



# Cisco Global M&A Update Q3 2023

Technology & Media focus

#NavigateTheFuture

# In Q3 2023, the year-to-date M&A activity in Technology and Media climbed back to the level of 2022, despite a slower start to the year.

**1,584**  
M&A deals

Tech and Media sector activity is on an upward trajectory.

As of Q3, the volume of deals remains level compared with the same period in 2022 (1,590 deals).

Moreover, in the first 9 months of 2023 the number of deals completed has surpassed the same period in 2021 by 18%.

Given the positive signals in the market and buyer and seller appetite, the activity is expected to significantly pick up in Q4 2023.

**↑ 6%**  
in disclosed values

The disclosed value of M&A deals (including mega-deals) has increased from \$64bn to \$68bn

2 mega-deals (>\$10bn) have been announced to date in 2023 (acquisitions of Qualtrics and WWE)

**↑ 30%**  
in APAC region

The deal volume in the APAC region has increased from 181 to 235 deals.

Japan has been the most attractive market in the region. The year-to-date deal volume in Japan doubled in 2023 and contributes to over 30% of overall APAC volume.

**60%**  
corporate-led

Corporate-led M&A continues to account for the majority of transactions, contributing to 60% of the total deal volume.

PE-backed deals make up a significant 40% of total deal volume, albeit this is a decrease from their share of 43% of deal volume in the same period in 2022.

PE firms have focused more heavily on portfolio company transformation, whilst Corporates have focused on consolidation, expansion, and carve-out deals.

**↑ 69%**  
PR &  
Communications

Digitally-led agencies continue to attract the most buyer interest, accounting for 55% of all deal volume.

This includes companies across Performance, AdTech/ MarTech, and Content & Production sectors.

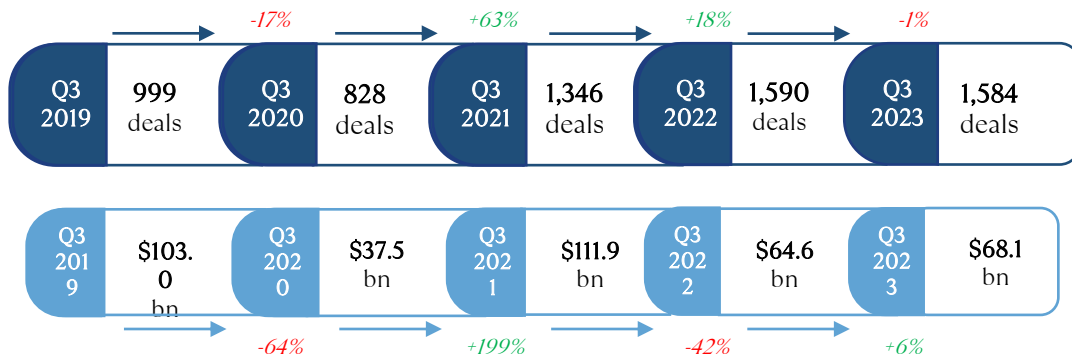
PR & Communications have seen the highest increase in buyer interest. The focus has been on specialist and scaled firms across the areas of Tech/ Digital, Healthcare, Financial Services, Environmental and Public Affairs.



# Deal volume remains level and healthy while deal value increases by 6% compared to the same period in 2022

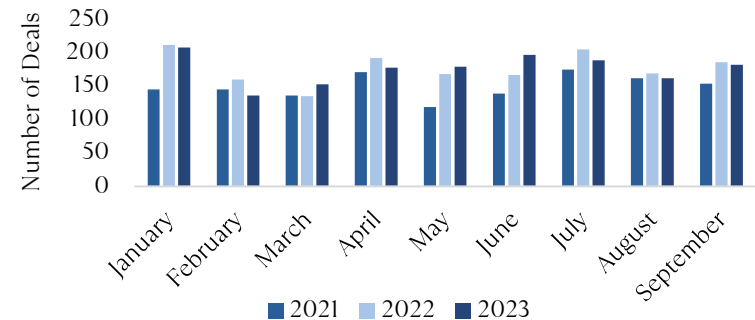
- The 1,584 transactions were announced in 2023 to date in the technology and media sectors. This is a slight 1% decrease in deal activity compared with the same period in 2022 but a significant growth on the same period in 2021 – up 18%, continuing to demonstrate strong post-pandemic recovery.
- The overall disclosed value of deals has increased 6% on Q3 2022 (including mega deal values).
- 2 mega-deals (deals with a value above \$10bn) have been announced to date in 2023 – experience management software company Qualtrics was acquired by US PE firm Silver Lake and CPP Investments, Canada’s largest pension fund, for an estimated \$12.5 billion in March; and in September, World Wrestling Entertainment (WWE), producer of television programming and live wrestling events, was acquired by Endeavor, global sports and entertainment company, for \$21 billion.

Deal volume and value in Q3 Year-to-Date 2019 - 2023



*Includes mega deal value  
Deal values for the period do not include values from all deals captured in the deal volume for the period as value for some deals are not disclosed*

Monthly deal volume in Q3 YTD 2019-2023



Source: Ciesco Market Intelligence, PitchBook, S&P Capital IQ

# Digital, Content & Production and PR & Communications companies are leading M&A activity in YTD Q3

## Select deals in Q3\* 2023

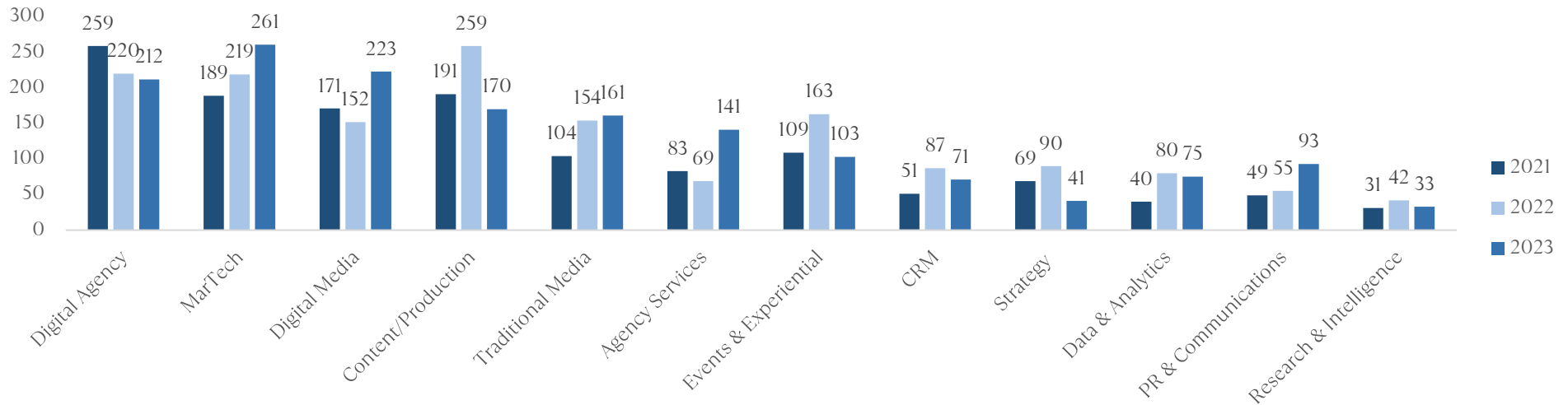
Target	Bidder	Month	Target description	Buyer description	Enterprise Value
	ENDEAVOR	Sep-23	Content marketing services (Germany)	PR & communications (UK)	\$21bn
		Sep-23	Operator of an e-sports community providing competitions & events (Japan)	Broadcasting and television company (Japan)	n.a.
		Sep-23	Publisher of weekly sports magazine (Denmark)	Developer of educational platforms in the iGaming industry (Denmark)	\$6.9m
		Aug-23	Operator of children's entertainment studio (USA)	Private equity firm (Canada)	\$100m
		Aug-23	Music marketing and distribution agency (Lebanon)	Major global record label (Netherlands)	n.a.
	LIONSGATE	Aug-23	Television & movie content company (Canada)	Global mass media entertainment company (USA)	\$500m
		Jul-23	Developer of an interactive entertainment platform (USA)	Operator of an e-sports platform (Saudi Arabia)	\$4.9bn
BRIGHT		Jul-23	Developer of customer behaviour analysis platform (USA)	Parent company of global lottery brands LottoKings and WinTrillions (Canada)	n.a.
	JOHNS LYNG  GROUP	Jul-23	Digital marketing services for the entertainment and music industries (Denmark)	Provider of integrated building services (Australia)	\$79.05m

\*For select deals in Q1, please see [Cisco's Q1 2023 Update](#); for select deals in Q2, please see [Cisco's H1 2023 Update](#)

Source: Ciesco Market Intelligence, PitchBook, S&P Capital IQ

# Strong deal activity across digital services and Content/Production. PR & Communications already up 69% growth as of Q3

Q3 YTD Deal volume by sector in 2021-2023



## Select transactions across top subsectors:

PR & Communications	Digital Services	MarTech/ AdTech	Content & Production	Traditional Media
 <b>Strategic Comms and PR services</b>	 <b>Digital Advertising services - E-commerce</b>	 <b>SaaS-based MarTech platform</b>	 <b>Developer of Digital Signage software</b>	 <b>Publisher of Newspapers &amp; Magazines</b>
Sold to  <b>Public Relations company</b> \$75m	Sold to  <b>Ad holding company</b> n.a.	Sold to  <b>SaaS Technology company</b> n.a.	Sold to  <b>Venture Capital firm</b> \$18.1m	Sold to  <b>Media, Entertainment &amp; Marketing</b> n.a.
The acquisition is a foundational step in the Avenue Z's mission to converge PR and digital marketing	The acquisition will enable Omnicom to gain deep commerce and retail media expertise	The acquisition will strengthen DotDigital's mission to produce an all-in-one customer experience/ data platform	The acquisition will allow PLAYipp to develop at a faster pace	The acquisition helps Times Media Group to expand their footprint

Source: Ciesco Market Intelligence, PitchBook, S&P Capital IQ

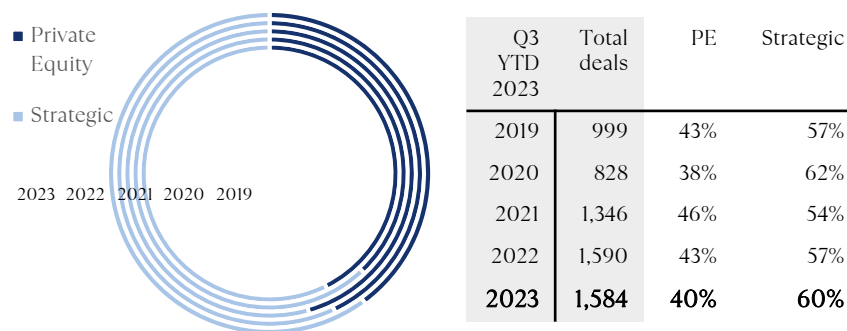
# Strategic Acquirers lead activity in the sector, while Providence Equity Partners is the most active buyer in Q3 YTD 2023, with 12 acquisitions made to date

## Most active buyers in Q3 YTD 2023

Parent / Backer	Acquiring Entity	Q3 YTD:		
		2023	2022	2021
PROVIDENCE EQUITY PARTNERS	PE-backed strategic CloserStill  Superstruct Entertainment  ATG  Crest  M	12	7	4
WATERLAND PRIVATE EQUITY INVESTMENTS	PE-backed strategic FARNER  ALL THINGS LIVE  mrge  markettiers4pc	9	2	10
KKR	PE-backed strategic rb media  cegid  ENDEAVOR  Mediawan  Lightcast	8	5	5
OmnicomGroup	Strategic - Advertising TBWA  marc  OMG  OmnicomPublicRelationsGroup	8	3	1
BC BETTER COLLECTIVE	Strategic - Education	7	1	2
HYPESNAGGER	Strategic - Media	7	0	0
WPP	Strategic - Advertising psb  Hill+Knowlton Strategies	7	5	1

## PE vs Strategic Acquirers

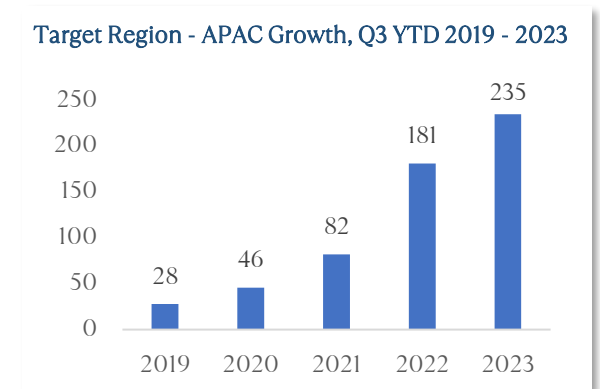
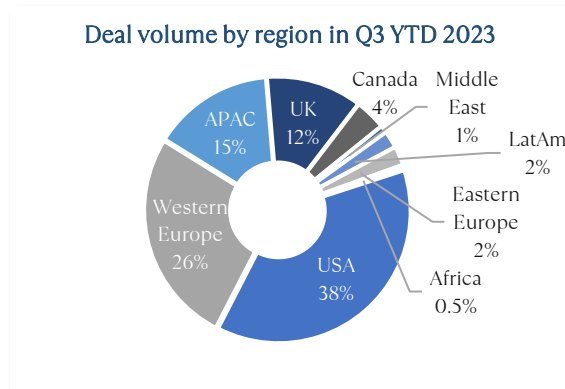
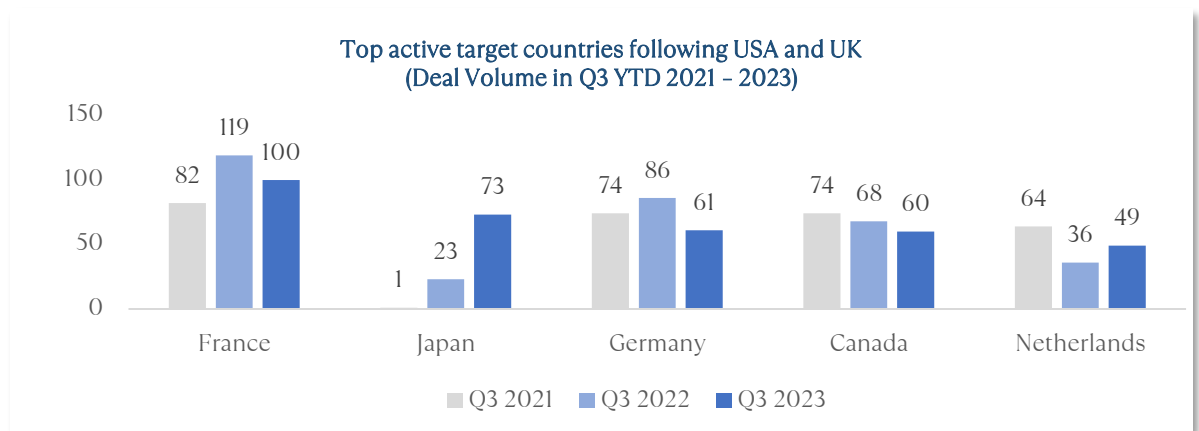
- PE and PE-backed firms continue to be a strong buyer category, albeit witnessing a slowdown in YTD activity. As a proportion of the overall deal total, Private Equity buyers make up 40%, whilst Strategic Acquirers are making up a solid proportion of 60%. Compared with the same period last year, Strategic Acquirers have shown a 5% increase in deal volume. Corporate buyers have been able to afford large deals more easily because of their ability to issue bonds, while PE buyers struggled in a challenged lending market to secure leverage.
- In Q3 YTD 2023, the value of PE deals including mega deals increased by 14% compared to the same period last year, from \$47.1bn to \$53.9bn. There was a very minor 0.2% decline when considering PE value excluding mega deals, from \$20.9bn in Q3 YTD 2022 to \$20.4bn in 2023. With a near-record amount of dry powder still available (tracked to be \$2.49 trillion in July 2023), we expect PE activity to bounce back with the overall rebound in M&A activity.



Source: Ciesco Market Intelligence, PitchBook, S&P Capital IQ

# The USA, UK and Western European markets continue to lead deal activity, whilst APAC shows a 30% increase on Q3 2022

- The two largest markets (target companies' locations) remain the USA and the UK with 595 (13% decrease from Q3 2022) and 186 (8% decrease from Q3 2022) deals respectively.
- Combined, the USA and UK account for 49% of total deal volume. They are followed by France, Japan, Germany, Canada and the Netherlands, all of which combined represent 71% of total deal volume.
- The USA and UK markets continue to demonstrate a slight slowdown in activity in the focus sector. Specifically in the UK, the drop in M&A activity directly corresponded to when The Bank of England raised the interest rate to 5.25%, as a response to consistently high levels of inflation which stemmed from the Russia-Ukraine war and the recovery from Covid-19 (Source: PitchBook).
- In the APAC region across all sectors, Japan was the sole major economy to see an increase in both volume and value of deals during the first half of 2023. This growth can be attributed to low interest rates, recent regulatory reforms, shareholder demands, and a deceleration in organic growth.

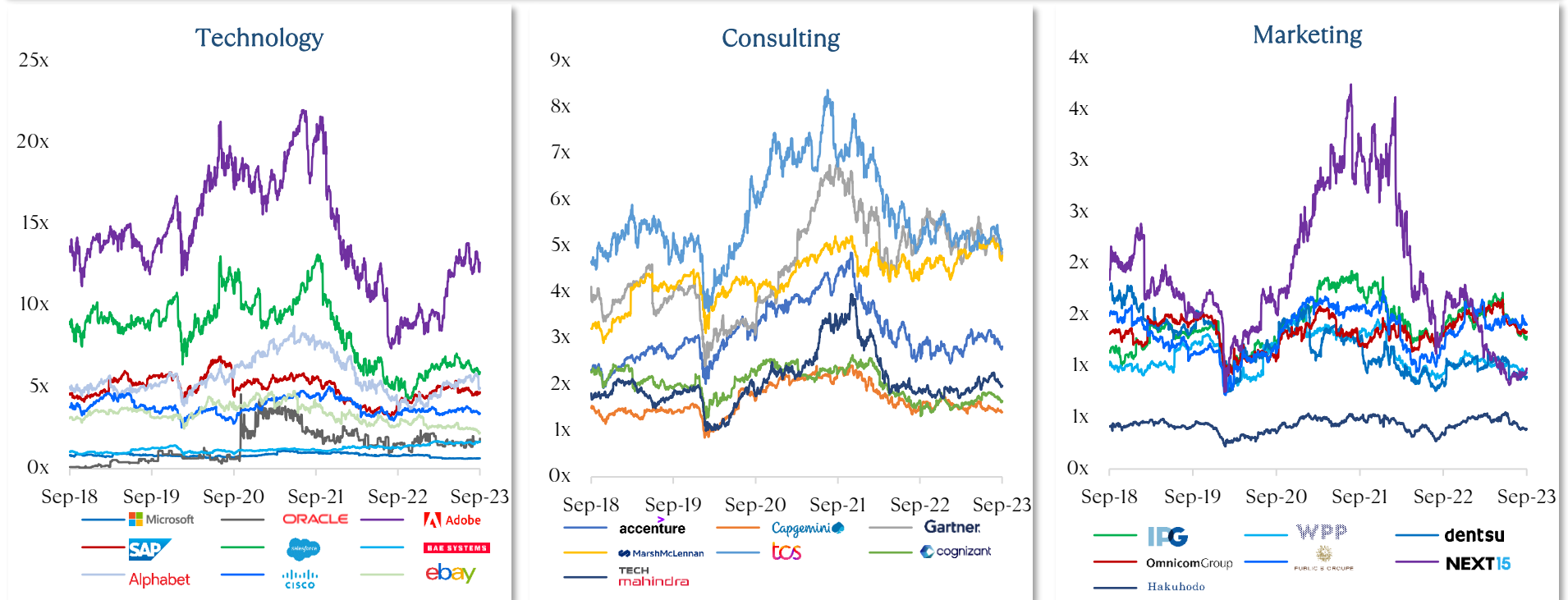


Source: Ciesco Market Intelligence, PitchBook, S&P Capital IQ

# Companies across Tech, Consulting and Marketing continue to show resilience, with Tech commanding the highest EV/Revenue multiples

Tech valuations reverted to pre-pandemic levels with a 3.4x median EV/Revenue multiple at the end of the period. Consultancies' valuations surged until mid-2022 but now stabilise just below 3x, meanwhile, marketing companies have consistently fluctuated between 1-2x Revenue over the last 5 years, with the exception of Next15 which saw particularly elevated multiples from Q1 2021 until Q3 2022.

EV/Revenue over the last 5 years



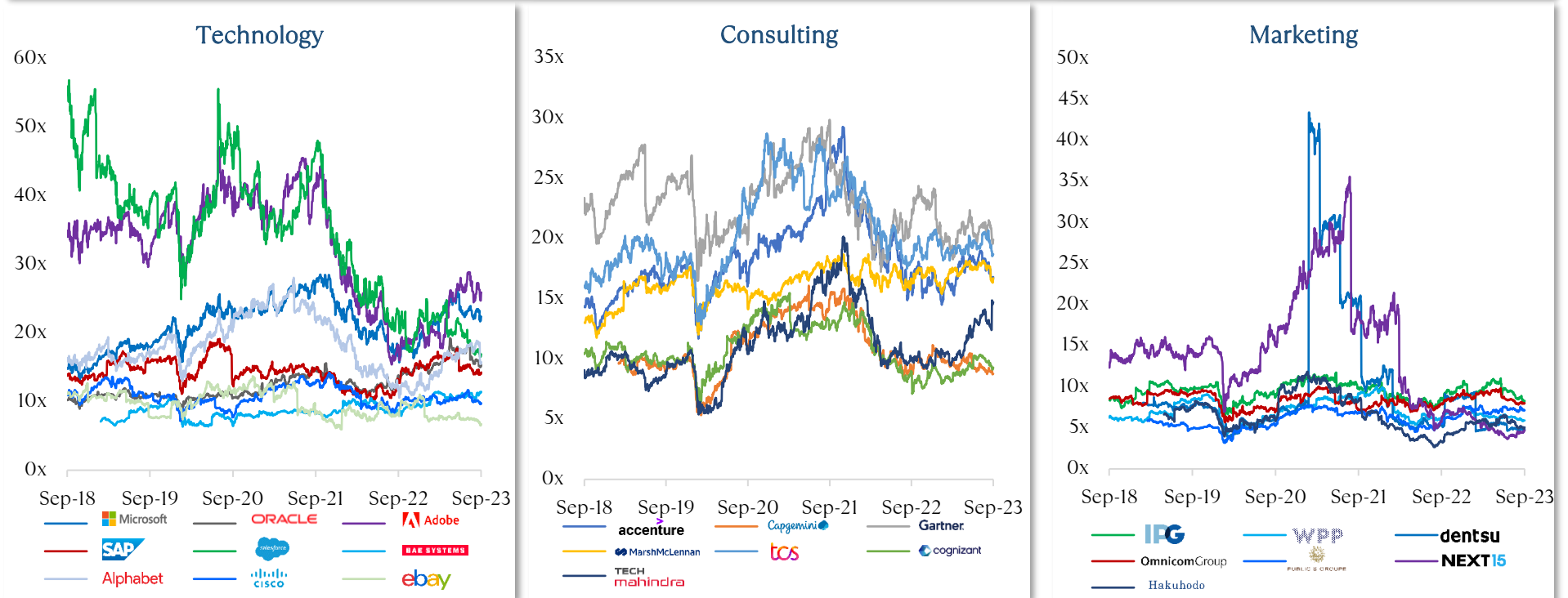
Source: Cisco Market Intelligence, PitchBook, S&P Capital IQ



# As of Jun-23, median EV/EBITDA multiples in the Tech, Consulting, and Advertising sectors stand at 15.4x, 16.7x, and 5.9x, respectively

The tech sector was hit hard by rising interest rates but has now recovered, consultancies exhibit diverse EV/EBITDA ratios ranging from 10-30x, whereas marketing firms generally moved together, with the exception of Next15 and Dentsu, which saw considerable fluctuations between February and October 2021.
















EV/EBITDA over the last 5 years



Source: Cisco Market Intelligence, PitchBook, S&P Capital IQ

# Coverage in Tech, Media, Healthcare & Sustainability



## Technology

Horizontal Software			Quality Engineering
 HCM Software	 ERP & Accounting	 Customer Interaction Management	 Test Automation
Vertical Software			
 Supply Chain & Fleet Management	 Financial Services & Insurance	 Construction & Engineering	 Collaboration
 Travel & Hospitality	 Public & Legal Sector	 EdTech	IT Services
Cybersecurity			
 Managed Security Services	 RegTech	 Compliance	 Managed IT Services

## Media

 Performance Marketing	 MarTech & AdTech	 Programmatic Media	 Media Planning & Buying
 Full-service Marketing	 Creative & Content Production	 Public Relations & Communications	 Social Media & Influencer
 Digital Customer Experience	 CRM Implementation	 Customer Intelligence	 Events & Experiential
 E-Commerce Solutions	 Data Analysis & Insights	 Data Visualisation	 B2B Marketing


## Healthcare

 Healthcare Strategy & Communications	 Market Access	 Patient Engagement
 Devices & Technology	 Outsourced & Managed Services	 Events & Experiences

## Sustainability

 ESG Consultancy	 Purpose Driven Communication	 ESG Data & Reporting
 Agricultural Technology	 Circular Economy	 Clean Technology

# Our Selected Transaction Experience

<p> Tech-driven Media Consulting services</p> <p></p> <p>sale to</p> <p></p> <p>World leader in media investment analysis</p> <p></p>	<p> Payments &amp; Meal Ordering Software</p> <p></p> <p>sale to</p> <p></p> <p>Provider of school payment services</p> <p></p>	<p> Enterprise-level Automated Software Testing solutions</p> <p></p> <p>sale to</p> <p></p> <p>Global software buy-and-hold acquirer</p> <p></p>	<p> JLR's Marketing agency / Client joint venture</p> <p></p> <p></p> <p>partnered with</p> <p></p> <p>Global consulting services</p> <p> </p>	<p> Software for Literacy and Accessibility</p> <p></p> <p>acquisition of</p> <p></p> <p>EdTech company specialising in accessibility tools</p> <p></p>
<p> Sector-focused Private Equity investor</p> <p></p> <p>investment in</p> <p></p> <p>Tech-driven media consulting company</p> <p></p>	<p>  Biotech-focused Strategy &amp; Communications services</p> <p></p> <p>investment by</p> <p></p> <p>Sector-focused PE investor</p> <p></p>	<p> Software for Literacy and Accessibility</p> <p></p> <p>sale to</p> <p></p> <p>Private equity arm of Rothschild Group</p> <p></p>	<p> IT Managed Services for Enterprises</p> <p></p> <p>debt refinancing from</p> <p> </p> <p>Capitalist solutions / Credit arm of investment firm</p> <p></p>	<p>  Data-driven Digital Consulting</p> <p></p> <p>sale to</p> <p></p> <p>Global consumer data &amp; analytics (backed by Bain Capital &amp; WPP)</p> <p> </p>

*Collective deal experience of individual Ciesco team members*

# Our Selected Transaction Experience

 <p>Marketing Procurement Platform Right Spend</p> <p>sale to</p>  <p>Mid-market PE-arm of Lloyds Banking Group</p> 	 <p>Europe's largest independent Marketing Agency Group</p>  <p>acquired shareholding in</p>  <p>Award-winning digital creative agency</p> 	<p>Global Private Equity firm</p>  <p>Buy-side advisory</p>  <p>PSA software provider</p> 	 <p>Sustainability Consulting Services</p>  <p>Several fundraise rounds</p>	 <p>Asset manager</p>  <p>acquisition of</p>  <p>Pension schemes software &amp; services provider</p> 
 <p>Digital Experience and CMS services</p>  <p>sale to</p>  <p>Sector-specialist Private Equity investor</p> 	 <p>Publisher/ Performance Marketing Services</p> <p>Trinity Mirror plc sold</p>  <p>to</p>  <p>Specialist software solutions for government and industry</p> 	 <p>Highly Awarded Pro-Social Creative Advertising Agency</p>  <p>sale to</p>  <p>Global advertising network</p> 	 <p>Bioplastics Technology provider</p>  <p>Fundraise</p>	 <p>Advertising Holding Network</p>     <p>sale to</p>  <p>THE POWER OF PEOPLE</p> <p>Marketing communications network</p> 

Collective deal experience of individual Ciesco team members



# Ciesco Global M&A Update

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The report provides an overview of the year-to-date global M&A deal activity in Q3 YTD 2023 within the technology and media sectors – with statistical analysis of overall global deals by volumes and disclosed values, as well as by geographic region and sectors. The report also provides insights and trend analysis of private equity related activity and an overview of the evolving buyer landscape, along with an outlook for the sector.

The report has been prepared by analysts at Ciesco's Market Intelligence team using various data points and sources including data that is available via PitchBook and several other M&A databases.

Ciesco is a London-based M&A advisory firm specialising in the technology, media, healthcare and sustainability sectors, with coverage of Europe, Asia and North America.

If you would like to discuss any of the findings in this report, please contact:

**Chris Sahota**  
CEO  
+44 (0)20 7150 9799  
[chris.sahota@ciesco.com](mailto:chris.sahota@ciesco.com)

**Ateesh Srivastava**  
Managing Director  
+44 (0)20 7150 9799  
[ateesh.srivastava@ciesco.com](mailto:ateesh.srivastava@ciesco.com)

**Aika Kussimova**  
M&A Associate Director  
+44 (0)20 7155 9286  
[aika.kussimova@ciesco.com](mailto:aika.kussimova@ciesco.com)

**Annabelle Pugh**  
Marketing & Operations Manager  
+44 (0)20 7150 9799  
[annabelle.pugh@ciesco.com](mailto:annabelle.pugh@ciesco.com)

**Ciesco**  
156-158 Buckingham Palace Road  
London, SW1W 9TR  
United Kingdom

[www.ciesco.com](http://www.ciesco.com)

[@CiescoGroup](#)

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