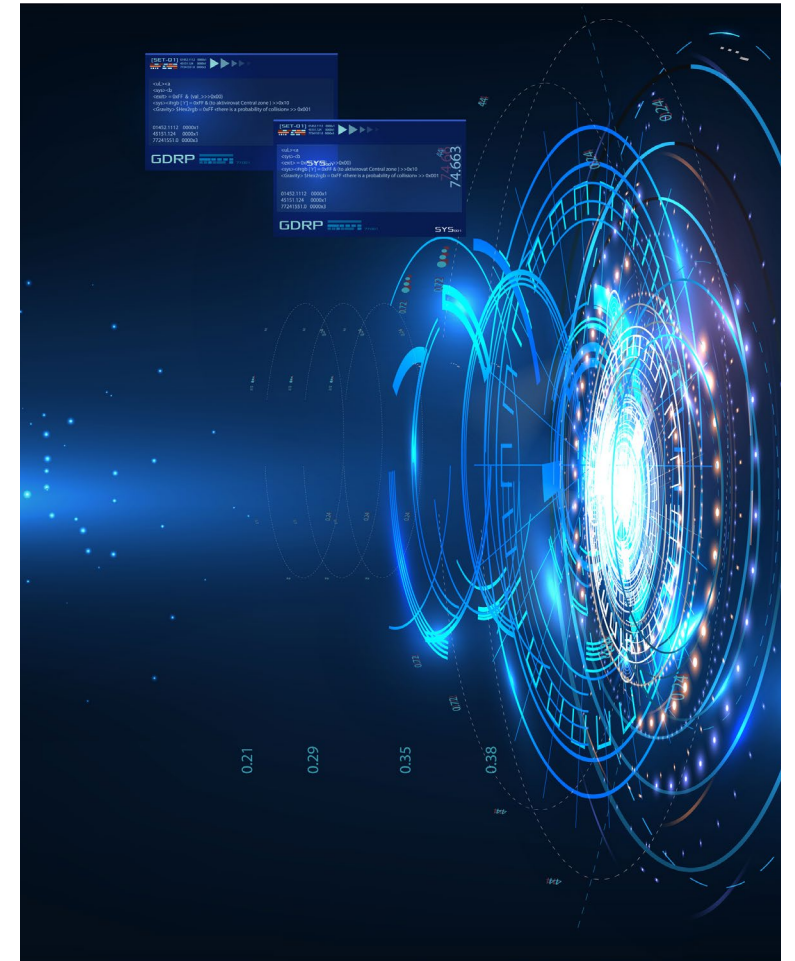
2026 highlights

1,359
deals

↓ -15.1%
decrease in number
of deals QoQ

\$446.9
deal value
(in \$US billions)

↑ 88.3%
increase in deal
value YoY



Fewer hands, bigger bets

Although total deal volume remains muted compared to the boom years, total deal value remains robust and is concentrated in larger, more strategic transactions.

Decisive, control-oriented acquisitions

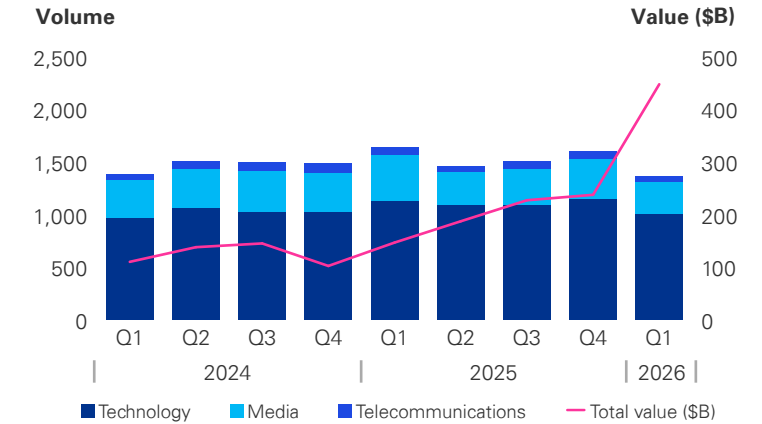
Across all three subsectors, Q1'26 shows that the market is rewarding decisive, control oriented acquisitions, with buyers pricing in operational friction and macro variables from the start. For TMT, the real story is not whether deals happen, but whether the ones that clear regulatory hurdles can execute under higher costs and longer integration timelines.

Technology and media carried almost all of Q1'26's value gains. Tech deals accounted for 72.2 percent and media deals accounted for 27.2 percent of deal value for the quarter.

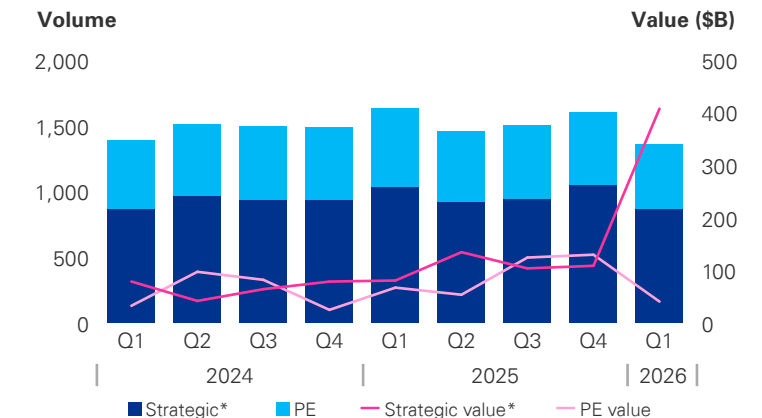
Telecom, after an unusually active 2025, saw a steep drop in reported value. Here, deal value decreased 69 percent compared to Q4'25. We believe this is more a pause than a pivot, with fiber and network infrastructure still firmly in the strategic crosshairs.

Strategic buyers dominated, driving over 90 percent of disclosed value. Private equity stayed in the game but leaned toward fewer, larger plays, bypassing broad mid market deployment in favor of disciplined, high impact bets.

Technology, media and telecom deal volume and value

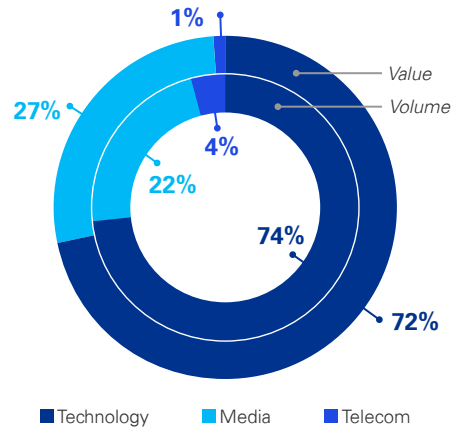


Technology, media and telecom strategic/PE deal volume and value

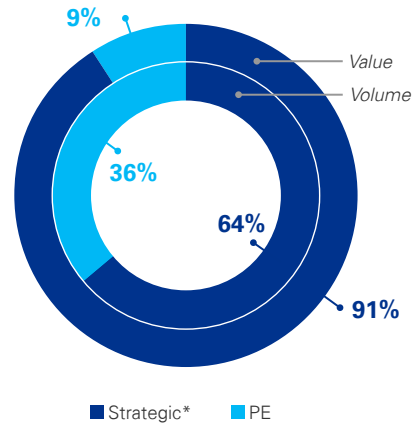


*Data also contains figures for SPAC deals.

Technology, media and telecom sector mix - Q1'26

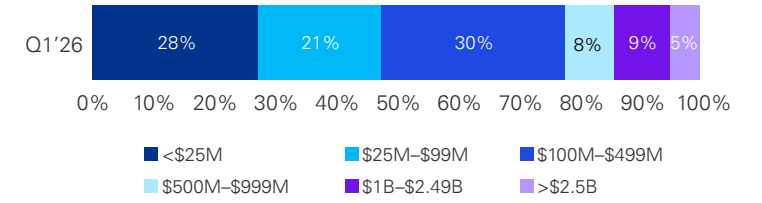


Technology, media and telecom strategic/PE mix - Q1'26



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

Technology, media and telecom deal size mix - Q1'26



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



Subsector data

Technology: Platform-defining deals

Technology M&A kept shrinking on volume but surging on value, defining Q1 '26 as the season of platform defining deals.¹ Buyers targeted core AI enablement where ownership offers real operational control, such as developer tooling, data infrastructure, and security.

SpaceX's acquisition of xAI set the tone: Value is increasingly accruing to vertically integrated platforms. OpenAI's move to acquire Astral placed widely adopted Python tooling directly inside Codex, embedding itself deeper into developer workflows. Databricks' Lakewatch launch, built on Antimatter and SiftD.ai acquisitions, shows the shift toward baking governance and security into the heart of the data layer as AI threat surfaces expand.^{2,3,4}

Implication: Buyers are underwriting operational control, governance, and scalability—not surface level AI exposure.

Decision lens for dealmakers

- **Next 90–180 days:** Competition will center on assets enabling AI deployment at scale, not experimentation.
- **Recurring execution risk:** Underestimating cloud cost to serve and the complexity of postclose platform integration.
- **Practical move:** Stress test gross margin durability under higher model serving and security costs before final bids.

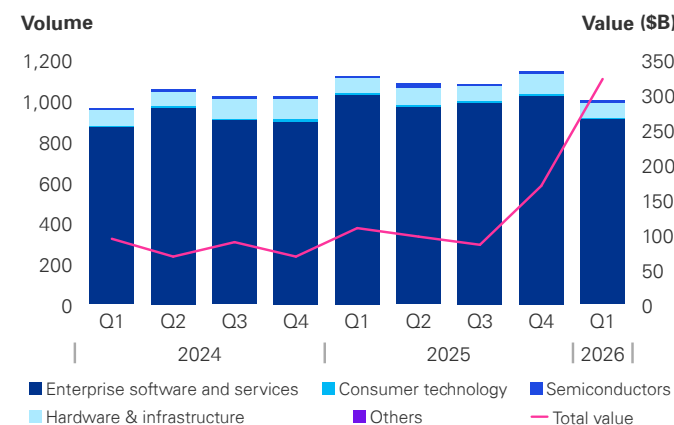
¹ Morgan Stanley Investment Banking, "Global M&A activity outlook: Can resurgence continue in 2026?," Morgan Stanley, January 22, 2026.

² Samantha Subin, "Musk's xAI, SpaceX combo is the biggest merger of all time, valued at \$1.25 trillion," CNBC, February 3, 2026.

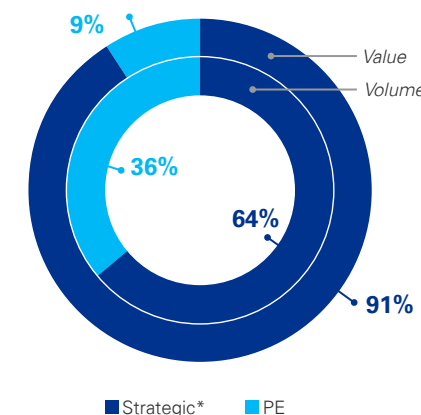
³ OpenAI, "OpenAI to acquire Astral," OpenAI Company Blog, March 19, 2026.

⁴ Databricks, "Databricks enters security market with launch of Lakewatch: New open, agentic SIEM," Databricks Press Release, March 24, 2026.

Technology deals by subsector



Technology strategic/PE mix - Q1'26



Values may not add to 100% due to rounding.

*Data also contains figures for SPAC deals.

In Media, scale and IP take precedence

Media dealmaking in Q1'26 favored fewer transactions with larger checks, mirroring the conviction-over-volume dynamic seen across TMT. But here, the focus was on consolidation around scale, durable IP, and monetization infrastructure.

Paramount Skydance's definitive merger agreement to acquire Warner Bros. Discovery underscores the quarter's franchise-led consolidation logic: a scale transaction explicitly anchored in combining globally monetizable IP portfolios and strengthening direct-to-consumer and studio economics. While prior quarters saw speculation around competing buyers, the Q1'26 numbers reflect the definitive agreement and deal value in this period, ensuring internal consistency in both narrative and data.⁵

Clear Channel Outdoor's agreement to be acquired by Mubadala Capital and TWG Global positions out-of-home advertising as infrastructure-like media inventory supported by long-term capital and balance sheet flexibility.⁶

Implication: Capital is favoring media assets that function as platforms rather than standalone content properties, combining rights control, distribution reach, and monetization technology.

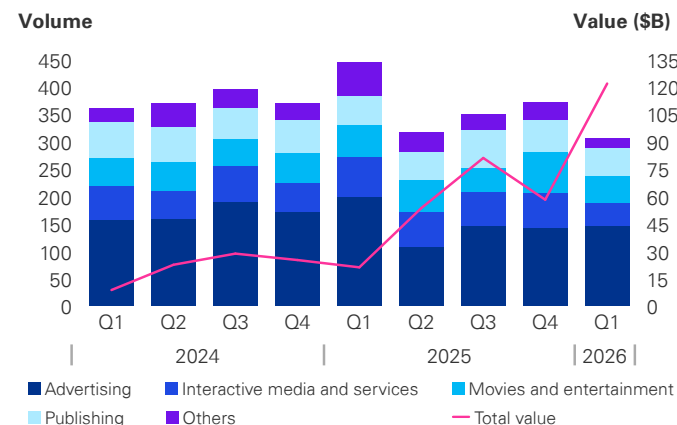
Decision lens for dealmakers:

- **Next 90–180 days:** Consolidation around franchise IP and ad tech capability will continue, with competition for assets intense enough to activate buyer pools.
- **Recurring execution risk:** Overestimating cross-platform monetization without aligning rights windows, distribution channels, and technology stacks.
- **Practical move:** Stress-test IP monetization assumptions under slower subscription growth and longer deal timelines.

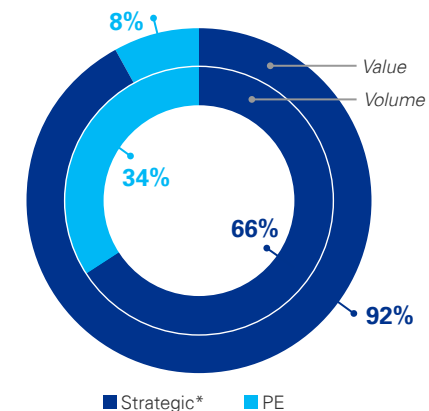
⁵ Paramount Staff, "Paramount to acquire Warner Bros. Discovery to form next-generation global media and entertainment company," Paramount, "February 27, 2026.

⁶ Clear Channel Outdoor Holdings, "Clear Channel Outdoor Holdings, Inc. agrees to be acquired by Mubadala Capital, in partnership with TWG Global," Company Press Release, February 9, 2026.

Media deals by subsector



Media strategic/PE mix - Q1'26



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

Telecommunications: Fiber platforms digest

Telecom deal value fell sharply in Q1'26 following an unusually active 2025. This decline reflects timing and deal mix rather than strategy drift: Fiber remains central to convergence, customer growth and scaled operating economics but is now joined by scaled connectivity into data centers, emerging edge computing deployments, and other AI-adjacent infrastructure.

Enterprise- and infrastructure-oriented transactions continued. Pilot Fiber's acquisition of ExteNet's enterprise fiber business expands metro density and data-center connectivity, reinforcing fiber's role in AI scale. Likewise, Point Broadband's combination with Clearwave Fiber aims to create a scaled independent fiber platform focused on density, regional expansion, and capital efficiency.

New capital themes are surfacing underneath these moves:

- Data center integration is becoming as important as physical footprint. Telcos are positioning as the secured, connectivity layer for AI's physical infrastructure and endpoints, linking sensor networks to compute hubs at better latency and bandwidth.
- Edge computing strategies are leveraging existing central offices and tower locations to house smaller GPU clusters, enabling real time inference closer to the source of data and diversifying away from hyperscale only models.

Implication: Telecom M&A remains structurally underpinned by fiber economics, but the definition of "platform" is expanding. Infrastructure scale now means density, data center integration, and edge readiness, even as quarterly value fluctuates.

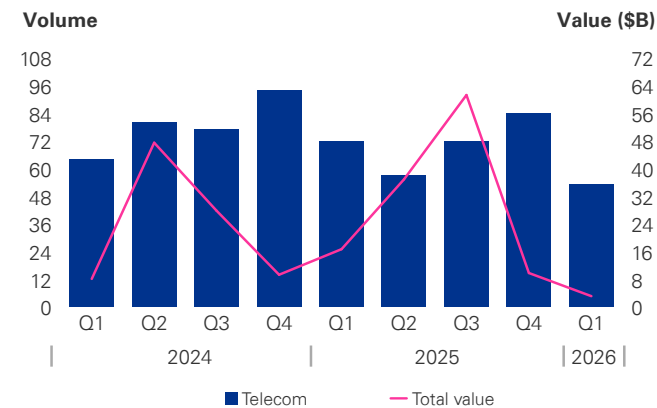
Decision lens for dealmakers:

Next 90–180 days: Expect smaller platform combinations, selective carve outs, and novel fiber-edge data center integration plays rather than megamergers.

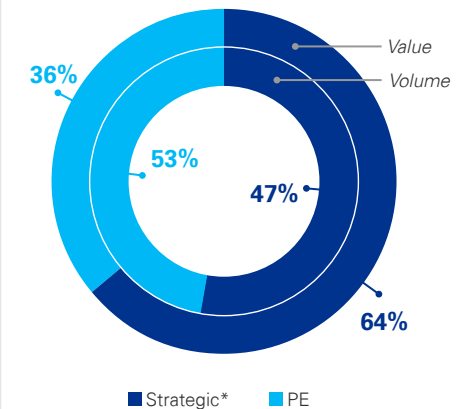
Recurring execution risk: Overbuild risk, slower-than-modeled take rate curves, plus integration complexity when blending fiber and edge deployments.

Practical move: Reevaluate build cost per passing, wholesale economics, and data center interconnect ROI under higher capital discipline.

Telecom deals by year



Telecom strategic/PE mix - Q1'26



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

Conviction without excess

The market is no longer chasing breadth for its own sake. Buyers are leaning in hard where the strategic logic is undeniable and staying parked where it's not. That discipline is rewriting pricing dynamics, stretching timelines, and reshaping how deals are structured. However, in this market, conviction is valuable only if it survives the gauntlet from diligence to Day 1.^{1 2 7}

Heading into Q2'26, three signals are clear:

First, pipelines are intentionally narrow, with capital targeting assets that can shift competitive position, not just fill capability gaps. Next, strategic acquirers—especially in tech and media—are ready to keep outrunning financial sponsors in the race for control assets. Finally, execution scrutiny is moving to the front of the process. Integration feasibility, regulatory posture, and operating readiness have become decisive gatekeepers, not tidy postsigning chores.

¹ Morgan Stanley Investment Banking, "Global M&A activity outlook: Can resurgence continue in 2026?," Morgan Stanley, January 22, 2026.

² Samantha Subin, "Musk's xAI, SpaceX combo is the biggest merger of all time, valued at \$1.25 trillion," CNBC, February 3, 2026.

⁷ Demitri Diakantonis, "2026 M&A Outlook: Sector Analysis," The Middle Market, December 31, 2025.

Top deals

<p>Acquirer: Space Exploration Technologies Corp.</p> <p>Target: X.AI LLC</p>	<p>Value (billions) \$250.0</p>
<p>Acquirer: Paramount Skydance Corporation</p> <p>Target: Warner Bros. Discovery, Inc.</p>	<p>Value (billions) \$110.0</p>
<p>Acquirer: Texas Instruments Incorporated</p> <p>Target: Silicon Laboratories Inc.</p>	<p>Value (billions) \$7.5</p>
<p>Acquirer: Affinity Partners; L Catterton; Mindbody, Inc.; Owl Rock Capital Group; Sixth Street Partners; Stanford Angels and Entrepreneurs; Temasek Holdings, Trancos Ventures, Vista Equity Partners</p> <p>Target: EGYM</p>	<p>Value (billions) \$7.5</p>
<p>Acquirer: General Atlantic, Hg, Tidemark</p> <p>Target: Onestream</p>	<p>Value (billions) \$6.4</p>

Q1'26 data has been updated as of 31st Mar 2026; Deal data has been sourced from Capital IQ and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover inbound, domestic, and outbound US deals announced during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Previously published statistics may not be directly comparable to this version, as historical data has been restated to reflect updated industry reclassifications.



Technology advances from feature to foundation

Technology M&A in 2026 will focus on scaling enterprise AI enablement through AI native platforms, semiconductor consolidation, data center development, and strengthened cybersecurity. Expect strategic buyers to set the pace as higher cost of capital pressures PE participation, especially in software.



In media, monetization shapes what's next

Media dealmaking will shift toward enhancing streaming economics, expanding digital advertising capabilities, extracting greater value from premium IP, and adopting AI-enabled content and measurement tools to drive efficiency and engagement.



Fiber is still the name of the game in telecom

Telecom activity in 2026 will emphasize fiber network expansion, selective spectrum acquisitions, and infrastructure partnerships that support rising cloud, edge, and AI-driven traffic requirements.⁸ Expect connectivity into data centers and diversified edge deployments to become as important as physical footprint.

⁸ Fitch Ratings, "U.S. Telecommunications Outlook: Neutral for 2026," Fitch Ratings, December 9, 2025.



Key considerations as we look ahead

01

Pay for control, not optionality

Capital is flowing decisively to assets that remove dependency and deliver strategic leverage, and sponsors face higher financing costs to hold their ground.

02

Pressure-test operating realities early

Vision isn't the issue. AI-adjacent deals fail more often on integration, security, and cost structure.

03

Expect regulatory review to shape pacing

Approval risk remains manageable with more conservative timelines.

04

Use structure deliberately

Platform combinations and partnerships require explicit governance and exit logic.

05

Be honest on portfolio fit

Divestitures and carve-outs will accelerate as capital allocation trade-offs sharpen.



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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