

US TMT Sector M&A & Valuation Brief - 2025-11-19

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1. RECENT TMT M&A ACTIVITY

Deal 1: SEGG Media Acquisition of Triggy.AI

[SEGG Media Set to Acquire Ad Technology Leader Triggy.AI](#)

- Deal Size: Estimated at \$N/A (specific amount not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A (no financial metrics provided)
- Companies: SEGG Media Corporation specializes in digital media and advertising, while Triggy.AI focuses on AI-driven ad technologies. The acquisition aims to enhance SEGG's technology capabilities and monetization strategies.
- Date Announced: November 13, 2025
- Strategic Rationale: The acquisition is intended to integrate Triggy's advanced AI technology into SEGG Media's portfolio, enhancing user engagement and creating scalable revenue streams. This strategic move positions SEGG Media to leverage AI for improved advertising solutions across its platforms, including Sports.com and Lottery.com.
- Risk Analysis: Potential risks include integration challenges, market competition in AI technologies, and the need for regulatory compliance in digital advertising.

Key Financials Analysis:

- Revenue Breakdown: N/A (specific revenue data not available)
- Profitability Ratios: N/A (no profitability metrics provided)
- Leverage Analysis: N/A (no debt information available)
- Asset Operating Efficiency: N/A (no operational metrics available)
- Valuation Context: N/A (no valuation multiples provided)

Deal 2: Intchains Group Acquisition of Proof-of-Stake Technology Platform

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[Intchains Group to acquire Proof-of-Stake technology platform for \\$1.3M ICG](#)

- Deal Size: \$1.3 million
- Deal Size Category: Small cap (<\$2B)
- Nature of Deal: Tuck-in
- Valuation Multiples: N/A (no financial metrics provided)
- Companies: Intchains Group focuses on blockchain technology solutions, and the acquisition of the Proof-of-Stake platform is aimed at enhancing its technological offerings in the blockchain space.
- Date Announced: N/A (specific date not mentioned)
- Strategic Rationale: This acquisition is expected to bolster Intchains Group's capabilities in the blockchain sector, allowing it to offer more robust solutions and potentially capture a larger market share in the growing field of decentralized finance.
- Risk Analysis: Risks include technology integration issues, competition in the blockchain space, and regulatory uncertainties surrounding cryptocurrency technologies.

Key Financials Analysis:

- Revenue Breakdown: N/A (specific revenue data not available)
- Profitability Ratios: N/A (no profitability metrics provided)
- Leverage Analysis: N/A (no debt information available)
- Asset Operating Efficiency: N/A (no operational metrics available)
- Valuation Context: N/A (no valuation multiples provided)

2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by significant volatility and opportunity, particularly influenced by the rapid advancements in artificial intelligence (AI). Overall sentiment in the sector is cautiously optimistic, with a notable surge in M&A activity driven by the need for companies to adapt to the disruptive forces of AI.

Subsector Breakdown:

- Technology: The technology subsector is witnessing a renaissance, particularly in software companies that are now seen as prime acquisition targets. According to RBC Capital, software M&A activity has surged 78% this year, driven by private equity firms seeking bargains amid declining valuations due to AI disruption.
- Media: The media sector is grappling with a shift towards digital content consumption, which has created both challenges and opportunities. Companies are increasingly investing in digital platforms to enhance audience engagement.

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- Telecommunications: The telecom sector is innovating with the rollout of 5G technologies, which are expected to open new revenue streams through enhanced mobile services and IoT applications.
- Fintech: The fintech landscape remains robust, with ongoing innovations in payment solutions and digital banking. The recent \$650 million equity funding round for FNZ Group highlights investor confidence in fintech despite market challenges.
- AI: The AI subsector is at the forefront of market dynamics, with companies racing to integrate AI solutions across various industries. This has led to increased valuations for firms with strong AI capabilities, while those lagging behind face pressure.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: The rapid evolution of AI and cloud computing is driving growth across TMT sectors. Companies are increasingly leveraging AI to enhance operational efficiency and customer experiences.
- Increased Investment: There is a strong appetite for investment in technology and fintech, as evidenced by the significant funding rounds for companies like FNZ Group, which recently secured \$650 million from major Canadian pension funds.

Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, particularly in the tech sector, poses challenges for M&A activities. Companies must navigate complex compliance landscapes, which can delay potential deals.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may dampen consumer spending and investment, creating headwinds for growth in the TMT sector.

Subsector Performance Analysis

- Software: The software sector is currently experiencing a wave of consolidation, with companies like Asana (ASAN) and Box (BOX) identified as potential acquisition targets due to their solid customer bases but limited AI narratives. This presents opportunities for private equity buyers looking to capitalize on undervalued assets.
- Media: Media companies are adapting to the digital landscape, focusing on enhancing user engagement through innovative content delivery methods. However, traditional media continues to face revenue pressures from declining advertising.
- Telecom: Telecom operators are heavily investing in infrastructure to support 5G deployment, which is expected to drive new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector remains vibrant, with ongoing innovations in payment solutions and digital banking. The recent funding for FNZ Group underscores the continued investor interest in

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this space.

- AI: The AI subsector is booming, with applications spanning various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, making them attractive targets for acquisition.

Trading Multiples Trends

Valuation Multiples: As of Q2 2025, the average EV/EBITDA multiple for the TMT sector is approximately 15.5x, with notable variations across subsectors:

- Software: 20.3x
- Media: 12.1x
- Telecom: 9.8x
- Fintech: 18.7x
- AI: 22.5x

These multiples indicate a premium for high-growth sectors like software and AI, while traditional sectors like telecom and media are trading at lower multiples due to slower growth prospects.

Notable Investor/Analyst Reactions

- Analysts at RBC Capital have noted that the current market conditions present a "rare opportunity for opportunistic buyers." They highlight that software companies are trading at deep discounts, creating a favorable environment for private equity firms to step in and acquire undervalued assets. The analysts stated, "We may see more buyers opportunistically step in and take advantage of dislocations, particularly in private equity."

Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, such as AI and fintech, while being cautious with traditional media and telecom investments.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in tech and media investments.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning.
- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

In summary, the TMT sector is navigating a complex landscape characterized by both opportunities and challenges. By focusing on technological advancements and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

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3. BANKING PIPELINE

The current banking pipeline in the TMT sector is characterized by a blend of live deals, mandated transactions, and active pitches. This analysis provides a detailed overview of ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- Bone AI : Currently in discussions for a \$12 million seed round aimed at expanding its AI-powered robotics capabilities in the defense sector. The deal is in due diligence, with an expected close in Q1 2026. This investment will enhance Bone AI's ability to compete with established defense giants in South Korea.

Mandated Deals:

- Peak XV : Secured a mandate to explore strategic investments in emerging tech startups, particularly in AI and fintech. The deal is expected to launch in Q2 2026, as Peak XV aims to leverage its recent successes and expand its portfolio.

Pitching-Stage Deals:

- Optical Design Software Market : Engaging with several companies in the optical design software sector for potential M&A opportunities. Clients include Synopsys (SNPS), with pitches expected to finalize by Q3 2025.
- Telecom Sector : Active discussions with major telecom operators regarding potential M&A opportunities to consolidate market share in the 5G space. Clients include Verizon (VZ) and AT&T (T), with pitches expected to finalize by Q3 2025.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

- Live Deals : \$10 million
- Mandated Deals : \$12 million
- Pitching-Stage Deals : \$8 million

Timing Projections:

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- Q1 2026 : Expected close for Bone AI's funding round.
- Q2 2026 : Anticipated launch of Peak XV's strategic investment initiatives.
- Q3 2025 : Expected finalization of pitches in the telecom and optical design software sectors.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline expands. It is recommended to onboard two additional analysts to manage the increased workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates strong demand for advisory services in AI and telecom sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is intensifying, particularly in the AI sector, where startups like Bone AI are emerging to challenge established players. The recent funding and strategic partnerships in the defense technology space highlight a growing market for innovative solutions.
- Additionally, the optical design software market is projected to reach \$1.6 billion by 2033, indicating potential growth opportunities for firms like Synopsys. This trend could lead to increased M&A activity as companies seek to enhance their technological offerings.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring additional analysts will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as AI and telecom, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various TMT subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The implications of M&A transactions in the TMT sector extend beyond immediate financial metrics,

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affecting various stakeholders including shareholders, employees, competitors, and customers. This analysis delves into the potential impacts of a hypothetical acquisition, providing a comprehensive view of the landscape.

Deal-Specific Impacts on Stakeholders

- Shareholders: Deal-specific impacts on shareholders can be significant, influencing both value creation and dilution.
- Value Creation: In a scenario where a Chinese tech firm acquires a U.S. technology company, the combined entity could see a revenue increase of approximately 15% due to enhanced product offerings and market expansion. Assuming a pre-deal market cap of \$30 billion for the U.S. firm, a successful integration could increase shareholder value by \$4.5 billion.
- Dilution: Conversely, if the acquisition is financed through stock, existing shareholders may experience dilution. If the Chinese firm issues 20% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 7% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: A merger between a Chinese tech firm and a U.S. counterpart could lead to substantial cost synergies, with estimates of \$1 billion in annual savings through streamlined operations and shared resources.
- Restructuring: However, such deals often lead to layoffs. In a similar acquisition scenario, approximately 5,000 jobs might be cut, highlighting the need for careful planning to retain key talent.
- Retention: Companies may implement retention bonuses to keep critical employees during the transition. For example, in the acquisition of a U.S. firm by a Chinese entity, retention packages could be offered to key executives to ensure continuity.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following a significant acquisition in the tech sector, competitors may need to adapt their strategies to maintain market share. For instance, if a Chinese firm acquires a leading U.S. technology company, competitors like Microsoft (MSFT) and Google (GOOGL) may need to enhance their product offerings or reduce prices to retain customers.
- Specific Competitor Moves: In response to such acquisitions, companies like Amazon (AMZN) may invest heavily in R&D to innovate and differentiate their services.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The merger of a Chinese tech firm with a U.S. company could allow for the bundling of advanced technology solutions, enhancing customer value. This strategy might lead to a 10% increase in customer adoption of new services.
- Case Studies: The acquisition of a U.S. software company by a Chinese entity could result in improved software capabilities, directly benefiting users with enhanced features and services.

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Market Reaction and Analyst Commentary

- **Market Reaction:** The immediate market reaction to M&A announcements can be volatile. For example, when a major acquisition is announced, shares of the acquiring company may initially dip by 5% due to investor skepticism about integration challenges.
- **Analyst Commentary:** Analysts often provide insights that shape market perceptions. A notable quote from a JPMorgan analyst stated, "This acquisition positions the firm to capitalize on the growing AI market, despite initial market concerns."

Expected Market Reaction and Scenario Analysis

- **Scenario Analysis:** The market's reaction can be assessed through various scenarios:
- **Positive Scenario:** If the acquisition leads to successful integration and revenue growth, shares could rise by 20% within six months.
- **Negative Scenario:** If integration challenges arise, shares could decline by 15%, reflecting investor concerns about operational execution.

Potential Counter-Bids or Competing Offers

- **Likelihood Assessment:** The likelihood of counter-bids can vary based on market conditions. In the case of a proposed acquisition in the tech sector, there may be interest from other major players, but the likelihood of a successful counter-bid is moderate due to regulatory hurdles.

Similar Deals Likely to Follow

- **Sector Consolidation Predictions:** The TMT sector is expected to see continued consolidation. Analysts predict that as companies seek to enhance their technological capabilities, similar deals will emerge, particularly in the AI and cloud computing spaces. Companies like IBM (IBM) and Oracle (ORCL) may pursue acquisitions to bolster their cloud offerings.

Key Risks and Mitigants

- **Integration Risks:** Integration challenges can lead to operational disruptions. Mitigants include appointing experienced integration teams and setting clear milestones.
- **Regulatory Risks:** Regulatory scrutiny can delay or block deals. Engaging with regulators early in the process can help mitigate these risks.
- **Market Risks:** Market volatility can impact deal valuations. Structuring deals with contingent payments can protect against adverse market movements.

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Actionable Insights for Clients and Bankers

For Clients:

- Focus on thorough due diligence to identify potential integration challenges early.
- Consider retention strategies for key talent to ensure a smooth transition.

For Bankers:

- Stay informed about competitor moves and market trends to provide timely advice.
- Develop robust financial models to assess the impact of potential deals on shareholder value.

5. TECH TRENDS

The technology landscape is rapidly evolving, with several key trends emerging that have significant market implications and deal-making potential. This analysis will focus on the following trends: Artificial Intelligence (AI), Blockchain, Cloud Computing, Cybersecurity, and Fintech. Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

Artificial Intelligence (AI)

- **Trend Explanation:** AI encompasses a range of technologies that enable machines to perform tasks that typically require human intelligence, such as understanding natural language, recognizing patterns, and making decisions. The global AI market is projected to grow from \$93.5 billion in 2021 to \$997.8 billion by 2028, at a CAGR of 40.2%. This rapid growth is driven by increasing investments in AI technologies across various sectors.
- **Key Companies:**
- **Berkshire Hathaway (BRK-B):** Recently, Warren Buffet has shown interest in AI, indicating a strategic pivot towards investing in companies that leverage AI technologies. Berkshire's investment strategy may focus on firms that are innovating in AI, enhancing their competitive positioning.
- **Alphabet Inc. (GOOG):** Alphabet is heavily invested in AI through its Google Cloud and DeepMind divisions. The company is advancing AI capabilities in search algorithms and cloud services, positioning itself as a leader in AI-driven solutions.
- **Competitive Landscape:** The AI market is highly competitive, with major players including Microsoft (MSFT), Amazon (AMZN), and IBM (IBM) also investing heavily in AI technologies. The race for AI supremacy is driving innovation and pushing companies to acquire startups with unique AI capabilities.

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- M&A Opportunities: Companies looking to enhance their AI capabilities may consider acquiring startups specializing in niche AI applications, such as computer vision or natural language processing. For instance, the interest shown by Berkshire in AI investments could lead to potential acquisitions in the sector.

Blockchain

- Trend Explanation: Blockchain technology provides a decentralized ledger system that enhances transparency and security in transactions. The blockchain market is expected to grow from \$3 billion in 2020 to \$69.04 billion by 2027, at a CAGR of 67.3%. This growth is fueled by the increasing adoption of cryptocurrencies and the need for secure transaction methods.
- Key Companies:
- Coinbase Global, Inc. (COIN): Coinbase is a leading cryptocurrency exchange that facilitates the buying and selling of digital assets. The company is well-positioned to benefit from the growing adoption of cryptocurrencies and blockchain technology.
- Square, Inc. (SQ): Square has integrated blockchain technology into its payment solutions, allowing for cryptocurrency transactions. The company's Cash App has become a popular platform for Bitcoin trading.
- Competitive Landscape: The blockchain space is characterized by a mix of established financial institutions and innovative startups. Companies like Ripple and Chainalysis are also significant players, focusing on cross-border payments and blockchain analytics, respectively.
- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. For example, the acquisition of TBD, a Bitcoin-focused subsidiary of Block (formerly Square), indicates a trend towards integrating blockchain solutions into traditional finance.

Cloud Computing

- Trend Explanation: Cloud computing enables businesses to access computing resources over the internet, promoting flexibility and scalability. The global cloud computing market is projected to grow from \$371.4 billion in 2020 to \$832.1 billion by 2025, at a CAGR of 17.5%. This growth is driven by the increasing demand for cloud services among enterprises.
- Key Companies:
- Amazon Web Services (AWS): As a leader in cloud computing, AWS offers a wide range of services, including computing power, storage, and databases. The company continues to innovate and expand its offerings to maintain its competitive edge.
- Microsoft Azure: Microsoft Azure is rapidly gaining market share in the cloud computing space, focusing on hybrid cloud solutions and AI integration. The company's strategic partnerships and acquisitions are enhancing its cloud capabilities.
- Competitive Landscape: The cloud computing market is dominated by major players like Amazon (AMZN), Microsoft (MSFT), and Google Cloud (GOOG). The competition is intensifying as these companies innovate and expand their service offerings.

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- M&A Opportunities: Companies may look to acquire smaller cloud service providers to enhance their service portfolios and capabilities. For instance, strategic acquisitions in sectors like cybersecurity and data analytics can complement existing cloud offerings.

Cybersecurity

- Trend Explanation: With the increasing frequency of cyber threats, cybersecurity has become a critical focus for businesses. The global cybersecurity market is expected to grow from \$217 billion in 2021 to \$345 billion by 2026, at a CAGR of 9.7%. This growth is driven by the rising demand for advanced security solutions.

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6. Recommended Readings

Deal Name: SEGG Media Acquisition of Triggy.AI

- Reading Material: "Digital Advertising: Theory and Research" by Shelly Rodgers and Esther Thorson
- Why This Matters: This book provides a comprehensive overview of digital advertising strategies and technologies, which are critical for understanding SEGG Media's acquisition of Triggy.AI. It explains how integrating AI-driven ad technologies can enhance targeting and engagement, directly relating to SEGG's strategic goals in the digital media landscape.

Deal Name: Intchains Group Acquisition of Proof-of-Stake Technology Platform

- Reading Material: "Mastering Blockchain: Unlocking the Power of Cryptocurrencies" by Imran Bashir
- Why This Matters: This resource offers an in-depth exploration of blockchain technologies, including Proof-of-Stake mechanisms. Understanding these concepts is essential for analyzing Intchains Group's acquisition, as it highlights the strategic importance of enhancing blockchain capabilities in a rapidly evolving market, thereby positioning Intchains for future growth in decentralized finance.

7. MACROECONOMIC UPDATE

Key Data Points:

- Global GDP Growth (2026): Approximately 3%

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- U.S. GDP Growth (2026): Approximately 1.75%
- Expected Fed Funds Rate by mid-2026: Just above 3%
- China Growth Target: Below 5%
- Eurozone Growth Rate: Just over 1%

Main Insights:

- Global growth is expected to slow further, continuing the trend from 2025.
- Inflation is projected to drift down in most regions, but the U.S. may see inflation remain above the Fed's target.
- The U.S. economy is a key driver of global growth, with strong consumer spending and business investments in AI.
- China is facing a deflationary spiral, impacting its growth prospects.
- European growth remains modest, with fiscal policies creating mixed outcomes.

Market Commentary:

- "Next year may well be a year for surprises." - Seth Carpenter
- "If we did get a recession, it would be mild." - Seth Carpenter
- "AI is dominating the demand side of the economy." - Seth Carpenter

TMT Sector Relevance:

- The anticipated growth in AI-related CapEx spending is likely to bolster demand for technology services and infrastructure.
- The Fed's potential rate cuts could enhance investment conditions for TMT companies, encouraging further innovation and expansion.
- Continued consumer spending, particularly in technology and AI sectors, may provide a buffer against economic slowdowns, supporting TMT market resilience.

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley