M&A trends in tech, media, and telecom

Q2 2026

Strategics take the wheel in TMT

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Control assets command the premium

The US economy remained resilient in the second quarter of 2026 (Q2'26). Despite structural shifts and geopolitical volatility, growth remains steady and recession risks have notably receded. However, technology, media, and telecommunications (TMT) dealmakers face a stubbornly challenging environment. We have entered an era of persistent inflation, where the cost of capital remains elevated and both supply- and demand-side pressures endure. This macroeconomic reality, combined with lingering regulatory uncertainties, is acting as a natural brake on deal velocity, demanding higher conviction for every billion-dollar decision.

Against this backdrop, Q2'26 felt like a definitive turning point for the TMT deal landscape. This was most notable in software, where after quarters of disruption driven by generative AI and fears of a "SaaS apocalypse," the market is moving from panic to a rational reassessment of value. The shine has come off easily replicable user interfaces; today, the real premium is being placed on tangible, defensible assets like proprietary data and underlying infrastructure. This transition is driving a historic margin inversion.[1] As the industry pivots toward agentic (with headless running in the background), software margins are compressing while hardware and infrastructure profitability surge.[2]

For buyers, the highest-quality assets sat at the intersection of three scarce resources: compute capacity, customer access, and monetization infrastructure. In technology, buyers continued to pursue AI infrastructure, proprietary data, analytics platforms, and fintech architecture capable of supporting complex usage-based models.[3 4 5] The recently announced SpaceX acquisition of Anysphere reinforced buyer interest in software assets combining analytics capabilities and workflow integration.[6]

> "We may have been asking the wrong question. The issue was never whether core SaaS would survive AI. What's becoming clearer is that AI is redefining the interface layer, while core systems of record remain intact. The strategic constraint has shifted from software applications to compute capacity."
>
> —Anuj Bahal
>
> *US National TMT Deal Advisory and Strategy Leader, KPMG LLP*

[1] Jonathan Tower, "Data Is the New IP: Why Proprietary Datasets Are Becoming the Only Durable Moat in AI," Medium, January 5, 2026.
[2] "Oxford Warns: Margin Compression Hits AI Software Economics," AI CERTs, February 24, 2026.
[3] Jaspreet Singh, "Dell lifts forecasts as AI data center buildout fuels demand, shares soar," Reuters, May 28, 2026.
[4] Ethos Data, "Recent M&A deals: latest transactions, upcoming deals, and M&A trends to watch," EthosData, March 17, 2026.
[5] Patrick Burgess, et al., "Five shifts powering payments," J.P.Morgan, April 23, 2026.
[6] "SpaceX To Acquire Cursor Maker Anysphere in $60 Billion AI Coding Deal," ODSC AI, June 16, 2026.

In media, attention shifted toward streaming distribution, connected-TV advertising, and premium intellectual property.[7] In telecom, connectivity remained a growing strategic priority as investment extended beyond traditional networks into off-balance-sheet fiber joint ventures, satellite disruption, direct-to-device, and mission-critical communications capabilities.

Although the fundamental drivers of valuation are shifting, the broader M&A ecosystem is experiencing a notable capital standoff. Our research found that private equity deal volume hit a curiously quiet, historic low in Q2’26. Hamstrung by a lack of conviction and a lingering disconnect between buyer and seller valuation expectations, many PE firms are holding their ground, reluctant to exit at marked-to-market prices. This scarcity of sponsor activity raises a critical question for the second half of the year: Have we hit the absolute bottom of PE deployment?

In the absence of aggressive PE activity, strategic buyers are driving the narrative. In the media subsector, for example, players are aggressively consolidating within their specific swim lanes. Recent blockbuster moves highlight a strategic pivot away from merely hoarding premium IP toward controlling the distribution channels and dominating the ad-supported streaming ecosystem.

Ultimately, Q2’26 wasn’t defined by the sheer volume of transactions, but by a fundamental recalibration of value. As the initial shockwaves of the AI revolution settle, TMT leaders are placing highly calculated, strategic bets on the infrastructure and proprietary assets that will define the next decade—all while navigating a macroeconomic environment that punishes, but invokes, hesitation. The implication for dealmakers is blunt: scarcity is real, but so is execution risk. Paying for infrastructure, data, or audience control can be justified. Paying for a story without a Day 1 operating model cannot. The most dangerous assumption in this market is that AI, streaming, or connectivity exposure automatically converts into margin expansion.

Q2 2026 highlights

1,332
deals

-13.2%
decrease in number of deals QoQ

$225.6
deal value (in $US billions)

-50.4%
decrease in deal value QoQ

Q2 2026 vs Q2 2025

1,332
deals

-8.5%
decrease in number of deals YoY

$225.6
deal value (in $US billions)

20.6%
increase in deal value YoY

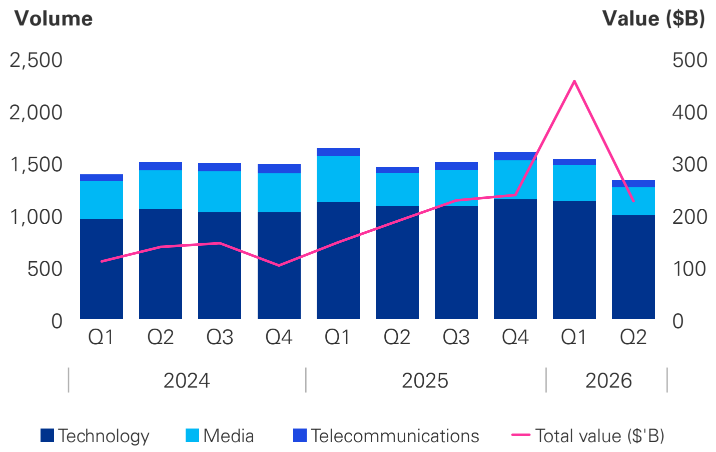
[7] Bichoi Bastha, “The First-Party Data Divide: How CTV’s Economic Power Is Shifting in 2026,” Cynopsis, December 17, 2025.

Strategic buyers continue to dominate dealmaking

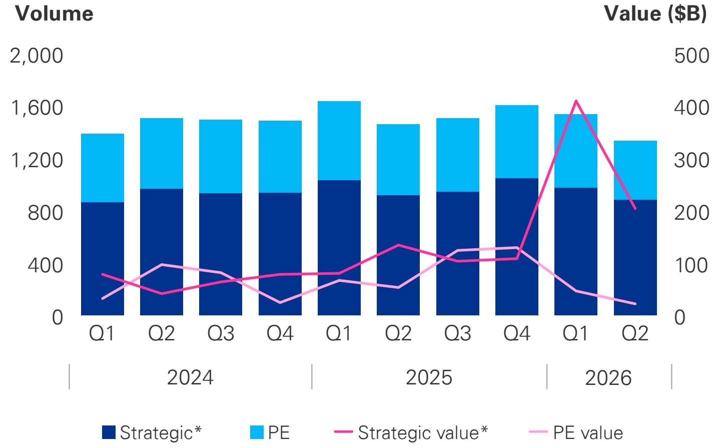
Q2’26 extended the pattern visible in late 2025 and Q1’26: Deal volume remained soft, but value stayed concentrated in a smaller group of strategic transactions. The quarter-over-quarter (QoQ) decline was largely a function of comparison against an unusually large Q1’26, while the year-over-year (YoY) increase in value shows that buyers are still willing to deploy capital when assets provide control over infrastructure, platforms, data, or distribution.

Strategic buyers dominated the quarter. Strategic deal value declined 50.2 percent QoQ but increased 52.1 percent on an annual basis, while private equity deal value fell 52.9 percent QoQ and 58.9 percent YoY.

Technology, media and telecom deal volume and value

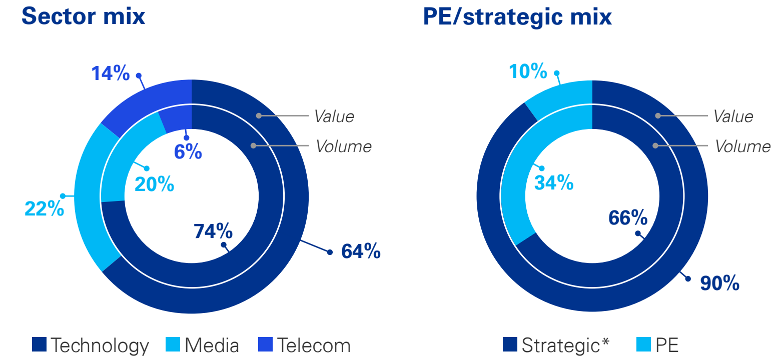


Technology, media and telecom strategic/ PE deal volume and value



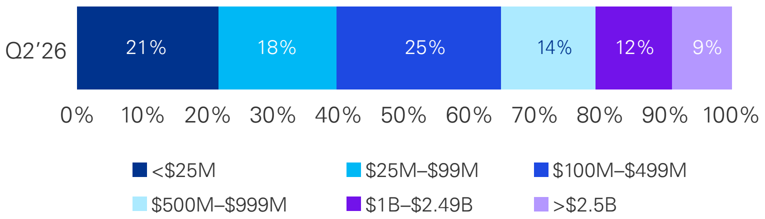
*Data also contains figures for SPAC deals.

Technology, media and telecom - Q2’26



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

Technology, media and telecom deal size mix - Q2’26



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

Sector Data

Technology: The rules of value have changed

While technology remained the linchpin of TMT deal value in Q2'26, M&A stayed sluggish in volume terms, and acquisition valuations fell to their lowest level since 2013. Uncertainty around the loans taken out by credit-dependent buyers choked off financing for new deals, especially at the top end of the market.[8] The raw numbers tell a story of highly concentrated, strategic bets: Tech deal value surged 49.3 percent YoY, even as transaction volume slipped 8.5 percent.

More notably, the underlying thesis for tech acquisitions has been radically rewritten. With AI making front-end user interfaces increasingly commoditized, the premium on traditional SaaS platforms has eroded. Today, dealmakers are placing value on defensible moats: hardcore AI infrastructure, proprietary data, and underlying monetization logic.

The resulting compute scarcity is triggering a wave of vertical integration. Foundational model and infrastructure providers are making massive, up-front capital investments and to fund them, they must secure paying customers immediately. As a result, these infrastructure giants are moving upstream, acquiring vulnerable application-layer companies to guarantee an installed user base. This structural shift is driving a dramatic margin inversion, with hardware and infrastructure profitability soaring while software margins face unprecedented compression.

We see this new reality reflected in the quarter's marquee transactions. While heavy digital infrastructure such as hyperscale data centers is increasingly reclassified and pursued as telecom infrastructure assets, within pure-play tech, Fitch's acquisition of Trepp and Kpler's growth investment led by Sixth Street prove that walled-off, proprietary data is the new gold standard.[9 10]

This concentration of strategic value is occurring amid a historically quiet quarter for PE. Choked by the high cost of debt and a lingering bid-ask spread, PE firms' sponsor volume plummeted to levels not seen in years. Caught in a standoff—hesitant to exit at marked-to-market valuations and consequently struggling to return capital to LPs—many PE firms remained firmly on the sidelines. In this capital-scarce environment, the traditional LBO playbook is on pause.

[8] Brenon Daly, "No May flowers in tech M&A market," 451 Research/S&P Global, June 1, 2026.
[9] Dan Swinhoe, "Digital Realty acquires Blackstone's stake in three Virginia data centers for $3.5 billion," DCD, June 30, 2026.
[10] "Fitch Group Enters Into Agreement to Acquire Trepp," Business Wire, April 30, 2026.

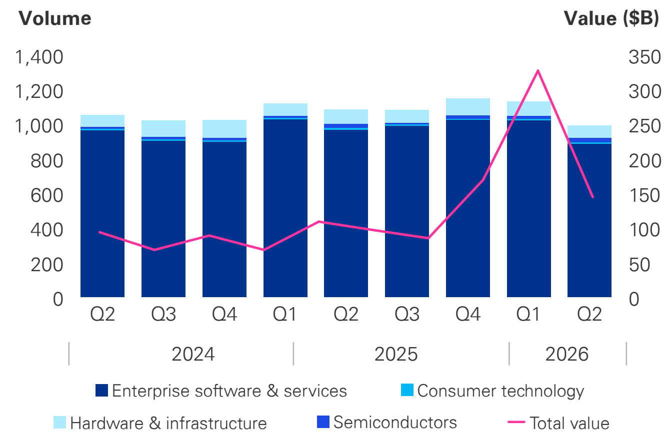
The deals getting done are driven by well-capitalized strategics—such as Adyen's acquisition of usage-based billing platform Orb—who are moving toward a "headless" software future where billing and infrastructure run quietly in the background.[11]

The implication is that the market is preparing for an agentic, headless future defined by vertical integration. Dealmakers are deprioritizing the interface and instead buying for operating control, proprietary data, and infrastructure. Assets lacking deep differentiation or those highly exposed to AI disintermediation will face punishing diligence and severe valuation haircuts.

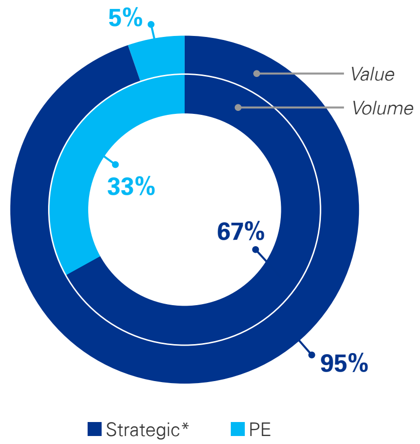
Decision lens for dealmakers:

- **Next 90–180 days:** The fiercest competition will center on the foundational layers of the tech stack: AI-ready infrastructure, data-rich software, and usage-based fintech platforms. Expect foundational AI and infrastructure players to aggressively target application-layer companies to vertically integrate and capture users.
- **Execution risk:** Mispricing the new margin reality. Dealmakers must avoid relying on legacy SaaS margin models, which often fail to account for the sector's margin inversion and the massive compute costs associated with AI.
- **Practical move:** Radically reunderwrite target value based on defensibility. Separate the target's truly proprietary workflows and data from its easily replicable interfaces before submitting a bid, stress-testing gross margin scalability under AI workload intensity.

Technology deals by subsector



Technology strategic/PE mix - Q2'26



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

[11] "Adyen to acquire Orb to unify billing and payments infrastructure for enterprise merchants," Adyen, June 11, 2026.

Sector Data

Media: Audience control meets monetization infrastructure

Media dealmaking in Q2'26 was defined by a clear strategic priority: consolidation within specific swim lanes to own the entire monetization pathway. While deal volume declined 21.6 percent QoQ and 14.9 percent YoY, the headline numbers obscure a series of aggressive moves to control audience distribution and the ad-supported ecosystem. The focus has pivoted from simply acquiring premium content to assembling the distribution, data, and ad tech required to turn audience attention into measurable revenue.[7]

The quarter's defining transaction, Fox Corporation's acquisition of Roku, reflects this logic.[12] Rather than a pure play for premium content, it represents a strategic maneuver to build scale in the ad-supported space. By combining Roku's distribution footprint and ad infrastructure with its own content portfolio, Fox aims to strengthen its position within the free, ad-supported streaming tier. It highlights a continuing reality in media M&A: Controlling the distribution channel and the ad platform is a critical lever for maximizing content value.

This theme of building a complete monetization system echoed through other key deals. Walmart's acquisition of Vibe Advertising signals the powerful convergence of retail media and connected-TV (CTV), a clear effort to link ad spend directly to transaction outcomes.13 Meanwhile, premium intellectual property with recurring revenue streams remains a valuable asset class. Sony's deal for Recognition Music Group's catalog and the BMG-Concord combination show continued appetite for rights-based assets that can be plugged into a broader licensing engine.[14 15]

However, while digital monetization ecosystems are a primary focus, the definition of a premium media asset is also expanding to include physical, offline experiences. Dealmakers are increasingly looking to capture holistic "fandom"—community-driven assets that generate organic, real-world engagement. Moves like the Versant spin-off acquiring a golf company, alongside the looming, highly anticipated sale of the Seattle Seahawks next quarter, highlight a growing appetite for live sports and experiential assets as the ultimate, DVR-proof aggregators of human attention.

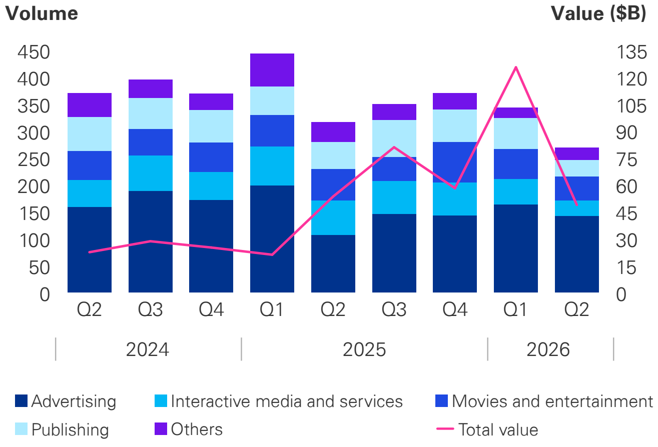
[7] Bichoi Bastha, "The First-Party Data Divide: How CTV's Economic Power Is Shifting in 2026," Cynopsis, December 17, 2025.
[12] "Fox Corporation to Acquire Roku, Inc.," Roku, June 15, 2026.
[14] "Sony Music Publishing Agrees to Acquire Complete Catalog of Recognition Music Group," Sony Music Publishing, May 11, 2026.
[15] "BMG and Concord Combine to Create World's Leading Independent Music Company," Concord, April 28, 2026.

Implication: Media M&A is driven by the need to build integrated systems that connect content, distribution, and advertising technology. Simultaneously, vertically integrated players are recognizing that bridging digital viewership with physical experiences is becoming a highly defensible asset class.

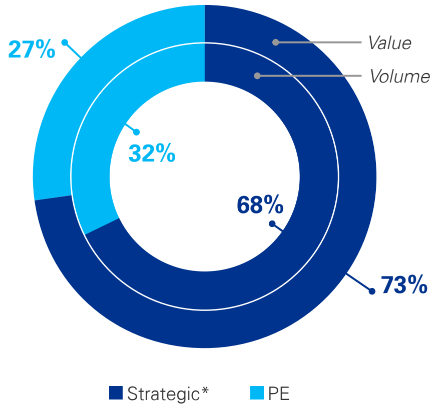
Decision lens for dealmakers:

- **Next 90–180 days:** Expect continued consolidation around CTV platforms, retail media networks, and advertising measurement technologies. Concurrently, watch for high-valuation competition for live sports franchises and experiential entertainment as buyers seek to capture offline fandom.
- **Execution risk:** Overestimating monetization synergy without true integration. Simply owning content and distribution is not enough; the risk lies in failing to align ad-tech stacks, audience data, and rights windows to create a seamless monetization engine.
- **Practical move:** Build the investment case from the monetization pathway, but account for audience stickiness. Before bidding, model precisely how an asset will enhance control over distribution and improve the ability to generate and measure advertising revenue.

Media deals by subsector



Media strategic/PE mix - Q2’26



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

Sector Data

Telecom: Connectivity platforms move beyond fiber

In a quarter where private equity sat on the sidelines, telecommunications was the only TMT subsector to post volume growth both sequentially and YoY. Even as tier-one telcos are currently digesting and integrating recent acquisitions, they are still considering strategic footprint expansion possibilities. After 24 months of aggressive capital deployment to build out fiber footprints, the focus for giants like AT&T, Verizon, and T-Mobile has shifted to realizing value of current assets, optimizing core operations, and driving customer retention and growth.

To fund these strategic priorities, telcos are aggressively leveraging their balance sheets in two distinct ways. First, they are spinning off noncore assets or combining them to achieve scale and profitability, as seen in recent tower deals, such as Bell Canada's sale of its Mobile Land Radio business to Motorola and the Verizon/BT Group JV. [16] Second, rather than halting fiber expansion, giants like AT&T, Verizon, and T-Mobile are relying on joint ventures (JVs) to continue investing heavily in fiber footprints at scale without carrying the debt directly on their balance sheets[17].

With terrestrial network expansion migrating to off-balance-sheet JVs, direct-to-device satellite technology remains a potent disruptor that traditional telcos are trying to navigate. Tech giants are beginning to challenge the status quo, but execution capabilities vary wildly, and the race to control connectivity is moving off-ground and into specialized applications. Amazon's agreement to acquire Globalstar and Rocket Lab's move for Iridium highlight that satellite infrastructure and direct-to-device capabilities are becoming critical battlegrounds,[18 19] as SpaceX remains the only proven entity capable of executing this scale of deployment. Simultaneously, in the terrestrial realm, Motorola Solutions' acquisition of airspace security provider D-Fend proves that mission-critical, secure communications are becoming a highly defensible, premium asset class.[20]

Finally, the definition of telecom infrastructure continues to blur, with heavy digital infrastructure—specifically hyperscale data centers like the Blackstone/Digital Realty portfolio—increasingly trading as telecom assets. However, dealmakers eyeing this space face a harsh reality: Although demand appears insatiable, the actual build-out of these assets is severely bottlenecked.

[17] "US Telecoms Scale Fiber with JVs, Partnerships, and ABS," FitchRatings, February 4, 2026.
[18] Annie Palmer, "Amazon to buy Globalstar to bolster Leo satellite business in deal worth about $11.6 billion," CNBC, April 14, 2026.
[19] Joey Roulette, "Rocket Lab buys Iridium in $8 billion deal to take on SpaceX," Reuters, June 29, 2026.
[20] "Motorola Solutions to Acquire D-Fend Solutions, an Industry Leader in Counter-Drone Systems," Motorola Solutions, June 1, 2026.

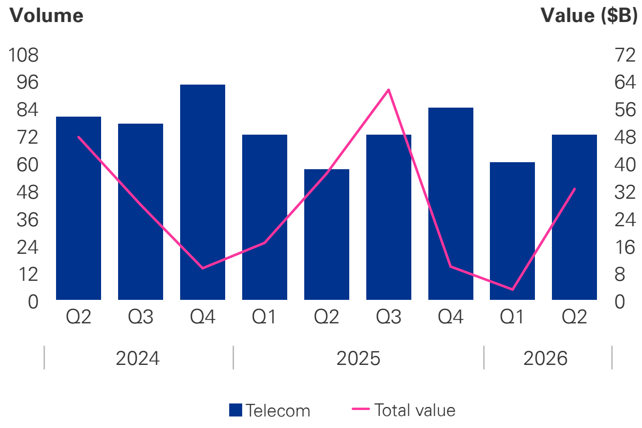
Supply-side constraints ranging from hardware backlogs and power grid limitations to labor shortages and fierce local opposition are inflating costs and complicating the return on invested capital for new projects.

For dealmakers, the landscape is defined by balance sheet optimization and regulatory urgency. M&A activity will be driven by telcos shedding noncore assets, forming off-balance-sheet JVs for fiber, pursuing massive consolidations before regulatory windows close, and navigating the disruptive threat of satellite connectivity.

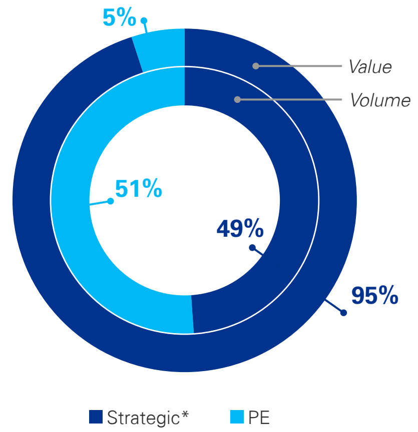
Decision lens for dealmakers:

- **Next 90–180 days:** Prepare for a pipeline populated by corporate carve-outs, noncore divestitures from major telcos, and off-balance-sheet fiber JVs. Meanwhile, look for escalating competition for satellite capacity, spectrum rights, and direct-to-device services.
- **Execution risk:** Avoid underestimating physical and political bottlenecks. For digital infrastructure and data center deals, the primary risk is no longer demand—it is the supply-chain friction of power availability, labor, and local not-in-my-backyard resistance delaying time-to-revenue.
- **Practical move:** Rigorously define "must-own" assets and stress-test infrastructure build models. Deal models should prioritize direct ownership of the customer relationship while stress-testing alternative financing models—like JVs—for heavy infrastructure build-outs. Before committing capital, validate local power agreements and regulatory pathways, as delays in physical build-outs will rapidly destroy deal models built on high interest rates.

Telecom deals by quarter



Telecom strategic/PE mix - Q2'26



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

Top deals

	Value (billions)
Acquirer: **Space Exploration Technologies Corp.** Target: **Anysphere, Inc.**	$60.0
Acquirer: **Fox Corporation** Target: **Roku, Inc.**	$22.0
Acquirer: **Intel Corporation** Target: **Fab 34 Semiconductor Fabrication Facility in Ireland**	$14.2
Acquirer: **Amazon.com, Inc.** Target: **Globalstar, Inc.**	$11.6
Acquirer: **Rocket Lab Corporation** Target: **Iridium Communications Inc.**	$8.0

Q2'26 data has been updated as of June 30, 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.

Conviction is required as capital gets competitive

Heading into Q2'26, the TMT deal market will remain active but highly selective, shaped by a complex macroeconomic environment. With inflation proving persistent and interest rates expected to stay elevated, the era of cheap capital appears firmly in the past. This new normal creates a challenging backdrop for dealmaking, demanding higher conviction and punishing hesitation. The market is less receptive to assets that require buyers to believe in future transformation without visible unit economics.

The central question for the remainder of the year is whether the historic gap between buyer and seller expectations will finally close. We expect private equity, notably quiet in Q2'26, to continue waiting for either valuations to rationalize or mounting pressure from limited partners to force exits. This creates a window of opportunity for well-capitalized strategic acquirers, who will continue to drive the market's most significant transactions. Across all subsectors, the focus will remain on acquiring assets that provide tangible control over scarce resources—be it infrastructure, proprietary data, or monetization channels.

Technology: A flight to foundational assets

The recalibration of the software market will accelerate. Having moved past the initial shock of generative AI and the SaaS apocalypse, buyers will prioritize assets that form the foundational layer of the AI economy. Expect fierce competition for data centers, proprietary data and analytics platforms, and the underlying infrastructure for security and usage-based billing. The dramatic margin inversion—with hardware profitability soaring while software profitability erodes—will guide capital flows. Application-layer assets will still trade, but only those with deep, defensible moats and clear, durable recurring revenue will command a premium.[3 4 5]

Media: Owning the entire monetization engine

In media, the race to build vertically integrated monetization systems will intensify. Investment will continue to flow toward assets that connect fragmented audiences with measurable revenue streams. Look for further consolidation around CTV and retail media platforms, ad-tech and measurement capabilities, and scalable IP catalogs with predictable, rights-based income. The strategic focus will be less on content for its own sake and more on how content assets can be plugged into a controlled distribution and advertising ecosystem to maximize pricing power.[7]

Telecom: The platform battle moves to the edge

Telecom dealmaking will continue its strategic evolution. While fiber expansion continues via off-balance-sheet JVs, the strategic frontier has expanded to direct-to-device satellite disruptors, mission-critical communications, and absolute ownership of the customer relationship. Expect to see further investment in assets that extend, secure, or differentiate connectivity platforms. As the digital economy's demand for resilient infrastructure grows, deals that bridge terrestrial networks with proven satellite capabilities, edge computing, and secure enterprise-grade services—all while locking in the end customer—will define the next phase of platform value.

[3] Jaspreet Singh, "Dell lifts forecasts as AI data center buildout fuels demand, shares soar," Reuters, May 28, 2026.
[4] Ethos Data, "Recent M&A deals: latest transactions, upcoming deals, and M&A trends to watch," EthosData, March 17, 2026.
[5] Patrick Burgess, et al., "Five shifts powering payments," J.P.Morgan, April 23, 2026.
[7] Bichoi Bastha, "The First-Party Data Divide: How CTV's Economic Power Is Shifting in 2026," Cynopsis, December 17, 2025.

Key considerations as we look ahead

In a market defined by scarce capital and a fundamental recalibration of value, conviction must be earned through rigorous diligence. TMT dealmakers should prioritize the following principles as they head into Q2’26:

01

Target defensible moats, not fleeting trends

The premium has decisively shifted from owning a narrative to controlling a resource. In a market defined by elevated borrowing costs, capital must be deployed on assets with tangible, defensible moats. Prioritize targets that provide control over scarce resources: AI-ready infrastructure, proprietary data sets, critical monetization architecture, or consolidated distribution channels. Simply gaining exposure to a popular trend is no longer enough.

02

Price the new margin reality before the deal

The historic margin inversion between hardware and software has rewritten valuation models. Do not underwrite deals based on legacy SaaS margin profiles. Instead, rigorously model the target’s cost structure for the AI era, accounting for soaring compute and model-serving expenses. Integration planning must be a core component of predeal valuation, stress-testing a target’s ability to remain profitable under intense AI workloads, rather than a postclose exercise.

03

Understand the “why” behind PE’s absence

PE’s historic Q2’26 slowdown has created a window for strategic buyers. Understand the dynamics at play: Sponsors are caught between a high cost of capital and a reluctance to exit at marked-to-market prices. This capital standoff creates opportunities for well-funded strategics to acquire assets with less competition, but it also signals a persistent valuation disconnect that could stall the broader market.

04

Follow the monetization engine, not just the audience

In media and software, audience reach is a commodity; the monetization engine is the differentiator. The most valuable platforms are those that create a direct, measurable line between user attention and revenue. Evaluate targets based on their ability to improve pricing power, integrate ad-tech stacks, and leverage first-party data. An asset’s value is determined by how effectively it can monetize its users.

05

Build optionality into deal structures

In a market characterized by economic uncertainty and a wide bid-ask spread, flexibility is a strategic advantage. Where outright acquisitions are hampered by valuation gaps, consider creative deal structures. Partnerships, joint ventures, carve-outs, and staged acquisitions can secure strategic assets and build ecosystem advantages while preserving capital discipline in a volatile environment.

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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