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M&A Practice

Technology, media, and telecommunications

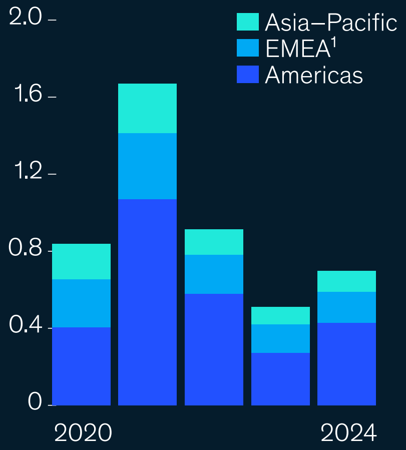
Software deals and creative partnerships will carry the day

Multiple trends will likely fuel M&A growth across technology, media, and telecommunications in 2025, with an increase in carve-outs as organizations look to simplify and reshape their corporate portfolios.

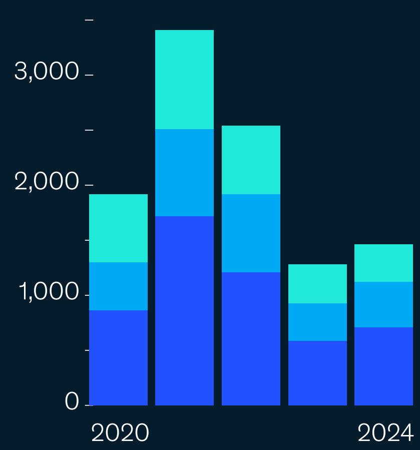
February 2025

M&A in technology, media, and telecommunications

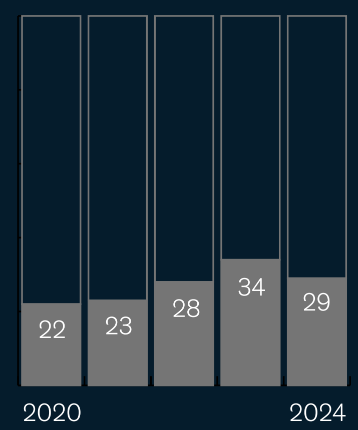
Total deal value, by region, $ trillion



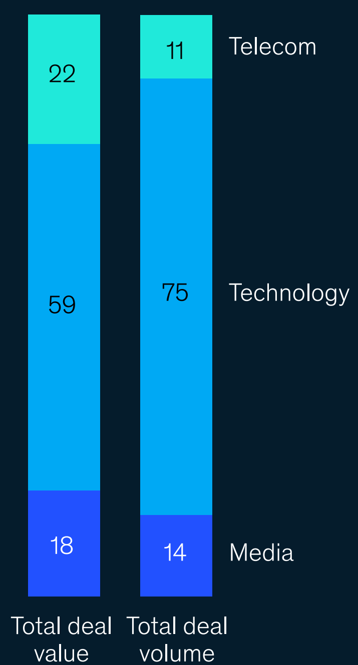
Total deal volume, by region



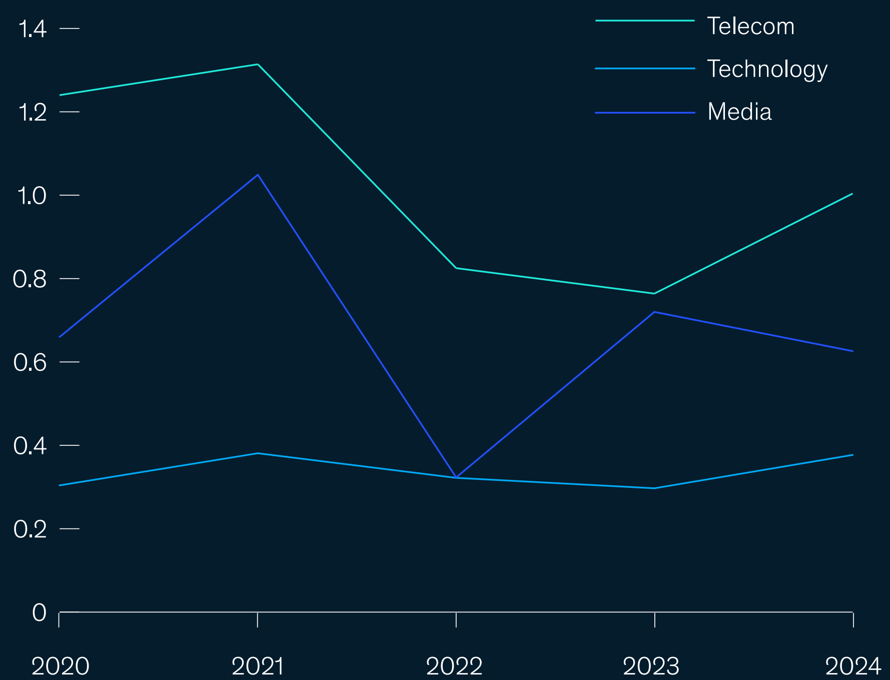
Share of private equity activity, %



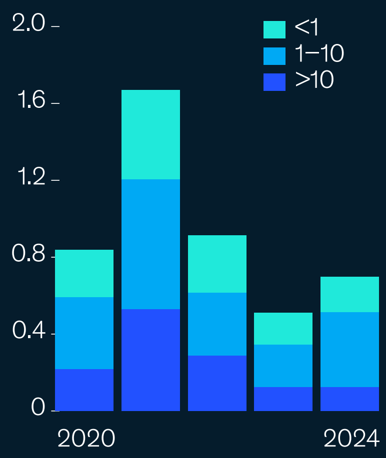
Share of activity in 2024, by subsector, %



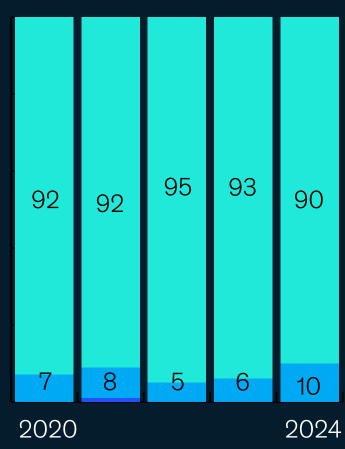
Average deal size, by subsector, $ billion



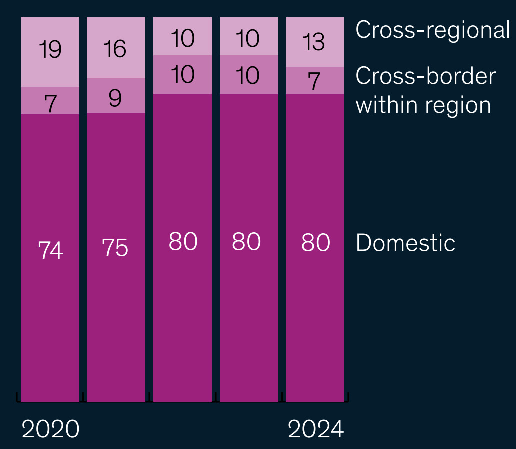
Total deal value, by size, $ trillion



Share of deal volume, by size, %



Share of cross-border deals, %



Top 10 global deals, by deal value, $ billion

Acquirer	Country	**Target**	Country	
Synopsys	US	Ansys	US	33.6
Verizon Communications	US	Frontier Communications	US	20.3
Charter Communications	US	Liberty Broadband	US	16.6
Blackstone and others	US	AirTrunk Operating	US	16.1
Hewlett Packard Enterprise	US	Juniper Networks	US	14.3
Siemens	Germany	Altair Engineering	US	11.1
Silver Lake	US	Endeavor	US	10.2
Existing shareholders	Switzerland	Sunrise	Switzerland	9.3
DigitalBridge and Silver Lake	US	Vantage Data Centers	US	9.2
Swisscom	Switzerland	Vodafone Italia	Italy	8.7

Note: Figures may not sum to total, because of rounding. Data includes deals valued >$25 million. Deals in which acquirers were existing shareholders were removed from the sample.
[1]Europe, Middle East, and Africa.
Source: Dealogic; McKinsey analysis

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The industry overview

There was a significant amount of M&A activity in the technology, media, and telecommunications (TMT) sector in 2024. Companies invested $698 billion in just over 1,460 TMT deals, with about 60 percent of those deals (by value) occurring in North and South America. Large deals—or those greater than $10 billion in value—accounted for about one-third of all TMT deals. And, amid the challenges of a rapidly evolving geopolitical landscape, domestic deals accounted for 80 percent of all TMT mergers and acquisitions (by value).

Most of the deals in TMT—75 percent by volume and 59 percent by value—were focused on technology, although the average size of a technology deal in 2024 ($377 million) was smaller than that of the average media and telecommunications deals ($626 million and $1 billion, respectively).

Software was the prime focus in most technology deals, and most of the deals above $1 billion in value involved private equity (PE). By contrast, infrastructure was a key theme for acquisitions in the telecommunications subsector, and 75 percent of the deals above $500 million in the media subsector were focused on visual media and on sports media rights and gaming.

Opportunities for 2025 and beyond

Multiple trends, including increased cost pressures, the emergence of new technologies, and a dramatic change in the regulatory environment for deals, will likely fuel M&A growth across all subsectors in 2025. We also anticipate an increase in the share of carve-outs as organizations seek to simplify and reshape their corporate portfolios. PE players' already strong interest in M&A opportunities is likely to continue—mostly in deals involving technology and software companies and investments in telecommunications infrastructure, but also in new-media assets emerging in 2025.

Subsector activity: Technology

Our research shows that the technology subsector will continue to propel most deals in 2025, by both volume and value. Specifically, we expect companies and investors to focus on the following:

— *Doubling down on market leadership.* Acquisitions of $5 billion in value or greater are likely to continue as companies build out their portfolios and double down on investments in select product categories to ensure that they are among the top three or four players in those categories. The savviest organizations will also consider divestments as a means to reshape portfolios and free up funds to pursue additional M&A.

— *Pursuing capital-expenditure-fueled growth.* Capital expenditures are now helping to drive growth across the technology sector, in a shift away from traditional R&D-driven strategies. This trend is particularly evident among hyperscalers that are prioritizing increased computing capacity over the launch of new products. In some cases, technology companies are even investing in power assets to support the expansion of their data centers, underscoring a move toward deeper vertical integration. Collectively, these developments are expected to continue to drive M&A activity in 2025.

— *An inflection point in AI investments.* Spending related to AI has been mostly centered on the development of infrastructure—for example, investments in data centers and the extensive hardware required for AI training and inference. By contrast, investments in the software that allows organizations to monetize their AI infrastructure have continued to lag—until now. Companies have reached an inflection point; as organizations reimagine their AI strategies and shift their spending from pure infrastructure toward software, we anticipate their use of M&A to acquire essential capabilities.

— *Acquiring bolt-on capabilities.* The acquisition of software products, intellectual property, and other capabilities—particularly the acquisition of AI expertise, coveted by large platform companies—will continue to account for a substantial share of M&A activity in the TMT sector in 2025. M&A activity will likely also rise in IT services as companies seek to acquire the specialized skills and domain expertise that will allow them to stay competitive and deliver better solutions to clients. Many of these acquisitions may be considered bolt-on deals, given their size. Still, the potential for growth through these smaller, focused acquisitions will continue to influence valuations and M&A activity across the subsector.

— *Rising presence of PE in tech.* We expect another year of increased PE investments in the technology sector, fueled by ample dry powder and a more favorable interest rate environment. Our research suggests PE will stay active at the top end of M&A in the sector, in line with the 2024 figure, where PE was involved in three of the top ten deals (by size). PE will also continue to be an important player at the lower end of the deal spectrum, bolstered by a large backlog of aging PE-owned assets that are poised for exit.

Subsector activity: Media

Several factors will likely continue to drive deal activity in the media subsector in 2025—including increased top- and bottom-line cost pressures and changes in consumption patterns among customers. Some major deals emerged in 2024, including Skydance Media's $8 billion acquisition of Paramount Global.[1] Apart from the blockbusters, M&A activity among smaller media companies points to three emerging trends:

— *Separations are the new black.* Several media conglomerates, including Axel Springer, Comcast, Schibsted, and Vivendi, have signaled their intentions to carve out digital assets or legacy media to increase the stand-alone value of their portfolios or to protect those future-proof assets within declining portfolios. PE may be a potential outlet for some of the assets being carved out.

— *Consolidation will accelerate among traditional media.* Traditional media is facing significant cost pressures. Since the first quarter of 2021, for instance, wages in European media have increased 15 percent, the cost of paper has increased 50 percent, and the cost of energy is up 100 percent. Pair those numbers with the previously mentioned changes in media consumption patterns and ever-increasing competitive pressures from digital players, and the result is more consolidation in newspaper publishing and TV broadcasting—and it's happening quickly.

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[1] Lucas Manfredi, "Done deal: Paramount Global sells to Skydance Media in $8 billion acquisition," Yahoo Finance, July 7, 2024.

— *More companies will pursue creative partnerships.* The emergence of streaming content and aggregated digital services poses a significant challenge for media companies. Some are pursuing creative partnerships to address—and potentially avoid—issues with fragmentation. RTL Deutschland and Sky Deutschland, for instance, entered a two-year partnership in which the free-TV player and the pay-TV broadcaster agreed to exchange rights to air various sports events, including German Bundesliga matches and Formula 1 races.[2] More deals along these lines are likely to emerge as media companies seek to increase the value of their offerings while avoiding contractual commitments.

Subsector activity: Telecommunications

Changes in the regulatory environment—in Belgium, Italy, Spain, and the United Kingdom, for instance—are putting some limits on consolidation among traditional telecommunications operators; still, there will likely continue to be some focus on consolidation along with other critical M&A drivers, including the following:

— *Moving closer together.* Where there is still space for consolidation, traditional operators will continue to pursue fixed–mobile and mobile–mobile deals across markets, so they can share the cost of network build-outs and expand their share of customer wallet. Regulators, for their part, are likely to impose remedies designed to maintain healthy competition among operators—for instance, pursuing specific commitments related to network build-outs or seeking divestitures of spectrum or specific assets.

— *Hunting for new revenue sources.* Traditional operators will likely continue to pursue small-scale diversification—in areas such as security, healthcare, IT consulting, and AI—as they experience decreasing revenues per customer and search elsewhere for higher returns to supplement their core businesses.

— *Emphasizing the core.* More and more operators are selling off or shutting down noncore assets, or exiting noncore locations, as they seek to address revenue challenges and simplify their business structures.

In the telecommunications infrastructure subsector, M&A activity has been high—not surprising, given the rising interest in 5G technology and data centers. In fact, deals involving data centers, fiber networks, and mobile towers account for most of the deal value in this subsector. PE and sovereign-wealth funds have been important players in these deals.

In 2025, more consolidation in this subsector is likely as competition increases and infrastructure players struggle to maintain the large capital outlays they need to grow. Partnerships and PE joint ventures will play a central role here, too, in providing the up-front investments these capital-intensive businesses need.

Download the full report in which this article appears, *M&A Annual Report: Is the wave finally arriving?*

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[2] "RTL Deutschland and Sky Deutschland announce strategic partnership in the content sector," Sky, December 19, 2023.